

## International Law and Maldives: Navigating Geopolitics, Trade and Sovereignty

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**Summary:** The Maldives, an Indian Ocean archipelagic nation, holds a unique geopolitical significance in international relations. Its historical roots in global trade, particularly with Arab and Persian merchants, established a necessity for foreign trade due to limited resources. The European arrival disrupted established trade networks, leading to a new order dominated by European corporations. The nation, barring a brief Portuguese occupation, maintained sovereignty, and resisted foreign intervention. It developed an Islamic legal system, sustaining Sharia law. Post-independence, it actively engaged in international bodies, emphasizing self-determination, climate change, and small island issues. Recent initiatives include artificial islands and active participation in international treaties, but it faced challenges in international arbitration disputes, with substantial losses. The Maldives has transitioned from a focus on commercial diplomacy to broader foreign policy geared toward trade and investment. This transition coincided with its graduation from the Least Developed Country category. Its engagement with international law covers various aspects such as sea level rise, maritime delimitation, treaties, investment agreements, and tax policies, showcasing its evolving global interactions. The country's commitment to international bodies, human rights, and global norms reflects its stance as an active participant in the international community, despite challenges in international disputes and economic dependency on foreign investments.

**Key Words:** Maldives, Indian Ocean Geopolitics, Trade and Sovereignty, International Relations

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The Maldives, an archipelagic nation located in the Indian Ocean, has a unique geographical and geopolitical significance in international law and international relations. Historically, the Maldives has been an active participant in the global trade laid by Arab and Persian merchants.<sup>1</sup> It witnessed freedom of the

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<sup>1</sup> HCP Bell, *The Maldivian Islands: An Account of the Physical Features, Climate, History, Inhabitants, Productions, and Trade* (Colombo: Frank Luker 1882/Asian Educational Services 2004).

seas before the Age of Discovery.<sup>2</sup> Foreign trade for Maldives has been a necessity rather than a matter of choice given the lack of resources to ensure even food security. The Maldives is famous for giving the world its first currency i.e., cowry, which was used by the Arab, Yamani, South Asian and Chinese traders for different purposes including for slave trade in Africa.<sup>3</sup> The arrival of European traders in the Indian Ocean marked a significant turning point in the history of the region. It disrupted the well-established trade network among Asian, Arab, and African merchants. This disruption led to the emergence of a new economic order, largely shaped, and dominated by the European corporations.<sup>4</sup>

The Maldives, except for a brief period of 15 years under Portuguese occupation, was never directly ruled by a European power. Considering the vulnerabilities of securing protection of the island nation, the Maldivian kings (known as Sultans) successively sought military alliance with regional and European powers.<sup>5</sup> H C P Bell has argued that the Dutch inherited the suzerainty over Maldives without use of force.<sup>6</sup> However, it is not clear if the Sultan of Maldives sought military alliance with the Dutch or the suzerainty enjoyed by the Dutch arose from a treaty endorsing such recognition formally. In 1796 the suzerainty over the Maldives transferred hands from the Dutch to the British through an exchange of letters between the British Governor based in Colombo and the Sultan of the Maldives.<sup>7</sup> Apart from this letter exchange there is no evidence of any treaty between the Maldives and the British until 1887. Following the attacks on the properties of Bohra merchants, who were living as British subjects in Maldives, the British signed a Protectorate Agreement in 1887 with the Sultan of Maldives.<sup>8</sup> The protectorate agreement lasted until the independence in 1965.<sup>9</sup> What seems to be a case of semi-colonialism,<sup>10</sup> the Maldives demonstrated a

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<sup>2</sup> RP Anand, *Origin and Development of the Law of the Sea: History of International Law Revisited* (The Hague/Boston/London: Martinus Nijhoff 1983)

<sup>3</sup> Bin Yang, *Cowrie Shells and Cowrie Money: A Global History* (1st edn, Routledge 2018); Jan Hogendorn and Marion Johnson, *The Shell Money of the Slave Trade* (1st edn, Cambridge University Press 1986).

<sup>4</sup> KN Chaudhuri, *Trade and Civilisation in the Indian Ocean: An Economic History from the Rise of Islam to 1750* (1st edn, Cambridge University Press 1985); Ntina Tzouvala, *Capitalism as Civilisation: A History of International Law* (Cambridge University Press 2020).

<sup>5</sup> Husnu Al Suood, *The Maldivian Legal System* (Maldives Law Institute 2014) 17.

