

REPORT
OF THE SPECIAL COMMITTEE ON THE SITUATION
WITH REGARD TO THE IMPLEMENTATION
OF THE DECLARATION
ON THE GRANTING OF INDEPENDENCE
TO COLONIAL COUNTRIES AND PEOPLES

VOLUME III

GENERAL ASSEMBLY

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NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

The report of the Special Committee is divided into four volumes. The present volume contains chapters XII to XXVI.* Volume I contains chapters I-VI; volume II, chapters VII-XI; and volume IV, chapters XXVII-XXXIII.

* The present version of chapters XII to XXVI is a consolidation of the following documents as they appeared in provisional form: A/33/23/Add.4 of 23 October 1978 and A/33/23/Add.5 of 16 October 1978.

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* Dominica acceded to independence on 3 November 1978.

** Solomon Islands acceded to independence on 7 July 1978.

*** Tuvalu acceded to independence on 1 October 1978.

CHAPTER XII*

COCOS (KEELING) ISLANDS

A. Consideration by the Special Committee

1. At its 1102nd meeting, on 1 February 1978, by adopting the suggestions put forward by the Chairman relating to the organization of its work (A/AC.109/L.1205), the Special Committee decided, inter alia, to refer the Cocos (Keeling) Islands to the Sub-Committee on Small Territories for consideration and report.
2. The Special Committee considered the item at its 1113th and 1115th meetings, on 9 and 10 August.
3. In its consideration of the item, the Special Committee took into account the provisions of the relevant General Assembly resolutions, including in particular resolution 32/42 of 7 December 1977 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 13 of that resolution, the Assembly requested the Special Committee, inter alia, "to continue to seek suitable means for the immediate and full implementation of General Assembly resolution 1514 (XV) in all Territories which have not yet attained independence and, in particular: ... to formulate specific proposals for the elimination of the remaining manifestations of colonialism and to report thereon to the General Assembly at its thirty-third session". The Committee also took into account General Assembly decision 32/408 of 28 November 1977, whereby the Assembly requested the Committee, "in continued co-operation with the administering Power, to seek the best ways and means of implementing the Declaration with respect to the Territory, in the light of the information to be provided by the administering Power in 1978 ...".
4. During its consideration of the Cocos (Keeling) Islands, the Special Committee had before it a working paper prepared by the Secretariat (see annex to the present chapter) containing information on developments concerning the Territory.
5. Australia, the administering Power concerned, continued to participate in the work of the Special Committee during its consideration of the item.
6. At the 1113th meeting, on 9 August, the Rapporteur of the Sub-Committee on Small Territories, in a statement before the Special Committee (A/AC.109/PV.1113), introduced the report of the Sub-Committee (A/AC.109/L.1250), containing an account of its consideration of the Territory.
7. At its 1115th meeting, on 10 August, the Special Committee adopted without objection the report of the Sub-Committee on Small Territories and approved the draft consensus contained therein (see para. 9 below).
8. On 11 August, the text of the consensus was transmitted to the Permanent Representative of Australia to the United Nations for the attention of his Government.

* Previously issued as part of A/33/23/Add.4.

B. Decision of the Special Committee

9. The text of the consensus concerning the Cocos (Keeling) Islands adopted by the Special Committee at its 1115th meeting, on 10 August, to which reference is made in paragraph 7 above is reproduced below:

(1) The Special Committee, having heard the statements of the representative of Australia with regard to the Cocos (Keeling) Islands, notes with appreciation the continuing co-operation of the Government of Australia as the administering Power reporting on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples, contained in General Assembly resolution 1514 (XV) of 14 December 1960, concerning the Territory.

(2) The Special Committee reaffirms that it is for the people of the Territory themselves to determine fully their future political status, in conformity with resolution 1514 (XV). In this connexion, the Committee, recalling the responsibility of the administering Power to ensure that the people of the Territory are fully informed of the options available to them in the exercise of their right to self-determination, notes with satisfaction the commitment of the administering Power to continue its policy of assuring the political, social and economic development of the people of the Cocos (Keeling) Islands.

(3) In this regard, the Special Committee welcomes the announcement by the Government of Australia on 2 July 1978 that it will purchase from Mr. John Clunies Ross the whole of his interests in the Cocos Islands, with the exception of his residence and an associated dwelling.

(4) The Special Committee also notes with satisfaction the establishment of the first elected Advisory Council, as well as other measures announced by the Australian Minister for Home Affairs on 2 July. The Committee considers that the fulfilment of these measures would constitute an important step towards the implementation of the Declaration contained in resolution 1514 (XV).

(5) The Special Committee notes that during the year a site for an animal quarantine station was purchased and that construction of the station is to proceed. The Committee considers that this and the further economic measures to be taken would play a useful role in diversifying the economy of the Territory and expanding employment opportunities to enable the acquisition by the people of new and valuable skills and to ensure them a decent standard of living and a stable future in the Territory.

(6) The Special Committee welcomes the continued preparedness of the administering Power to receive a further visiting mission in the Cocos (Keeling) Islands at an appropriate time.

ANNEX*

Working paper prepared by the Secretariat

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* Previously issued under the symbol A/AC.109/L.1253.

COCOS (KEELING) ISLANDS a/

1. GENERAL

1. Basic information on the Cocos (Keeling) Islands is contained in the report of the Special Committee to the General Assembly at its thirty-first session. b/ Supplementary information is set out below.
2. The Territory of the Cocos (Keeling) Islands consists of 27 small coral islands in two separate atolls with a total area of about 14 square kilometres. It is situated in the Indian Ocean approximately 2,768 kilometres north-west of Perth and 3,685 kilometres west of Darwin, Australia. The administrative headquarters of the Territory are located on West Islands.
3. The largest segment of the population is now formed by the descendants of the original Malayan settlers brought to the Territory in 1827 by Mr. John Clunies Ross, a Scottish seaman. Known as Cocos Islanders or Cocos Malays, this group lives on Home Island. Other inhabitants include employees of government departments, members of the Clunies Ross family and employees of the Shell Company (Pacific Islands) Ltd. and Commonwealth Hostels, Ltd., together with their families.
4. At 30 April 1978, the population of the Territory totalled 439, of whom 277 lived on Home Island (Cocos Malays with the exception of the families of Mr. John Clunies Ross, the present owner of the islands, and the estate manager) and 162 lived on West Island (mostly Australians).
5. In the early 1970s, a number of Cocos Malays living on Christmas Island (in the Indian Ocean) migrated to Australia, settling in towns in Western Australia, namely Katanning, Port Hedland and Geraldton. Since August 1975, a considerable interest in direct emigration to Australia has developed and since mid-1975 some 230 people (about 45 per cent of the population at that time) have left the Territory. The people have moved either by saving their own fares, arranging for relatives in Australia to assist them or making arrangements with firms in Australia to help with their fares and to employ them. The continuing movement reflects the close contact maintained between those who have moved and those who have remained on Home Island and the impressions of life in Australia of those who have settled there.

a/ The information contained in this paper has been derived from published reports and from information transmitted to the Secretary-General by the Government of Australia under Article 73 e of the Charter of the United Nations on 30 May 1978 for the period 1 January 1977 to 30 April 1978.

b/ Official Records of the General Assembly, Thirty-first Session, Supplement No. 23 (A/31/23/Rev.1), vol. III, chap. XV, annex.

6. The current annual report of the administering Power states that approximately half of the residents of Home Island are already Australian citizens and as such are entitled, if they so desire, to settle in Australia where there is more diversity of opportunities. In the case of the Cocos Malay residents of Home Island who are not Australian citizens, employment and accommodation must be arranged before their migration is approved. The question of extending citizenship to Cocos Islanders is being actively considered by the Australian Government. The Australian Minister for Home Affairs has counselled the inhabitants against emigration until they understand his Government's plans for the Territory and are fully aware of the effects of proposed changes.

2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

A. General

7. The basis of the Territory's administrative, legislative and judicial systems is the Cocos (Keeling) Islands Act, 1955-1975. c/

8. The Act empowers the Governor-General of Australia to make ordinances for the peace, order and good government of the Territory. Ordinances are required to be tabled in the Australian Parliament and are subject to disallowance in part or in whole by the Parliament. Generally, Australian legislation does not apply to the Territory unless specifically indicated. Currently, some 100 Australian acts apply, in whole or in part, to the Cocos (Keeling) Islands.

9. Following the formation of the thirty-first Australian Parliament, Mr. R. J. Ellicott was appointed Minister for Home Affairs on 20 December 1977 with responsibility for the Cocos (Keeling) Islands. The present administrator, Mr. C. I. Buffett, was appointed on 16 November 1977.

10. The election of members of an interim Cocos Malay Advisory Council was held on 18 March 1978. All Cocos Malay residents in the Cocos (Keeling) Islands who had attained the age of 18 years and who had resided in those islands continuously for one year or more were entitled to register on the electoral roll compiled for that election. The names of 189 persons were registered and 187 persons participated in the election. There were 11 candidates for the seven positions on the Council. According to the report of the administering Power, the formation of the interim Council was a step towards a representative form of local government for the Cocos Malay community. The Council will fulfil the role of ensuring that the views of Home Islanders are made known to the Australian Minister for Home Affairs in relation to the implementation of that Government's policies.

11. There is a customary court on Home Island consisting of members of the Imarat (Headmen's Council); including Mr. Clunies Ross and the manager of his estate who usually attends all meetings. The court deals with minor offences committed by Home Islanders.

c/ Ibid., Twenty-ninth Session, Supplement No. 23 (A/9623/Rev.1), vol. IV, chap. XX, annex, appendix III.

B. Future status of the Territory

12. On 2 November 1977, the Australian representative informed the Fourth Committee of the General Assembly that in June 1977 his Government had announced broad policy decisions relating to the Cocos (Keeling) Islands, including the following: the transfer to the Cocos community of the village area of Home Island; the establishment of a representative form of local government for the Cocos Malay community, with the ultimate aim of creating a fully elected body; the replacement of token money by Australian currency; the establishment of a new fund to assist the financing of community activities; freedom of movement and communication within the Territory; the improvement of educational and health facilities and general upgrading of living standards; the framing and implementation of laws which could be clearly applied and enforced, taking into account local institutions and customs; the progressive introduction of a wages economy appropriate to conditions in the Territory; the development of appropriate means by which Australian citizenship could be provided to residents of the Territory if they so wished; the provision of financial assistance to Cocos Malays wishing to move from the Territory to Australia; and the ownership by the Australian Government of all land on which its facilities were located. d/

3. ECONOMIC CONDITIONS

A. General

13. The economy of the Territory is based almost solely on the production and export of copra grown by the Clunies Ross Estate. The aviation and other facilities maintained by the Australian Government and the few commercial organizations in the Territory provide only a small amount of revenue.

B. High security animal quarantine station

14. Following the visit to the Territory of the Australian Minister for Home Affairs in January 1978, the Australian Government completed negotiations with the Clunies Ross Estate for the purchase of a site for the quarantine station. An agreement of sale was signed on 24 February 1978, and following consideration by the Parliamentary Standing Committee on Public Works, the Australian Parliament decided on 1 June 1978 that construction of the station could proceed. It is planned that the quarantine station will come into operation in 1981.

15. The Australian Government has appointed a consultant from private industry to advise it on a number of matters related to the economy of the Cocos (Keeling) Islands. The consultant visited the Territory from 9 to 22 March 1978 and his report to the Australian Minister for Home Affairs was to have been completed in May. The matters under study will assist the administering Power to determine how and within what period of time it will be able to implement various elements of its policy for the Cocos (Keeling) Islands.

d/ Ibid., Thirty-second Session, Fourth Committee, 12th meeting, para. 27.

C. Agriculture

16. Copra is produced on the Clunies Ross Estate by hot-air drying methods, and the crop is sold in Singapore, where it usually commands a premium price due to its superior quality. At present, there are 185,000 palms on the estate. A programme of felling and replacing inferior palms and improving marginal areas has been carried out since 1963. Recent plantings of trees at a ratio of 198 palms to the hectare are less dense than in the larger established areas.

