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A CONTRACTUAL DISPUTE IN THE MALDIVES: SOME FACETS OF A COUNTRY IN A MULTI-FACETED CRISIS

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A B S T R A C T

The as yet incomplete lifespan of a contractual dispute between the government of the Republic of the Maldives and a multi-national consortium selected to develop, manage and operate the Ibrahim Nasir International Airport (on Hulhule' island, near the capital island of Male') affords the observer a cross-section of Maldivian politics, society, and economy. This article details the life history of this dispute from bidding process and selection of the contracting parties, through terms, partial performance, and breach, against the backdrop of political instability and societal uncertainty that fully manifested itself in 2012. The article traces the unraveling both of the first elected party and President together with the contract, and the reverberations of political activism and executive decisions on Maldives-India relations and on the standing of the country. It concludes with recent developments and the current position of the Ibrahim Nasir International Airport in Maldivian society and electoral politics.

Keywords: Grandhi Mallikarjuna Rao (GMR), GMR infrastructural development group, Hulhule' Island, Ibrahim Nasir International Airport, Malaysia Airports Holdings Berhad (MAHB), Maldives.

INTRODUCTION

An unresolved contractual dispute between the Maldives government and a multi-national consortium of development companies furnishes a revealing perspective from which to survey the rapid and turbulent change that has been taking place in the society, economy, and politics of this South Asian micro-state since 2010. The dispute revolves around the lease of the Ibrahim Nasir International Airport ("INIA") to: GMR (Grandhi Mallikarjuna Rao), a multi-national corporation headquartered in Bangalore ("GMR") and Malaysia Airports Holdings Berhad ("MAHB"). GMR and MAHB were selected to manage, operate, and develop the infrastructure of INIA under a 25-year lease and concession agreement ("the Contract").

This article endeavors to analyze the legal elements of the dispute (pre- and post-contractual representations and events, and proceedings in arbitration and litigation) as an entry point into a fuller exploration of those alliances and factions, and conflicts and clashes that have animated and in some instances continue to shape the future of the Maldives: the relationships of the Maldivian state and India, the Maldives and contracting (GMR, MAHB) and financing (Axis Bank, State Bank of India) parties, and between Maldivians themselves (through the political parties representing and leading them, and through direct action). This article adopts mainly a chronological narrative approach as that best suited to tease out -- from factual and historical events reported in the Maldivian and international press -- those facets of recent history that together comprise the representation of a state and society in crisis. This article couches the description of these years via the language of conflict and crisis, eschewing the language of transformation or transition on the grounds that the latter would be peculiarly inapt in this instance -- where the results or outcomes of nascent change remain (as of this writing October 17, 2013) radically uncertain. The present (and *a fortiori* the future) of Maldivian state and society, like the contractual dispute itself, is unresolved and it would be folly to venture any

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predictions: this article will not do so. The sections dividing the narrative are as follows:

- The Contract and its Factual Matrix,
- The ADC (Airport Development Charge) Dispute,
- Change of Government: GMR and the Contract Under Attack,
- The Nexus with India, and
- Conclusion: India, Pending Arbitrations, and the September 2013 Presidential Race.

THE CONTRACT AND ITS FACTUAL MATRIX

INIA is not the only international airport in the Maldives. However it is the largest airport in the country by any measure. It occupies a discrete section of Hulhule' island; that island is the closest inhabited island to the capital island, Male'. The public ferry jetty in Male' is a ten minute boat (*dhoni*) journey from the airport's dedicated jetty. Male' is the chief island of the Male' atoll and the principle island for commercial as well as political activities, hosting over a third of the national population. The last census (2006) indicates a total national population of just under 299,000, with over 103,000 resident in Male'. The average annual growth rate of Male' was over 5.5%, whilst it was slightly negative on the other islands and atolls (Maldives Department of National Planning, 2013). In 2007-2008 when the author had the opportunity to (superficially) inspect the arrival and departure facilities of INIA, passing through it during the course of a year living in Male', he found it basic but serviceable, with a handful of duty free shops and a couple of eating places. Opposite the terminal and across the runway, reachable by shuttle bus, was a water landing strip for sea-planes.

The paved runway in places took up much of the breadth of the spit of the island that it occupied; on a separate part of Hulhule', which was not publicly accessible from the airport, a growing portion of the island was in the process of being developed into a residential area with apartment blocks, a few paved roads, a mosque and small grocery stores. Hulhule' Island Hotel ("HIH") and INIA were serviced by one and the same public *dhoni* line. A separate public *dhoni* line served residential Hulhule'. However the two ferry services docked at jetties two or three minutes' walk away from each other in Male' – only the residential Hulhule' jetty had a sheltering terminal, while the other pulled directly up to the concrete of the island's edge. Unless tourists took day trips into Male' they had no reason to travel there as speed boats would collect them from the airport jetty and deliver them to their resort; the development strategy followed by the Maldives has limited the construction of resorts to one per island and the small size of the preponderance of the islands rented out for tourist use would seldom permit more. Alternatively, across the runway from the international terminal two seaplane companies, Maldivian Air Taxi and Trans Maldivian Airlines would fly arriving passengers from the seaplanes' water runway to their resort (A current issue is the effects of monopoly as these two companies were purchased and then merged by the private equity firm Blackstone – therein lies another story.) In sum the configuration of INIA, Hulhule', HIH, the sea planes, speed boats, and *dhoni* arrangements effectively minimized contact between foreigners (tourists) and Maldivians. This separation was not rigidly enforced however and Maldivians could visit INIA or HIH (although they could not legally purchase alcohol there). Tourists also could visit residential Hulhule' or Male' and sometimes, as observation revealed, they did, but rarely as all (and certainly more luxurious) facilities were available on the resorts.

The Maldives touts itself and is (due to the cost of transport to the Maldives, and resort or even Male' city hotel accommodation) a destination for 'high value' tourists. As Tourism Minister Ahmed Adheeb put the thought, in 2012: "It is important that we do not compare ourselves to other destinations like Sri Lanka or Seychelles, as our tourism market is very different. We have a high-value tourism market" (Powell, 2012). Tourism in turn is a mainstay of the national economy. In 2011, direct contributions alone from tourism to the Gross National Product (GNP) of the Maldives were 30% (Michigan State, 2013). Estimates of the value contributed by INIA itself to the Maldivian economy are as high as 20% of GNP (Mishra, 2012). SCUBA diving and aquatic activities among the coral reefs and on or near the white sand beaches are a major draw. Fishing is also a major industry. As the World Bank indicates, in the Maldivian economy "[m]arine resources play a vital role, with tourism and fishing the main drivers of growth" (World Bank, 2013). The foreign exchange supplied to the economy, the employment opportunities for Maldivians and the overall importance of the tourism sector, together with the auxiliary services of air and sea transport, and to limited extent retail, makes INIA a vital item and object of government policy and planning, and a major public asset which had been wholly government-owned and operated since its opening in 1966 (and the acquisition of its current name in 1981). INIA was the fruit of an earlier era of government-led development and investment in infrastructure, overseen by President Maumoon Gayoom, who governed from 1978 until 2008 (BBC Maldives Profile, 2013); during this long term in office he periodically consolidated his position by means of (non-competitive) elections or plebiscites. During the Gayoom years the Maldives became what could be described as a developmental state, in which the prosperity of the country grew through the lease and collection of rent on resort islands, together with taxation of resort and hotel beds. The World Bank describes President Gayoom's tenure as "a development success story" (World Bank, 2013). After several years of pro-democracy protest and organizing that peaked in the first decade of this century, President Gayoom permitted genuine electoral contestation in 2007; in his campaign he trumpeted the substantial economic and developmental achievements of his nearly three decade administration. Evidently these accomplishments were not sufficient to induce the electorate to overlook other priorities and the perceived failings of his regime, as he lost to the Maldives Democratic Party led by Mohamed Nasheed -- who took office as President in 2008.