<sup>6</sup> Bell (n 1) 30.

<sup>7</sup> *ibid* at 36.

<sup>8</sup> Suood (n 5) 18.

<sup>9</sup> Shafeenaz Abdul Sattaar, 'British Protectorate Status (1887-1965) and Connotations for the Maldivian Economy' (2021) 3 *Maldives Economic Review* 4; Agreement with annexure and exchange of letter (United Kingdom of Great Britain and Northern Ireland and Maldives Island) 26 July 1965, Colombo, No. 7980, <https://treaties.un.org/doc/publication/unts/volume%20548/volume-548-i-7980-english.pdf> (accessed 18 August 2023); New Anglo-Maldivian Agreement (HL Deb 26 July 1965, Vol 268) <https://api.parliament.uk/historic-hansard/lords/1965/jul/26/new-anglo-maldivian-agreement> (accessed 18 August 2023).

<sup>10</sup> Prabhakar Singh, 'Of International Law, Semi-colonial Thailand, and Imperial Ghosts' (2019) 9 *Asian Journal of International Law* 46; Ali Hammoudi, 'The International Law of Informal Empire and the "Question of Oman"' (2020) 1 *TWAIL Review* 121.

unique feature of participation in foreign trade but strong resistance against foreign intervention in domestic affairs and the internal market. Once a part of large thalassocracy of the Malabar region, Maldives had its own geostrategic importance as an entrepot and a location suitable for surveillance in the Indian Ocean.<sup>11</sup> At independence, one of the main contributors to the Maldivian economy was its shipping fleet. The fleet reflected an assertion of control over the country's foreign trade. It was also a symbol of the Maldivian identity as a nation of seafarers and served as a pathway to participation in the global commerce.<sup>12</sup>

The British did not rule the Maldives directly nor did they interfere with the local customs. Therefore, the British imprint on Maldivian legal system is almost negligible. Maldives, instead continued with the *Shariah* (Islamic law) based legal system, in accordance with the *Sunni* legal tradition.<sup>13</sup>

Maldives has adopted seven constitutions at different points in time. The first Constitution for the country was adopted in 1932.<sup>14</sup> The Constitution of 2008, which currently governs the country, mandates that while interpreting the fundamental rights, the courts shall consider international treaties to which Maldives is a party.<sup>15</sup>

Maldives joined the United Nations in 1965. Its joining paved the way for other small states to join the United Nations and simultaneously also triggered a debate on the relevance of the duties and rights under the UN Charter for very small states.<sup>16</sup> Maldives joined the Non-Aligned Movement (NAM) in 1976 and the

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<sup>11</sup> John Binu Mailaparambil, 'The Ali Rajas of Cannanore: Status and Identity at the Interface of Commercial and Political Expansion, 1663-1723' (PhD Thesis, Leiden University 2007), available at <https://scholarlypublications.universiteitleiden.nl/handle/1887/12488> (accessed 15 August 2023).

<sup>12</sup> Xavier Romero-Frias, 'Rules for Maldivian Trading Ships Travelling Abroad (1925) and a Sojourn in Southern Ceylon' (2016) 40 *Politeja* 67; The Rise and Fall of the Maldivian Shipping Fleet (Minivan News – Archives), available at <https://minivannewsarchive.com/business/the-rise-and-fall-of-the-maldivian-shipping-fleet-2260> (accessed 15 August 2023).

<sup>13</sup> Shamsul Falaah, 'How the Law in the Maldives Paved the Way for a Sunni Legal Tradition' (2022) 10 *Melbourne Asia Review* (6 June 2022), available at <https://melbourneasiareview.edu.au/how-the-law-in-the-maldives-paved-the-way-for-a-sunni-legal-tradition/> (accessed 15 August 2023).

<sup>14</sup> The first constitution of 1932 and the second constitution of 1942 were based on constitutional monarchy. The third constitution of 1953, which is known as the first republican constitution survived less than a year. The fourth constitution of 1954 reverted to a constitutional monarchy. However, the fifth constitution of 1968 once again adopted a republican system based on semi parliamentary system and the sixth constitution of 1998, which was based on a presidential system persisted until the constitution of 2008 came into effect. Shamsul Falaah, 'Towards a Maldivian Nation-State: The Constitutions of 1932 and 1968' in Kevin Tan and Ridwanul Hoque (eds.), *Constitutional Foundings in South Asia* (Hart Publishing 2021).

