



EUROPEAN PARLIAMENT

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

**NOTE
ON THE MALDIVES**

Abstract: This note outlines the political and economic situation in the Maldives, recent event and issues - with special emphasis on constitutional reforms and recent social unrest - as well as the EU-Maldives relations

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1. BACKGROUND

Capital: Male

Surface: 300 sq. km

Population: 349,106 (July 2005 est.)

Ethnic groups: Sinhalese, South Indians, Arabs

Religion: Sunni Muslim

Languages: Maldivian Divehi, English spoken by most government officials

Literacy Rate: 97.2% (2003 est.)

Birth Rate: 35.43 births/1,000 population (2005 est.)

Death Rate: 7.24 deaths/1,000 population (2005 est.)

Government Type: Republic (since 1968)

Independence: 26 July 1965 (from UK)

Constitution: adopted 1 January 1998

Head of State: President Maumoon Abdul GAYOOM (since 11 November 1978); *note:* the president is both the chief of state and head of government

GDP per capita: purchasing power parity - \$3,900 (2002 est.)

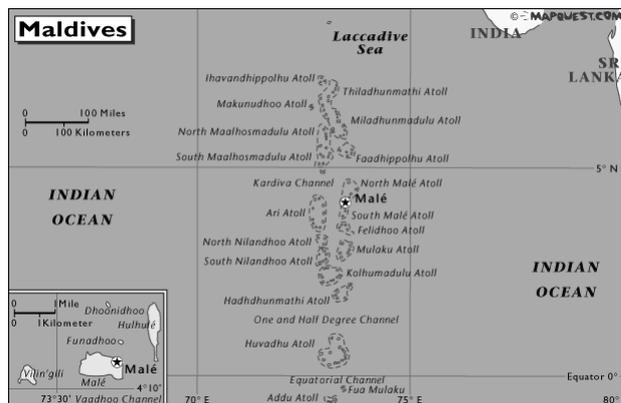
GDP real growth rate: 2.3% (2002 est.)

GDP composition by sector: *agriculture:* 20%; *industry:* 18%; *services:* 62% (2000 est.)

HDI: 0.745 (2003 est.)

HDI rank (out of 177 countries): 96 (2003 est.)

The Maldives was long a sultanate, first under Dutch and then under British protection. They became a republic in 1968, three years after independence. Since 1978, President Maumoon Abdul Gayoom - currently in his sixth term in office - has dominated the islands' political scene. Following riots in the capital Male in August 2004, the president and his government have pledged to embark upon democratic reforms, including a more representative political system and expanded political freedoms.



2. POLITICAL SITUATION

The Maldives is generally regarded as a fairly tolerant and peaceful society. However, the space for the expression of political dissent has been very limited.¹

¹ Amnesty International, Maldives: Human rights violations in the context of political reforms, p. 3

2.1. INSTITUTIONAL STRUCTURE

The country's current political system was established in November 1968.²

A) EXECUTIVE

Executive power is vested in the President and the Cabinet of Ministers.³

The **PRESIDENT** is Head of State, Head of Government⁴, Highest Authority Administering Justice and Commander-in-Chief of the Armed Forces and Police. Since 1 September 2004, following international, media and public pressure, the positions of Defence Minister and Finance Minister are no longer held by the president. He⁵ is elected by a secret ballot of the People's Majlis (see below) and endorsed in office for a five-year term by a national referendum. **Maumoon Abdul Gayoom** is the current president (since 11 November 1978). The President has the power to appoint and dismiss the following public officers: the Vice-President, Chief Justice, Speaker and Deputy Speaker of the People's Majlis, Ministers, Attorney-General, Atoll Chiefs, Judges, Auditor-General and Commissioner of Elections.⁶

The **CABINET OF MINISTERS** assists the president, and is responsible to the Majlis. It is appointed by the president and includes the Attorney-General.

B) LEGISLATIVE

Legislative power is vested in the People's Majlis (People's Council) and People's Special Majlis.⁷

The unicameral **PEOPLE'S MAJLIS** has 50 members; 42 of these are elected for five years by universal adult suffrage, and 8 are appointed by the president. Two members are elected from Male and two members from each atoll. Members serve five-year terms.

The **SPECIAL MAJLIS** (PSM) is constituted to consider a given business item such as amending the Constitution. It has the power to draw up and amend the Constitution of Maldives. It consists of members of the Cabinet of Ministers; members of the People's Majlis; members elected from Male and the Atolls for the duration of the PSM. The current 108-member People's Special Majlis is tasked with debating and finalising the proposed reforms in light of proposals received from the public.⁸

C) JUDICIARY

There is no separation of powers between the executive and the judiciary. Instead, the President heads the judicial system, and appoints the judges. The president also has the power to remove a judge at his discretion.

² Amnesty International, Maldives: Human rights violations in the context of political reforms, p. 3

³ Commonwealth Expert Team Report on Maldives Parliamentary Elections

⁴ The office of Prime Minister has been abolished in 1975 by Amir Ibrahim Nasir.

⁵ Only Sunni Muslim men are allowed to stand for the presidency.

⁶ Commonwealth Expert Team Report on Maldives Parliamentary Elections

⁷ Commonwealth Expert Team Report on Maldives Parliamentary Elections

⁸ Commonwealth Expert Team Report on Maldives Parliamentary Elections

D) REGIONAL ADMINISTRATION

For administrative purposes, there are 21 districts: the capital Male (the first order administrative division), and 20 atolls, each under a chief (*verin*).

