CHAPTER I

INTRODUCTION
Fijian society is witnessing unprecedented transformations. Ethnic Fijians are endeavoring for a distinct identity and at the same time they are trying to set a model for other Melanesian groups in the region and hence the importance of external factors are pertinent. Though various studies on Fiji are available, they are not sufficient to analyze the attempts at and surge for Fijian assertiveness in recent years.

For example, a special mention may be made about Peter France’s book titled, *The Character of the Land: Customs and Colonisation in Fiji*. This text analyses how Fiji was colonized and what was its consequences on Fijian society. Another significant study by R. Norton, *Race and Politics in Fiji*, was published just a few years after the independence of Fiji. In this study the author has tried to show the political inter-relationship between indigenous Fijian race and the outgoing politics of Fiji. This is a study of the ethnic and political issues in Fiji. He has clearly written that the indigenous Fijian group had certain advantages which handicapped the proper politicization of Indo-Fijians.

Another interesting study on the subject is by Bhagwan Singh, *My Fathers Land: Fiji*. This study is a story of unique Indian diplomat placed in a critical position of serving this country while at the same time serving the host country. This study gives a vivid knowledge of the customs and traditions in Fiji. It also examines the attitudes of the indigenous Fijians towards Indians and has traced some linkage points that may be relevant for strengthening bilateral relationship. He characterizes Fiji as a multi-lingual, multi-religious and multi-social society and as peace loving.

Another book is by Jay Narayan, *The Political Economy*, which examines Fiji’s social, economic and political transformation and development from about 1804 to the time of her independence in 1970.

There is a study by Brij V. Lal, *Politics in Fiji: Studies in Contemporary History* where he has tried to analyse Fiji’s success story of the post colonial era. It also brings to light the peaceful, stable and democratic character of the society. He has also said that Fiji is ethnically a diverse
society where discrimination of race is a fact of daily life. On the other hand, the diverse Indian population follow their own practices and customs as in the case of Europeans and Chinese. Hence, there is diversity and heterogeneity in social life.

The study by Robert T. Robertson & Akosite Tamanisau, Fiji: Shattered Coups was written during the 1987 political turmoil. It presents a detailed analysis of the political events which shook the South Pacific in 1987. This book has portrayed that a nation and its people looks beyond the superficiality of a tourist paradise torned by racial strife. It is a good study of the antecedents of the coups, what happened and the present situation in Fiji. Extensive information and facts were employed by the author and it was essential to gain a real understanding of the tragedy of Fiji today.

Another study by Eddie Dean and Stan Ritova, Rabuka: No other way, has highlighted why coup d'etat of Lt. Col. Sitiveni Rebuka was eminent for Fiji. Their perspective is deterministic and justify the staging of the coup in Fiji. They have discussed the biography of Lt. Col. Rabuka and his support in the army high ranks.

None of the aforesaid studies are however sufficient to shed light on the role of various external factors in the pre-coup and post-coup Fijian politics and the present thesis is an attempt in the direction. This thesis differs from the above cited works because, (a) the focus of the analysis here concentrates on the role of external factors like tourism, trade, foreign aid and foreign business interests and how they influenced the Fijian economy before the 1987 coups and after the coups; (b) it examines the security situation and other strategic factors influencing the regional politics. The influence of super-powers in the politics of region are also discussed and; © it highlights how the coup leaders considered ethnic factors which were important for indigenous Fijians while they ignored the interests of the ethnic Indians in Fiji.
In order to understand various issues in the politics of Fiji, it is necessary to examine geographical setting and ethnic composition. The Republic of Fiji lies in the south-west Pacific Ocean, south of the Equator, 1,770 km north of Auckland (New Zealand) and 2,730 km north-east of Sydney (Australia). To the west lies Melanesia, Solomon Islands, in the north-west, Vanuatu and New Caledonia. East of Fiji is Tonga, Wallis and Futuna and Western Samoa. Tuvalu is to the north. The Fiji group comprises four main islands, Viti Levu (where 70 per cent of the north-east, other Polynesian islands, those of population lives), Vanua Levu, Taveuni and Kavadu and some 840 smaller islands, atolls and reefs, of which fewer than 100 are inhabited. The island of Rotuma, 386 km (240 miles) north of Vanua Levu, and the eight smaller islands of the group also constitute part of the Republic. The total area of the Republic of Fiji is 18,376 sq. km (7,095 sq. miles). The climate is tropical, with temperatures ranging from 16° to 32° C (60° to 90° F). Rainfall is heaviest between November and April, but is more constant on the windward side.

Fiji is a member of the South Pacific Forum, and in mid-1996 it was admitted to the Melanesian Spearhead Group. The Pacific Community (formerly the South Pacific Commission), the UN’s Economic and Social Commission for Asia and the Pacific (ESCAP), the Asian Development Bank, the Colombo Plan for Co-operative Economic and Social Development in Asia and the Pacific, and the International Sugar Organization. Fiji is a signatory to the South Pacific Regional Trade and Economic Co-operation Agreement (SPARTECA) and the Lome Conventions with the European Union (EU).