<sup>15</sup> Article 68 (Interpretation): "When interpreting and applying the rights and freedoms . . . a court or tribunal shall . . . consider international treaties to which the Maldives is a party."

<sup>16</sup> Thomas D Grant, *Admission to the United Nations: Charter Article 4 and the Rise of Universal Organization* (Brill/Nijhoff 2009) 60. Gunter MM, "What Happened to the United Nations Ministate Problem" (1977) 71 *AJIL* 110. See, 'Letter dated 26 Aug 1965 from the Prime Minister of the Maldivian Islands addressed to the Secretary-General', S/6645 (1 September 1965), available at <https://digitallibrary.un.org/record/576816?ln=en> (accessed 16 August 2023).

Commonwealth of Nations in 1982. It joined the South Asian Association for Regional Cooperation (SAARC) as a founding member in 1985. In 1995, Maldives became a member of the World Trade Organisation (WTO). Till December 2020, Maldives was party to 235 multilateral and bilateral treaties.<sup>17</sup> As of August 2023, the country enjoys membership of 63 international organizations.<sup>18</sup>

As a committed member of the United Nations, the Maldives has, from the outset, consistently taken principled positions on nearly all issues related to decolonisation and self-determination.<sup>19</sup> Over the past three decades, it has championed the urgent cause of climate change and sea level rise. The first political manifestation of this can be found in the Malé Declaration of 1989.<sup>20</sup> It was also the initiative of the Maldives that led to the creation of the Alliance of Small Island States (AOSIS) in 1990.<sup>21</sup>

To mitigate the loss of land due to sea level rise, to accommodate a growing population and to implement various development projects, the Maldives recently started constructing artificial islands.<sup>22</sup> The decision has been criticized for its potential damage to the natural environment. It is also viewed as a shift from the cause of sea level rise and climate change.<sup>23</sup> Being an archipelagic State, the Maldives state practice on sea level rise, maritime delimitation and climate change which can also be inferred from its submission to the

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[2023](#)); recommendation by Security Council Resolution 212 adopted by the Security Council at its 1243<sup>rd</sup> meeting (20 September 1965), available at <https://digitallibrary.un.org/record/90495?ln=en> (accessed 16 August 2023); admission by General Assembly Resolution 2009 (XX) adopted by the General Assembly at its 1332<sup>nd</sup> plenary meeting (21 September 1965), available at [worldlii.org/int/other/UNGA/1965/13.pdf](http://worldlii.org/int/other/UNGA/1965/13.pdf) (accessed 16 August 2023).

<sup>17</sup> 'List of Treaties to which the Maldives is Party To', available at <https://www.gov.mv/en/files/treaties-list-december-2020.pdf> (accessed 16 August 2023).

<sup>18</sup> High Commission of the Republic of Maldives in London, 'Maldives Foreign Policy' (2 August 2023), available at <https://www.maldiveshighcommission.uk/index.php/political/maldives-foreign-policy> (accessed 16 August 2023).

<sup>19</sup> UNGA Statement of Foreign Secretary of Maldives His Excellency Ahmed Sareer, 'Right of People of Self-determination' (*Permanent Mission of the Republic of Maldives to the United Nations*) [http://maldivesmission.com/statements/right\\_of\\_peoples\\_to\\_self\\_determination\\_statement\\_by\\_he\\_ahmed\\_sareer](http://maldivesmission.com/statements/right_of_peoples_to_self_determination_statement_by_he_ahmed_sareer) (accessed on 19 August 2023)

<sup>20</sup> Malé Declaration on Global Warming and Sea Level Rise, adopted by the Small States' Conference on Sea Level Rise (Malé, 18 November 1989), annexed to Letter dated 20 November 1989 from the Permanent Representative of Maldives to the United Nations addressed to the Secretary General, available at: <https://digitallibrary.un.org/record/81035?ln=en> (accessed 16 August 2023).

<sup>21</sup> Matthew Paterson, 'Alliance of Small Island States' in John Barry and E. Gene Frankland (eds.), *International Encyclopedia of Environmental Politics* (Routledge 2002) 13 ('The Alliance of Small Island States . . . was formed in 1990 at the Second World Climate Conference in Geneva [29 October-7 November 1990], led by the President of the Maldives.')