17. Because of limitations imposed by the quality of the soil and the supply of water, only small quantities of vegetables are grown on Home Island. Plots of pawpaws and bananas have been grown successfully on Home, Direction and West islands. Almost all of the Territory's fresh fruits and vegetables are imported, however, the only regular supply being through the fortnightly air charter services.

D. Fishing

18. The Cocos Malays catch large numbers of fish in the lagoon and in the open seas for their own consumption. The Clunies Ross Estate sells small quantities of filleted fish to the West Island store on a contract basis.

E. Business enterprises

19. The Clunies Ross Estate operates a slip-way and shipwright's shop for the building and maintenance of small craft, as well as a powerhouse and a modern, fully equipped comprehensive workshop. Almost all households on Home Island have one or more small sailing boats for fishing and travel among the islands.

20. All construction and maintenance work on Home Island is undertaken independently by the Clunies Ross Estate.

21. The Australian Department of Home Affairs and the Administrator, with the Australian Department of Construction as agent, are responsible for all construction and maintenance activity on West Island, including the airfield. A substantial amount of work is undertaken by the Clunies Ross Estate on a contract basis using Home Island labour. Under arrangements initiated in 1975, the terms of such contracts provide that a proportion of the contract payment shall be paid into a Cocos Community Fund under the control of, and for use by, the islander community (see below).

F. Public finance

22. A Cocos Community Fund was established in 1975 to be controlled by the Home Island Community and used for its sole benefit. The Fund is administered by trustees, including three from among the Home Islanders, and the Administrator.

23. The present arrangement provides that a proportion of each contract payment for work done by the Estate shall be paid directly into the Fund in Australian dollars. e/ Such amounts are determined by agreement between the Cocos Community Fund trustees and the Clunies Ross Estate, in consultation with the Australian Government.

24. Although Australian currency is legal tender in the Territory, within the Home Island community, tokens (rupiahs) are used in transactions for payment of wages. The tokens are not used by the islanders as a means of exchange in financial transactions outside the community. The Clunies Ross Estate converts tokens on demand to Australian currency. At present, the Estate values one rupiah at \$A 0.40. Limited "banking" facilities are provided for Home Islanders by the Clunies Ross Estate.

G. Transport and communications

25. On 15 December 1976, the Administrator became the licensee of the airport. Since July 1976, the charter service for passengers and freight conducted by Trans-Australia Airlines (TAA) and Ansett Airlines of Australia has operated basically on a fortnightly schedule. The number of passenger arrivals and departures via air charter totalled more than 700 in 1977/78. In addition, a shipping service operates to the Territory at intervals of about six months.

4. SOCIAL CONDITIONS

1. Labour

26. To date, Australia has not made any declaration to the International Labour Organisation (ILO) in respect of the Cocos (Keeling) Islands on the conventions which it has ratified. A major difficulty has been the inability to give a guarantee of practical compliance with the terms of the conventions which each member of the ILO must supply. The administering Power acknowledges that some changes in community arrangements must take place before several conventions can be declared applicable.

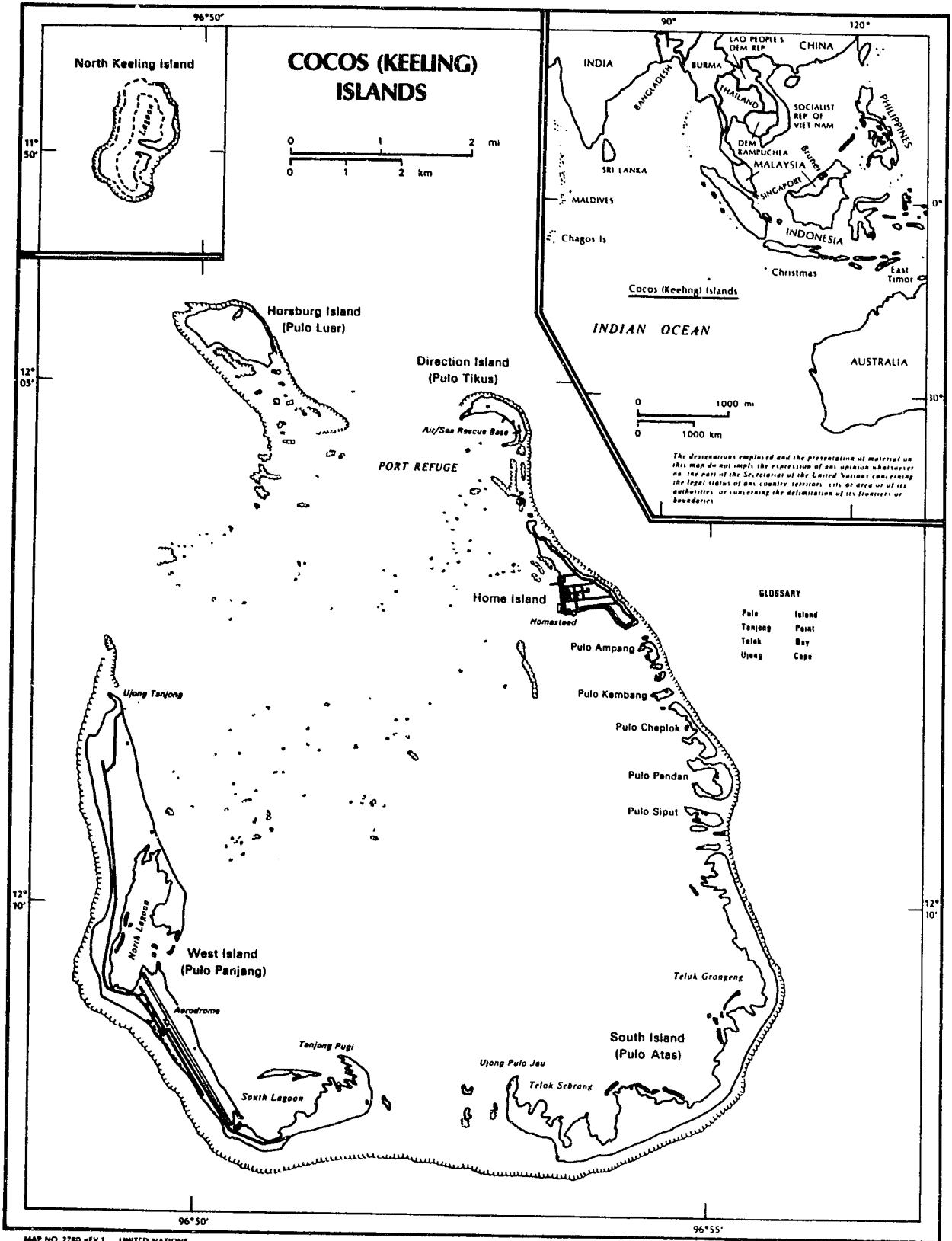
2. Public health

27. In addition to the medical officer and two nursing sisters on West Island, there are two Cocos Malay medical orderlies on Home Island capable of dealing with routine and emergency situations. There are also two locally trained midwives and a trainee midwife on Home Island.

5. EDUCATIONAL CONDITIONS

28. Attendance at the school on Home Island is not compulsory, but a child must attend regularly once enrolled. At present, all children reaching school age are being enrolled.

e/ The local currency is the Australian dollar (\$A 1.00). At 19 June 1978, \$A 1.00 equalled \$US 1.13. See also para. 24 below.



MAP NO. 2780 REV.1 UNITED NATIONS
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CHAPTER XIII*

NEW HEBRIDES

A. Consideration by the Special Committee

1. At its 1102nd meeting on 1 February 1978, by adopting the suggestions put forward by the Chairman relating to the organization of its work (A/AC.109/L.1205), the Special Committee decided, inter alia, to refer the New Hebrides to the Sub-Committee on Small Territories for consideration and report.
2. The Special Committee considered the item at its 1113th and 1116th to 1118th meetings, between 9 and 16 August.
3. In its consideration of the item, the Special Committee took into account the provisions of the relevant General Assembly resolutions, including in particular resolution 32/42 of 7 December 1977 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 13 of that resolution, the Assembly requested the Special Committee, inter alia, "to continue to seek suitable means for the immediate and full implementation of General Assembly resolution 1514 (XV) in all Territories which have not yet attained independence and, in particular: ... to formulate specific proposals for the elimination of the remaining manifestations of colonialism and to report thereon to the General Assembly at its thirty-third session". The Special Committee also took into account General Assembly resolution 32/26 of 28 November 1977, by paragraph 8 of which the Assembly requested the Committee, inter alia, "to continue to seek the best ways and means for the implementation of the Declaration with respect to the New Hebrides, including the possible dispatch of a visiting mission in consultation with the administering Powers ...".
4. During its consideration of the Territory, the Special Committee had before it a working paper prepared by the Secretariat (see annex to the present chapter) containing information on developments concerning the Territory. A letter dated 11 April 1978 from the Permanent Representative of France and the Deputy Permanent Representative of the United Kingdom of Great Britain and Northern Ireland to the United Nations, addressed to the Secretary-General, also contained related information (see A/33/80).
5. In connexion with its consideration of the item, the Special Committee, at its 1116th meeting, on 14 August, granted a request for a hearing to Mr. Barak Sope, Secretary-General, of the Vanua aku Party (VAP) and Mr. Walter Lini. Mr. Sope and Mr. Lini made statements at the 1117th meeting, on 15 August (A/AC.109/PV.1117).
6. The representatives of France and of the United Kingdom, as the administering Powers concerned, participated in the work of the Special Committee during its consideration of the item. Mr. Jean-Marie Leye and Mr. Jacques Carlot, both deputies to the New Hebrides Representative Assembly, also took part in the consideration of the item. Mr. Carlot made a statement at the 1118th meeting, on 16 August (A/AC.109/PV.1118).

* Previously issued as part of A/33/23/Add.4.

7. At the 1113th meeting, on 9 August, in a statement to the Special Committee (A/AC.109/PV.1113), the Rapporteur of the Sub-Committee on Small Territories introduced the report of the Sub-Committee (A/AC.109/L.1246) containing an account of its consideration of the Territory.

8. At the 1118th meeting, on 16 August, the Rapporteur of the Sub-Committee submitted, on behalf of the Sub-Committee, two oral revisions to the conclusions and recommendations of the Sub-Committee (A/AC.109/L.1246), by which:

(a) A new paragraph, as given below, was added as the seventh paragraph:

"(7) The Special Committee calls on the administering Powers to facilitate the change in the administrative structure of the New Hebrides by the establishment of a New Hebridean public service";

(b) Former paragraph (7), which read:

"(7) The Special Committee notes that the economy of the Territory continues to depend largely on subsistence agriculture. Accordingly, bearing in mind that the General Assembly in its resolution 32/26 of 28 November 1977 called for 'concrete programmes of assistance and economic development' so that progress in these fields would correspond with political developments in the Territory, and noting that efforts are being made to draw up a development plan for the Territory, the Committee stresses the need for continuing measures, as a priority, to strengthen the over-all economic development of the territory"

was replaced by

"(8) The Special Committee notes that the economy of the Territory continues to depend largely on subsistence agriculture. Accordingly, bearing in mind that the General Assembly, in its resolution 32/26 of 28 November 1977, called for concrete programmes of assistance and economic development, so that progress in these fields would correspond with political developments in the Territory, the Committee stresses the need for urgent measures to strengthen the over-all economic development of the Territory."

9. At the same meeting, the Special Committee adopted without objection the report of the Sub-Committee on Small Territories, as orally revised, and endorsed the conclusions and recommendations contained therein (see para. 11 below).

10. On 16 August, the text of the conclusions and recommendations was transmitted to the Permanent Representatives of France and the United Kingdom for the attention of their respective Governments.

B. Decision of the Special Committee

11. The text of the conclusions and recommendations adopted by the Special Committee at its 1118th meeting, on 16 August, to which reference is made in paragraph 9 above, is reproduced below:

(1) The Special Committee reaffirms the inalienable right of the people of the New Hebrides to self-determination and independence in conformity with the Declaration on the Granting of Independence to Colonial Countries and Peoples, contained in General Assembly resolution 1514 (XV) of 14 December 1960.