Fiji is characterized by racial diversity cultural heterogeneity. The indigenous Fijian population declined sharply during the 1850s, owing to the epidemics of measles and influenza in which thousands died, and only in the 1950s it began to recover and rise. The Indian population was originally brought to Fiji as labor for the cane cultivation since 1879. The

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1 *Europa Year Book of Far-East and Australia*, 1995, p. 783
2 Ibid, p. 784
population at the census of August 1986 was 715,375, of whom 48.7 per cent were Indians and 46.1 per cent Fijians.

Following the coups of 1987, there was an out-migration on a large scale, particularly from among the Indian community. In 1989 official statistics claimed that ethnic Fijians again formed the largest part of the population; and by 1996 it was estimated that ethnic Fijians comprised 51.1 per cent of the population. Indians 43.6 per cent and others 5.3 per cent. In 1986, 53 per cent of the population were Christian (mainly Methodist), 38 per cent were Hindus and 8 per cent Muslim. English is the official language but Fijian (the principal dialect being Bauan) and Hindi (the locally developed dialect being known as Hindustani) are widely spoken. The capital of Fiji is Suva on Viti Levu. 4

The Melanesian and Polynesian people began to occupy the Fijian islands around 3,500 years ago. The first Europeans to settle on the islands were sandalwood traders, missionaries and shipwrecked sailors. After the arrival of the Europeans, social stratification and social conflicts began to take place and it reached unprecedented heights till 1850's. The social contests, fights and expression of jealousy continued till the emergence of Ratu (chief) as a major political group. 5 Thakombau had gained a tenuous influence over the whole of the western islands. Thakombau ran foul of US interests during the 1850s and turned to the British for assistance. Although, at first their proposition was postponed by the British, in 1874 Britain agreed to a second offer of cession, and Fiji was proclaimed as a British possession. The island of Rotuma and its dependencies were added to the territory of Fiji in 1881. Fiji got its independence on 10 October 1970. 6

The racial diversity, compounded by actions of the past colonial administrations, presents Fiji with one of its most difficult problems. The colonial Government consistently favoured the Fijian population, protecting

5 Ibid, p. 29.
6 Ibid, p. 78.
them from exploitation and their land from alienation, but allowed the importation of foreign labour. Approximately 80 per cent of the islands are owned by Fijian communities, but over 90 per cent of the sugar crop, Fiji's largest export, are produced by Indians, usually on land leased from Fijians. Until the mid-20th century Indians were poorly represented in the field of politics. While this is so, the Fijians had their own administrative and judicial systems. The army is comprised almost entirely of ethnic Fijians.

After independence, Fijian politics was, for a long time, dominated by Ratu Sir Kamisese Mara, leader of the Alliance Party (AP). In a general election in 1977, the Indian-led opposition won a majority of seats in the House of Representatives, but failed to form a government because its leaders were uncertain whether Fijians would accept an Indian leadership. At elections in 1982 the AP won 28 seats, while the National Federation Party (NFP) won 22 seats.

As a consequence of the tension between the Government and its opposition in Parliament (supported by the labour movement), a meeting of union leaders in May 1985 represented the start of discussions. This culminated in the founding of the Fiji Labour Party (FLP), it was officially inaugurated in Suva in July 1985. Sponsored by the Fijian Traders Union Conference (FTUC), and under the presidency of Dr. Timoci Bavadra, the new party was formed with the aim of presenting a more effective parliamentary opposition, and announced that free education and a national medical scheme to be their priorities.

At a general election in April 1987 a coalition of the FLP and the NFP got 28 seats in the House of Representatives, thereby they defeated the ruling AP, which received only 24 seats. Dr. Timoci Bavadra subsequently took office as Prime Minister, leading the first Fijian Government to be dominated by MPs of ethnic Indian, rather than ethnic Fijian (i.e.,

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7 Farell H. Brian and Peter E. Murphy, ed., Ethnic Attitudes to land in Fiji (Suva, 1979), p.2.
Melanesian), origin. Bavadra, a commoner, announced the formation of a new Cabinet, comprising seven Indians and five Fijians (including Bavadra himself). However, on 14 May 1987 the Government was removed from power by a military coup, led by Lt. Col. (later Maj.-Gen.) Sitiveni Rabuka, who forcibly abducted and imprisoned Bavadra and the other 27 members of the coalition Government. He justified his unconstitutional action by claiming that the militant ethnic Fijian Taukei Movement had been planning to attack Bavadra and his Government. Rabuka immediately formed a 17-member interim ruling Council (which included Mara, the former Prime Minister) of which he declared himself as the Chief Minister. The Governor-General, Ratu Sir Penaia Ganilau, refused to recognize Rabuka's administration (although he subsequently swore in Rabuka as its Chief Minister). He declared a state of emergency in an attempt to resolve the internal crisis.