2.2. POLITICAL REFORM

On 9 June 2004, President Gayoom announced a series of sweeping constitutional reforms intended to liberalise the political system. The power to make and amend the Constitution is with the People's Special Majlis (PSM). As a first step to amend the Constitution, PSM members were elected at the end of May 2004 and the PSM was convened on 19 July 2004. However, the first meeting of the assembly was suspended due to a walk-out by key opposition MPs because of their disagreement over the voting process. It was reconvened in mid-October 2004 but without the participation of key opposition members of the assembly, who were in detention.⁹ After a long period of one year spent discussing the Rules of Procedure for the Majlis, the amending of the Constitution started on 30 October 2005 with deliberations on the principles and features of the Constitution.¹⁰ The proposed reforms include (a detailed table on the proposed reforms is presented in Annex 3):¹¹

- a multi-party, pluralistic democracy
- a directly elected President from a choice of more than one candidate;
- changes in the separation of powers
- divesting the President of his control over judicial appointments;
- permitting women to contest the post of President;
- placing a limit of two 5 year terms on the Presidency;
- having a Prime Minister who will be appointed by the President on the advice of the National Assembly;
- abolishing the category of appointed members of the National Assembly (currently 15% of the total);
- permitting the formation and activity of political parties;
- establishment of a Human Rights Commission;
- establishment of a Supreme Court.

A regulatory framework for political parties was announced on 5 June 2005 by presidential decree, in order to expedite the creation and operation of political parties. The introduction of a multiparty system is a major pillar of the sweeping constitutional reform agenda outlined by president Gayoom on 9 June 2004. The measure was fast-tracked by the government this year due to the slow progress of the work of the People's Special Majlis (the Constitutional Assembly).¹² The government lifted the ban on political parties and officially recognised the MDP's existence.¹³ Early September 2005, the Maldives Law Commission invited all political parties for consultations on legislation to be tabled at the People's Majlis to provide a statutory framework for the operation and conduct of political parties.

⁹ Amnesty International, Maldives: Human rights violations in the context of political reforms, p. 8

¹⁰ Minivan News

¹¹ Commonwealth Expert Team Report on Maldives Parliamentary Elections

¹² BBC

¹³ Wikipedia

The opposition greeted the reform proposals with some scepticism and stressed that basic political freedoms should be granted and political parties permitted to function before any reform proposals were put on the table, so that there could be genuine public debate on the proposals.¹⁴

In order to further speed up the process of constitutional reform, the government enlisted the help of Commonwealth experts in December 2005. Although the process was at first boycotted by the opposition MDP over the continuing arrest and impending trial of its chairman (see below under 2.5.c), under a detailed timetable for reform published on 25 March 2006, the draft text is now expected to be completed by late May and implemented by mid-2007. At the same time, elections originally envisaged for the end of the year were postponed until July-October 2008. Despite this delay, the opposition welcomed the government's commitment to a published timetable.¹⁵

The Maldivian government's use of excessive force in August 2005 to quell demonstrations by opposition activists demanding democratic reforms might be seen as an indication that its commitment to establishing multi-party democracy in the country remains weak. For many Maldivians, the biggest obstacle to democratic reforms is Gayoom himself. They are not all supporters of the M.D.P.; however, many see the M.D.P. as the only viable party that can oust Gayoom.¹⁶

2.3. MAIN POLITICAL PARTIES AND LEADERS

Although the Maldivian Constitution allows political parties to operate, there had been no political parties in the Maldives since 1952, due to a *de facto* ban.^{17 18} On 2 June 2005, however, the Majlis accepted President Gayoom's proposals to lift the ban on parties and unanimously voted to allow political parties in Maldives, paving the way for the required legislation to be passed. In the interim, a presidential decree authorized the formation of parties. This allowed all those parties that had existed, but not registered as such, to begin their entry into the political system.¹⁹

The **MALDIVIAN PEOPLE'S PARTY (MPP)** is chaired by the current President of the Maldives **Maumoon Abdul Gayoom**, who dominates the Maldives' political environment.²⁰ It is an authoritarian political party.

The second largest party, and the first to operate in Maldives since 1952, is the **MALDIVIAN DEMOCRATIC PARTY (MDP)**.²¹ The MDP was founded by a group of 42 people (which included members of parliament, a former cabinet minister and leading businessmen) to promote human rights and democracy in the Maldives. MDP initially submitted its registration on 24 February 2001, but its request was turned down. Shortly after the 2003 Maldives civil riots and the death of Evan Naseem, MDP declared its existence from exile in Sri Lanka on 10 November 2003. Although MDP still was not recognized by the Maldivian government, it began operating in Maldives on 30 April 2005, with its Chairperson Mohamed Nasheed (Anni) returning to the country from exile. Following the lifting of the ban on political parties in Maldives, MDP submitted its registration on 9

¹⁴ Commonwealth Expert Team Report on Maldives Parliamentary Elections

¹⁵ World Markets Research

¹⁶ PINR - Power and Interest News Report

¹⁷ Wikipedia (Maldivian Democratic Party)

¹⁸ Amnesty International, Maldives: Human rights violations in the context of political reforms, p. 4

¹⁹ World Markets Research

²⁰ World Markets Research

²¹ Wikipedia

June and was registered on 26 June 2005. Reports suggest that since its inception, its members have faced persecution - something that the government categorically denies.²²

Mohamed Nasheed (Anni), the chairman of the Maldivian Democratic Party, is an open critic of President Maumoon Abdul Gayoom and his policies. He was born in 1967. In 2000, he was elected as a member of the Majlis representing the people of Male. Six months later he was tried and sentenced to two and a half years banishment for a case that is still unclear. In November 2003, Nasheed left the Maldives and joined Mohamed Latheef to help establish the Maldivian Democratic Party (MDP). He was made an Amnesty International Prisoner of Conscience in 1991 and was recognised as a political refugee by the British government in 2004. After about 18 months in self-proclaimed exile, Nasheed returned to Male on 30 April 2005 and began promoting MDP before it was officially recognized by the Government. On 12 August 2005, Nasheed was arrested again when he was sitting in the centre of the Republican Square, with supporters of MDP, to mark the second anniversary of the Black Friday²³. More details on his arrest and subsequent detention and trial are given in point C) of paragraph 2.4. on the civil unrest.