<sup>22</sup> Michael Gagain, 'Climate Change, Sea Level Rise, and Artificial Islands: Saving the Maldives' Statehood and Maritime Claims Through the 'Constitution of the Oceans'' (2012) 23(1) *Colorado Journal of International Environmental Law and Policy* 77.

<sup>23</sup> Jack Board, 'Fighting the Tides: Maldives Races to Reclaim More Land as Sea Levels Rise' (*Channel News Asia*, 2 April 2022), available at <https://www.channelnewsasia.com/sustainability/maldives-sea-level-rise-land-reclamation-2578871> (accessed on 19 August 2023)

United Nations.<sup>24</sup> The Maldives recently concluded a dispute concerning delimitation of the maritime boundary with Mauritius before the International Tribunal for the Law of the Sea (ITLOS).<sup>25</sup> This case brought an interesting turn in Maldivian Foreign Policy on the decolonization of the Chagos Island.<sup>26</sup> Despite its consistent stance in favor of decolonisation, the Maldives was one of the six countries that voted against the UN General Assembly Resolution in 2019.<sup>27</sup> In August 2022, Maldives' President Ibrahim Solih sent a letter to the Prime Minister of Mauritius, expressing the Maldives' government's support for Mauritius' claim to the Chagos Islands.<sup>28</sup>

Since the mid-1970s, Maldives has increasingly become more active in its foreign relations. It joined the Non-Alignment Movement in 1976 after the departure of the British from Gan in 1976.<sup>29</sup> The country's sustained engagement with the principal organs of the United Nations dates from 1976 when a permanent mission of the Maldives was established in New York. The Maldives has actively contributed to agenda-setting in areas of interest to small island states, particularly on national security, climate change, and

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<sup>24</sup> Submission by the Republic of Maldives, 'Information and Examples of State Practice on "Sea-level rise in relation to international law"' (31 December 2019), available at [https://legal.un.org/ilc/sessions/72/pdfs/english/slr\\_maldives.pdf](https://legal.un.org/ilc/sessions/72/pdfs/english/slr_maldives.pdf) (accessed 16 August 2023). The Maldives' submission was in response to the request for comments made by the ILC and contained in Chapter III, Section C, paras. 31 and 32, Report of the International Law Commission, Seventy-first Session (29 April-7 June and 8 July-9 August 2019), General Assembly Official Records, Seventy-fourth Session, Supplement No. 10 (A/74/10), available at [https://legal.un.org/ilc/reports/2019/english/a\\_74\\_10\\_advance.pdf](https://legal.un.org/ilc/reports/2019/english/a_74_10_advance.pdf) (accessed 16 August 2023). Also, submission by the Republic of Maldives on 'Outer Limits of the Continental Shelf beyond 200 Nautical Miles from Baselines' to Commission on the Limits of the Continental Shelf (CLCS) (26 July 2010) in accordance with Article 76, paragraph 8 of the United Nations Convention on the Law of the Sea, available at: [https://www.un.org/depts/los/clcs\\_new/submissions\\_files/submission\\_mdv\\_53\\_2010.htm](https://www.un.org/depts/los/clcs_new/submissions_files/submission_mdv_53_2010.htm) (accessed 16 August 2023). See, United Nations Convention on the Law of the Sea, 1833 UNTS 3 (adopted at Montego Bay 10 December 1982, entered into force 16 November 1994). Also, Maldives' membership of the Convention (signed 10 December 1982, ratified 7 September 2000).

<sup>25</sup> Dispute Concerning Delimitation of the Maritime Boundary between Mauritius and Maldives in the Indian Ocean (Mauritius/Maldives), available at <https://www.itlos.org/en/main/cases/list-of-cases/dispute-concerning-delimitation-of-the-maritime-boundary-between-mauritius-and-maldives-in-the-indian-ocean-mauritius/maldives/> (accessed 16 August 2023).

<sup>26</sup> Mimrah Ghafoor, 'Why Maldives Sided with Mauritius on the Chagos Islands' (*The Diplomat*, 10 January 2023), available at <https://thediplomat.com/2023/01/why-maldives-sided-with-mauritius-on-the-chagos-islands/> (accessed 16 August 2023).

<sup>27</sup> Advisory Opinion of the International Court of Justice on the Legal Consequences of the Separation of the Chagos Archipelago from Mauritius in 1965, Resolution adopted by the General Assembly at its Seventy-third Session dated 22 May 2019 (UNGA Res 73/295) (24 May 2019), available at [https://digitallibrary.un.org/record/3806313/files/A\\_RES\\_73\\_295-EN.pdf](https://digitallibrary.un.org/record/3806313/files/A_RES_73_295-EN.pdf) (accessed 16 August 2023).