Ganilau appointed a 19-member Advisory Council, comprising Rabuka and seven other members of his intended Council of Ministers, together with members of Fiji's Great Council of Chiefs or Bose Levu Vakaturaga (a traditional body comprising every hereditary chief or Ratu, of a Matagali, or Fijian clan) and a number of public servants. Bavadra, the other members of the elected Government who were released from detention and other Indians were offered posts in the Advisory Council. But they declined to participate in the Council by alleging that the Council was unconstitutional and biased in its composition. Of the remaining 16 appointed members, most of them were supporters of Mara's AP and only one among them was ethnic Indian.

Widespread racial violence, continuing demonstrations of protest against the interim administration and public demands for Bavadra's reinstatement as Prime Minister led to increased civil tension and political uncertainty. In July 1987 the Great Council of Chiefs approved proposals

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for constitutional reform, including an increase in the number of seats in the House of Representatives, more than one-half of seats were to be held by ethnic Fijians. According to the proposals, the Prime Minister was invariably to be of Melanesian origin, and was to be appointed only by Fijian MPs. Negotiations, between delegations led by Bavadra and Mara, took place in September. Despite such negotiations violence perpetrated (allegedly by the radical Taukei Movement) against one of Bavadra’s spokesmen, and it was announced that the two factions had agreed to form an interim bipartisan Government.\textsuperscript{13}

The implementation of this compromise plan was, however, forestalled on 25 September 1987 by a second coup d’état, again led by Rabuka, who announced his intention of declaring a Republic. Ganilau, who refused to recognize Rabuka’s seizure of power, sought to reconcile the opposing factions. Negotiations between Ganilau, Rabuka, Bavadra and Mara took place on 29-30 September, but it failed and as a result of it on first of October, Rabuka formally revoked the Constitution, and deposed Queen Elizabeth II as Head of the State. Further efforts were made to seek a new arrangement whereby Ganilau was to remain in office as the head of the constitutional government. However, such political arrangements were abandoned on 7 October when Rabuka installed an interim Council of Ministers, of which more than one-half of the members were drawn from the Taukei Movement. Rabuka, who became Minister for Home Affairs and the Public Service (with control of the armed forces), stated that the Council would remain in power for at least one year. During this time a new constitution, guaranteeing the dominance of ethnic Fijians, was getting promulgated. On 15th October Ganilau refused to accept the presidency of the Republic of Fiji and resigned from Governor-General. The Chief Justice and senior judges, who had opposed the coup, were also removed from office, and Rabuka declared himself as the Head of the State. While the new Government received recognition from France, the Governments of Australia and New Zealand condemned the Rabuka

regime. On 6 December Rabuka resigned as Head of State, and Ganilau, the former Governor-General, was appointed as the first President of the Fijian Republic although he had earlier refused to accept the post. Mara was re-appointed as the Prime Minister, and Rabuka became Minister of Home Affairs. The new Cabinet contained no member of Bavadra’s deposed Government.

In February 1988 Rotuma (the only Polynesian island in the country), which lies to the north-west of Vanua Levu, attempted to declare independence from Fiji. Announcing that it did not recognize Fiji’s newly-declared status as a republic and affirming its continued loyalty to the Commonwealth, Rotuma appealed to the Governments of New Zealand, Australia and the United Kingdom for assistance. However, Fijian troops were dispatched to the island and soon quelled the dissent. In the constitutional settlement of 1990, however, Rotumans received a special status, with one seat in each of the houses of Parliament.

A new draft Constitution was approved by the interim Government in September 1988. A constitutional committee, which was multiracial but included no member of the former Bavadra Government, received submissions during the following year and published a revised draft in September 1989. Bavadra and the FLP-NFP coalition, however, continued to condemn the proposals.

In January 1989 the statistical information, released by the interim Government, indicated that the islands’ ethnic Fijians were the largest group in the population for the first time since 1946. Some 9,500 ethnic Indians and 2,800 others had emigrated since the coup of May 1987, but that included 700 teachers, two-thirds of the islands lawyers, more than half of its doctors and almost one-quarter of its civil servants.