The **ISLAMIC DEMOCRATIC PARTY (IDP)** was officially granted registration on 12 December 2005. The founder member is Mr. Umar Naseer.

The **JUSTICE PARTY** is an opposition political party. It is an Islamic party headed by Dr. Abdul Majeed Abdul Bari. Under the government's program establishing a multi-party system in the Maldives, the Justice Party was registered as an official opposition party in August 2005.

The **MALDIVIAN SOCIAL DEMOCRATIC PARTY (MSDP)** is the most recent arrival on the political scene, having been registered on 9 February 2006. Its leader is reported to be H. Reeko Ibrahim Maniku. No other information was available concerning the new party and its possible relationship with the Maldives Labour Party, briefly reported in July of last year.

Other key political players:

- *Foreign minister:* Fathulla Jameel
- *Defence and national security minister:* Ismail Shafeeu
- *Finance minister:* Ghasim Ibrahim

2.4. ELECTIONS

On a national level, Maldives elects a head of state - the President - and a legislature. The political system has traditionally precluded the development of political parties, resulting in impressive election victories for Gayoom.²⁴

²² World Markets Research

²³ Black Friday, 13 August 2004, was the crackdown by the Maldivian National Security Service (NSS) on a peaceful protest in the capital city of Maldives, Male. This unplanned and unorganized demonstration was the largest such protest in the country's history. As the protest continued to grow, people demanded the resignation of President Maumoon Abdul Gayoom. What started as a peaceful demonstration ended after 22 hours, as the country's darkest day in recent history. Several people were severely injured as NSS personnel used riot batons and teargas on unarmed civilians. President Maumoon Abdul Gayoom declared a State of Emergency in Male and the nearby islands a few minutes after the crackdown. Several members of the Majlis, former cabinet ministers, and many reformists were arrested.

²⁴ World Markets Research

EXECUTIVE

Elections: The President nominated by the Majlis; the nomination must then be ratified by a national referendum (at least a 51% approval margin is required). The President is elected for a five-year term. Presidential elections were last held on 17 October 2003.

Election results: In the referendum held on 17 October 2003, President Maumoon Abdul Gayoom was re-elected with 90.3% of popular vote (turnout 77 %).

LEGISLATIVE

As no legal parties existed prior to June 2005, the Maldivian political system has traditionally been based around the election of individuals, rather than the more common system of election according to party platform. That said, the Majlis is dominated by Gayoom's supporters, creating problems for the formation of a workable opposition. The most notable entity that could offer any measure of opposition is the MDP and, with the ban on parties lifted, it has the propensity to form a highly effective opposition.²⁵ However, at the last parliamentary elections, on 22 January 2005, only non-partisans have been elected.²⁶

Elections: Elections for the Majlis were held on 22 January 2005, postponed for three weeks following the December 2004 tsunami.²⁷ (Next to be held NA 2010).

Election results: Out of the 42 elected seats, the banned MDP enjoyed a strong showing, though in essence it scored more of a psychological victory than a material one, securing little more than a handful of the total number of seats. The party argued that it had secured 18 seats, but the government disagreed, announcing that it had taken 12. The discrepancy arose from the fact that parliamentarians stand as independents and given the shifting nature of alliances, the outcome was unclear. The polls underlined the supremacy of Gayoom and his administration, although increasing calls for reform.²⁸

Summary of the 22 January 2005 Maldivian Assembly (<i>Majlis</i>) election results	Seats
Non-partisans supporting the government	20 (32.3 % of votes)
Non-partisans endorsed by the Maldivian Democratic Party	18 (31.1 % of votes)
Others	4
Appointed members	8
Total	50

2.5. CIVIL UNREST

A) BACKGROUND

Unprecedented anti-government riots rocked the Maldives capital, Male, in September 2003. The violent protests were a spontaneous response to a prison riot in which at least three inmates were shot dead by jail authorities. It emerged that the prison riot was triggered by the death of an inmate following torture by the police. In August 2004, pro-democracy demonstrations shook Male once

²⁵ World Markets Research

²⁶ Wikipedia http://en.wikipedia.org/wiki/Politics_of_the_Maldives

²⁷ World Markets Research

²⁸ World Markets Research

again. The government responded with an iron hand. Almost a hundred people were jailed and a state of emergency was declared in the country.²⁹