(2) Fully aware of the problems peculiar to the New Hebrides, by virtue of its being a condominium, and of other special factors such as its size, geographical location, population and limited natural resources, the Special Committee reiterates its view that these circumstances should in no way delay the process of self-determination and the speedy implementation of the Declaration contained in resolution 1514 (XV), which fully applies to the Territory.

(3) The Special Committee commends the co-operation extended to it by the joint administering Powers and reiterates its view that such co-operation enables the Committee to conduct a more informed and meaningful examination of the Territory. The Special Committee in particular welcomes the joint commitment of the administering Powers to independence for the New Hebrides, as reiterated in their letter dated 11 April 1978 (A/33/80).

(4) The Special Committee notes that significant political developments have taken place in the Territory during the period under review. In this regard, it welcomes the transfer of limited powers of self-government to the Territory which took place in January 1978. While noting with interest the political evolution in the New Hebrides, the Special Committee reiterates its view that decisions relating to political and other changes must continue to be taken in full consultation with the people of the Territory.

(5) The Special Committee is of the view that the transition of the New Hebrides to independence will be further facilitated by an accommodation of views between the parties directly concerned on all aspects of the Territory's future. It is therefore pleased to note that negotiations between the New Hebrides Government and the Vanua aku Party have resulted in an agreement on the need for unity, law and order and for new elections to the Representative Assembly, to be held following a census later in 1978, as well as the need for establishing machinery to resolve other outstanding differences. The Committee commends the spirit of moderation and reconciliation that has been shown by the parties concerned.

(6) The Special Committee welcomes the efforts of the administering Powers to rationalize the administrative structure of the Government of the New Hebrides by unifying the three services of the Territory (the British National Service, the French National Service and the Joint (Condominium) Services). The Committee is of the view that this step could well contribute to a further strengthening of the national identity of the people of the Territory.

(7) The Special Committee calls on the administering Powers to facilitate the change in the administrative structure of the New Hebrides by the establishment of a New Hebridean public service.

(8) The Special Committee notes that the economy of the Territory continues to depend largely on subsistence agriculture. Accordingly, bearing in mind that the General Assembly, in its resolution 32/26 of 28 November 1977, called for "concrete programmes of assistance and economic development" so that progress in these fields would correspond with political developments in the Territory, the Committee stresses the need for urgent measures to strengthen the over-all economic development of the Territory.

(9) The Special Committee reiterates its call to the administering Powers to safeguard and ensure the right of the people of the Territory to own and dispose of their land and natural resources and to establish and maintain control over their future development.

(10) In this regard, the Special Committee calls upon the administering Powers to take all necessary measures to safeguard the full enjoyment by the people of the Territory of their marine resources through such measures as guarding against over-exploitation and contamination. Further, mindful of the importance that fisheries continue to play as a major economic activity in the New Hebrides, the Committee considers that it may be useful to explore the prospects for establishing fish-canning facilities in the Territory.

(11) The Special Committee, recalling its concern about educational conditions in the Territory, reiterates its view that both administering Powers should make a continued effort to promote a unitary system of education. The Committee remains of the view that such a unified system could help to promote a sense of national identity among the people and would enable them to prepare themselves adequately for their future political and economic responsibilities.

(12) The Special Committee once more calls on the administering Powers to consult with the representatives of the people with a view to seeking the best ways and means for the implementation of the provisions of the Declaration with respect to the Territory and to report on this aspect when the Committee next considers the question of the New Hebrides.

(13) Noting that visiting missions of the United Nations have proved to be an effective means of evaluating the situation in the Territories visited, the Special Committee expresses the hope that the administering Powers will consider accepting a visiting mission to the New Hebrides and invites the administering Powers to report on this aspect as well when the Committee next considers the question of the New Hebrides.

ANNEX*

Working paper prepared by the Secretariat

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* Previously issued under the symbol A/AC.109/L.1232.

NEW HEBRIDES a/

1. GENERAL

1. Basic information on the New Hebrides is contained in the report of the Special Committee to the General Assembly at its thirty-first session. b/ Supplementary information is set out below.

2. At the last census, taken in May 1967, the population of the New Hebrides totalled 77,988, including 3,840 French subjects, 1,631 British subjects and 273 foreigners. At the end of 1975, the population was estimated at 96,532: 16,604 in the Vila area, 4,954 in the Santo c/ area (the two largest towns of the Territory) and 74,974 in the rural areas.

2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

A. Administration

3. On 15 September 1977, the Anglo-French Protocol of 6 August 1914 concerning the condominium of the New Hebrides was amended by an exchange of notes by the administering Powers which provided for the progressive transfer of authority to a new, local Representative Assembly and Council of Ministers, to be followed by a referendum on independence in 1980. A Chief Minister is the head of the local administration. British and French resident commissioners remain to act on behalf of non-resident High Commissioners responsible for discharging the residual responsibilities of the United Kingdom and France. The three former services (British National Service, French National Service and Joint (Condominium) Services) are being unified and placed under the control of New Hebridean ministers. d/

B. Representative Assembly

4. Following ministerial talks held in 1974 and 1975 between the two administering Powers, a Representative Assembly was established to replace the former Advisory

a/ The information contained in this paper has been derived from published reports and from information transmitted to the Secretary-General, under Article 73 e/ of the Charter of the United Nations, by the Government of the United Kingdom of Great Britain and Northern Ireland on 22 July 1977 for the year ending 31 December 1976 and by the Government of France on 9 May 1977 for the year ending 31 December 1975.

b/ Official Records of the General Assembly, Thirty-first Session, Supplement No. 23 (A/31/23/Rev.1), vol. III, chap. XVI, annex I.

c/ Santo is the local name for Luganville, on the island of Espiritu Santo.

d/ See Official Records of the General Assembly, Thirty-first Session, Supplement No. 23 (A/31/23/Rev.1), vol. III, chap. XVI, annex I, paras. 2-3.

Council. The Assembly was to consist of 4 representatives of the chiefs, 29 members elected by universal suffrage and 9 specially elected members from among the economic interests of the Territory. The first elections for the Assembly took place in November 1975. The New Hebrides National Party, now known as the Vanua aku Party (VAP), won the majority of the seats elected by universal suffrage.

5. At the first meeting of the 1977 session of the Assembly, a motion introduced by VAP to abolish the six seats of the Chamber of Commerce in the Assembly was defeated by a tie vote of 20 votes to 20, with 2 abstentions. Subsequently, VAP members, who then held 21 of the 42 Assembly seats, absented themselves from the remainder of the 1977 session. An impasse developed and the administering Powers, recognizing the impossibility of convening a full meeting of the Representative Assembly, held a conference at Vila on 14 March 1977, presided over by the two High Commissioners, to consult the leaders of all political parties on the situation.

6. At the Vila conference, it was agreed that the first Assembly would be dissolved and a conference would be held at Paris in July, to which all parties would send representatives, to be followed by new elections. The Paris conference would deal with any problems that the administering Powers and the elected members wished to discuss, including the date of the general elections, the future administrative structure of the Territory, a time-table for the different stages of independence and the actual date of independence.

7. Pending the holding of new elections, a seven-man provisional council was established with advisory but not executive powers.

8. Considering it illogical for the conference to be held at Paris, thousands of kilometres from "the heart of the peoples whose future is at stake", VAP announced that it would not participate in the July conference unless the United Kingdom and French Governments gave assurances that they would: (a) reduce the voting age from 21 to 18 years; (b) restrict electors to the local population; (c) allow VAP to form a Government; (d) grant self-government immediately; and (e) hold a national referendum on independence at the same time as the elections. Failing to obtain these, VAP did not attend the conference.

9. The British and French Governments had rejected the VAP request to lower the voting age on the grounds that there was not enough time to register persons within the age group of 18 to 20 year olds. VAP claimed that 60 per cent of the Territory's population was under 21 years of age, that more than 10,000 young people were being refused the right to vote, and that foreigners resident in the Territory for three years had the right to vote.

10. The results of the Paris meeting, which was held from 19 to 21 July, are described in a letter dated 3 August 1977 from the permanent representatives of France and the United Kingdom to the United Nations addressed to the Secretary-General (A/32/172). In essence, the two Governments agreed: (a) to hold new elections for the Representative Assembly before 1 December 1977 under current electoral rules; (b) to consult early in 1978 with the members of the new Assembly on the composition of the Council of Ministers and to set up a time-table covering the stages leading to independence; (c) to establish a system of internal

self-government; and (d) to hold new elections and a referendum during the second half of 1980 to decide whether the people of the Territory wished to proceed to independence, and if so, to proclaim that independence.

11. On 22 July, Mr. Walter Lini, the President of VAP, addressed a letter to the resident commissioners in which he maintained that the conference had failed to agree on the principle of majority rule. He stated that the administering Powers had delayed the progress of the country towards real independence, and reiterated an earlier request that the referendum on independence be held at the same time as the November elections.

12. On 29 November, new elections for the Representative Assembly were held which VAP boycotted when the British and French Governments rejected its demands. As a result of the boycott, 38 candidates were declared elected unopposed.

13. The new Assembly held its opening session from 5 to 13 December and elected as Chief Minister Mr. Georges Kalsakau, the chief spokesman for the Natatok Party, which was formed at Vila in July 1977. On 15 December, Mr. Kalsakau offered VAP a ministerial portfolio which members of the party rejected, condemning the Assembly as a "puppet" and declaring that it should be dissolved as soon as possible and another election held on new terms.

14. On 11 January 1978, a seven-member Council of Ministers was established with the Chief Minister as its head. When he introduced his new Government, Mr. Kalsakau stated that the administering Powers had retained too much power and that, under the circumstances, his Government would indeed be little more than a "puppet", a situation that would not be tolerated. He dwelt in particular on the new Government's lack of control over the Territory's public service, financial affairs and the police. The Chief Minister also referred to VAP, in terms which, along with his offer of three seats on the Council of Ministers, reportedly encouraged hopes of reconciliation between the opposing sides.

15. In response to Mr. Kalsakau's statement, the British and French High Commissioners stressed the importance of solidarity and unity and of development towards independence by stages. They emphasized in particular the importance attached by their Governments to the maintenance of law and order in the period leading to independence, due in 1980, and pledged active measures to that end. According to the United Kingdom Government, the administering Powers were already drafting assurances concerning the local Government's control of the public service.

16. Mr. Lini, President of VAP, was also reportedly conciliatory in a letter of January 1978 addressed to the French and United Kingdom ministers responsible for the Territory. In the letter, he said, inter alia, that his party had come to recognize the circumstances in which the present Representative Assembly had been set up. Although his party might consider itself as a partner in progress, VAP nevertheless considered it improper to participate in the affairs of the Assembly, adding that "the only way that our organization can participate in the duties of the Assembly is to be elected into an assembly".

17. It was reported that an accord was concluded on 5 April between Mr. Kalsakau and Mr. Lini by which it was agreed that unity must be realized prior to independence. Thus, by the seven-point agreement, VAP obtained satisfaction that new elections would be organized and in turn, VAP agreed to the maintenance of the French language in New Hebridean institutions. Previously, VAP had called for the suppression of French schools in the Territory.

C. Political parties

18. In addition to VAP, e/ the Federation of Independents was formed on 11 February 1977, reportedly by French businessmen, and the Tan Union Party was formed four days later by the Union des communautés des Nouvelles-Hébrides (UCNH) with the Jon Frum, Kabriel and Tabwemasana parties. The Natatok party was formed at Vila on 12 July 1977. All of the newly created parties appeared to consider that independence for the Territory in 1977, as advocated by VAP, was premature.

19. The other active party, Mouvement d'autonomie des Nouvelles-Hébrides (MANH), (also known as the Mouvement d'action des Nouvelles-Hébrides) declared that the Territory was not ready to achieve independence until 1984.

20. On the day of the elections (29 November 1977), despite appeals from other parties, VAP declared independence unilaterally and set up a "People's Provisional Government". Prior to the elections, the administering Powers had appealed to all political parties to work together to set up the necessary institutions for a viable and independent State in accordance with their decision to bring the Territory to independence, should the people so decide in a referendum in 1980.