Under the new regime, the Maldives government sought increasing tourist traffic, and INIA would be its major gateway. The government did not consider INIA an adequate facility for the attraction of international tourists and revenue. As President Nasheed memorably articulated his assessment, the Maldives had a "bucket airport" because buckets were needed to collect the rainwater inside the terminal when it rained (Johnstone, 2011b; Nasheed, 2013); with the monsoonal patterns to which the Maldives is subject, many buckets would be needed over several months of the year. A fully government owned company, the Maldives Airport Corporation Limited, owned and operated INIA, which was named after Ibrahim Nasir – who had served as Prime Minister in the waning years of the British protectorate until its termination, and the declaration of Maldivian independence in 1965 (*Encyclopaedia Britannica*, "Ibrahim Nasir" 2014). In order to privatize this public asset, in a process that began in 2009, the Maldives government requested the International Financial Corporation (IFC) -- the private sector of the World Bank, and the largest such organization dealing in developing countries -- to manage the bidding process that would determine which company or companies would be awarded the lease and concessionaire agreement that would effectively privatise INIA. In the tendering process the IFC, the lead adviser to the government, stated the purpose of its involvement and the targeted objectives of INIA's privatisation as a whole: to "increase the airport's capacity to handle long-term traffic growth while ensuring that the airport met international technical standards"; "position the airport as a world-class facility catering to high-end tourism"; "improve operations and service quality standards in line with international best practices"; "maximize the value of the project for the government in terms of proceeds and quality"; and "implement a successful public-private partnership which could serve as model for other infrastructure projects" ("IFC delegation addresses," 2012d). The IFC in turn involved AusAid (Australia), the Ministry of Foreign Affairs of the Netherlands, and DevCo (a set of donors affiliated with the Private Infrastructure Development Group, funded by the UK's Department for International Development and others). Consulting firms E & Y, Halcrow, and Gide Loyrette Novel also advised the government (Mishra, 2012).

In order to qualify to bid for the project, the government and its advisers scrutinized the parties' qualifications, capacity and competence, and relevant experience with respect to three types of criteria: legal, technical and financial. Six multi-national consortia qualified to enter bids for the project. Bids would be compared by means of their Net Present Value in US dollars. Essentially this test reduced to the amount of revenue that would be paid the state. The sources of that revenue was two-fold: an upfront payment, plus a percentage share of the fuel revenue that the winner would receive from the exclusive right to market fuel to airlines, distributors and other buyers in the Maldives. In the event, of the six parties qualifying to bid, only three placed bids: GMR/MAHB, Zurich/GKV and TAV/ADPM.

The second highest bidder, the Turkish-French consortium TAV-ADPM offered the Maldives US$27 million and a 16.5% fuel share. An order of magnitude above this bid was the bid made by GMR/MAHB in the amount of US$78 million plus a 27% share of fuel revenue. The parties anticipated that 60% of the revenue the Maldives government would receive from the deal would be from fuel ("GMR not worried," 2010).

The fuel percentage GMR/MAHB offered was questioned by TAV-ADPM, who alleged such a high proportion was impossible without GMR/MAHB incurring a loss. TAV-ADPM, admittedly in a bid to have the tendering process re-visited, calculated that the quoted 27% would force an increase in the fuel price to a prohibitive level that would reduce demand. The disparity between the first and second bids, particularly with regard to the fuel percentage, may raise questions about how GMR/MAHB calculated its figures and its offer (Robinson, 2010b). A document purportedly authored by GMR and given to the government contained the following figures for revenue to be paid from five years in, until the end of the Contract, in US$:

- 2015-2020: $12.8 million gross + $74.25 million fuel = $87.05 million per year
- 2020-2025: $17.02 million gross + $90.99 million fuel = $108.01 million per year
- 2025-2035: $20.43 million gross + $108.27 million fuel = $128.7 million per year

By contrast, the same document set out the dividends that MACL had paid the government over the previous three years, in US$: $2.3 million (2007), $13.3 million (2008), and US$5.05 million (2009) (Robinson, 2010b). The initially proposed investment by the consortium was US$400 million, which represented "nearly 40 percent of the country's gross domestic product (GDP)"; the expected investment increased to US$531 million, which was the largest foreign direct investment in the Maldives' history ("IFC delegation addresses," 2012d).

GMR raised debt of US$358 million from the Singapore branch of Axis Bank; one source reported this was the sole underwriter and lead arrange for the debt facility (Johnstone, 2011a). Another source reported financing was also forthcoming from the Indian Overseas Bank and the "Indian Bank" – presumably the State of India Bank (Sruthijith, 2012).

Under the Contract MAHB assigned its rights to GMR, and GMR incorporated in the Maldives GMR Male' International Airport Pte Ltd. (GMIAL)(Havercamp, 2013); for simplicity of reference GMIAL henceforth will continue to be referred to as its parent company which bore all rights and obligations under the Contract: GMR. The Contract's terms were that GMR would manage all aspects of airport operations, except for security (which the Maldives National Defense Force would continue to maintain) and immigration controls (entry and exit visas), which the governmental Immigration Department would continue to control. GMR was not permitted to dismiss staff in the absence of "discipline or performance" issues for a period of two years ("the employment clause") (Robinson, 2010b). GMR would build a new passenger terminal conforming to standards of energy conservation and carbon neutrality to be completed by the end of 2014. Specifically, "LEED silver criteria": minimizing energy consumption carbon emissions, and water use. Given the shortage of fresh water in the Maldives, and the extensive use of de-salination techniques (which are also energy intensive and costly), the last criterion is of particular relevance. GMR would implement technical solutions to the physical and environmental constraints impinging upon INIA, and the coordination required to permit conventional aviation activities, seaplanes, and motor-boats to operate in close proximity with one another. As the project unfolded GMR intimated further details of its plans: the terminal would be four times larger than the present one, it would be 70% glass; it would be designed (by Winston Choo, a Singapore-based architect) to feature the proximity of the site to the ocean. The terminal area included new shopping complexes. Seaplane capacity would be increased with two new water runways. A new cargo terminal and an Airport Fire and Rescue Building would also be built, along with an emergency runway. Due to the close quarters on the spit of the island of Hulhule' occupied by INIA, the emergency runway would of necessity be too close to grounded aircraft to satisfy International Civil Aviation Organisation (ICAO) regulations, being only 212 meters away (Robinson, 2010b). Under the Contract, GMR was allowed to charge US$20 as an airport development charge per passenger (irrespective of the nationality of the passenger) entering or leaving the Maldives (the "ADC") plus US$2 insurance ("ADC insurance"). The ADC and ADC insurance were to be included in the ticket prices, and to be levied beginning January 1 2012; the revenue from these charges was intended to be used by GMR for the development of INIA (Robinson, 2010b).