B) CURRENT EVENTS

On August 12, 2005, civil unrest broke out in Male, Gaafu Dhaalu Atoll and Addu Atoll. This unrest was provoked by the arrest of Mohamed Nasheed. Supporters of MDP started calling for the resignation of Maumoon Abdul Gayoom, soon after Nasheed's arrest. Several arrests were made on the first night followed by the demolition of the Dhunfini tent, used by the members of the Maldivian Democratic Party for their gatherings. The demolition complicated the situation provoking further unrest. The unrest continued intermittently for three nights, from 12 August to 14 August 2005. The unrest grew violent on the third night, due to the methods (electric batons, tear gas, pepper spray, high pressure water cannons) used in the attempts by the authority to stop the demonstration. By then, some 160 people had been arrested and reportedly transferred to Feydhoo Finolhu (an uninhabited island of Male Atoll) and Girifushi (an island used by the military for training purposes). By 15 August 2005, the uprising was controlled with the presence of heavy security around Male. Subsequently, the opposition accused the government of provoking the public, and then using it as a means to arrest senior figures within the opposition to suppress the political activities.³⁰ A march, in which around 1,200 people participated, was held on the night of Sunday 2 October 2005 following the MDP rally to protest against the arrest and continued detention of MDP Chairperson Mohamed Nasheed (Anni). According to reports, the security forces conducted themselves extremely professionally and did not resort to their normal behaviour - at such instances - of brutalizing and terrorizing the public using stun guns, baton charge, foul language and arbitrary arrests.³¹

It will be important to note how Gayoom proceeds. One option is to address the crisis by opening democratic channels for dissent, a development Gayoom believes could weaken his power. On the other hand, if Gayoom drags his feet on reform, crushes the secular moderates, possibly empowering Islamists in the process, it may create a situation that could explode into violence. If the government stonewalls on the issue of reforms or persists with responding harshly to dissent, anti-government protests could turn militant in demand and methods. By blocking democratic channels of protest and articulation of dissent, the government is in danger of legitimizing the use of violence to express demands and address grievances.³²

Following the violent August 2005 confrontations, the government insisted that it remains committed to reform. In an apparent conciliatory gesture, it appointed "key dissident" Gasim Ibrahim as its new finance minister. Ibrahim, a former member of the M.D.P., was among those arrested after 2004 riots. But few Maldivians are convinced by such gestures. They point out that Gasim Ibrahim was fostered by Gayoom's wife's family and that he was hardly a dissident.³³

The Maldives' main opposition party asked the European Union to send a fact-finding mission.³⁴ (For details, refer to chapter 4. EU - Maldives relations)

²⁹ PINR - Power and Interest News Report

³⁰ Wikipedia

³¹ BBC

³² PINR - Power and Interest News Report

³³ PINR - Power and Interest News Report

³⁴ Associated Press, 16 August 2005

C) MOHAMED NASHEED'S ARREST AND TRIAL

After Mohamed "Anni" Nasheed's arrest, acting Government Spokesman Mohamed Hussain Shareef told reporters Nasheed had been detained for "his own safety." Contradictorily, on 22 August 2005, the state announced Nasheed is to be charged for terrorism under the Terrorism Act. The first hearings of his trial were held on the morning of 28 August 2005. Faisz Musthapha, former Sri Lankan High Commissioner to the United Kingdom and former Chairman of the Sri Lankan National Human Rights Commission is observing the trial on behalf of International Commission of Jurists. On the first day of trial his interpreter was not allowed to interpret for him, instead a Justice Ministry Staff was assigned to interpret for him.³⁵ On 12 October 2005 Anni had his period of detention in Dhoonidhoo Detention Centre extended by a further 18 days. In November 2005 he was released from Dhoonidhoo Detention Centre, placed under house arrest and barred from receiving visitors, although he was allowed to attend his party's national congress meeting on 20 December 2005. End December 2005 his detention was again extended by 30 days.³⁶

Anni's indictment – ostensibly for terrorism and sedition for 'crimes' such as giving an interview to the BBC's Crossing Continent's programme last year, and leading a peaceful walk around Male' upon his return from exile – is widely perceived as being politically motivated. A delegation of UK barristers, led by the respected QC Sir Ivan Lawrence, produced a report in October 2005 which outlined a range of problems with the Maldivian judiciary that precludes the possibility of a fair trial for Nasheed and others facing similarly serious charges, including the fact that many basic and fundamental safeguards necessary to allow accused persons to defend themselves have not been provided. Moreover, the judiciary and legal system lacks the basic capacity, competency and necessary independence to deliver a fair trial.³⁷

Following a trial hearing on 25 January 2006 at which he is reported to have protested the proceedings and mocked the prosecutor (President Gayoom's nephew) and the judge, Nasheed was again returned to detention.³⁸ The surprise announcement on 16 May of the next hearing for 22 May, accompanied by rumours of an impending life sentence, prompted protests both in Male and from international organisations and personalities. According to the latest news, this led to the cancellation of the hearing at the last moment "for security reasons".³⁹

2.6. HUMAN RIGHTS

An increasing number of reports of human rights abuses are emerging, including the arbitrary arrest, detention and mistreatment and unfair trials of political dissidents and opposition figures.^{40 41}

The Republic of Maldives acceded to the UN Convention against Torture in April 2004. So far, existing laws do not appear to have been brought in conformity with the Convention, but the authorities say this will happen within the process of legal reforms. Moreover, President Gayoom announced the formation of the Human Rights Commission of the Maldives (HRCM). However, restrictions on freedom of expression remained in place.⁴²

³⁵ Wikipedia

³⁶ BBC

³⁷ South Asian Media Net

³⁸ Minivan News website, 26/29 January 2006

³⁹ Haveeru Daily website, 22 May 2006

⁴⁰ World Markets Research

⁴¹ Amnesty International, Maldives: Human rights violations in the context of political reforms

⁴² Amnesty International, Maldives: Human rights violations in the context of political reforms

3. ECONOMIC SITUATION

The Maldives has achieved sound growth over the past two decades despite the dispersed geographical coverage, fragile environment, minimum natural resources and diseconomy of scale.