21. VAP claimed that the flag of its "Provisional Government" was successfully raised on 29 November at 47 of the party's 50 centres. The party refused to allow any British or French government officers, expatriates or those working for private business firms to enter its territorial zones without a permit from the headquarters of that Government.

D. Future status of the Territory

22. On 10 May 1978, it was reported that representatives of the administering Powers, gathered at Paris for a two-day meeting, had reviewed the political situation in the Territory as well as the administrative and financial problems facing it, thus completing the first round of talks aimed at bringing independence to the New Hebrides by 1980. The administering Powers are reported to have agreed to the establishment by the Representative Assembly of committees to prepare a draft constitution and propose electoral reforms.

e/ Ibid., Thirty-second Session, Supplement No. 23 (A/32/23/Rev.1), vol. III, chap. XIII, annex, para. 13.

23. On 11 May, Mr. Lini was said to have made a long announcement on Radio Vila setting out the following five points:

(a) VAP trusted the Ad Hoc Committee on electoral reform, which had begun to draw up a programme for the future political development of the Territory;

(b) The People's Provisional Government would be suspended from 11 May until the end of June 1978, by which time the Ad Hoc Committee would have finished its work;

(c) If the Representative Assembly were to announce at its June 1978 session that new elections would be held before June 1979, the People's Provisional Government would be permanently suspended;

(d) If, in June 1978, the Representative Assembly were to set the date for new elections before June 1979, VAP would accept the Chief Minister's offer of three ministerial seats in the present Government;

(e) If, in June 1978, the Representative Assembly were to agree to new elections in the next 10 to 15 months, VAP would be prepared to take up the three seats as early as July or August 1978.

24. Mr. Lini specified that VAP would stop issuing and demanding pass cards to visit its areas and would stop collecting fees and licences. It would also hand over to the Condominium Treasury whatever fees had already been collected. Mr. Lini stressed that all political sides in the New Hebrides now strongly desired unity and wished to put behind them the period of political strife which had divided the country. Disunity could delay independence and cause difficulties in building a strong country. He also pointed out that political matters were being settled between New Hebrideans in the Ad Hoc Committee, and not under the tutelage of the British and French authorities.

25. Professor Yash Ghai, adviser on constitutional matters relating to independence in both Papua New Guinea and Solomon Islands, recently visited the New Hebrides. Born in Sri Lanka and now a citizen of Kenya, Professor Ghai holds the chair of constitutional law at Uppsala University in Sweden. During his stay in the Territory, Professor Ghai met with members of the provisional council (see para. 7 above).

E. Public service

26. In its annual report for the year under review, the Government of the United Kingdom stated that the progressive localization of the British National Service (see para. 3 above) had continued and that an increasing number of officers were attending local and overseas in-service training courses. As a consequence of improvements in the police and medical training schools fewer officers were being sent overseas for specialist training.

27. In 1976, 27 students left the Territory to commence training to enable them to fill middle-management posts in the service. During that year, 9 New Hebrideans with degrees returned to the Territory and were absorbed into the British National Service. Currently, 47 students are studying overseas.

3. ECONOMIC CONDITIONS

A. General

28. The economy of the New Hebrides is based largely on subsistence gardening and the production of copra, mainly for export. Other exports include coffee, cocoa, meat (both frozen and tinned) and frozen fish. The number of visitors calling at the islands, both from cruise ships and by air, significantly increased over the course of the year.

29. As a result of uncertainties facing the major world economies and political developments in the New Hebrides, there were fewer private investments during the period under review.

B. Land

30. In his pamphlet Land and Politics in the New Hebrides, Mr. Barak Sope, a member of VAP, has written that the major land problem in the Territory is "maldistribution of land between Europeans and New Hebrideans". Although the latter comprise 95 per cent of the population and hold 64 per cent of the land, Europeans who make up only 3 per cent of the population own 36 per cent of the land. He points out that "the ownership is justified on political grounds. It is a political problem, and any steps taken to solve it entail political consequences". Mr. Sope states that land was the issue on which VAP was founded in 1971, and that VAP is determined that all alienated lands should revert to their original owners, the indigenous inhabitants of the New Hebrides.

31. Land registry figures (in hectares) at 21 March 1977 were as follows:

Total area of New Hebrides	1 188 166
Registered land	241 676
Unregistered land	946 490
Ownership	
New Hebrideans	45 176
Native reserves	13 309
Individuals	58 957
Companies	56 930
Churches/missions	12 366
Government	14 060
Municipalities	15
Other	40 863

32. In his radio address of 11 May 1978 (see also para. 23 above), Mr. Lini, in referring to 15 areas where land disputes were threatened, called on the members of his party to take no further action on land disputes. He added that where action had already been taken, members were to make no further moves. All land matters were now to be taken up by the Ad Hoc Committee on Land Reform in which VAP would participate. The party would accept no responsibility for land actions carried out by individual members of VAP.

C. Agriculture and livestock

33. Copra is the principal cash crop. In 1976, production amounted to 34,228 metric tons, yielding export earnings of FNH 520.9 million f/ compared with 27,048 metric tons valued at FNH 337.6 million in the previous year. Although an improvement over the previous year's gains, the 1976 return was still low compared with the 1974 earnings of FNH 1.5 billion and reflected the slow recovery in the copra market.

34. In 1976, 649 metric tons of cocoa and 25 metric tons of coffee were exported (564 metric tons and 36 metric tons, respectively, in 1975) at a value of FNH 66.5 million and FNH 6.6 million.

35. During the year under review, the Condominium Department of Agriculture was renamed the Condominium Department of Rural Development. Its 1976 budget amounted to FNH 51.9 million.

36. In 1976, it was estimated that there was a total of 110,000 head of cattle. In the year under review, local consumption of meat in the urban areas totalled approximately 900 metric tons.

37. Exports of beef and other animal products in 1976 were as follows: 349 metric tons of frozen meat, 154 metric tons of tinned beef and 14 metric tons of offal.

38. The Condominium Agricultural and Industrial Loans Fund was suspended early in 1976 pending a review of its effectiveness and organization.

39. The New Hebrides is said to have the potential to increase its exports of meat and live animals but is not yet recognized as disease-free by prospective buyers in neighbouring countries. According to two projects undertaken by the United Nations Development Programme (UNDP), "Animal disease survey" and "Animal diseases legislation and control", the Territory is free of all major infectious diseases. Nevertheless, the New Hebrides has decided to maintain constant surveillance and to eradicate the minor incidence of tuberculosis and brucellosis in the country. If Australia, in particular, were to recognize the disease-free status of the country, prospects of meat trade with the Territory's neighbours would be enhanced. For this

f/ The pound sterling and the French franc are legal tender in the Territory. The currency in use, however, is the New Hebrides franc (FNH). Due to fluctuations in the rate of exchange, the conversion rate of FNH 100 ranged from \$US 1.18 to \$US 1.31 in 1976.

reason, the Government of the New Hebrides has requested further UNDP assistance in an animal-disease control programme which was approved in May 1977 and put into operation the following month and for which the Food and Agriculture Organization of the United Nations (FAO) is the executing agency. UNDP is contributing \$US 197,000, while the estimated amount of the Government contribution is \$US 117,600.

D. Fisheries

40. In 1976, 6,091 metric tons of frozen fish were exported with an f.o.b. value of FNH 514.3 million (almost 40 per cent of the total value of exports), compared with 5,218 metric tons in 1975, valued at FNH 258.0 million (32.4 per cent of the total value of exports).

41. A commercial oyster project in Santo was terminated in 1976, owing to problems with salination levels and high mortality-rates among imported species.

42. Following consultations with the Governments of the South Pacific, UNDP approved a two-year, small-scale project in December 1973 to provide for a regional fisheries co-ordinator and consultants to assist the Governments in drawing up short-term and long-term plans to develop the potentially rich resources of the area. In March 1977, UNDP approved the continuation of the small-scale project to last a total of four years at an estimated additional cost to UNDP of \$US 60,400. Participating Governments include the Gilbert Islands, the New Hebrides, Solomon Islands and Tuvalu.

E. Forestry

43. The sawmill on the main island of Efate produced 1,200 metres of sawn timber during the year, comprising three or four indigenous species of wood. Other sawmills on Aneityum and Santo produced small amounts of sawn timber for local consumption. Exports amounted to 209 metres of sawn timber and 250 metres of logs, most of which were shipped to New Caledonia.

F. Mining

44. In 1976, the budget for the Condominium Mines Department totalled FNH 7.1 million. During the same year, 45,208 metric tons of manganese were exported (46,520 metric tons in 1975). In 1976/77, the budget for the Geological Survey Department was \$A 63,685 g/ (\$A 64,821 in 1975).

g/ At 1 June 1978, one Australian dollar (\$A 1.00) equalled \$US 1.13.

G. Public finance

45. As previously reported, the Territory has three budgets. Estimated revenue and expenditure during the period under review were as follows:

	<u>Revenue</u>	<u>Expenditure</u>
	(Australian dollars)	
Joint (Condominium) Services <u>a/</u>	10 458 174	9 277 271
British National Service <u>b/</u>	6 685 528	7 091 003
French National Service

a/ Calendar year 1976.

b/ Fiscal year 1976/77.

46. In 1976/77, development aid from the British National Service was estimated at \$A 2.4 million and capital expenditure at \$A 2.0 million, compared with actual expenditure of \$A 1.5 million and \$A 1.3 million respectively in 1975/76.

47. Capital expenditure under the Joint Development Plan amounted to FNH 183.4 million in 1976, FNH 65.3 million of which was a contribution from the recurrent revenue.

48. There is no income tax or corporate tax in the New Hebrides. About 60 per cent of the Joint (Condominium) Services' locally raised income is derived from import and export duties and the remaining 40 per cent from fees and charges for specific services such as water supply, vehicle licences, port dues and post and communication rates. Business licences are required for a wide range of activities of a commercial, industrial and professional nature. Local councils raise revenue through capitation taxes and rates. The British National Service raises some local revenue from company registration fees.

49. In 1976, imports amounted to an estimated FNH 2.6 billion and exports to an estimated FNH 1.3 billion, compared with FNH 2.6 billion and FNH 789.7 million in 1975.

H. Transport and communications

50. In 1976, ships entering the international ports of Vila, Santo, Palekula and Forari numbered 351, including 74 cruise ships.

51. A third international airline, Air Nauru, began services in the Territory in 1976, joining the Union des transports aériens (UTA) and Air Pacific. There were 892 international flights to the Territory in 1976.

4. SOCIAL CONDITIONS

A. Cost of living

52. In 1977, it was reported that increases in import duties in the New Hebrides had raised the prices of cigarettes, tobacco and automobiles. The new cost of vehicle licences was to have made motoring and transportation charges more expensive. Telephone charges were also to be increased.

B. Co-operative societies

53. In 1975, there were 182 co-operative societies under British supervision with a total membership of 11,417 (heads of families only). The total primary turn over amounted to \$A 3.7 million. The societies are administered from Vila by a chief co-operative officer and by senior staff in the four districts. During 1975, a deputy chief co-operative officer and six additional co-operative inspectors were appointed.

C. Labour

54. Although the labour force in the Territory is estimated at some 40,000 persons, about 75 per cent are involved in traditional agriculture. The remainder hold various salaried positions, in commercial and service industries.

55. According to the annual report of the United Kingdom for the year under review, the slow but steady recovery of copra prices was fortuitous, in view of the continuing general decline in opportunities for paid employment during 1976.

56. The report also stated that, although no assessment could be made of the actual level of genuine unemployment in the urban areas of Vila and Santo, there was little doubt that the drift of workers to those centres from the rural areas had substantially declined. Equally, there was evidence that workers who lost their employment during the course of the year were returning to their home areas.

57. The report further stated that, in the light of current economic conditions, the employment of school leavers presented an ever-increasing social problem. It was thought that few, if any, school leavers at the primary or senior primary level entering the labour market at the beginning of 1976 would have obtained any form of career employment. For secondary school leavers who had failed to obtain scholarships for further professional or technical training courses, career employment opportunities were extremely rare in both the private and government sectors. It was believed that if the current low level of economic activity did not improve to a substantial degree in the foreseeable future, the unemployed youth of the Territory would begin to present a serious social problem.