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15 Ibid, p.29.
In November 1989 Bavadra died and was succeeded as leader of the FLP by his widow, Adi (a female honorific corresponding to the chiefly title of Ratu) Kuini Bavadra. In October Mara agreed to remain as Prime Minister only if Rabuka left the Cabinet in January 1990. 17

In June 1990 the Great Council of Chiefs approved the draft Constitution. It also initiated the formation of a new party, the Soqosoqo ni Vakavulewa ni Taukei (SVT) or Fijian Political Party, to advocate the cause of ethnic Fijians. The new Constitution was promulgated on 25 July 1990 by President Ganilau. This was reported to have been prompted by fears of another coup. The FLP-NFP coalition immediately condemned the Constitution and announced that it would not participate in any elections held under it. The opposition criticized the legislative majority of ethnic Fijians, who were reserved 37 of the 70 elective seats (and only five of those seats for the urban areas where one-third of ethnic Fijians reside), compared with 27 Indian seats. Furthermore, the Great Council of Chiefs was to nominate ethnic Fijians to 24 of the 34 seats in the Senate and to appoint the President of the Republic. 18

In April 1991 Rabuka was offered the post of Deputy Prime Minister and Minister of Home Affairs, and in July he officially resigned as Commander of the Armed Forces in order to join the Cabinet. 19 The Rev. Manasa Lasaro, General Secretary of the Methodist Church and leader of the anti-Indian campaign during the coups of 1987, was also appointed to the Cabinet. In 1991 Rabuka resigned from the Cabinet in order to assume the leadership of the SVT. 20

Disagreements between the Government and the FTUC reemerged at the beginning of 1991. In February a strike by more than 900 members of the Fijian Miners Union was conducted. They demanded recognition of their union by the Government, increase in the pay and improved working conditions, this led to the dismissal of about 400 workers. Despite support

18 Ibid, p.31.
19 Vijay Mishra, "The Quick Coup", ANU No.80, December 1992, p.27.
20 Yash Ghai, "A coup by Another Name?: the Politics of Legitimation in the Contemporary Pacific" (Spring 1992), p.12.
from several international mining organizations to the workers, employers claimed the strike to be illegal. Further reforms to the labour laws were also announced by the Government in May, this included the abolition of the minimum wage act, restrictions on the labour strike and derecognition of unions that did not represent at least two-thirds of the work-force. A significant announcement by the Government in late 1992 was the official recognition of the FTUC (withheld since 1986) as the sole representative of workers in Fiji.

At legislative elections held in May 1992, the SVT secured 30 out of the 37 seats reserved for ethnic Fijians, while the NFP won in 14 constituencies and the FLP agreed to participate in Parliament and to support Rabuka in his campaign for the Premiership, in return for a guarantee from the SVT of a full review of the Constitution and of trade union and land laws. Rabuka was, therefore, appointed Prime Minister, and formed a coalition Government (consisting of 14 members of the SVT and five others).21

In July 1992 a report on post-coups corruption was published. It detailed the findings of the inquiry commission on the corruption that was alleged to have followed soon after the military coups of 1987. Rabuka aroused some controversy by ordering that the report remain 'classified'. Remarks made by the Prime Minister in an Australian television interview in October 1992, expressing his implicit support for the repatriation of Fijian Indians, attracted similar controversy and prompted renewed fears that any reform of the Constitution would be merely superficial. Nevertheless, in December Rabuka formally invited the opposition leaders, particularly Jai Ram Reddy of the NFP and Mahendra Chaudhry of the FLP, to form a government of national unity. The move was largely welcomed, but Indian politicians expressed reluctance to take part in a government whose political control remained fundamentally vested with ethnic Fijians. Rabuka was critisized equally by nationalist extremists of the Taukei Solidarity Movement, which in a series of statements in early
1993, accused him of conceding too much political power to Fijian Indians. Following the appointment of a new Cabinet in June 1993, all 13 of the FLP members began an indefinite boycott of Parliament, in protest at Rabuka's failure to implement the reforms, which he had agreed to carry out in return for their support for his election to the Premiership in June 1992.

In December 1993 President Ganilau died of perennial illness and Ratu Sir Kamisese Mara took charge of the office on 18 January 1994. At legislative elections held during 18th to 24th of February 1994 the SVT increased the number of its seats in the House of Representatives to 31, while, despite extremely favorable reports concerning the popularity of the Fijian Association Party (formed in January by former members of the SVT), the organization secured only five seats, of a total of 37 reserved for ethnic Fijians. Of the 27 seats reserved for ethnic Indian representatives, 20 were secured by the NFP. The SVT subsequently formed a governing coalition with the General Voter's Party (GVP) and an independent member, under the Premiership of Rabuka, who announced the formation of a new Cabinet composed entirely of ethnic Fijians. In response to international concern regarding the continued existence of Fiji's racially-biased Constitution, Rabuka announced in June 1994 that the Constitutional Review Commission had been established, which, it was hoped, would have completed a review of the Constitution by 1997.