Although obviously not all of the information available to the Maldives government in the period preceding their entry into the Contract is publicly available, and it is impossible to infer or otherwise reproduce every consideration that went into the decision to offer the Contract to GMR/MAHB, as the position and activities of the consortium began to come under fire from various quarters, and GMR/MAHB mounted a defense, it did paint a rather convincing portrayal of its joint competence and accumulated experience with projects like that of INIA. GMR recounted its successful completion of similar airport projects in Hyderabad, India; its current operation of the Delhi International Airport; and its upgrade and operation of the Sabiha Gökçen International Airport in Istanbul, Turkey. It also touted its Corporate Social Responsibility arm, the GMR Varalakshmi Foundation. MAHB drew attention to its completion of: "39 airports in Malaysia: 5 international [including the KL International Airport], 16 domestic and 18 Short Take-Off and Landing Ports (STOL Ports)." MAHB also noted that it became the first airport company to be publicly listed in Asia, in 1999 (Robinson, 2012d).

Even before the parties entered the Contract, it had its opponents and detractors. Earlier in June 2010, when the government plan to award the contract to GMR/MAHB became publicly known but final negotiations were not yet complete, a coalition formed to protest and if possible to prevent the Contract from coming into existence, with the pursuit of legal recourse if necessary. The members of this coalition were Members of Parliament from the Dhivehi Qaumee Party ("DQP"), the Dhivehi Rayyithunge Party ("DRP") led by Umar Naseer, the Jumhooree Party ("JP") and the People's Alliance ("PA"). On 27 June these parties agreed a Memorandum of Understanding (the "opposition MOU") with one another, stating their common purpose to oppose (the entry of the government into) the Contract (Robinson, 2010a). Hours before the signing of the Contract on 29 June, still more significantly, the People's Majlis (the Parliament) approved an amendment bill to the Public Finance Act 2006 that would require the government (i.e. in the instant case, the President's Office) to secure prior Parliamentary agreement to any lease or loan agreement with an overseas party, giving the People's Majlis an effective veto on all such cross-border dealings. Due to constitutional formalities, however, the amendment resembles political grandstanding more than anything else, as all Parliamentary bills require ratification by the President before they become law – as the Chairman of the Privatisation Committee Mahmoud Razee noted (Robinson, 2010b).

The signing of the Contract, which had been scheduled for the 28th, was delayed due to dissent in another quarter: the Board of MACL itself. This snag surprises in view of the fact that MACL was duty-bound to carry out the wishes of its major shareholder, the government (Robinson, 2010b). However, due to dissent from some board members over the Contract, President Nasheed had to shuffle the board members before the deal could proceed (Robinson, 2010b). As an indication of the wider political scene at that time: the same week the President's cabinet had resigned in protest over the tactics of the opposition (including the DQP, DRP, JP and PA); opposition parties also filed a civil court action seeking an injunction to block the deal going through (Robinson, 2010b). The opposition made a variety of accusations about the contemplated, and then the agreed, Contract. Deputy Leader of the main opposition party (the DRP) Ibrahim Shareef called the Contract a "shady deal." Umar Naseer of the DRP "said the deal was 'ridiculous' and would result in the dismissal of half the airport's 3000 staff" (Robinson, 2010a) -- a claim at least partially contradicted by the employment clause. Whether the Nasheed administration adequately prepared public opinion and supplied sufficient information about the detailed terms of the Contract, allegations about corruption or impropriety were, as will be shown in the final section of this article, demonstrated to be groundless. Given the vague even strained quality of the objections made by opposition figures, it is difficult not to interpret them as mere politicking animated not by the intent to expose corruption or undermine a deal disadvantageous to the national interest, but rather at discrediting President Nasheed and the MDP by any means available. At any rate the counter-pressure against the Contract and the objections and opposition expressed to it in June 2010 was a mere foretaste of the vitriol and concerted resistance that would be forthcoming – and directed at both the Nasheed-MDP government and, in what may be aptly described as its proxy in public opinion and political discourse, at GMR.

MACL turned over the management of INIA to GMR in September 2010.

THE AIRPORT DEVELOPMENT CHARGE DISPUTE

Both before and after the coming into being of the Contract tickets for all flights arriving or departing INIA included an Airport Service Charge ("ASC") levied on all foreigners, and all Maldivians over the age of two years: US$18 on the former and US$12 on the latter (Johnstone, 2011a). Under the Contract, as stated in the previous section, there would be a new, additional charge on all passengers: the ADC of US$20, and the ADC insurance of US$2 (Johnstone, 2011a). Both were to commence 1 January 2012.

However in December 2011 one of the political parties signing the opposition MOU, the DQP, led by Dr Hassan Saeed, filed an action in the Male' Civil Court challenging GMR's right to collect the ADC and the ADC insurance charge ("the ADC dispute"). The claimants argued that the relevant clause in the Contract was invalid because it violated the Airport Service Charges Act of 1978 ("the 1978 Act") (Johnstone, 2011a). Ali Rasheed Hussein J noted that the 1978 Act had been amended seven times since coming into force, and that it had been amended on those occasions with the purpose of increasing the ASC; this fact, he ruled, indicated that the 1978 Act implied that enforcement agencies did not have the authority to raise the charge, which was a power reserved to the People's Majlis. The learned judge ruled that the ADC and ADC insurance charges were simply services charges "under other names"; therefore these charges were, at least in the absence of Parliamentary intervention, illegal (Johnstone, 2011a). In August 2012 the ADC dispute was sent for arbitration (Robinson, 2012e), which is still pending; Singaporean law is the governing law of the arbitration (Johnstone, 2011a). The Nasheed administration might be criticized for failing to anticipate such a challenge, and the ruling that it produced. At the same time seeking Majlis approval of the charges prior to the coming into being of the Contract or at least prior to the date upon which the charges became payable would very likely have delayed if not scuttled the Contract, and with the already poisonous political climate in the latter half of 2010, Parliamentary approval of the charges would at any rate have been far from assured.