58. The report further states that, in the absence of an over-all development plan, professional and technical training of New Hebrideans should be directed towards

the localization of government services and the needs of the private sector, rather than be incorporated into a formal manpower planning programme. The long-term planning of manpower needs for the Government must of necessity await completion of government unification proposals.

59. During the period under review, there were no new opportunities for employment of New Hebridean workers in New Caledonia where it was estimated that only 500 New Hebrideans were working in 1976.

D. Public health

60. According to the annual report of the United Kingdom Government, medical and health staff in the Territory included 29 doctors, 27 in the government service and 2 at mission hospitals. Five of the government doctors held degrees with local but not metropolitan recognition. There were also 11 medical assistants, 4 locally certified midwives, 4 sanitary inspectors and 2 laboratory and X-ray technicians. In addition, there were 9 nurses with senior training (all locally born) and 249 locally certified nurses, all New Hebrideans, employed by the Government or by the missions; 14 partially trained nurses employed by the missions; and 1 laboratory and X-ray technician and 2 pharmacists in private practice.

61. In 1976, Vila had two hospitals (the new French Government Hospital completed in 1974 and a new British hospital to replace the former Presbyterian John G. Paton Memorial Hospital); Santo had one, the French Government hospital. The three hospitals had a total bed capacity of 393. There were 8 cottage hospitals, smaller institutions equipped to handle only lighter cases, with a bed capacity of 334; 57 dispensaries exclusively for the treatment of out-patients; and 45 dispensaries having a total of 274 beds for lighter cases which are subsequently referred to the general hospitals.

62. In 1976, recurrent expenditure for medical and health services was as follows: French National Service, \$A 1.2 million; British National Service \$A 1.4 million; and Joint (Condominium) Services, \$A 327,000.

5. EDUCATIONAL CONDITIONS

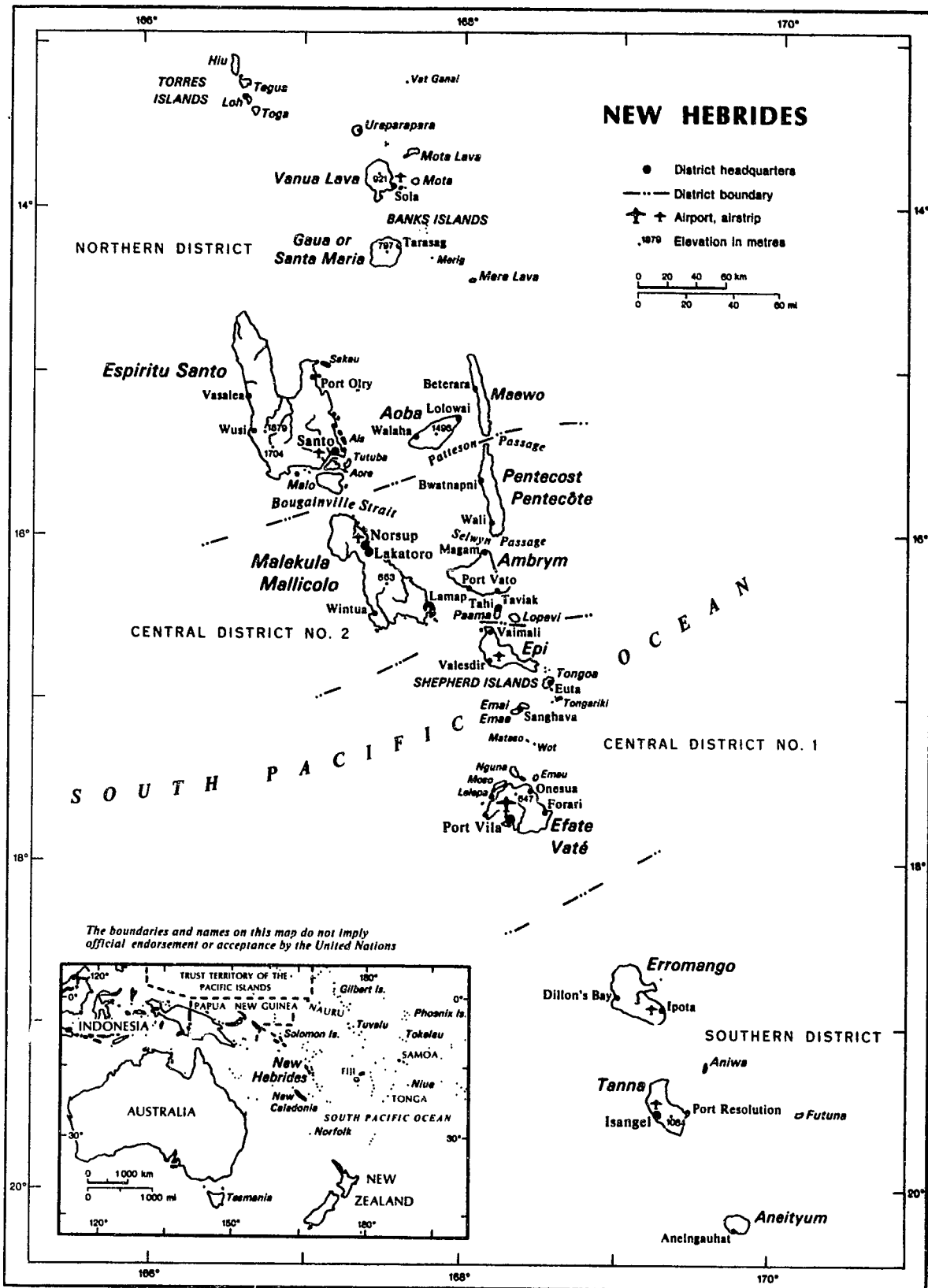
63. In 1976, there were an estimated 28,000 school-age children in the Territory (26,000 indigenous and 2,000 non-indigenous), compared with 27,000 in 1975.

64. Primary education supported by the British National Service was provided in 130 public schools and 39 independent schools (104 and 57, respectively, in 1975). A total of 10,987 students were enrolled in British primary schools, 636 in four public and one independent secondary school and 80 at the Kawenu Teachers' Training College at Vila. In addition 1,012 were attending 17 vocational training schools (15 independent and 2 government) and 116 students were attending institutes of higher education overseas. There were approximately 254 non-indigenous pupils in British schools.

65. More than 70 schools, about half provided by the French administration and the rest by French missionary bodies, are reported to be giving primary education in the French language. In 1976, the total number of pupils in French-language schools was 11,150, including 5,500 in government primary schools, 4,800 in private primary schools, 450 at the Vila lycée, 180 at the vocational high school and 220 at the Santo secondary school. There were also 77 French students enrolled in teacher-training courses.

66. United Nations experts are studying a proposal for the establishment of a technical university in the New Hebrides for skilled tradesmen. The university would serve as a centre for students from all the Pacific islands. The idea was first proposed by Australian and New Zealand representatives from the International Labour Organisation (ILO) who visited the New Hebrides in 1977.

67. In his 11 May 1978 radio address (see para. 23 above), Mr. Lini, President of VAP, stated that an ad hoc committee on education would be established to which any problems on education or language would be referred.



CHAPTER XIV*

TOKELAU

A. Consideration by the Special Committee

1. At its 1102nd meeting on 1 February 1978, by adopting the suggestions put forward by the Chairman relating to the organization of its work (A/AC.109/L.1205), the Special Committee decided, inter alia, to refer Tokelau to the Sub-Committee on Small Territories for consideration and report.
2. The Special Committee considered the item at its 1109th meeting, on 29 June.
3. In its consideration of the item, the Special Committee took into account the provisions of the relevant General Assembly resolutions, including in particular resolution 32/42 of 7 December 1977 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 13 of that resolution, the Assembly requested the Special Committee, inter alia, "to continue to seek suitable means for the immediate and full implementation of General Assembly resolution 1514 (XV) in all Territories which have not yet attained independence and, in particular: ... to formulate specific proposals for the elimination of the remaining manifestations of colonialism and to report thereon to the General Assembly at its thirty-third session". The Special Committee also took into account General Assembly decision 32/409 of 28 November 1977, by which the Assembly requested the Committee, inter alia, "to continue to seek the best ways and means, in co-operation with the administering Power, of implementing of the Declaration with respect to Tokelau, including the possible dispatch of a further visiting mission to the Territory at an appropriate stage ...".
4. During its consideration of the Territory, the Special Committee had before it a working paper prepared by the Secretariat (see annex to the present chapter) containing information on developments concerning the Territory.
5. The representative of New Zealand, as the administering Power concerned, participated in the work of the Committee during its consideration of the item.
6. At the 1109th meeting, on 29 June, the Rapporteur of the Sub-Committee on Small Territories, in a statement to the Special Committee (A/AC.109/PV.1109), introduced the report of the Sub-Committee (A/AC.109/L.1229) containing an account of its consideration of the Territory.
7. At the same meeting, the representative of New Zealand and the Chairman made statements (A/AC.109/PV.1109).
8. At the same meeting, the Special Committee adopted without objection the report of the Sub-Committee on Small Territories and endorsed the conclusions and recommendations contained therein (see para. 10 below).

* Previously issued as part of A/33/23/Add.4.

9. On 30 June, the text of the conclusions and recommendations was transmitted to the Permanent Representative of New Zealand to the United Nations for the attention of his Government.

B. Decision of the Special Committee

10. The text of the conclusions and recommendations adopted by the Special Committee at its 1109th meeting, on 29 June, to which reference is made in paragraph 8 above is reproduced below:

(1) The Special Committee reaffirms the inalienable right of the people of Tokelau to self-determination in conformity with the Declaration on the Granting of Independence to Colonial Countries and Peoples, contained in General Assembly resolution 1514 (XV) of 14 December 1960.

(2) Fully aware of the special circumstances of Tokelau, owing to such factors as its size, geographical location, population and limited natural resources, the Special Committee reiterates the view that these circumstances should in no way delay the implementation of the Declaration contained in resolution 1514 (XV).

(3) The Special Committee notes with appreciation the willingness of the administering Power to maintain its close co-operation with the Committee and the United Nations in the exercise of its responsibilities towards Tokelau and its sensitive approach in fostering an awareness among the Tokelauan people of all the possibilities open to them.

(4) Bearing in mind the concern of the people of Tokelau regarding their future, as well as the expressed policy of the administering Power of the Territory, the Special Committee notes with satisfaction the importance which New Zealand attaches to the process of political education, and welcomes in particular the encouragement of discussions between the representatives of the people of the Territory and the administering Power. It notes that in recent meetings in New Zealand between the elected leaders of each atoll, the faipule, and the Government of the administering Power, agreement was reached and subsequently approved at the general Fono in the Territory on the continuation of the process whereby decision-making and servicing responsibility is progressively being transferred to the Territory. The Committee notes with satisfaction the decision of the Fono to set up an advisory committee on financial and budgetary questions. It expresses the hope that Tokelauans will undertake additional responsibility for their own affairs at a pace commensurate with increased political awareness and education.

(5) In this connexion, the Special Committee also takes note of the policy of the administering Power that it will be guided by the wishes of the people of Tokelau concerning their future relationship with New Zealand in full accordance with resolution 1514 (XV).

(6) In this regard, the Special Committee notes the steps taken in the period under review to improve the effectiveness of the public service as an administrative instrument responsible to the wishes and needs of the people.

(7) The Special Committee notes that the potential for the economic development of the Territory is limited, owing to its dependence on subsistence agriculture and fisheries. Nevertheless, the Special Committee urges the administering Power, in co-operation with the territorial Government, to continue to take effective measures to safeguard and guarantee the rights of the people of Tokelau to their natural resources and to establish and maintain control of their future development.

(8) The Special Committee notes with interest that other improvements continue to be made in the economic sphere such as in livestock strains, pest control and replanting programmes. It also notes that in the fiscal year ended 31 March 1978, the administering Power contributed \$NZ 900,000 in financial aid to the Territory.