<sup>28</sup> Mimrah Ghafoor (n 27)

<sup>29</sup> Urmila Phadnis and Ela Dutt Luithui, 'The Maldives Enter World Politics' (1981) 8 *Asian Affairs: An American Review* 6, 166. Urmila Phadnis and Ela Dutt Luithui, *Maldives, Winds of Change in an Atoll State* (South Asian Publishers 1985).

economic development.<sup>30</sup> It has been elected to serve in the Human Rights Council on three occasions and its experts have contributed to the development of international human rights law and standards, through membership in treaty bodies and special procedures mandates.<sup>31</sup> It has sought election to the Security Council.<sup>32</sup> In 2021-22, the Maldives held the presidency of the General Assembly, where the current Foreign Minister Abdulla Shahid presided over the Seventy-sixth Session of the United Nations General Assembly. In addition, the Maldives is party to a number of international treaties contributing to the international rule of law. In some cases, such as in the case of the Optional Protocol to the Convention against Torture, it has been an early ratifying State.<sup>33</sup>

Maldives is the only State in South Asia which is party to the Vienna Convention on the Law on Treaties.<sup>34</sup> As of December 2020, it is party to 15 of the 18 human rights treaties of the United Nations which is second highest in the Asia-Pacific region.<sup>35</sup> One significant feature of Maldives treaty practice is the justification given for reservation to human rights conventions. As is the case with several States where religion directly plays a role in legal system<sup>36</sup>, the Maldives has also made reservations to various treaties by invoking Islamic sharia.<sup>37</sup> Importantly, the Maldives since 2006 has begun accepting optional protocols to UN human rights

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<sup>30</sup> Athaulla A Rasheed, 'Small Island Climate Diplomacy in the Maldives and Beyond' (*E-International Relations*, 16 June 2019) <<https://www.e-ir.info/2019/06/16/small-island-climate-diplomacy-in-the-maldives-and-beyond/>> (accessed 19 August 2023). David Brewster and Athaulla A Rasheed, 'How Maldives Is Adapting to a Changing Security Climate - and Where Australia Benefits' (*The Interpreter*, 4 July 2023) <<https://www.lowyinstitute.org/the-interpreter/how-maldives-adapting-changing-security-climate-where-australia-benefits>> (accessed 19 August 2023).

<sup>31</sup> Naizak Mohamed, 'Maldives Elected for a Third Term at UN Human Rights Council' (*Sun*, 11 October 2022) <<https://en.sun.mv/78222>> (accessed 19 August 2023).

<sup>32</sup> 'Maldives to Put Forward Candidatures to the United Nations Security Council and the United Nations Economic and Social Council' (*GOV.MV*, 23 November 2022) <<https://www.gov.mv/en/news-and-communications/maldives-to-put-forward-candidatures-to-the-united-nations-security-council-and-the-united-nations-economic-and-social-council>> (accessed 19 August 2023).

<sup>33</sup> Optional Protocol to the Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, 2375 UNTS 237 (adopted at New York 18 December 2002, entered into force 22 June 2006). Also, Maldives' membership of the Convention (signed 14 September 2005, ratified 15 February 2006).

<sup>34</sup> Vienna Convention on the Law of Treaties, 1155 UNTS 331 (adopted at Vienna 22 May 1969, entered into force 27 January 1980). Also, Maldives' membership of the Convention (acceded 14 September 2005).

<sup>35</sup> 'Ratification Status for Maldives' (*United Nations Human Rights Treaty Bodies*) available at <[https://tbinternet.ohchr.org/\\_layouts/15/TreatyBodyExternal/Treaty.aspx?CountryID=106&Lang=EN](https://tbinternet.ohchr.org/_layouts/15/TreatyBodyExternal/Treaty.aspx?CountryID=106&Lang=EN)> (accessed 19 August 2023).