The economy of the Maldives is largely dependant on tourism and fisheries which makes it vulnerable to the vagaries of the external environment. The economy necessitates a high import content, creating a heavy dependence on foreign exchange earnings. Intensive agricultural production is almost impossible because of the hypercalcic soil. Therefore, all staple foodstuffs, basic necessities and items for the tourism industry have to be imported.

The overall economy of the Maldives experienced an average growth rate of around 10% per annum in the 1980s, slowing to 8.4% in the 1990-99 period and further dropping to 4.6% in 2000. This impressive, if slowing, economic growth rate coupled with a GDP per capita of \$2,300 in 2003 conveys the impression of a relatively advanced economy, yet, in reality, it is rather fragile.

Tourism accounts for over 19% of GDP, a fifth of total employment, approximately 30% of tax revenues and 70% of foreign exchange earnings. It is the dominant sector of the country's economy and is susceptible to external factors such as collapse of leisure travel caused by any international terrorist act or European economic crisis. The economic downturn after the events of 11 September and the 2004 Tsunami demonstrates the high degree of vulnerability of the economy to external shocks.

Fisheries, the second largest sector of the economy, is the main activity outside of Male and the tourist islands. It employs 18.75% of the country's labour force but accounts for under 10% of GDP. Fisheries exports, amounting to about 71% of the annual tuna catch, are mostly canned and fresh tuna and are the second largest source of foreign exchange for the country. At present, the tuna industry has preferential access to EU markets. However, with graduation to Developing Country status the Maldives would face increased tariffs of as much as 18% to 24% which poses a threat to its economy (see 4.3). The industry is very sensitive to prevailing world market prices for tuna and fluctuations have greatly affected the industries total share of GDP.

The Maldives is a member of the WTO since 1995. The Maldives' main export markets are the United States followed by Thailand, the EU, Sri Lanka and Japan. Its main export products are textiles and fish (fresh and canned). Main suppliers of goods are Singapore, Sri Lanka, the EU and the United Arab Emirates. In 2004 the Maldives had a negative trade balance of € 386 million.

In 2002, the EU exported goods worth €40 million to the Maldives (mainly machinery). Imports from the Maldives into the EU were worth €38 million, of which textiles accounted for 56% and fish 41%.

4. OTHER ISSUES

4.1. THE 26 DECEMBER 2004 TSUNAMI

The tsunami created a disaster of national proportion. Although the human toll was relatively small (83 people dead, 25 missing), the tsunami affected almost the entire country. At one point, the low-lying islands were entirely covered. Of the 199 inhabited islands in the archipelago, 14 were destroyed—requiring the evacuation of inhabitants—and another 39 suffered severe damage. In all,

the tsunami displaced about 15,000 people from their island homes. The force of the waves devastated shelter and infrastructure across many atolls. The resulting floods wiped out electricity on many islands, and destroyed major communication links as well as water tanks. A quarter of the islands sustained major damage to essential infrastructure, such as jetties and harbours that allow links with the capital, Male.

Particularly badly hit were the Maldives' vital tourism and fisheries industries. Since tourism directly accounts for about one third of GDP, the sector's severe post-tsunami decline has been a major cause of the economic downturn in 2005 with real GDP growth slowing to about 1% according to the Asian Development Bank. Despite an enthusiastic response by the international community immediately after the disaster, international response to funding reconstruction needs is far below the needs outlined in the initial needs assessment jointly undertaken by the World Bank, ADB and UNDP (the immediate financial needs of reconstruction in the Maldives amount to €351million while the financing gap is estimated at approximately €100 million

The Commission's emergency assistance was successful: a total of € 2.7 million was contracted for support to UNICEF and UNDP activities. These included improved water and sanitation facilities for 34,000 people and restoration of cold rooms and freezers in damaged hospitals. In addition, EC funding has helped over 22,000 people to repair their houses and restart activities in the fishing and agriculture sectors as well as providing cash-for-work activities for the most vulnerable population.

The longer-term assistance has now started and will focus on helping the country to set up 'safe islands' for its extremely vulnerable population. The Commission has decided to commit the full amount of its € 16.9 million assistance to the Maldives in 2005 of which € 14 million will be spent through the Tsunami Relief and Rehabilitation Fund (TRRF) set up by the Maldives' Government and placed under the control of the World Bank to channel local and international resources for relief, reconstruction, and management activities.

The Rapid Reaction Mechanism (RRM) contributed € 0.9 million for community-led emergency housing reconstruction. Under the Tsunami Indicative Programme 2005-2006, €16 million were committed for two components: (a) a short-term, € 2 million programme focusing on immediate restarting of livelihoods and repair of damaged housing on affected atolls; and (b) € 14 million support to the longer-term regional development strategy 'safe islands' concept with a focus on environmental infrastructure, income generating activities and strengthening community services (including education and health).

4.2. CLIMATE CHANGE

The Maldives was one of the first countries to press actively for an international forum on the greenhouse effect, which is threatening to make sea levels rise and submerge many of the country's islands. The environment is high on the political agenda, and the government has designed several schemes to counter the rising sea level - most notably a large wall to protect the capital Male against the sea. The issue of global warming creates tension with the US Government who has failed to ratify the Kyoto protocol on greenhouse gas emissions.

It is disappointing to note that environment has only received 12% of the estimated €8.2 million needed in the environment sector to respond to the tsunami damages.