(9) The Special Committee further notes the efforts of the administering Power to improve facilities for the health care and education of the local population. It expresses the hope that suitable arrangements will be made with regard to the provision of secondary educational facilities for Tokelauans.

(10) The Special Committee notes with satisfaction the increasing participation of Tokelauans in regional activities and conferences. It expresses its belief that such participation helps to build regional solidarity and is an important element in the process of political education.

(11) The Special Committee reiterates its expression of appreciation to the specialized agencies and other organizations and bodies within the United Nations system, as well as to the regional organizations, for the assistance which they have rendered to Tokelau. It notes that a tentative agreement between the United Nations Development Programme (UNDP) and Tokelau has recently been reached on a \$US 30,000 programme of assistance for 1978 with projects planned in agriculture and fishing, communications and education. In welcoming this practical and appropriate assistance, the Committee draws the attention of the specialized agencies and other organizations within the United Nations system to the provisions of decision 32/409 of 28 November 1977, adopted by the General Assembly at its thirty-second session.

(12) Mindful of the effective means provided by United Nations visiting missions to assess the situation in the Territories, and recalling that the 1976 Visiting Mission considered that conditions in Tokelau should be kept under constant review, the Special Committee is of the view that the possibility of sending a second mission to the Territory at an appropriate time should be kept under review, taking into account, in particular, the wishes of the people of Tokelau.

ANNEX*

Working paper prepared by the Secretariat

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* Previously issued under the symbol A/AC.109/L.1212.

TOKELAU a/

1. GENERAL

1. Basic information on Tokelau is contained in the report of the Special Committee to the General Assembly at its thirty-first session which included the report of the 1976 United Nations Visiting Mission to the Territory. b/ Supplementary information is set out below.

2. Tokelau, a New Zealand dependency in the central South Pacific, consists of the three atolls of Fakaofu, Atafu and Nukunonu. The census held on 25 October 1976 showed the following population (1975 figures in parenthesis):

Atafu	546	(564)
Fakaofu	666	(665)
Nukunonu	<u>363</u>	<u>(374)</u>
	1 575	(1 603)

3. In December 1976, the Territory, formerly known as the Tokelau Islands, was officially designated "Tokelau", the name by which it was customarily known to its inhabitants.

2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

A. General

4. Having no viable economic base, and being remote and very small, Tokelau presents special problems in respect of decolonization. The declared policy of the New Zealand Government has been to disturb as little as possible the internal institutions which make up the Tokelauan way of life. The current annual report of the administering Power states that, as a result of that policy, the islands today in many respects are already self-governing. They are serviced by the Tokelau Public Service (see paras. 9-11 below) which increasingly takes its direction from Tokelau rather than from New Zealand. Although the Secretary of Foreign Affairs is the Administrator in Tokelau and is responsible to the

a/ The information contained in this paper has been derived from published reports and from the information transmitted to the Secretary-General by the Government of New Zealand under Article 73 e of the Charter of the United Nations on 3 October 1977 for the year ending 31 March 1977.

b/ Official Records of the General Assembly, Thirty-first Session, Supplement No. 23 (A/31/23/Rev.1), vol. III, chap. XVII, annex.

New Zealand Minister for Foreign Affairs, in practice, most of the powers of the Administrator are now exercised by the Official Secretary of the Office for Tokelau Affairs, who is head of the Tokelau Public Service. The Office, by agreement with the Government of Samoa, continues to be based at Apia and there is close administrative co-operation between that Government and the Tokelau Public Service. The Official Secretary and his staff visit the Territory regularly by chartered ship.

5. The dominant political institution in each village is the taupulega (council of elders). It comprises the heads of family groups together with the faipule and the pulenuku (mayor). The faipule represents the village in its dealings with the administering Power and the Tokelau Public Service, and presides over the village fono (council) and the court. The pulenuku is responsible for the administration of village affairs, such as the scheduling of work, cleanliness, sanitation, water supplies and the inspection of plantations. A failautuhi (village clerk) keeps a record of transactions arising from the discussions of the council. The faipule and pulenuku are democratically elected by universal adult suffrage every three years.

6. Tokelau is in the area covered by the activities and programmes of the South Pacific Commission and benefits from the work carried out by that organization. Early in 1976, a Tokelauan representative attended the 1976 South Pacific Conference Review and Appraisal Meeting. In September, Tokelau was represented by a four-person delegation at the sixteenth annual South Pacific Conference, held at Nouméa, New Caledonia. In October, a six-person Tokelauan delegation participated in a study tour of Fiji and Niue. Tokelauan delegations also attended other regional technical meetings and seminars in 1976/77 including: a seminar for public service commissioners, held at Port Moresby; a subregional course on agricultural extension work, held in Fiji; an International Red Cross seminar on disaster relief and preparedness, held at Suva; a regional seminar on gastro-enterology also held at Suva; and a conference on education and the community, held at Rarotonga.

7. The basis of Tokelau's legislative and judicial systems is the Tokelau Islands Act, 1948, as amended. c/ New Zealand statute law does not apply to Tokelau unless there is an explicit reference to the Territory. The Governor-General of New Zealand is empowered to make all such regulations as he considers necessary for the peace, order and good government of Tokelau. The following legislation was enacted during the year under review: Tokelau Territorial Sea and Fishing Zone Act, 1976; Tokelau Amendment Act, 1976; and Tokelau Finance Regulations, 1967, Amendment No. 3.

8. The Tokelau Islands Amendment Act, 1970, d/ gave the High Court of Niue civil and criminal jurisdiction in Tokelau as if that Court had been established as a

c/ Ibid., appendices I-VI.

d/ Ibid., appendix III.

separate Court of Justice in Tokelau; the Supreme Court of New Zealand has original and appellate jurisdiction. The Act also provided for the appointment of a Tokelauan Commissioner in each of the three islands to deal with civil proceedings and criminal offences.

B. Public service

9. The Tokelau Public Service, established in 1969 under the jurisdiction of the New Zealand State Services Commission, comprises 143 permanent employees. During the period under review, the Office for Tokelau Affairs at Apia comprised 23 posts (including a number at the level of director). Each island's public service establishment was set at approximately 40. (An average breakdown for each island might be: 14 teachers; 1 medical officer, 1 dental officer and a nursing staff of 8; 10 tradesmen; 2 policemen; 2 radio operators; 1 administrative officer; and 1 clerk/typist.)

10. In December 1976, a comprehensive review was made of the service to ensure that it was properly equipped to carry out the new functions and responsibilities devolving upon it. The outcome of the review was a restructured and strengthened public service.

11. According to the report of the administering Power, conditions of employment for Tokelau's public servants have been upgraded as a result of the restructuring and measures are under way to ensure that there are a sufficient number of Tokelauans available in future to staff the service at all levels. In-service training opportunities for public servants have been increased; a first manpower development plan is under preparation; and advantage is being taken of the numerous regional seminars and meetings on such topics as public administration and management. An effort has also been made to attract New Zealand-based Tokelauans with skills and qualifications back into the service. Between October 1976 and March 1977, six such appointments were made.

C. Future status of the Territory

12. According to the 1976 Visiting Mission, the people of Tokelau considered that they were not yet ready to manage their own affairs by themselves and wished to maintain their close ties with New Zealand for the time being. In that connexion, the Tokelauans emphasized that it was in the Territory's interests to improve further its economic and social conditions so as to meet the needs of the people. e/ The Mission considered that the administering Power had to make the issues clear to the people and explain the choices available to them in such a manner as to allay their apprehensions about the future. The representatives of the administering Power assured the Mission that the wishes of the people would be

e/ Ibid., annex, paras. 412-413.

respected, and that the New Zealand Government was ready to give its support to the people to meet their needs and allow them to run their own affairs.

3. ECONOMIC CONDITIONS

A. General

13. The economy of Tokelau is based mainly on the resources of the sea and on the coconut and pandanus palms and allows little scope for economic development. Employment on public service projects, such as the construction of a new hospital and school in each atoll, has diverted much of the Territory's labour force from food gathering and copra production, although care is taken, according to the administering Power, to limit such dislocation. Families obtain part of their cash income from relatives in New Zealand; funds are also sent by the Tokelauan communities in New Zealand for village and church projects. A new outlet has recently been created for the export and sale of handicrafts, and it is planned to install a freezer chamber in each village for the storage of fish for export as well as local consumption.

B. Land

14. The numerous uninhabited islets of each atoll are used as plantations. Local timber is used to build canoes and houses and in the manufacture of domestic utensils. Wood-work and plaited ware are marketed on a small scale. The coconut palm, which is predominant in the atolls, provides a staple export in the form of copra.

15. Practically all land is held by customary title in accordance with the customs and usages of the inhabitants. The Tokelau Islands Amendment Act, 1967, f/ provides that the people of Tokelau may dispose of their land among themselves according to their customs, but they may not alienate land by sale or gift to non-indigenous inhabitants. Land holdings, which pass from generation to generation within families, are held by the head of the family group, although some land is held in common.

C. Agriculture

16. Tokelau's soil is thin and infertile and has resisted efforts to increase its production by the application of fertilizers. Apart from copra, agricultural products are of a basic subsistence nature. Food crops consist of coconuts, ta'amu and pulaka (root vegetables), bread-fruit, pawpaw, the fruit of the edible pandanus and bananas. It is reported that an agricultural worker from each of the three atolls is now receiving training in agricultural practices.

f/ Ibid., annex, appendix II.

D. Livestock and fisheries

17. Livestock consists of pigs and poultry. An experimental piggery with a capacity for 130 animals has now been established at Nukunonu as a commercial enterprise. In May, the Chief Livestock Officer at Apia supplied Tokelau with 12 roosters and 6 sows to conduct a pilot study in breeding.

18. Dietary staples include ocean and lagoon fish and shellfish, all of which are available in quantity. The most common species of fish caught are tuna, bonito, trevally and mullet. On 10 December 1976, a bill was enacted in the New Zealand House of Parliament extending the fishing zone of Tokelau from 3 to 12 nautical miles. Two fisheries advisers from the United Nations Development Programme/Food and Agriculture Organization of the United Nations (UNDP/FAO) visited Tokelau in February 1977.

E. Transport and communications

19. During the year under review, the MV Cenpac Rounder, a vessel owned by the Nauru Pacific Line, was chartered for six voyages; two voyages were also made by smaller ships. The towboat built by the Office for Tokelau Affairs in early 1975 proved its worth in speeding up the passage of whaleboats (flat boats) through the reef channel. It is expected that the second stage of the reef channel improvement project will begin in 1978, the first stage having been completed in mid-1976. g/

20. Three of Tokelau's four radio stations are now transmitting weather reports and commercial traffic schedules at four-hour intervals. A standby single sideband radio set is to be provided for each island. In addition, a newsletter, published in Tokelauan and English at regular intervals by the Office for Tokelauan Affairs, is widely distributed in Tokelau as well as among the Tokelauan communities in Samoa and New Zealand.

F. Public finance

21. Local revenue is derived principally from the export tax on copra, which is levied at the rate of 10 per cent ad valorem of its f.o.b. value at the port of Apia. This revenue is paid into special village funds, the utilization of which is determined by the authorities of the village. The village funds are matched by a 2:1 subsidy from Tokelau's general budget. Other revenue is derived from an export tax (also 10 per cent) on handicrafts, shipping and freight charges, the sale of postage stamps and radio and telegram services. A customs duty of 12.5 per cent ad valorem is levied on all goods entering the Territory. Tokelau's earnings from those services during the year under review stood at some \$NZ 100,000 h/ compared with \$NZ 63,817 for the previous period.

g/ Ibid., annex, paras. 392-393.

h/ The local currency is the New Zealand dollar; \$NZ 1.00 equals approximately \$US 0.99.

22. In 1976/77, the Government of New Zealand contributed a total of \$NZ 751,579 in financial aid to Tokelau. At 31 March 1977, the balance in the Copra Stabilization Fund was \$NZ 20,655.

