

**FIJI: COMMONWEALTH SUSPENSION HURTS PRIDE MORE THAN POCKET
(Extract from EFIC World Risk Developments, September 2009)**

The full suspension of Fiji from the Commonwealth will be more a blow to Fiji's pride than its pocket. Of greater concern to Suva will be pressure on the United Nations to stop hiring Fijian soldiers for peacekeeping missions.

The suspension on 2 September was the inevitable result of Commodore Bainimarama's foot-dragging over restoration of democracy. (Canberra has added to this criticism: human rights abuses, restrictions of judicial independence, media censorship, intimidation of opponents, and harassment of Methodist Church leaders.)

In July, the Commonwealth provided the Commodore and his regime with a chance to restore democracy by October 2010. Instead, they repeated that they would not hold elections till 2014 – more than seven years after the December 2006 coup. The Commonwealth found this unacceptable.

The full suspension means that the interim government will no longer be eligible for technical assistance (except to restore democracy) or allowed to take part in Commonwealth meetings and activities. In addition, Fiji will be excluded from Commonwealth sporting events.

These sanctions will come on top of restrictions on travel and military cooperation introduced by Australia and New Zealand at the time of Bainimarama's 2006 coup. Defence ties have been cut, while members of the interim government, senior servicemen, regime appointees, and their close family members, have been subject to travel bans.

Canberra has, however, announced that it will continue most aspects of its aid program to Fiji, with a stress on social welfare and emergency relief.

The sanctions so far announced will increase Fiji's international isolation, but are unlikely to exact a heavy economic toll. Trade sanctions would represent an escalation of the international response, but while the Commonwealth, the Pacific Islands Forum, the European Union, the United Nations, New Zealand and Australia have all condemned the regime, they have not seen fit to impose such sanctions. Australia maintains that such measures would impose hardship on an already-suffering population and doesn't have them under consideration.

Another potent sanction would be to ban employment of Fijian soldiers by UN and British forces. Units of the Fijian army serve with the UN and the non-UN Sinai MFO (Multinational Force & Observers). Other Fijian soldiers serve with the British army and as privately contracted security personnel in Iraq. These men are a major source of remittance income and Fiji's No 3 foreign exchange earner after tourism and sugar. Both Canberra and Wellington have asked the UN to exclude Fijian troops from all future UN peacekeeping

operations and review present deployments. The UK has already cancelled a recruitment pre-selection mission to Fiji that had been scheduled for March.

Even without imposition of these additional measures, the economy has been struggling. Tourism and sugar are both in decline and EU prices for Fijian sugar are set to fall a further 22% this month, completing a phased 36% reduction agreed in compliance with WTO rules. To stem a foreign reserve drain the Reserve Bank in April raised capital controls and devalued the Fiji dollar by 20%. The worsening conditions and outlook have prompted ratings agency Standard & Poor's to downgrade the country, including its long-term foreign currency rating to B- from B.

In response to these sanctions, Bainimarama has talked up his intention to look north to Asia, especially China, for trade, aid and, increasingly, military training. But he may be hard-pressed to clinch much given the poor outlook for the country.