In response to this impending setback, the government acceded to a GMR request in late December 2011 to vary the terms of the Contract so that GMR could deduct from its concession payment to the government the amount that would have been payable had the ADC and ADC insurance been collected. GMR therefore deducted over US$8 million from its concession fees for the first quarter of 2012 (Rasheed, 2012). For this quarter, the Maldives government only received US$525,355, not the expected US$8.7 million (Rasheed, 2012). Ironically the negative economic and budgetary impact of this adjustment (which it can be inferred the Nasheed government expected to be temporary, until such time as the Civil Court ruling could be appealed or the approval of the Majlis secured) fell upon the shoulders of the MDP-Nasheed government for a period of only five weeks, due to an abrupt transfer of power that took place on February 7, 2012.

CHANGE OF GOVERNMENT: GMR AND THE CONTRACT UNDER ATTACK

Whether President Nasheed stepped down from office, fell from power, or was pushed, is a matter requiring separate analysis. From the outset of his administration until February 2012, a plethora of groups -- whether or not organized into political parties -- found common cause against him and the MDP. Mr. Nasheed had been both an exile and a political prisoner during the Gayoom era, serving multiple terms in prison, and purportedly suffering torture and mistreatment during some periods of arrest, detention, and imprisonment. In the 2007 campaign Mr. Nasheed had made what must have been a supremely difficult effort in view of this history to strike a conciliatory tone towards President Gayoom, insisting he should be allowed to remain in the Maldives whatever the outcome of the election; as President, Nasheed did not seek to prosecute Mr. Gayoom on the various charges that could have been available to him, nor did he seek to make more charges available by means of forensic or other investigation into the policies and actions of the *ancien régime* and of Mr Gayoom personally. In effect Nasheed granted a moratorium on prosecution, if not an outright amnesty to Mr Gayoom and senior members of his regime. Individuals under the former regime retained some prominent positions, most consequentially as it turned out in the MNDF and the police in the short-lived era of President Nasheed; Mr. Gayoom himself would weigh in as a leader of the DRP or later the PPM for a time and as a private citizen with opinions on the Nasheed administration from time to time. Even as the bloodless and orderly transition from President Gayoom to President Nasheed represents an advertisement for amnesty and conciliation as both the most effective and most prudent strategies for staging an escape from autocracy, in retrospect the forgiveness and generosity (or at least forbearance) of the new President towards the old guard may have been a partial explanation of what happened next.

On February 7, 2012 President Nasheed's administration ended. On February 8 he claimed duress was the reason for his resignation from office. Subsequent investigations by independent parties did not support the duress claim and purported to show that the transfer in power has been wholly constitutional and the result of a voluntary decision he made to step down. Bracketing out the manifold interesting questions that would have to be answered to settle the question of what happened on that fateful day, suffice it to say that the Vice President, Mohamed Waheed assumed power the following day. The steady drumbeat of allegations and criticisms concerning the Contract that preceded the transfer in power was temporarily drowned out by the chaos and recriminations of the subsequent days and weeks. However, as attention returned to the issue, earlier objections to the Contract and to the presence of GMR in the country resurfaced, and new objections and rallying cries against both them and the (now former) Nasheed regime and the priorities and outlook of his MDP came to the fore of public attention. The sequence of events in early February reveals that those who were unhappy with Mr. Nasheed's election and/or with the democratic process that brought him to power, or those who were and remained sympathetic with the Gayoom regime all along, or those who became disenchanted with Nasheed and his government, sought whatever ammunition could be found to oppose Nasheed and the MDP and whatever remnant of what they did or had stood for – with the Contract and the highly visible presence of a foreign company (GMR) prominent among potential flashpoints.

For his part now that the power passed to his hands President Waheed appeared uncertain what to do with that power, and whether to disrupt or discontinue the works at INIA. He also appeared uncertain about what to do regarding the damaging losses imposed by the ADC dispute. In his former post as Vice President he may have been party to the deliberations about GMR and INIA, and there is no evidence that he had opposed or otherwise resisted the entry of the government of which he was a part into the Contract. In June the Waheed government requested opinions about what to do regarding GMR. While on a state visit to India at the end of that month, President Waheed assured the Indian Prime Minister Manmohan Singh that the Maldives would keep all of its agreements with India despite the change in government (Hassan, 2012). In any case in light of all subsequent events it appears that Mr. Waheed was merely a pawn in a larger game; the evidence available in support of this conclusion arose in the latest round of Presidential campaigns – as will be explained in the final section of this article. And it is equally apparent that Mr. Waheed was not the master of events during his Presidential administration. He did resist for some months both political and popular pressure to terminate the Contract, during which time his government was saddled with severe losses, effectively having to pay GMR for the operation of the airport, and reversing the arrow of profitability to the detriment of the country.

The opposition to Mohamed Nasheed, and the supporters of the February 7 events, and those who came to oppose prompt elections in which there was the real possibility Mr. Nasheed would be restored to power, were not monolithic. Through the summer and autumn of 2012 the new regime itself acquired opponents who doubtless hoped to successfully contest anticipated elections. Opinion could not have been much more divided in the political realm, and INIA was among the most divisive of the topics upon which the press reported to the larger society in this period. Some parties and certainly stalwart MDP members adopted or continued in the opinions that Nasheed had stated in his promotion and defense of the Contract, with fundamental points being that the airport improvements were economically necessary to support the tourist industry, and national prestige, and that the Maldives by itself could not afford the necessary renovations on its own.

On the other extreme, the most outspoken opponent of the Contract was Adhaalath, an Islamist party, whose rhetoric and tactics ultimately prevailed, despite the historically poor performance of the party in electoral competition (for Majlis seats before 2007, and for such seats and the Presidency thereafter). Adhaalath was not a signatory of the opposition MOU, and appears to have entered the campaign against GMR later than the other parties. Adhaalath and its supporters are best described as a small minority, and an increasingly intense one over this period, that activated religious sensibilities and maximized the leverage they gained from doing so for causes that mattered to them, including the exclusion of GMR from the country. Notwithstanding the influence Adhaalath managed to have over the actions of the Waheed government, by means of rhetoric and street demonstrations and other direct action, it also earned detractors among the anti-Nasheed, pro-Waheed elements of society and players of high politics. For example, even the government-aligned party, the

Dhivehi Rayyithunge Party (DRP), refused to participate in Adhaalath-orchestrated protests in September, stating that the best policy would be one of deference to the courts who should resolve the dispute over the Contract. The DRP leader also voiced the view (as Nasheed did) that reneging on the Contract would damage the confidence and enthusiasm of foreign investors where the Maldives was concerned. The DRP and MDP were for a time united by the view that the actions Adhalaath sought to have taken would plunge the Maldives further into the parlous financial hole into which it already had fallen. In any case, due to the efficacy of the Islam card and the street turnout mobilized by Adhaalath, ultimately the DRP did condone or participate in anti-GMR protests. Abdulla Jabir, the Deputy Leader of the Jumhoree Party (JP), was also critical of Adhaalath, concerned about the economic implications of politicising the deal, and seeing protests against the Contract or the termination of the Contract as unrealistic (Robinson, 2012f).