In January 1995 the Government approved a scheme (similar to other schemes introduced in neighbouring Pacific islands in the early 1990s) to provide residency to ethnic Chinese from Hong Kong in Fiji. In return they were to pay a fee of US $30,000 and a minimum investment in economic development projects of US $100,000 per family. Opponents of the scheme were of the opinion that the introduction of large numbers of immigrants would exacerbate existing racial tensions in Fiji. In

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23 Ibid, p. 29.
the same month the Government announced recommend repeal the Sunday observance law (imposed after the coups of 1987), which prohibited work and organized entertainment and sport on that day. It was believed that the law had become increasingly unpopular, particularly among the Indian community. However, the announcement aroused intense opposition from nationalist politicians and Methodist church leaders and they organized demonstrations in three cities against the proposal. This was attended by more than 12,000 people. Despite this vociferous opposition, in February the House of Representatives voted in favour of removing the regulations. The Senate, however, narrowly rejected the proposal (by 15 votes to 14), thus effectively delaying the implementation of any changes. The Sunday observance law was finally repealed in November 1995.26

After the return of the King of Rotuma from exile in New Zealand, the issue of independence for the island of Rotuma was raised in September 1995. King Gagaj Sa Lagfatmaro, who had fled to New Zealand following the death threats made against him during the military coups of 1987, appeared before the Constitutional Review Commission to petition for the island's independence within the Commonwealth. He reiterated his view that Rotuma should be a British colony rather than a part of Fiji.

In September 1995 the Government decided to transfer all state land (about 10 per cent of Fiji's total land area). Hitherto administered by the Government Lands Department, the authority to take decisions on the lands were handed over to the Native Lands Trust Board. The decision was to allocate land to the indigenous Fijians on the basis of native custom. However, the Fijian Indian population feared that many would not be able to renew their land leases (most of which were due to expire between 1997 and 2024).27 Despite statements by several Fijian land-owning clans that Indians' leases would not be renewed, the report was turned down by the Government. Moreover, a recently-formed sugar cane growers' association,

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26 Ibid, p. 41
solely for ethnic Fijians, named Taukei Cane-Growers’ Association, announced its intention to campaign for ethnic Fijian control of the sugar industry, largely by refusing to renew land leases to ethnic Indians (who held about 85 per cent of sugar farm leases). But then, the Government denied allegation that that Indian farmers would be evicted from their land. Nevertheless, it supported the Taukei Association and its aim of providing financial and technical assistance for ethnic Fijian farmers.\(^{28}\) In late 1997 the National Farmers’ Union urged the Government to resolve the issue of land leases as many cane-growers whose leases were due to expire at the end of the year were being harassed by landowners.

As a consequence of the publication of the SVT’s submission to the constitutional Review Commission, racial tension intensified in October 1995. In its report, the party makes detailed plans to abandon the present multiracial form of government and to adopt an electoral system based on racial representation. In this form of government each ethnic group selects its own representatives. The expression of numerous extreme anti-Indian sentiments in the document (including accusations that Indians were arrogant, disloyal and displayed unscrupulous political ambition) was widely condemned as offensive. Josefata Kamikamica of the Fijian Association Party was one of several political leaders to describe the submission as disgraceful and insulting to Fijian, as well as to Indian, sensibilities.\(^{29}\)

The issue of alleged state manipulation of the media re-emerged in late 1995 with the announcement that the Government was to review the Official Secrets Act. The statement came in response to the recent publication of a number of classified reports, including material concerning a serious financial scandal at the National Bank of Fiji (as a result of which several senior officials and former government members were charged with criminal offences). The FLP, the Law Society and various media associations were highly critical of the proposed review, which, they


\(^{29}\) Ibid, p. 39.
believed, would restrict the activities of the media and undermine its role in Fijian society.

A rift within the GVP in early 1996 and two out of the four GVP members of the House of Representatives withdrew their support for the Government. This prompted Rabuka to seek alternative coalition partners from the opposition to ensure the security of his majority. However, the Prime Minister was unsuccessful in persuading parliamentary members of the Fijian Association Party to join the Government. The administration's troubles during 1996 contributed to the defeat of the SVT in virtually every municipality at local elections, which took place in September.\textsuperscript{30}

Existing divisions within the Government were further exacerbated by the presentation of the Constitutional Review Commission's report in the House of Representatives in September 1996. The report included recommendations to enlarge the House of Representatives to 75 seats, with 25 seats reserved on a racial basis (12 for ethnic Fijians, 10 for Fijian Indians, two for General Voters and one for Rotuma Islanders). It also proposed that the Prime Minister should be Fijian but of any race, while the President should continue to be an indigenous Fijian. Rabuka and Mara both endorsed the findings of the report, while several nationalist parties, including the Vanua Independent Party, the Fijian Nationalist United Front Party (FNUFP) and the Taukeri Solidarity Movement expressed extreme opposition to the proposals, and formed a coalition in an attempt to further their influence within Parliament.\textsuperscript{31} In addition, a number of SVT members of the House of Representatives aligned themselves with the nationalists. In early 1997 they were reported to be responsible for a series of political manoeuvres within the Cabinet to undermine Rabuka's position.