<sup>36</sup> Başak Çalı and Mariana Montoya, 'The March of Universality? Religion-Based Reservation to the Core UN Treaties and What They Tell Us About Human Rights and Universality in the 21st Century' (The Universal Rights Group 2017) Policy Report <[https://www.universal-rights.org/wp-content/uploads/2017/05/Policy\\_report\\_march\\_universality\\_LR\\_spread.pdf](https://www.universal-rights.org/wp-content/uploads/2017/05/Policy_report_march_universality_LR_spread.pdf)> (accessed 24 August 2023). Nora Salem, 'Sharia Reservations to Human Rights Treaties' *Max Planck Encyclopaedias of Public International Law* (2019).

<sup>37</sup> For instance, Convention on the Rights of the Child, 1577 UNTS 3 (adopted at New York 20 November 1989, entry into force 2 September 1990). See, Maldives' membership of the Convention (signed 21 August 1990, ratified 11 February 1991, entered into force 13 March 1991). Maldives' reservation to the Convention, upon signature, partially

treaties which provide access to rights-holders to various complaints mechanisms. In April 2006, Maldives extended a standing invitation to all UN special procedures mandate-holders and have received them regularly.<sup>38</sup>

Foreign trade has always an important aspect of Maldives' foreign relations. However, a major restructuring and reorientation of foreign policy specifically geared towards commercial diplomacy was initiated in 2005.<sup>39</sup> This followed as the Maldives graduated from the category of Least Developed Country.<sup>40</sup> The number of diplomatic missions of the Maldives jumped from 4 to 13 between 2005 and 2007. Perhaps the highpoint of this outreach was the opening of the world's first embassy by the Maldives on Second Life.<sup>41</sup> The Maldives has also paid increased attention to regional economic cooperation, taking the lead in developing a comprehensive legal framework for trade liberalization to bring equitable benefits for the smaller and least developed economies of the SAARC region.<sup>42</sup> With transition to democracy in 2008, successive governments have cumulatively added to the efforts to engage with foreign trade and investment, reflecting the Maldivian economy's huge dependence on foreign investment.

In recent years, Maldives has been part of important international arbitration disputes with foreign investors. Unfortunately, it lost most of them.<sup>43</sup> The Maldivian government has paid huge settlements awarded by the International Arbitration Court in Singapore, including \$271 million for the cancellation of

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reads as follows:  
". . . Islamic Shariah is one of the fundamental sources of Maldivian Law . . . Islamic Shariah does not include the system of adoption . . . the Government of the Republic of Maldives expresses its reservation with respect to all the clauses and provisions relating to adoption . . ."

<sup>38</sup> View Country visits of Special Procedures of the Human Rights Council since 1988 (*United Nations Human Rights Office of the High Commissioner*) available at: <https://spinternet.ohchr.org/ViewCountryVisits.aspx?visitType=all&lang=en> (accessed 24 August 2023)

<sup>39</sup> Ali Naseer Mohamed, 'Commercial Diplomacy of the Maldives: How to Turn the Country's External Commercial Dependency into Strength' (2021) 2 *Maldives Economic Review* 12.

<sup>40</sup> Ibrahim Naeem, 'Economic and Commercial Diplomacy in Micro-States: A Case Study of the Maldives and Mauritius' (MA Dissertation, University of Malta 2008) <[https://www.diplomacy.edu/wp-content/uploads/2021/06/23082010103242\\_Naeem\\_28Library29.pdf](https://www.diplomacy.edu/wp-content/uploads/2021/06/23082010103242_Naeem_28Library29.pdf)> (accessed 19 August 2023).

<sup>41</sup> Government of Maldives, 'Diplomacy Goes Virtual: Inauguration of Diplomacy Island and Virtual Embassy in Second Life' (*Diplo*, 22 May 2007), available at <https://www.diplomacy.edu/event/diplomacy-goes-virtual-inauguration-diplomacy-island-and-virtual-embassy-second-life/> (accessed 16 August 2023).

<sup>42</sup> Trade Policy Review: Maldives (*World Trade Organisation*, 23 March 2016) available at: [https://www.wto.org/english/tratop\\_e/tptr\\_e/tp432\\_e.htm](https://www.wto.org/english/tratop_e/tptr_e/tp432_e.htm) (accessed 24 August 2023).