The economic incentives set out before the Waheed government were strongly against breaching the Contract, and in favor of undertaking swift and decisive Parliamentary action to permit the restoration of the ADC and to thereby begin to staunch the hemorrhage from the government reserves. On the heels of the substantial revenues that had come to the government (for the last time) in the last quarter of 2011 – when GMR paid MACL US$8.7 million in variable annual concession (Robinson, 2012d) and fuel concession fees – the Waheed government took in its bitter harvest as noted in the previous section during the first quarter of 2012, as a result of the government aligned DQP and the claim it made regarding the ADC. Over the course of 2012 the budget deficit was rising briskly, there was a shortage of foreign currency, there were rapidly rising expenditures, a decrease in foreign aid (in the aftermath of the February events), and diminished investor interest and confidence in the Maldives in the face of the (actual and further potential) political risk the country undeniably presented. The second quarter of the year GMR billed MACL for US$1.5 million; US$2.2 million in the third quarter (Robinson, 2012d). The government's own Auditor General found the lost concession revenue dropped fourfold as a result of the ADC civil verdict. Regarding the offset of the ADC-related losses, in April the Waheed government retracted the agreement made under the Nasheed government to vary the ADC term in the Contract on the grounds that "the then Chairman of MACL did not have the approval of the MACL board to make the agreement" (Rasheed, 2012). Either the Waheed government did not appreciate the designated purpose of MACL, as an agent of the government, or they did appreciate it but sought to manufacture an excuse to retract the variation of the Contract. The reversal of policy concerning the ADC set off, and the further damage to relations with GMR that it did, was a harbinger of further deterioration in the relationship between GMR and the Maldives government.

Placed more and more on the defensive, but still seeking to preserve the Contract and to redeem its sunk costs, in May 2012 GMR proposed a compromise to the government, under which Maldivians would have been exempted from the ADC and ADC insurance, with the shortfall in their received revenue covered by an increase in the ADC on foreign passengers (US$28.00); or, alternatively, they proposed that Maldivians travelling to SAARC countries would pay no ADC or ADC insurance but other Maldivians and others would pay US$27.00 (Robinson, 2012d). (SAARC is the South Asian Association for Regional Cooperation; it includes as members Bangladesh, Bhutan, India, Nepal, Pakistan and Sri Lanka, in addition to the Maldives.) GMR stated that the reason it proposed the exemption for Maldivians was that it heeded the government's view that Maldivians went abroad for "healthcare and education" (Robinson, 2012d) and therefore should not have to bear the additional cost. Anecdotally it appeared to this observer that a reason Maldivians do travel abroad, particularly to India, was indeed for healthcare and to India and Malaysia (or sometimes Australia and the UK) for education. GMR's compromise proposal was rejected by the government.

A series of allegations and complaints about GMR then began to unfold at a more rapid rate. In July the government claimed GMR "violated rules and regulations" in the course of construction; the government requested that it stop work Merrett (2012d). Which rules and regulations GMR had ostensibly breached does not appear to have been specified until October when the Transport Minister Ahmed Shamheed stated that GMR had failed to obtain permissions required from the Civil Aviation Authority (CAA), which they were required to do before commencing construction. The response from Andrew Harrison, the CEO of GMIAL, and chief representative of

GMR in the Maldives, was that all work GMR had initiated was outlined in the master plan, and that master plan had been duly approved by all concerned authorities including the CAA and also the Housing Ministry. The government insisted that separate approvals were required for each component of the project, irrespective of whether they had been included in the master plan (Hamdhoon, 2012). It is difficult to resist the conclusion that the government's action was designed to placate critics of GMR, or to find cause to take more decisive action up to and including the suspension of work if not unilateral termination of the Contract.

Over the course of the summer, the official statements from the President's office gradually shifted the state's position on the Contract; the new position, after some months of sending equivocal or mixed signals, was that it was incumbent on GMR to "validate" the Contract, due to the fact that its legality was in question. It is no apparent from press accounts what was meant by this, why the legality of the Contract was dubious, or how the Contract could have been (if ever it could have been) 'validated.' The government's position was initially an indecisive kind of compromise option whereby they could appear critical of GMR, without actually altering the status quo. The government was being pressed by the harder line parties who were demanding the nationalization of the airport, taking back the project from GMR (Merrett, 2012a). In the Waheed government, DQP Mohamed Jameel was the new Home Minister and Umar Naseer became deputy leader of the ruling coalition party the PPM; each of them had been active opponents of the Contract from the outset. Surrounded (or peopled) by these opponents of GMR the Waheed government could not resist the political pressure indefinitely. Furthermore, as a regime whose legitimacy was in question due to the at best questionable means by which it came to power, and one consequently seeking issues and a means of consolidating its authority, the new government was also faced by popular and activist pressure exerted by the MDP. In addition, it was subject to some criticism from abroad (to varying degrees from India, the Commonwealth, the UK, EU and the US) and that pressure did not abate as the date for a new election became more distant or more uncertain. In summary, the Waheed government lost sight of the need to assure the major aid donor India, and the urgent economic imperatives facing the Maldives (Bosley, 2012a), in favor of an emergent political crisis that imposed the necessity of making a different (and, as it turned out, a non-economic and non-commercial) set of calculations.

Although some of the charges levelled against GMR – and laid at the feet of President Waheed as long as he permitted performance under the Contract to continue – are difficult to take seriously, and some are blatant falsehoods, it is worth recounting them for the insights they provide on the increasingly polarized political and social climate of the Maldives since 2010, and in particular on the heated emotions that emerged without much restraint or civility in the turbulence following February 7, 2012. Probably the most extravagant and sensational criticism is to be found in a 24 page paper written in the local language, Dhivehi, and later roughly translated into English, titled "Handing the airport to GMR: The beginning of slavery," written and sponsored (with prominent party logos) by the DQP ("the DQP paper") (Johnstone, 2011b). The DQP paper claimed that: the increased ADC would make (or would have made) the Maldives uncompetitive and that such an increase was not in any event permitted by the International Air Transport Association (IATA). The paper claimed that GMR was not actually doing any work. A prevalent theme in the book was that GMR harbored grandiose, even imperial, ambitions and that it would be or had been given "everything in Hulhule' lagoon, air and land," that it would own and operate HIH, in-flight catering for all airlines, and all Air Taxi (seaplane) services. GMR's ambitions were not restricted to INIA but it aimed to "develop offices, hotels, apartments and shops in Hulhule' and to halt the hotels, guesthouses and offices run by Maldivians in Male' and Hulhule' and transfer the services provided at these places to Hulhule'" (Johnstone, 2011b). The DQP paper was laced with anti-Indian sentiment, stoking fears that GMR would cast out Maldivians who owned or worked in duty-free shops and other airport facilities, and take away cargo handling work, in favor of "cheap foreign workers;" it was clear from context where these less expensive workers were to come from. Indeed, the DQP paper spelled it out saying that GMR would use some of the land it took "to accommodate Indian staff who are to replace Maldivian staff because of high salaries" (Johnstone, 2011b) and it would even make Hulhule' into a visa-free area for Indian workers and citizens. The DQP blamed GMR for the US dollar shortage, and for the channeling of domestic revenues and assets abroad. In defense of the DQP paper, party member Mohamed Jameel said: "in modern times people don't colonize by taking over other countries, they colonize through economic and business ventures. A small country like the Maldives is very vulnerable to its economic needs. We have a history of neighboring countries manipulating the Maldives through economy, and it has been difficult to break those ties" (Johnstone, 2011b).