4.3. REGIONAL COOPERATION

The country is a founding member of the South Asian Association for Regional Co-operation (SAARC) which, in 1991, established the South Asian Preferential Trading Arrangement (SAPTA), the ultimate goal of which was to achieve a regional free trade area. SAPTA came into operation in 1995, after which negotiations were held in an unsuccessful attempt to reduce preferential tariffs. Fearing that a continuation of the policy would make little effective difference to regional trading arrangements, the more radical option of a free trade agreement (FTA) was proposed, to be known as the South Asian Free Trade Agreement (SAFTA). The framework for this was agreed during the twelfth SAARC summit in January 2004, with 1 January 2006 being given as the date for its implementation. While the date was confirmed at the last summit in Dhaka on 12 November 2005 progress is likely to be challenging, not least because of the traditional tensions between India and Pakistan.

4.4. THE INTERNATIONAL COOPERATION CONTEXT

Over the years, the Maldives has received economic assistance from multinational development organisations, including the UN Development Program, Asian Development Bank, Islamic Development Bank and the World Bank as well as from bilateral donors including Japan, Australia, India. Some European and Arab states have also contributed to the assistance received by the country.

The Maldives has received loans and credits from the IDA and the World Bank totalling over US\$ 87 million for various development projects. The ADB has lent the Maldives a total of US\$ 75.2 million. The recent WB country assistance plan proposes to lend approximately US\$ 15 million during 2004-2010 to develop regional economic and social centres which would act as hubs for the delivery of social services, public administration and local government and act as alternatives for the capital, Male.

External International Assistance has been focused primarily on projects relating to airport upgrading, power generation, water supply and sewage disposal, fisheries development, communication, and projects in the social sector such as education and training, development of schools and other educational institutions and medical facilities.

The UN General Assembly endorsed the Maldives' graduation from the list of least developed countries (LDC) on 20 December 2004, 6 days before the tsunami. Under that decision, the Maldives was granted 3 grace years to prepare a transition strategy to adjust to the phasing out of the international economic advantages (i.e. preferential market access, development assistance and concessional finance programmes) associated with membership on the LDC list. However, with regard to the impact of the Tsunami on the Maldivian economy, the UN has since approved a proposal to delay by three years the entry into force of graduation.

5. EU - MALDIVES RELATIONS

5.1. POLITICAL

Diplomatic relations between the Maldives and the EC were established in 1983. Among the decisions taken following the Tsunami, it was decided to upgrade the EC Delegation in Sri Lanka to

a full-fledged Delegation also responsible for the Maldives. The Head of Delegation, Mr. Julian Wilson, took up his post in September 2005.

Fact-finding missions were sent by the Council of the EU to evaluate the civil disturbances that took place in August 2005. On 8 September 2005 the Presidency issued a declaration on behalf of the EU to express its concern over those disturbances and to underline the urgent need for all stakeholders to show genuine commitment to dialogue and democratic reforms (Annex 1).

5.2. ECONOMIC⁴³

The new GSP Council Regulation adopted on 27 June 2005 foresees that “for a country no longer classified as LDC, a transitional period should be established to alleviate any adverse effects caused by the removal of tariff preferences granted by the "Everything but Arms regime" (EBA). Accordingly, the Maldives benefit from EBA until the end of 2007. The Commission will extend this preferential regime till the end of GSP Regulation (31-12-2008); during this last year, the Commission could reduce the amount of benefits but this reduction will not affect in any case the preferences granted for tuna, whether natural or canned tuna.

In the long run Maldives has three alternatives; 1) to submit an application for GSP+; 2) to enter into the ACP countries Group; 3) to negotiate a Cooperation Agreement with the EU.

5.3. AID

Since 1981 the Maldives has benefited from EC aid totalling € 5 million. As a member of the South Asian Association for Regional Co-operation (SAARC) the Maldives benefits from the Community Generalised System of Preferences (GSP), subject to compliance with its rules of origin (see above). Beside the EC's development assistance, the Maldives has received two deliveries of food aid in the period 1980-89.

Over the last two decades major progress has been made in the fields of education, health, and social and economic development. The country has achieved almost universal literacy, and gender differences are negligible compared to other Asian countries.

In spite of the overall positive trends, the Maldives still faces several key development challenges. There is a marked discrepancy between Male and the outer islands in terms of the availability of physical and social infrastructure such as schools, health care facilities, water & sanitation, etc. As a consequence, the continued migration to the capital with its already strained infrastructure (limited area for housing and diminishing job opportunities) will continue until there is a concerted effort to improve the quality of life and increase employment opportunities in the outer atolls.

Given the EC Co-operation budget available for the Maldives of € 2 million the key strategic areas of future co-operation as developed in the 2003-2006 Country Strategy Paper are:

1. Enhancing Trade Capacity and Economic Development.
2. Ensuring sustainable development in the outer atolls, taking particular account of ecological aspects.

⁴³ DG Trade, European Commission

5.4. THE EUROPEAN PARLIAMENT

The EP, in its resolution of 16 September 2004, "called upon President Gayoom forthwith to repeal the state of emergency in the Maldives, guarantee the fundamental human rights of its citizens, and release the pro-democracy reformers he had arrested on 14 August 2004". (Annex 2)

The Delegation for relations with the countries of South Asia and SAARC had the first EP-Maldives Interparliamentary meeting in Male from 26 to 29 March 2005. The Delegation had contacts at a very high level, including President Gayoom and with several members of the government, including the acting Minister for Foreign Affairs, the Attorney General (who exposed to the delegation the "reform agenda for democracy"), the Minister for Planning and National Development and the Minister for Trade. In the Parliament the Delegation attended the proceedings of the Special People's Majlis and discussed extensively with parliamentarians from all political tendencies issues such as the reform agenda and the conditions for it to be successful, the situation of Human Rights in the country and the functioning of the judicial system, the post-tsunami international assistance, in particular from the European Union (EU), and the trade relations of Maldives with the EU.