<sup>43</sup> Sun Travels & Tours Pvt Ltd v. Hilton International (Maldives) Pvt Ltd [2020] SGCA 65; Wilson v. Addu Investments Private Ltd, [2014] NSWSC 381; Sergio R. Osmena etc. v. Department of Transportation and Communication, GMR-Megawide CIBU Airport Corporation [2016] PHSC 186; Maldives Airports Co Ltd and another v. GMR Male international Airport Pte Ltd [2013] SGCA 16

an airport development agreement and \$18 million for the cancellation of a border control project.<sup>44</sup> Despite its ample reliance on foreign investment, the Maldives is not a party to the ICSID Convention.<sup>45</sup> Till date Maldives has signed only one Bilateral Investment Treaty (BIT), which is with the United Arab Emirates (UAE) in 2017.<sup>46</sup> Keeping in view the foreign investments and lack of legal framework to settle disputes, in 2019, Maldives signed the New York Convention (1959)<sup>47</sup> and Singapore Convention on Mediation (2018).<sup>48</sup> The Maldives signed a Double Tax Avoidance Treaty with the United Arab Emirates, which entered into force on 21 June 2018.<sup>49</sup> In April 2016, Maldives and India signed an agreement to avoid double taxation of income derived from air transport and an agreement to share information on taxes, both of which are currently in force.<sup>50</sup> The Maldives also signed multilateral double taxation avoidance agreement with SAARC member countries in November 2005 which entered into force in April 2010.<sup>51</sup>

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<sup>44</sup>Maldives signs UN arbitration convention (*Maldives Independent* 18 September 2019), available at <https://maldivesindependent.com/business/maldives-signs-un-arbitration-convention-147999> (accessed 16 August 2023).

<sup>45</sup> Convention on the Settlement of Investment Disputes Between States and Nationals of Other States 575 UNTS 159 (opened for signature at Washington 18 March 1965, entered into force 14 October 1966).

<sup>46</sup> United Arab Emirates – Maldives BIT (2017) (signed 17 October 2017, not yet in force), available at <https://investmentpolicy.unctad.org/international-investment-agreements/countries/128/maldives> (accessed 16 August 2023).

<sup>47</sup> Convention on the Recognition and Enforcement of Foreign Arbitral Awards (adopted at New York 10 June 1958, entered into force 7 June 1959) 330 UNTS 3. Also, Maldives' membership of the Convention (acceded 17 September 2019, entered into force 16 December 2019).

<sup>48</sup> United Nations Convention on International Settlement Agreements Resulting from Mediation (adopted at New York 20 December 2018, entered into force 12 September 2020) 3369 UNTS. Also, Maldives' status on the Convention (signed 7 August 2019, not yet ratified).

<sup>49</sup> This agreement was signed on 17 October 2017, came into force on 21 June 2018, and had a retrospective application from 01 January 2017. See: Agreement between the Government of Republic of Maldives and the Government of the United Arab Emirates for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to taxes on Income and Capital (signed at Dubai 17 October 2017), available at [https://www.mira.gov.mv/Pages/View/InternationalTax\\_TaxTreaties](https://www.mira.gov.mv/Pages/View/InternationalTax_TaxTreaties) (accessed 16 August 2023).

<sup>50</sup> Agreement Between the Government of the Republic of India and the Government of the Republic of Maldives for Avoidance of Double Taxation of Income Derived from International Air Transport (signed at New Delhi 11 April 2016), available at <https://incometaxindia.gov.in/DTAA/10862000000000557.htm> (accessed 16 August 2023); Agreement Between The Government of the Republic of Maldives and the Government of India for the Exchange of Information with Respect to Taxes (signed at New Delhi 11 April 2016), available at: <https://www.mira.gov.mv/Files/GetFile/327717f0-39bd-44dc-aed5-bf5c8cc1710f> (accessed 24 August 2023)

<sup>51</sup>SAARC Limited Multilateral Agreement on Avoidance of Double Taxation and Mutual Administrative Assistance in Tax Matters (signed at Dhaka 13 November 2005), available at: <https://www.mira.gov.mv/Files/GetFile/d5743c31-ff55-449e-ab53-d52f49896543>



Maldives is a member of the OECD Inclusive Framework on Base Erosion and Profit Shifting (BEPS).<sup>52</sup> The Maldivian government has agreed to the October 2021 Statement on a Two-Pillar solution, including Pillar Two, which will introduce a global minimum corporate tax rate.<sup>53</sup>

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<sup>52</sup>International Collaboration to end tax avoidance (OECD) <https://www.oecd.org/tax/beps/> (accessed 24 August 2023)

<sup>53</sup> 2023 Investment Climate Statements: Maldives (U.S. Department of State), available at <https://www.state.gov/reports/2023-investment-climate-statements/maldives/> (accessed 16 August 2023).