The parliamentary committee which reviewed the report agreed upon


\textsuperscript{31} Ibid, p.38.
a majority of the 700 recommendations, but proposed that the House of Representatives be enlarged to only 71 seats, with 46 seats reserved on a racial basis (23 for ethnic Fijians, 19 for Indians, three for general electors and one for Rotuma Islanders) and 25 seats open to all races. The committee's modified proposals were submitted to the Great Council of Chiefs in May, this endorsed the recommendations on constitutional change. But the proposals demanded to increase the number of lower chamber seats reserved for ethnic Fijians from 23 to 28. However, the Council approved the proposal to reduce the number of nominated senators to 15 (from 24). The reforms, as proposed by the committee, were officially endorsed by the Great Council of Chiefs in early June. The Constitution Amendment Bill was approved unanimously by the House of Representatives and the Senate on 3 and 10 July respectively. Although the new Constitution was not due to take effect until July 1998, Rabuka expressed his desire to establish a multi-party Cabinet at the earliest. However, the plan was opposed by the Leader of the Opposition, Jai Ram Reddy, who favored deferring such a development until the general elections in 1999 anticipating that the opposition parties could form a national coalition. Rabuka was also anxious to reassure extremist nationalist Fijians, who had vociferously opposed the reforms throughout the debate, that their interests would be protected under the amended Constitution and that indigenous Fijians would continue to play a preeminent role in the government of the country. Despite opposition from both the FLP and the nationalist parties, Fiji was readmitted to the Commonwealth at a meeting of member states in October 1997. In the same month Rabuka was granted an audience with the Queen Elizabeth II in London at which he formally apologized for the military coups of 1987. Opposition to his administration, however, continued during late 1997 also. A by-election held in October was won by the FNUFP, which declared its intention to win the next general election in order to overthrow the new

19 Ibid, p.12.
Constitution. Furthermore, in the following month the Fijian Association Party, which had joined the Government in a cabinet reorganization in August, withdrew from the coalition. The basis of their resignation was their disagreement with the provisions of the 1998 budget, the poor state of the economy and increasing unemployment as the main reasons for its disaffection.35

Events in early 1998 were dominated by political reaction to the reformed Constitution. An extremist nationalist group of the former SVT supporters, including senior church, military and police officials (belonging to the Cadra Maiz Fijian Movement) were alleged to be planning to overthrow Rabuka’s Government. Meanwhile, it was reported that opponents of the Constitution were discussing the establishment of several new political parties, the most significant of which was the Christian Fellowship Party that was formed in March under the leadership of Rev. Manasa Lasaro.

Diplomatic relations were resumed between Fiji and India with the announcements in 1998 that corresponding High Commissions were to be established in Suva and New Delhi. Moreover, India’s 10-year trade embargo against Fiji was removed in February. The new Constitution came into effect on 27 July.

Following a period of severe drought, nation-wide water restrictions were introduced in early 1998. The sugar industry was drastically affected by the drought, resulting in an annual crop failure; the output was about 60 per cent lower than what was predicted. Further, the exporters were unable to meet commitments to foreign buyers. The Government’s reluctance to provide financial assistance to cane farmers whose crops had been devastated, led many farmers in May and June to refuse to harvest the remaining crops in protest (although the boycott was lifted in July, following a reversal in the Government’s previous position).36

A dispute between tribal landowners and the Government over compensation payments for land flooded by the Monosavu hydroelectric power station erupted into violence in July 1998. Since the plant was constructed in 1983, land owners had been demanding compensation worth US $18m., they seized control of the station (which supplies 90 per cent of Fiji electricity) and carried out a series of arson attacks on Fiji Electricity Authority property.\(^\text{37}\)

The coups of 1987 had serious consequences for Fiji's foreign relations. Its traditional links with the Commonwealth, particularly India, Australia and New Zealand, deteriorated markedly, most notably in terms of military co-operation. Fiji sought alternative military aids from France and several Asian nations.\(^\text{38}\) India remained a consistent critic of the new regime, and tension increased after the fire-bombing of Indian places of worship in Fiji in October 1989. Comments by the Indian ambassador resulted in his expulsion from Fiji and the re-designation of the embassy as a consulate. In May 1990 the Fijian Government ordered the complete closure of the diplomatic post. In May of the following year the secretary-general of the Commonwealth stated that Fiji would not be readmitted to the organization until it changed its Constitution. Following the approval of major constitutional reforms in July 1997, therefore, Fiji applied for readmission to the Commonwealth and rejoined the organization at a meeting of member states in October 1997. In that month Fiji was invited by the Indian Government to open a High Commission in New Delhi and in June 1998 India announced that it would reopen its High Commission in Suva. In March 1998 Fiji stated its intention to open an embassy in the People's Republic of China, partly in an attempt to enhance the likelihood of its admission to the Asian-Pacific Economic Co-operation (APEC) group (which it had sought since 1995).