The Delegation also met with the Human Rights Commission, visited the Rehabilitation Centre on Maafushi Island and met with Mohamed Zaki, Ahmad Didi and Fathimath Nisreen, the persons sentenced because of their activity in the Sandhaanu newsletter.

The delegation visited the severely tsunami-affected island of Haafushi and went to Maamigili to meet the people displaced from the island of Madifushi, which had been made uninhabitable by the tsunami and totally evacuated.



ANNEX 1

Declaration by the Presidency on behalf of the European Union on recent disturbances in the Maldives

C/05/219 - Brussels 2 September 2005

The Heads of Mission of the European Union (EU) based in Colombo and accredited to the Maldives sent a fact-finding mission to the Maldives from 24-26 August to evaluate the civil disturbances of 12-14 August 2005, the arrests of demonstrators, including the Chairperson of the Maldivian Democratic Party (MDP), and the implications for the reform process. The mission spoke to several Cabinet Ministers, the Commissioner of Police, members of the Human Rights Commission, the National Security Service (NSS), the acting UN Resident Representative, the Chief Government Spokesperson, members of the MDP, and some of those detained following the unrest.

The EU expresses its concern at the recent disturbances, coming as they do a full year after previous disturbances in Male'. The latest events underline the continuing and urgent need for the Government of the Maldives, the opposition and all stakeholders in the Maldives to show genuine commitment to dialogue, democratic freedoms and proportionality in their actions.

Having taken account of the mission's findings and without pre-empting planned court action, the EU takes note of the fact that only a few months after political parties were allowed to register for the first time, a number of opposition activists are now facing very serious charges. The credibility of the trial process and the evidence will come under close scrutiny. It is essential that the fundamental rights of all detainees are upheld. The EU calls on the Maldivian authorities to ensure that due process is observed. This includes adequate notice of court hearings to allow legal representatives sufficient time to prepare, and adherence to correct procedures.

In relation to this the EU welcomes the permission granted by the government to allow the International Commission of Jurists (ICJ) to observe trial proceedings. The EU will be paying close attention to the conduct and progress of the court cases.

Given that those arrested have made allegations of human rights violations it is essential that the Human Rights Commission be able to conduct investigations into any complaints submitted. The EU encourages the Members of the People's Majlis to ensure that the Human Rights Commission Bill presented to the Majlis for its consideration is fully aligned with international standards, guarantees autonomy for the Commission and provides sufficient resources and investigative powers.

The EU welcomes the fact that the government has now begun work on a draft paper to identify reform process milestones to be achieved within two years. This needs to be undertaken in a genuinely consultative manner involving all stakeholders and the wider public of the Maldives in order to raise awareness of and confidence in, the reform process. The EU urges the government to move forward with this without delay.

Measures to allow the registration of political parties for the first time was an important democratic step forward. It is essential that the government of the Maldives continues to allow political parties to meet freely and to carry out peaceful political activities. An effective political party system requires all parties to work within agreed parameters. The EU urges the government of the Maldives and all political parties to engage in a constructive dialogue to make clear what these parameters are. In this regard the EU commends the good offices of the Commonwealth Secretary-General's Special Envoy.

The EU reaffirms its support for further democratic reform in the Maldives and urges the Government and opposition to take steps to facilitate this and to avoid actions which will make it more difficult. Genuine commitment to democracy requires living up to the spirit as well as the letter of reform.

A representative from the Canadian High Commission participated in the fact-finding mission and the Government of Canada wishes to be associated with this statement.

The Acceding Countries Bulgaria and Romania, the Candidate Country Croatia*, the Countries of the Stabilisation and Association Process and potential candidates Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Serbia and Montenegro, EFTA countries Iceland and Liechtenstein, members of the European Economic Area, as well as Ukraine and the Republic of Moldova align themselves with this declaration.

* Croatia continues to be part of the Stabilisation and Association Process.

ANNEX 2

European Parliament resolution on the political situation in the Maldives

(P6_TA(2004)0017, adopted in Strasbourg on 16 September 2004)

The European Parliament,

- having regard to the EU's fact-finding mission to the Maldives following the imposition of a state of emergency,
 - having regard to the UN Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (CAT) which the Maldives signed in May of this year,
 - having regard to Rule 115(5) of its Rules of Procedure,
- A. whereas the announcement of a state of emergency and the subsequent mass arrests (194 people, including 10 MPs) are a disproportionate reaction by the authorities to what was a largely peaceful demonstration,
- B. noting that President Gayoom uses imprisonment to suppress parliamentary democracy and that he is currently holding the leadership of the Maldives Democratic Party in prison, including Dr Mohamed Munavvar MP (former Attorney General), Ali Faiz MP, Ilyas Hussein MP, Ahmed Shafeeq MP, Ahmed Adil MP, Dr Hussein Rasheed Hassan MP (member of the National Human Rights Commission), Ibrahim Hussain Zaki (the widely respected diplomat and former Secretary-General of the South Asian Association for Regional Cooperation (SAARC), Ibrahim Ismail MP, Mohammed Naseem MP, Ahmed Athif MP and Gasim Ibrahim MP, (former President of the SAARC Chamber of Commerce and the pro-reform candidate for the post of Speaker in the Maldivian Parliament),
- C. whereas the following public figures are being held in incommunicado detention and have reportedly been subjected to torture: Husnoo Alsnood (lawyer and member of the National Human Rights Commission), Fathimeen Nisreen, Mohammed Niyaz, Ahmed Ibrahim Didi, Mohamed Zaki, Ibrahim Zaki, Maria Manike, Jennifer Latheef, Aminath Najeeb, Mohammed Naseem and Asad Whaeed,
- D. having regard to the Commission's most recent Country Strategy Paper, which listed the following as problems known to exist in the Maldives: 'arbitrary arrest', 'incommunicado detention', and the 'lack of an independent judiciary', and which noted that 'individual freedoms are restricted',
- E. whereas the protest was to demand constitutional reform and the release of political prisoners,
- F. whereas this small island nation in the Indian Ocean has been ruled over the past 26 years by a tough totalitarian regime,
- G. whereas the election system in the Maldives is fundamentally flawed due to the one-party system, and the judicial system is also biased,