It is certainly true that a country like the Maldives has been vulnerable to the machinations of greater powers historically, with the involvement of the British Empire and the declaration of a British protectorate the most recent example. On the other hand the strategic importance for both military and trade purposes, and the difficulty of extracting resources from the Maldives (due to its geography and relative remoteness) in times past ensured that colonial powers had not had the effect on the Maldives as it had on, for example, India.

Umar Naseer, then deputy leader of the DRP expressed fears that the Maldives would lose control over who, and which countries' aircraft, could enter the country. In particular he expressed concern (with little apparent regard for the geographic arrangement of countries on the map, and the distance separating the Maldives and the Middle East) that "an Israeli flight can come and stop over after bombing Arab countries" (Nazeer, 2010). The DRP also made the somewhat unrealistic demand that the government should terminate the Contract at any cost, but without impacting public services (Mohamed, 2012b).

According to Hassan Saeed of the DQP, annulling the Contract was the "only option for reclaiming [the] airport" (Naahee, 2012); in August 2012, he compared terminating the Contract to "taking bitter medicine to cure a disease" or "amputating an organ to stop the spread of cancer" (Robinson, 2013c).

In September the GMR attempted to placate critics by economic means; following the first quarter reduction in its payment to the Maldives, and the subsequent invoices delivered, GMR announced an employee benefits scheme converting 50% of employee salaries into US dollars from July onwards, and a one-percent profit-share (Robinson, 2012c). However, evidently economic logic and such conciliatory appeals did not work. In September the Adhaalath Party called for a "national jihad" to bring about the nationalization of INIA and the expropriation of GMR (Mohamed, 2012a; Bosley, 2012b). It then tendered an ultimatum to President Waheed that he must annul the agreement and evict GMR by November 15. The Adhaalath initiative and insistence splintered the opposition. For example, Abdulla Jabir of the JP was critical of the Adhaalath Party's response towards the GMR issue, which he claimed had complicated finding a resolution (Merrett, 2012d). When the President did not give GMR notice to evict by mid-month, Adhaalath postponed the ultimatum until the end of November, increasing popular and rhetorical pressure in the meantime. On November 13, 2012, 15 *dhonis* flying flags and banners circled the airport protesting GMR (Powell, 2012; Merrett, 2013d). Direct action of this kind had also numbered among the protestors' repertoire when the previous month they had floated a large balloon over Male' with the message "GMR go home" emblazoned upon it (Bosley, 2012b). The Adhaalath leader Sheikh Imran Abdulla spearheaded public protests. Addressing the issue of what implications expropriation of the Bangalore-based GMR would have on relations with India, Abbas Adil Riza of President Waheed's office brushed off concerns that relations would be damaged, saying that the "Maldives has always considered India as an uncle, we will never go up against India. It is not GMR who sells us potatoes and onion, it is not GMR who sells us construction material, and it is our brothers in India. They will always remain by our side" ("Adhaalath party extends," 2012a).

Finally succumbing to the public demonstrations and to the political pressure from the right and from the Islamist minority, the government instructed the Immigration Department to stop issuing work visas to GMR employees, and to announce that it would not renew those held by GMR's 140 foreign employees (Robinson, 2012f). The Civil Aviation Authority (CAA) sent GMR a letter stating that the operator's aerodrome certificate – the regulatory authority necessary to operate an airport – would be revoked on December 7; the government announced plans to resume operation of the airport from that date forward (Robinson, 2012f). The government directed GMR to hand over possession of INIA to MACL, and to vacate removing all property within 30 days ("GMR row: India," 2012c). On December 6 Imad Masood, a spokesperson for the President, told the media that "We will take over. We will enrol all those people from GMR who wish to join. Those who don't can go home. By Friday midnight we will take over." He added that the Maldives would compensate GMR ("Maldives to take," 2012g).

In the days before the anticipated eviction, rumors swirled around Male' about whether or not there would be a confrontation. The CEO of GMIAL Andrew Harrison met representatives from the MNDF, the Defense Minister and Acting Transport Minister Mohamed Nazim, and the Chairman of the Maldives CAA. Harrison stated that Nazim said he sought a smooth transition in which all activities would continue; he also reportedly said that "no force [would be] used to take over the airport" and that "media reports that the MNDF would take over the airport are untrue" ("Maldives to take," 2012g). One Maldivian official and observer interpreted deep discounts in duty-free goods, and the sale of construction equipment as a sign that there would not be any resistance on the part of GMR – to which Harrison replied that such claims about discounted goods were true, in the duty free: "We have a 40 percent sale in duty free because we are trying to minimize our stock holding. It is delighting passengers." He also stated that GMR had no intention of going ("Maldives to take," 2012g). GMR had sought and secured an injunction from the High Court in Singapore against the eviction, allowing GMR to continue work. However, the Maldives government appealed the decision to the Court of Appeal which, on December 3, 2012, dismissed the injunction [*Maldives Airports Co Ltd and another v GMR Malé International Airport Pte Ltd* (2013) SGCA 16. High Court decision, unreported] on grounds of the balance of convenience, and on the supposition that damages would at all events be sufficient to compensate GMR. GMR submitted that the Maldives government would be unable to compensate it adequately in case of their eviction. The Financial Controller for the Ministry of Finance Mohamed Ahmed "affirmed in an affidavit that the Maldives government would honor any valid and legitimate claim against it. He also stressed that the Maldives government had never defaulted on any of its payments" (Robinson, 2013c). The Court accepted Mr Ahmed's explanation and dismissed GMR's concerns about the Maldives' ability to pay damages. It was not only GMR that was skeptical; as Mohamed Nasheed observed, the amount the Maldives would owe GMR would exceed its annual national budget (Robinson, 2013c).