23. In February 1977, a savings bank was set up on each island, under the control of the administration officer.

G. Trade

24. Until August 1976, trading operations in the Territory were carried out by the Burns Philp (South Seas) Company, Ltd., at Apia. From August to December 1976, the operation was handled by the Office for Tokelau Affairs in preparation for the establishment of a village co-operative on each island. In November 1976, the managers of the stores on each of the three islands were sent to Tuvalu for an observation course followed by on-the-job training for two months at Apia. In February 1977, all three stores opened for business in temporary buildings erected by the village public works teams.

4. SOCIAL AND EDUCATIONAL CONDITIONS

A. General

25. Tokelauan society is centred on the kaiga (extended family group). Village affairs are the prerogative of the taupulega, which includes representatives of all the family groups.

26. During the period under review, work was under way on the construction of an administration building on each island to house the office of the faipule, the administration office, the police office, the radio room, the post office and the village co-operative store.

27. Until 1976, the people of Tokelau depended on business firms in Apia for most of their food and supplies (see para. 24 above), but, with the co-operative store, they can now buy food-stuffs more cheaply and ensure that the profit goes to the village. They are also able to purchase goods throughout the year instead of only on shipping days.

B. Housing

28. The 1976 Visiting Mission considered it of primary importance that the Administration set out and sustain a clear policy in the field of housing.

C. Public health

29. During the year under review, the new hospital buildings on all three atolls were completed and officially opened. The medical staff of the Government of Samoa assists with the medical services of the Territory and makes regular visits to the atolls. Three Tokelauan medical officers and a medical officer from Tuvalu serve on Tokelau.

30. Skin diseases resulting from the limited supply of fresh water for personal hygiene are common but are kept fairly well under control. In an effort to improve the supply of fresh water, 24 large water tanks were installed in association with the building programme. Work also went ahead on the programme aimed at utilizing to the fullest possible extent the water catchment areas of village and public service buildings. There is a certain amount of eye trouble, partly due to irritation caused by sand and water which enter the eyes during fishing and partly to the effects of sunshine glare from the lagoons and ocean.

D. Labour

31. Copra production and the manufacture of plaited ware and wood-work are the only industries of significance in Tokelau, and no supervision of employment conditions in these industries is considered necessary. Most labour is devoted to procuring food, maintaining the village and producing woven mats, fans and curios. The various public works programmes and projects also provide useful employment.

32. As a result of the assisted resettlement scheme, whereby families were offered the opportunity of resettlement in New Zealand, i/ the population now seems to be in a better state of equilibrium with available resources. At the request of the general Fono (Council), the scheme has now been suspended.

E. Education

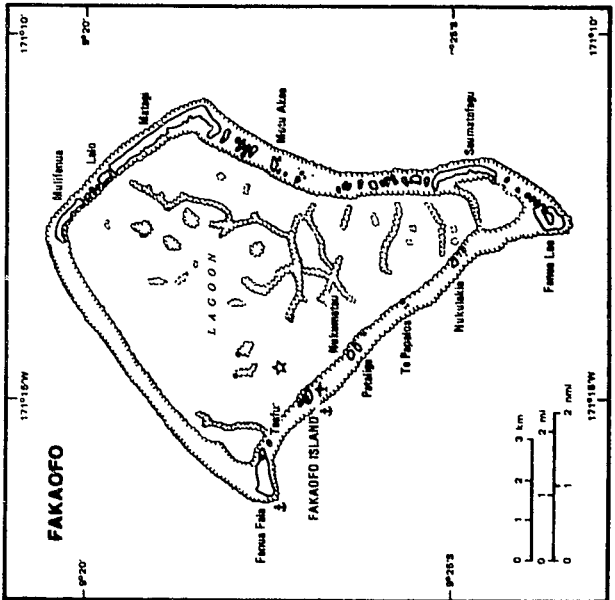
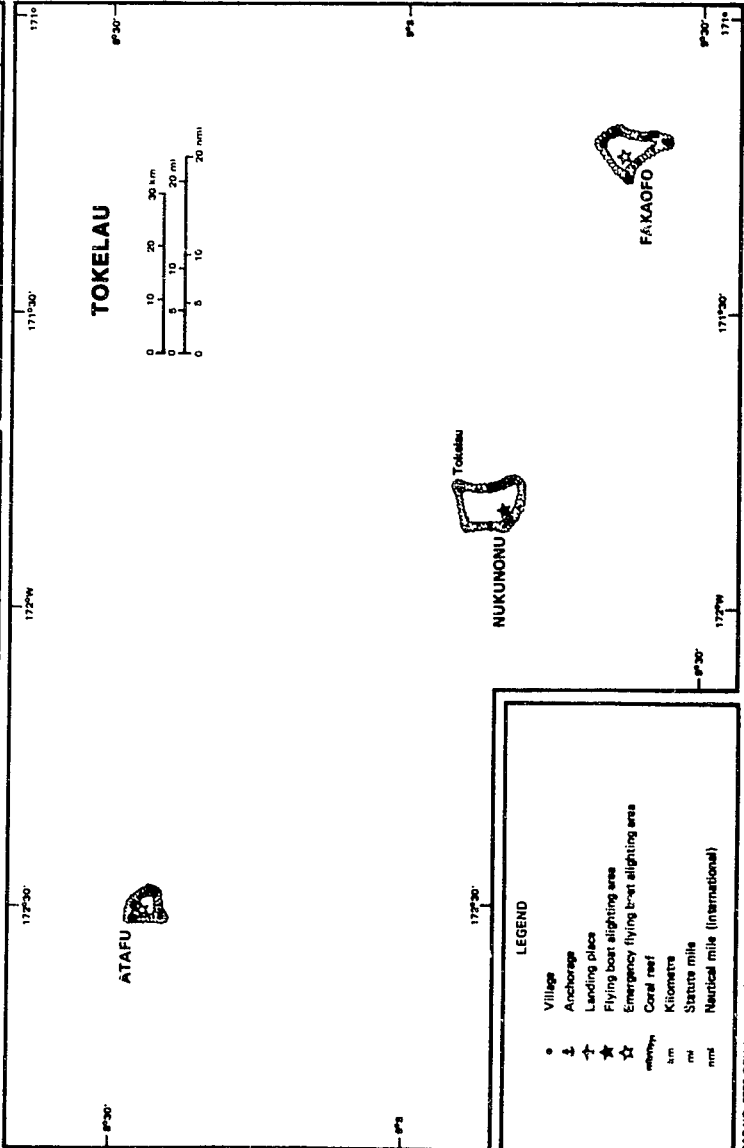
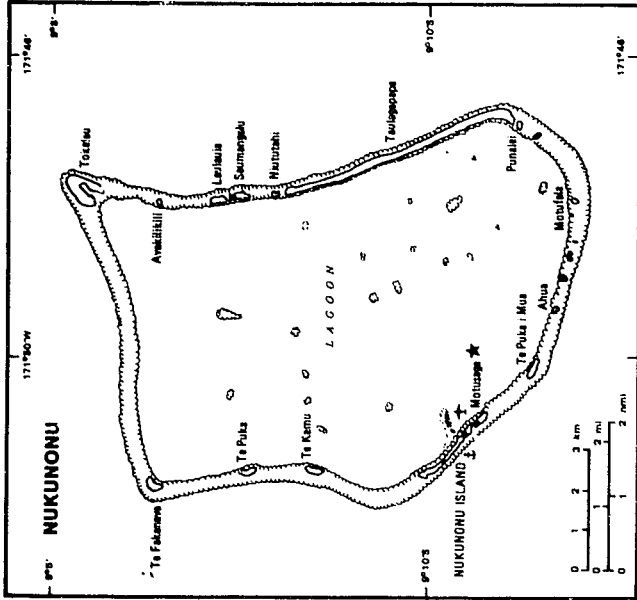
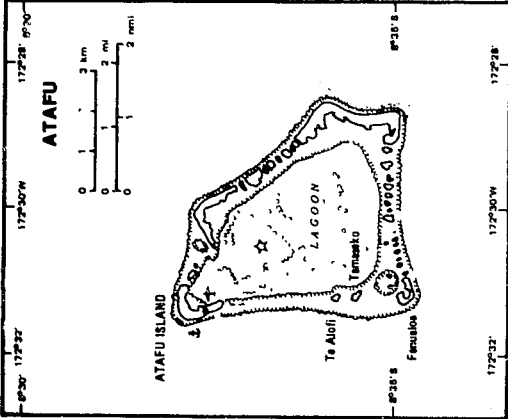
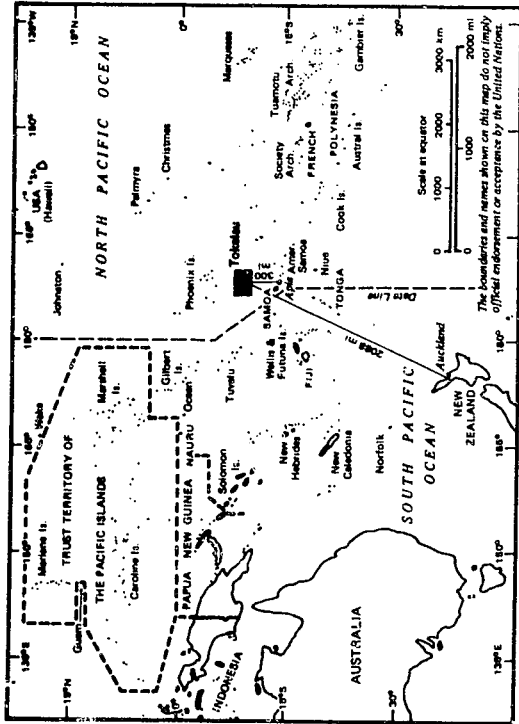
33. Schooling on Tokelau is aimed both at preparing children for life in Tokelau and at equipping them to pursue their studies or undertake a career in New Zealand. Each island has a modern, well-equipped primary school for children from 5 to 15 years of age. There are also pre-school classes in each village. Schooling is free, and attendance is nearly 100 per cent. The New Zealand Department of Education offers advisory services to the three principals and also helps with the provision of materials and equipment. The schools are inspected annually by a senior officer of the New Zealand Department of Education.

34. Tokelau has 35 qualified teachers and 16 teachers' aides. The schools are equipped with radio sets, tape recorders and slide and movie projectors. Each island has a parents' committee, which helps to raise funds and organize school activities.

i/ Official Records of the General Assembly, Thirty-first Session, Supplement No. 23 (A/31/23/Rev.1), vol. III, chap. XVII, annex, para. 273.

35. In 1976/77, 15 children attended secondary schools in New Zealand, and a further 15 entered secondary school in Samoa on scholarships arranged by the Office for Tokelau Affairs. In 1977, four Tokelauan children were accepted for secondary education in Niue, also under the sponsorship of the Office for Tokelau Affairs.

36. At 31 March 1977, 133 Tokelauan students and trainees were studying overseas under official sponsorships, compared with 112 the previous year. In addition, 58 Tokelauans were receiving short-term and in-service training in a wide range of occupations.



CHAPTER XV *

BRUNEI

A. Consideration by the Special Committee

1. At its 1102nd meeting on 1 February 1978, by adopting the suggestions put forward by the Chairman relating to the organization of its work (A/AC.109/L.1205), the Special Committee decided, inter alia, to refer Brunei to the Sub-Committee on Small Territories for consideration and report.
2. The Special Committee considered the item at its 1113th meeting on 9 August.
3. In its consideration of the item, the Special Committee took into account the provisions of the relevant General Assembly resolutions, including in particular resolution 32/42 of 7 December 1978 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 13 of that resolution, the Assembly requested the Special Committee, inter alia, "to continue to seek suitable means for the immediate and full implementation of General Assembly resolution 1514 (XV) in all Territories which have not yet attained independence and, in particular: ... to formulate specific proposals for the elimination of the remaining manifestations of colonialism and to report thereon to the General Assembly at its thirty-third session". The Special Committee also took into account General Assembly resolution 32/27 of 28 November 1977, by paragraph 8 of which the Assembly requested the Committee, inter alia, "to continue to keep the situation in Brunei under review ...".
4. During its consideration of the Territory, the Special Committee had before it a working paper prepared by the Secretariat (see annex to the present chapter) containing information on developments concerning the Territory.
5. At the 1113th meeting, on 9 August, the Rapporteur of the Sub-Committee on Small Territories, in a statement to the Special Committee (A/AC.109/PV.1113), reported that at its 337th meeting on 23 June, the Sub-Committee, on a proposal of its Chairman had decided to refer the item directly to the Special Committee for appropriate action.