Traditionally the Fijian economy have been characterized by the predominance of the agricultural sector; within this sector the sugar

\(^{37}\) Ibid, p.78.

industry contributed maximum share of output, although, since the early 1980s, tourism has become a principal source of foreign exchange. Fiji is one of the wealthier Island nations of the Pacific. In 1996, according to estimates by the World Bank, Fiji's gross national product (GNP) was US $1,983m. (measured at average 1994-96 prices) and GNP per head was US $2,470. In 1990-96 GNP per head was estimated to have increased by an annual average of 0.6 per cent. During 1987-94, it was estimated, Fiji's gross domestic product (GDP) increased, in real terms, by an average of 2.8 per cent annually, and GDP per head by 1.6 per cent annually. According to the Asian Development Bank, GDP increased by 1.4 per cent in 1995 and by 4.4 per cent in 1996, but contracted by 1.8 per cent in 1997, owing to problems in the sugar industry and the impact of the Asian financial crisis. In 1990-96 the population increased by an annual average of 1.5 per cent.39

Agriculture (including forestry and fishing) contributed 17.9 per cent of GDP (at constant 1989 prices) in 1996 and engaged 43.5 per cent of the economically active population in that year. Between 1980 and 1986 agricultural production increased by an annual average of 3.0 per cent. During 1987 agricultural production declined by 21.0 per cent and continued to decline until 1992. Output in the sector increased by 2.7 per cent in 1996. According to the FAO, only about 24 per cent of Fiji's land area is used for agriculture and 65 per cent is forest or woodland. About 83.4 per cent of the land area is 'native land', the customary land of the ethnic Fijian clans or Matagali, and 8.4 per cent is government land. Agriculture (particularly the predominantly Indian cane-growers) is therefore very dependent upon leased land.40

Sugarcane is the principal cash crop and the sugar industry as a whole contributed an estimated 13.5 per cent of GDP (at constant 1977 prices factor cost) in 1990. Exports of sugar and molasses earned $F324m., and accounted for 30.9 per cent of total export earnings in 1996.

Output in the industry, however, decreased significantly in 1997 and further in 1998, when a prolonged drought resulted in the country's failure to meet its export commitments.\(^{41}\)

Other important export crops are coconuts and ginger, although production levels of both crops declined in the early 1990s. Vegetables and fruit are grown for domestic consumption, and rice growing has been particularly encouraged for import-substitution. Plan to begin production of cotton for export has been announced in 1996. The most important bovine products are beef and poultry meat.

Fiji has extensive timber reserves, but forestry has become important economic activity only since the export oriented production begun by the mid-1980s. Pulpwood and pine timber account for most of the increase in log production, which more than doubled between 1986 and 1989. Export of timber products earned $F35.9m. in 1996 (equivalent to 3.4 per cent of total export earnings).

Fishing is an important activity in Fiji, both for export and for domestic consumption. Commercial fish-farming became a significant sector in the 1990s. The total fish exports was worth $F52.8m. in 1996 (equivalent to 5.0 per cent of total export earnings); almost one-half of which were purchased by Japan. Fiji also started issuing licenses to the foreign interests to fish in the islands' exclusive economic zone. Some 50 vessels operated in 1996, providing $F 80m. as license fees. However, plans to increase the number of licenses permitted from 80 to 150 in 1997 promised to augment revenue from this source.\(^{42}\)

Industry (including mining, manufacturing, power and construction) contributed 24.5 per cent of GDP in 1996. In mid-1993 the sector employed 37.0 per cent of those in paid employment. During 1987 industrial production declined by 14.9 per cent because of the political troubles.\(^{43}\) Industrial production expanded again in the following years,

\(^{41}\) Ibid.
\(^{43}\) Ibid.
mostly owing to the recovery of the sugar industry. In 1996 output increased by almost 10 per cent, largely owing to a rise in gold production.

Mining and quarrying contributed 3.2 per cent of GDP in 1996 and employed 1.9 per cent of the paid labour force in 1995. The most important mineral resource is gold. Production totaled 4,100kg in 1996, when gold exports earned some $F82m. Gold exploration activity increased in the mid-1990s, and foreign mining companies expected to open at least two major new gold mines by the late 1990s, in addition to the Mount Kasi and Vatukoula gold mines. It was forecasted that annual exports of gold would total some 11,500 kg and earn an estimated $F200m. by 2003. The Vatukoula mine exported gold worth $F73m. in 1996. Production at Mount Kasi began in 1996, and it was expected to earn some $F20m.-35m. annually for 20 years. However, by October 1996 demand for the closure of the mine had already been expressed, it was prompted by the adverse impact on the environment due to imperfect and inefficient mining. A large copper-mining project in Namosi, central Viti Levu, was to begin operations in the late 1990s. It was predicted that export earnings from the mine would amount to some $F400m. per year. Other mineral reserves include silver and marble. In addition to this, 20 potential oil-bearing sites have been identified in early 1993.