The new legal line from the Maldives government was that the Contract, which was governed by English law, was void *ab initio* (or, in the alternative, frustrated). The Attorney General Azima Shukoor, who publicly announced this new position, also stated that the government had obtained legal advice from "lawyers in both the UK and Singapore as well as prominent local lawyers – all who are in favor of the government's legal grounds to terminate the contract." She insisted that it was a legal decision unrelated to the anti-GMR protests headed by the Adhaalath Party (Robinson, 2012a). The timing of the decision and the strength of the showing on the streets, in the skies and on the sea surrounding Male' produced not only by Adhaalath but also by other parties and individual citizens from a wide cross-section of Maldivian society make the claimed immunity to (Adhaalath's) pressure difficult to accept; and it is perhaps only natural that the government did not want to create a precedent of acquiescing to street demonstrations or political ultimatum. The reason why the Contract was void was never given, and the alternative grounds of frustration were not further specified. In accordance with an arbitration clause in the Contract, the government's claim was submitted to arbitration, which will begin in Singapore, governed by Singaporean law, in 2014 (Merrett, 2013b).

According to the Auditor General of the Maldives, INIA's renovation was 25% complete at the time of the eviction order (Robinson, 2013a). The transfer from GMR back to MACL commenced on December 7, 2012 (Sruthijith, 2012). MACL has retained control since that date.

THE NEXUS WITH INDIA

For many years India has been a major donor of development aid to its much smaller neighbor to the southeast. In May 2012 the Indian High Commission in Male' announced that in the course of the preceding three years total aid given by India to the Maldives amounted to Maldives Ruffiya (MRF) 5 billion (US$324 million) (Robinson, 2012g). In that period it provided US$4.5 million for the further development of the largest hospital in the Maldives, the (aptly named) Indira Gandhi Memorial Hospital, and for the construction of a military (MNDF) hospital; US$34 million for a police academy and vehicles; India funded the foundation of a Faculty of Tourism and Hospitality, and an Institute of Information Technology, and a coastal management centre; India supplied pharmaceuticals, military vehicles (including a helicopter), and minutiae such as sports equipment. With the support of India the Maldives had held a SAARC summit in Addu atoll (Robinson, 2012g) Credit facilities furnished by India in the amount of

US$40 million made possible the construction of 500 housing units. In the private sector a significant share of lending to the resort industry occurs through the State Bank of India. Maldives is dependent on food imports from India and assisted with trade concessions granted by India (Robinson, 2012g).

Other issues also troubled the Maldives-India relationship in 2012. Recurrent issues expressed by the Indian High Commission included the treatment of Indian expatriates, and the confiscation of their passports by Maldivian employers (Naahee, 2013a). Before the breach of the Contract by the Maldives government, the Indian government requested the Maldives to find ways to preserve the Contract; the Indian Transport Minister broached the issue with the Maldives government: ("Ajit Singh raises," 2012b). Clearly aware of the danger of an adverse impact on ties with the regional power to the north, President Waheed attempted to minimise the importance of the Contract, by placing it in the context of other investments and companies from India operating in the Maldives, of which there are a number including some luxury resorts ("Maldives prez hopes," 2012f).

A climate of resentment against India and Indians coloured the fallout from the contract; in a letter to Indian Prime Minister Manmohan Singh, dated September 19, 2012 Dr Hassan Saeed (who had favoured termination of the Contract) observed that "GMR and India 'bashing' is becoming popular politics", and warned that "as a result, "the Maldives is becoming fertile ground for nationalistic and extremist politicians" (Robinson, 2013c). He told the Indian PM: "I want to warn you now that there is a real danger that the current situation could create the opportunity for these extremist politicians to be elected to prominent positions, including the Presidency and Parliament on an anti-GMR and anti-India platform" (Robinson, 2013c). Saeed went on to accuse GMR of extensive bribery, including the payment of "millions of dollars to buy MPs to get a parliamentary majority for the then ruling Maldivian Democratic Party" (Robinson, 2013c). He claimed that "politicians and MPs who end up in GMR's pocket keep silent but no one – with the exception of former President Nasheed and his key associates – have defended the indefensible GMR deal in public" (Robinson, 2013c). Saeed hoped that the Maldives would not have the burden of cancelling the Contract and hoped, somewhat unrealistically, that the Indian government would induce GMR to abandon the Contract, or for them to work out a way of winding it down, thereby avoiding the costs and damage of unilateral action on the part of the Maldives.

The response to the eviction of GMR was not immediate, but was strongly critical, and unwilling to isolate the incident from the broader context of relations. A source cited as a senior Indian government official stated of the Maldives action: "An impact on ties is inevitable, [f]or the time being, we have to consider how things stand and how to proceed" (Robinson, 2012g). When asked whether Indian assistance paying civil service and assisting with the surveillance and reconnaissance ability of the security forces in the Maldives, he replied that "Stability can come only after elections. All of them [political parties] are looking for some cause célèbre. GMR has unwittingly become a major political issue in the Maldives" (Robinson, 2012g). In the non-governmental sector, groups such as the Associated Chambers of Commerce and Industry of India (ASSOCHAM) expressed disapproval, predicting loss of investor confidence and warning that the Maldives action against GMR would "jeopardise the spirit behind the cooperation of the SAARC nations" (Robinson, 2012g). A second industry group, the Confederation of Indian Industry (CII), also issued a statement in support of GMR (Robinson, 2012g). Whether connected specifically or not to the Contract, in the days leading up to the eviction of GMR, India requested repayment of US$100 million in treasury bonds by February 2013 (Robinson, 2012g).

In another direct action of sorts, this time from across the Indian Ocean, hackers calling themselves the "Indishell Defacers Team," took down the MACL homepage, and replaced it with a pair of eyes superimposed on a black background. They demanded the Maldives "stop defaming Indian Reputed Companies & learn how to run a website and secure it first." "If you don't know how to secure a website, can you run an Airport securely, MACL?" the hackers added, along with a promise to "do anything for India" (Robinson, 2012g). Resentment that the Indian authorities had recently permitted flights by Maldivian Airlines to land in Mumbai and Chennai, and to fly on from these cities to Bangladesh, also came into play ("Maldives must rein," 2012e).

One reason India attached importance to the Maldives and doubtless one reason for the history of aid and government cooperation was fear that in their absence

China would ingratiate itself to the Maldives thereby contributing to the Indian sense of encirclement by China. Nevertheless, India decisively froze aid (a US$25 million budgetary commitment) to the Maldives on December 3, 2012 ("Maldives must rein," 2012e). As the *Times of India* reported: In New Delhi's assessment, there are many vested interests at work, a veiled allusion to the increasing clout of a pro-China clique that is said to be close to the powers-that-be in Male and has influenced the decision to scrap the GMR contract.[…] What is more distressing to India, the sources added, is the way a commercial dispute has been used by some fringe elements and political parties in the Maldives to whip up anti-India sentiments" ("Maldives must rein," 2012e).