- H. whereas the reform process in the Maldives is at a crucial stage,
 - I. whereas President Gayoom has suggested a change to the constitution which would limit his powers and permit political parties in the country, although opponents of the regime are very sceptical of any proposed changes,
 - J. whereas the EU delegation which visited the islands was denied access to detainees,
 - K. noting that the Maldives signed the UN Convention on the Rights of the Child (CRC) on 13 March 1991, yet continues to detain minors in prison,
 - L. noting that the Maldives declared its international commitment to eliminating all forms of gender discrimination by signing the UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) on 31 July 1993,
 - M. whereas in this atmosphere of intimidation, the citizens of the Maldives do not enjoy freedom of expression, as the President controls the media,
 - N. whereas the Maldives has a special relationship with the European Union and benefits from development assistance,
 - O. whereas trade with the Maldives has increased, with imports from the Maldives into the EU reaching EUR 38 million in 2002,
 - P. noting that the Commission has made available a cooperation budget of EUR 2 million for the Maldives ,
 - Q. whereas the Maldives belongs to the group of least developed countries and is heavily dependent on the outside world for its development,
 - R. whereas European Union aid is not given to corrupt regimes who ignore their international commitments, but is conditional upon the recipient's record as regards good governance, the rule of law and human rights and its commitment to reform,
 - S. whereas the EU will be paying close attention to future developments, in accordance with human rights stipulations laid down in the Cotonou Agreement and related agreements,
 - T. whereas President Gayoom has in the past been successful in establishing a thriving tourism industry, he has also established what can only be described as a thriving family business and political network throughout the country,
 - U. whereas last year 106 451 Italians, 77 642 Germans and 71 440 Britons, not to mention visitors from other Member States, travelled to the Maldives unaware of the lack of respect shown by the Maldivian authorities for fundamental human rights and of the number of people who are detained without trial,
1. Calls upon President Gayoom forthwith to repeal the state of emergency in the Maldives, guarantee the fundamental human rights of its citizens, and release the pro-democracy reformers he had arrested on 14 August 2004;
 2. Calls on the Government to press ahead with an open and thorough reform process, which will be the best way to ensure stability in the country;

3. Expresses the hope that the democratic process that has been promised will take place, leading in particular to political pluralism and freedom to choose the country's leaders;
4. Calls for the early conclusion of an agreement with the International Committee of the Red Cross (ICRC) on prison monitoring;
5. Calls on the Commission and Member States forthwith to cease all non-humanitarian aid to the Maldives and to impose an immediate travel ban in order to prevent members of the Government and other officials of the Maldives from entering the Member States of the European Union;
6. Calls on the EU and Member State governments to determine where Maldivian government funds are being banked overseas;
7. Calls on the European Union to issue thorough warnings about the Maldives' human rights record to all tourists planning to go to the country;
8. Calls on the Commission to initiate an official, longer term, European Union educational programme whereby tourists are made aware of countries' human rights records when choosing their travel destinations and are warned of countries where these are not in accordance with internationally agreed standards;
9. Calls on the Government of the Maldives to give its authorisation for a European Union delegation to meet the activists who demonstrated in support of democracy;
10. Instructs its President to forward this resolution to the Commission, the Council, the Secretary General of the United Nations, the Commonwealth, the Government of the United States, the World Tourism Authority and all tourism-related bodies, IATA- and ATOL-licensed tour operators and airlines, the Government of India and the governments of SAARC countries.

ANNEX 3

Maldives: Proposed Constitutional Changes, June 2004 *(Source: World Markets Research)*

President	<ul style="list-style-type: none"> • The means by which the president is elected will be amended, to either direct elections by the people, or a system whereby the People's Majlis (legislature) initially elects candidates, on which the public then vote. • The presidency and the executive will be separated. • The gender bar on the post will be removed; currently, only a man can be appointed as president. • An individual will only be able to hold the presidency for two terms, each of five years.
Prime Minister	<ul style="list-style-type: none"> • The office of prime minister will be created, with separate functions from that of the president. • The president will appoint the prime minister on the basis of advice from the People's Majlis.
Legislature	<ul style="list-style-type: none"> • The ban on political parties will be lifted. • The remaining presidential appointments to the People's Majlis will be abolished, and replaced by elections. • The People's Majlis will elect its speaker and deputy speaker. • The size of the People's Majlis will be increased, using proportional representation for each constituency.
Judiciary	<ul style="list-style-type: none"> • Full powers will be vested in the chief justice and courts. • A Supreme Court will be established. • The president will appoint and dismiss the chief justice and Supreme Court justices, but only on the advice of the People's Majlis. • Justices and judges will determine cases on the basis of Islamic shari'a laws and the laws of the Maldives.