Manufacturing contributed 12.7 per cent of GDP in 1996. The sector employed 24.8 per cent of those in paid employment in 1995. Excluding the sugar industry, manufacturing production increased by 5.4 per cent during 1993. The most important activity is food processing, notably sugar production and fish-canning. Manufacturing has received particular encouragement since 1987, when the Government established a register for factories and exempted factories from any taxation provided 95 per cent of their products are for export. By 1995 there were 156 tax-free factories in operation (compared with 44 in 1988), including 103 garment factories. Earnings from these industries totaled $F206m. in 1991. Exports of

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garments earned $F185m. in 1995, and provided 18.0 per cent of total export earnings in the previous year. Output from the garment industry increased by 6.5 per cent in 1996. The tax-free factories engaged 11.9 per cent of the employed labour force in March 1995. Hydroelectricity is the principal source of power, providing some 90 per cent of Fiji's electricity in the late 1990s. Production of Electricity, gas and water contributed 3.8 per cent of GDP in 1996. Mineral fuels accounted for 8.1 per cent of total imports in 1996.

The service industries contributed 57.6 per cent of GDP in 1996, and in mid-1995 engaged an estimated 69.4 per cent of those in paid employment. The most important service activities are connected with the tourist industry. Tourism is the leading economic activity in the islands. In 1997 the industry earned some $F460m. in foreign exchange. The trade, restaurants and hotel sector employed an estimated 14.4 per cent of those in paid employment in mid-1995 and contributed 27.6 per cent of GDP in 1996. The military coups of 1987 severely affected the tourist industry, with tourist arrivals in that year falling to a total of 189,866, from 257,824 in 1986. Numbers subsequently recovered, and in total number of tourist in 1997 was 359,441. Most visitors are from Australia (24.6 per cent of total arrivals in 1995), followed by New Zealand (18.5 per cent), Japan (14.2 per cent) and the USA (12.5 per cent) respectively. Further 17.4 per cent of tourists were from Europe, notably the United Kingdom.

Fiji consistently records a trade deficit. According to the IMF, this increased to US $281.9m. in 1993, but had declined to US $182.4m. by 1996. Receipts from the service sector, however, help to offset much of the trade deficit. In 1996 there was a surplus on the current account in the balance of payments of US $10.2m. The principal source of imports is Australia (42.0 per cent of total imports in 1995), followed by the New Zealand (16.2 per cent) and Singapore (9.1 per cent). Australia was the principal market for Fijian exports in 1995 (22.6 per cent of total exports).

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46 Ibid. p. 779.  
47 Prasad, n.11.
followed by the USA (12.4 per cent), then Japan (8.3 per cent). The principal imports are basic manufactures (25.8 per cent of total imports in 1996) and machinery and transport equipment (23.8 per cent). As mentioned above, Fiji's principal exports are sugar, molasses, coconut oil, timber, fish, unrefined gold and garments.48

In 1997 there was a projected budgetary deficit of $F219.2m. The budgetary deficit for 1998 was forecasted to be 1.7 per cent of GDP (compared with an estimated 9.2 per cent for the previous year). Fiji's total external debt was equivalent to US $217.4m. in 1996, when the cost debt servicing was equivalent to 3.6 per cent of the revenue from goods and services. The average annual rate of inflation was 3.7 per cent in 1990-97 and stood at 3.4 per cent in 1997. An estimated 5.8 per cent of the total labour force were unemployed in 1994, and at the end of March 1995 there were 96,408 people in paid employment (only some 35 per cent of the total labour force). Since 1987, however, Fiji has suffered a very high rate of out-migration, particularly of skilled and professional personnel. Between January 1987 and December 1995, 72,688 citizens emigrated from Fiji, of whom some 90 per cent were Fijian Indians, with an estimated 30 per cent of the total described as professional or semi-professional workers.49

The Fijian agricultural sector is vulnerable to vagaries of weather, particularly cyclones, and to fluctuations in international commodity prices. The principal industries, sugar and tourism, were severely affected by the political upheaval of 1987. The subsequent recovery of the economy was aided by strong sugar prices in the international market, an increase in tourist arrivals, the introduction of tax-free zones, and growth in foreign investment (notably from Japan). During the 1990s, Fiji forged closer economic ties with several Asian countries, particularly the People's Republic of China, Taiwan and the Republic of Korea. The 1998 budget included a programme of reforms which aimed to increase revenue through

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49 Ibid.
privatization of many government-owned enterprises, higher taxes on certain goods and increased tariff rates on imports. In January 1998 the Government effected a devaluation by 20 per cent of the Fijian dollar in an attempt to offset some of the negative effects of the Asian financial crisis and due to continued decline in sugar and gold prices.

It was hoped that social and political tension relating to the racially-biased Constitution, which had continued to threaten the economic stability of the country and its ability to attract foreign investment, would be alleviated with the introduction of major constitutional reforms.