CONCLUSION

India, Pending Arbitrations, and the September 2013 Presidential Race: Either the fears about China, commercial interests and potential gains not concerning INIA, or the inertia of a past relationship, or some combination of all these, prevailed. The Indian government in fairly short order (a period of four months) set aside the dispute over the Contract. After a change of personnel at the High Commission in Male', the new Indian High Commissioner emphasized the restored and 'unshakable' relationship between the two countries ("New Indian High," 2013d). Even so, it appears that the episode and the losses in aid sustained by the Maldives from December 2012 may have pressed home the point to Maldivian officials or aspiring officials, as there has been a greater emphasis on the importance of the relationship. However chastened the leadership class in the Maldives may be, however, it may also have taught a different lesson – that the Maldives holds enough leverage over India to enjoy more latitude. Opinion remains divided about the Contract, and about the wisdom of how President Waheed's administration handled it during the decisive last two months of 2012.

GMR is seeking to recover damages for the Maldives' breach of the Contract. It filed an arbitration case in the Singapore High Court in June 2013 seeking US$1.4 billion in damages ("Preliminary hearing on," 2013b). The Maldives Ministry of Finance had guaranteed a loan to GMR, with the Attorney General's Office (under the Nasheed government) supervising (Naahee, 2013) giving Axis Bank grounds to initiate arbitration proceedings in Singapore against the Maldives government, which they did in July 2013 ("Former President Nasheed," 2013a). With MACL resuming management of the INIA, President Waheed said his administration was making efforts to secure a loan from Thailand's Exim bank, and from banks in Korea and Qatar, with the repair or re-building of the existing runway the paramount priority, in addition to funds for a new terminal; the Maldives government is seeking US$350 million for these projects ("Former President Nasheed," 2013a; Hamdhoon, 2013a). MACL Managing Director Bandhu Saleem stated the project included further land reclamation and was anticipated to last three years (Robinson, 2013b). As a candidate for the Presidency in the September elections, President Waheed naturally sought to exonerate himself from any damage the India-Maldives relationship might have sustained as a result of his government's handling of the Contract (Hamdhoon, 2013b). In October 2013 plans were laid for an initial public offering of MACL shares according to Finance Minister Abdulla Jihad (Merrett, 2013c). In May 2013 Airports Council International (ACI) advised: "due diligence while considering any investment in the Maldives, considering the latest developments, uncertainty of outcome of elections, the legal and financial risks of the current arbitration and the nascent legal framework." It advised extreme caution in investing in INIA due to the government's handling of the Contract (Merrett, 2013c).

Tourism as ever has assisted the Maldivian economy. Tourist numbers did not decline as drastically as might have been expected with the run up to, and the fallout from, the February 7 change in government. The Tourism Ministry figures show that arrivals were 931,333 in 2011, and rose by 2.9% to 958,027 in 2012 (Powell, 2013); the latter figure was short of the one million targeted for that year by the Ministry. However the Tourism Ministry predicts meeting that target in 2013, which appears not unrealistic as one of the major reasons for the shortfall in the previous two years was economic downturn in Europe, the largest source of visitors to the Maldives – provided of course that the economic trajectory in Europe is increasingly positive.

After February 7, 2012 elements in Maldivian society and external factors, including most prominently the Commonwealth (from which the Maldives contemplated removing itself – Merrett, 2012b) sought, or opposed and delayed, fresh elections. The first attempt at these (their result was later nullified) occurred on September 7, 2012. This article will briefly treat the position of GMR and the Contract, as they were live campaign issues in that election, without tracing the subsequent travails of electoral politics in the Maldives, which deserve another inquiry dedicated solely to the subject. In the summer 2013 campaign, the DRP led by the incumbent President Mohamed Waheed stuck to a nationalist position under which MACL and the government would retain full control over the financing, reconstruction and the operation of INIA. The DQP's leader was Gasim Ibrahim and his running mate Dr Hassan Saeed; consistent with Saeed's earlier position, and that of the DQP, it took a nationalist line similar to that of the DRP.

PPM leader Abdulla Yameen (the half-brother of Maumoon Gayoom) ran, together with Dr Mohamed Jameel Ahmed (Naahee, 2013a). Yameen's campaign position, slightly more nuanced than that of the DRP and the DQP, was that the Contract was illegal as it was 'done' or entered improperly, but he was careful to also state that he was not in principle opposed to foreign investment, which he supported ("Maldives Presidential hopefuls," 2013c). Maumoon Gayoom, on a visit to India, criticized the handling of the Contract by the Waheed administration (Robinson, 2012g). Even making some allowance for where he was and his expressed desire to restore Maldives-India relations, this was a departure from his earlier opposition to the Contract. Dr Abdulla Mausoom of the Waheed-aligned DRP did not permit the inconsistency or the change in Mr. Gayoom's position over time, to pass unremarked (Robinson, 2013c). GMR and the ownership and operation of INIA did indeed become material for electoral banter, although with the exception of Mr Gayoom's reversal hardened positions did not soften and the range of opinion toward both past and potential future responses to the dealings with GMR-MAHB remained basically the same.

MDP leader and (once again) candidate for the Presidency, Mohamed Nasheed, was cleared of any allegations of graft or corruption in connection with the Contract -- as was his MDP government -- by the subsequent government's own Anti-Corruption Commission ("GMR seeks USD," 2013b; Naish, 2013). From an embattled position as former President, Mr. Nasheed sought an urgent Parliamentary remedy to enable (his notional or another) government to try to start negotiations with GMR and to restore the Contract. He made a statement that "The decision [to cancel] was made without consulting the views of major political parties and resulted in incalculable damage to the country and its economy" (Naahee, 2013a).

The first proposition is not entirely accurate in that the Waheed administration did consult widely before acting against GMR; what their consultation yielded was pressure to do more (and to do it more quickly) to rid the Maldives of GMR, and to restore public control and ownership of the INIA. A more factually accurate rephrase of the point Mr. Nasheed made in the quote would be that the MDP was not consulted -- as they also had not been in the train of events that culminated in the events of February 7, 2012. The second proposition expressed by Mr. Nasheed in the quote is by any measure quite accurate, however. Whatever the failings of GMR or the Contract its unraveling has been extremely costly, damaging and, it might be added, divisive. However, it cannot be said that the airport on Hulhule' island is the reason for division and conflict in the Maldives. Rather INIA is the site upon which those divisions and the ideological cleavages fracturing Maldivian society have been expressed. As this article and the events and attitudes that it relates suggest, multiple layers of unresolved tension and (as yet) intractable disagreement and conflict characterize what is in so many other ways a country with great promise – if only the human element, the moving part as it were, of existing laws and institutions worked to realize that potential and promise, rather than discounting, diminishing and neglecting it.

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