B. Decision of the Special Committee

6. At its 1113th meeting on 9 August, following a statement by the Chairman (A/AC.109/PV.1113), the Special Committee decided, without objection, to give consideration to the item at its next session, subject to any directives which the General Assembly might give in that connexion at its thirty-third session and, in order to facilitate consideration of the item by the Assembly, to authorize its Rapporteur to transmit directly to the Assembly the relevant documentation on the question.

* Previously issued as part of A/33/23/Add.4.

ANNEX*

Working paper prepared by the Secretariat

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* Previously issued under the symbol A/AC.109/L.1251.

BRUNEI a/

1. GENERAL

1. Basic information on the Territory is contained in the report of the Special Committee to the General Assembly at its thirty-first session. b/ Supplementary information is set out below.

2. Brunei is situated on the northern coast of the island of Borneo and comprises two enclaves in north-east Sarawak, East Malaysia, covering an area of about 5,765 square kilometres. Its capital is Bandar Seri Begawan. In 1975, the population was estimated at 147,000.

2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

3. Under an agreement signed in 1959 and amended in 1971, the Government of the United Kingdom of Great Britain and Northern Ireland continues to be responsible for Brunei's external affairs. The United Kingdom Government now plays a consultative role in defence in the event of the threat of an external attack by a third Power on the Territory. The United Kingdom is represented by a High Commissioner, whose appointment is subject to the agreement of the Sultan.

4. Supreme executive authority is vested in the Sultan, Sir Hassanal Bolkiah, whose assent is required for all bills passed by the Legislative Council. In the exercise of his authority, the Sultan is assisted by the Mentri Besar (Chief Minister), the Privy Council and the Council of Ministers. The Legislative Council, which consists of 20 members, 10 ex officio and 10 nominated, may make laws for the peace, order and good government of the State, subject to the assent of the Sultan. The Territory's judicial system consists of a High Court, a Court of Appeal and Islamic courts.

5. Brunei is divided into four districts, each of which is administered by a district officer advised by a district council, most of whose members are elected. There are municipal authorities in Bandar Seri Begawan, Kuala Belait, Seria and Tutong.

6. In December 1977, the Sultan declared in a statement opening the fifteenth session of the Legislative Council that no country or organization had the right to interfere with the relationship between Brunei and the United Kingdom. It was solely a question between the State of Brunei and Her Majesty's Government. There was no reason whatsoever for other countries "to meddle in the affairs of Brunei, as Brunei is a sovereign nation and a self-governing State".

a/ The information contained in this paper has been derived from published reports.

b/ Official Records of the General Assembly, Thirty-first Session, Supplement No. 23 (A/31/23/Rev.1), vol. III, chap. XVIII, annex.

7. There are two recognized political parties in Brunei: the Partai Barisan Kermerdekaan Rakyat, known as BAKER (People's Independent Front of Brunei), formed in August 1966 with the stated objectives of constitutional advance and independence; and the People's National United Party (PERKARA), formed in November 1968 with the stated aim of strengthening the position of Brunei as a sultanate. No recent information is available on the present status of these two parties or their activities. A third party, the Partai Rakyat Brunei (PRB) (the People's Party of Brunei), registered in August 1956, has been banned since 1962, following the postponement of the Legislative Council. At that time, PRB declared independence unilaterally. On 12 December, the Sultan declared a state of emergency and called in British troops to re-establish order.

8. In December 1976, four members of PRB who had played an active role in the 1962 rebellion were released after spending 13 years in detention. According to an official of the Department of Security and Intelligence, 22 members of PRB were at that time still in custody, in addition to 6 others who were arrested in 1976.

9. On 25 February 1978, a further four men involved in the 1962 rebellion were released, two of whom had originally confessed to involvement in the murder of the district officer of Temburong during the rebellion, although they later claimed to have confessed under duress. Three other men arrested in January 1978 were also released in February. They described in a report how they had carried out propaganda missions in Brunei on orders from PRB.

10. By its resolutions 3424 (XXX) of 8 December 1975, 31/56 of 1 December 1976 and 32/27 of 28 November 1977, the General Assembly, among other things, called on the Government of the United Kingdom to take all steps within its competence to facilitate expeditiously the holding of free and democratic elections by the appropriate government authorities in Brunei, in consultation with and under the supervision of the United Nations. The Assembly further called, prior to the elections, for the lifting of the ban on all political parties and for the return of all political exiles to Brunei so that they could participate freely and fully in the elections.

3. ECONOMIC CONDITIONS

11. Brunei's economy depends almost entirely on its rich petroleum resources, which account for over 95 per cent by value of all exports. Other economic activities include rubber cultivation, subsistence agriculture, forestry and fishing.

12. According to the State Financial Officer, estimated revenue amounted to \$BR 2.4 billion c/ in 1978 (\$BR 2.1 billion in 1977) and estimated recurrent

c/ At 1 July 1972, \$BR 2.82 were reported to be equal to \$US 1.00.

expenditure to \$BR 814 million; in addition, \$BR 160 million would be added to the Development Fund, leaving an over-all surplus for 1978 of \$BR 1.4 billion. The Financial Officer said that the balance in the consolidated revenue account at the end of 1977 was almost \$BR 5.0 billion, or \$BR 231 million more than expected. He estimated that the balance in the consolidated revenue account at the end of 1978 would be \$BR 6.4 million.

13. In August 1977, the Sultan announced that his Government had increased its shareholding in Brunei LNG, Ltd., a liquefied natural gas company at Lamut, from 10 to 33.3 per cent so that Brunei could have equal shares in the company with the two other shareholders, the Brunei Shell Petroleum Company and the Mitsubishi Oil Company Ltd., which had each previously held 45 per cent of the shares. The Brunei LNG plant, which was completed in 1972 at a cost of \$BR 600 million, is the largest liquefied natural gas plant in the world and has enabled Brunei to become the world's leading exporter of that product. The company exports all of its production to Japan, under contracts which are not due to expire until 1993.

14. The Sultan also announced that his Government had acquired shares in Coldgas Trading, Ltd., which had previously been owned entirely by the Brunei Shell Petroleum Company and the Mitsubishi Oil Company. Coldgas Trading has seven tankers, which it uses to ship liquefied natural gas from the Brunei LNG plant to Japan.

15. The Government of Brunei also owns at least 50 per cent of the Brunei Shell Petroleum Company which, in addition to producing oil, supplies Brunei LNG with natural gas for processing. It has been reported that the Government is studying ways to participate in Shell's local marketing company. In 1976, government revenue from local petrol sales surpassed \$BR 9 million.

16. In April 1978, it was reported that the Territory's first soft-drink bottling factory, a joint venture between a local company and Pepsi-Cola International of New York, was nearing completion and would begin production in June. The plant, which will be able to handle up to litre-size bottles, will begin with a 10-ounce measure, and the capacity to produce 150 bottles a minute.

17. It was also reported that the Orient Ice Cream and Cold Storage Company, in operation since 1968, had entered into an agreement with New Zealand Milk Products of Singapore to enlarge and modernize existing facilities, at a cost of \$BR 750,000, bringing the total worth of the factory, excluding the building and land, to \$BR 1.3 million. When the enlargement has been completed in June 1978, the company plans to increase its output of ice cream from 360 to 900 litres an hour and to begin producing butter fat and vegetable fat products. A specialist from New Zealand Milk Products will be based in Brunei as a permanent consultant.

18. In June 1977, it was reported that the Government of Brunei was installing new international and national telephone exchanges, which would be ready by 1979, at a cost of \$BR 37 million. The cost breakdown was estimated at \$BR 21 million for an antenna, electronic equipment, and links to the new international exchange; \$BR 10 million for the actual construction, including roads and housing for staff;

\$BR 4 million for the international exchange and modern telex facilities and \$BR 2 million for the central exchange. At present, Brunei has 3 high-frequency radio telephone connexions with Singapore and 2 with Hong Kong. With the new station there will be 14 connexions with Singapore, 6 with Hong Kong and 3 with the United Kingdom.

19. By the end of 1977, Brunei had 11,000 working telephones, which it was estimated would number 17,000 by 1980 and 34,000 by 1985. Each telephone installed represents a capital investment of \$BR 4,000.

CHAPTER XVI*

PITCAIRN

A. Consideration by the Special Committee

1. At its 1102nd meeting on 1 February 1978, by adopting the suggestions put forward by the Chairman relating to the organization of its work (A/AC.109/L.1205), the Special Committee decided, inter alia, to refer Pitcairn to the Sub-Committee on Small Territories for consideration and report.
2. The Special Committee considered the item at its 1109th meeting on 29 June.
3. In its consideration of the item, the Special Committee took into account the provisions of the relevant General Assembly resolutions, including in particular resolution 32/42 of 7 December 1977 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 13 of that resolution, the Assembly requested the Special Committee, inter alia, "to continue to seek suitable means for the immediate and full implementation of General Assembly resolution 1514 (XV) in all Territories which have not yet attained independence and, in particular: ... to formulate specific proposals for the elimination of the remaining manifestations of colonialism and to report thereon to the General Assembly at its thirty-third session". The Special Committee also took into account General Assembly decision 32/412 of 28 November 1977, by which the Assembly decided to defer until its thirty-third session consideration of the question of Pitcairn.
4. During its consideration of the Territory, the Special Committee had before it a working paper prepared by the Secretariat (see annex to the present chapter) containing information on developments concerning the Territory.
5. The representative of the United Kingdom of Great Britain and Northern Ireland, as the administering Power concerned, participated in the work of the Special Committee during its consideration of the item.
6. At the 1109th meeting, on 29 June, the Rapporteur of the Sub-Committee on Small Territories, in a statement to the Special Committee (A/AC.109/PV.1109), introduced the report of the Sub-Committee (A/AC.109/L.1225) containing an account of its consideration of the Territory.
7. At the same meeting, the Special Committee adopted without objection the report of the Sub-Committee on Small Territories and approved the draft consensus contained therein (see para. 9 below).
8. On 30 June, the text of the consensus was transmitted to the Permanent Representative of the United Kingdom to the United Nations for the attention of his Government.

* Previously issued as part of A/33/23/Add.4.

B. Decision of the Special Committee

9. The text of the consensus concerning Pitcairn adopted by the Special Committee at its 1109th meeting, on 29 June, to which reference is made in paragraph 7 above, is reproduced below:

The Special Committee, having examined the question of Pitcairn, takes note of the statements of the representative of the United Kingdom of Great Britain and Northern Ireland reaffirming the policy of that Government, as the administering Power concerned, to preserve the island community life for as long as the people of the Territory wish to remain, until or unless change becomes inevitable. The Committee urges the administering Power to continue to safeguard the interests of the people of the Territory so as not to abandon them to an uncertain future, and with a view to encouraging them to remain on the island. The Committee welcomes the completion by the administering Power of a land reclamation and wharf construction project on Pitcairn.

ANNEX*

Working paper prepared by the Secretariat

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* Previously issued under the symbol A/AC.109/L.1207.

PITCAIRN a/

1. GENERAL

1. Basic information on the Territory is contained in the report of the Special Committee to the General Assembly at its thirty-second session. b/ Supplementary information is set out below.
2. Among some 60 islanders who still inhabit the island, it is reported that the departure of young people has become specially serious. In 1977, there were only 17 able-bodied men of working age left on Pitcairn, of whom only 7 could be called young men. Apparently, however, there has been no serious talk of abandoning the island.

2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

3. No constitutional or political developments were reported during the period under review. Since the independence of Fiji in 1970, responsibility for the Territory has been in the hands of the United Kingdom High Commissioner to New Zealand, designated as Governor of Pitcairn. Pitcairn Islanders manage their internal affairs through an Island Council consisting of 10 members.
4. The Internal Committee comprises the elected Chairman and any other members the Island Council may appoint. Its principal function is to organize and implement the works programme.
5. The Island Court consists of the Island Magistrate and two councillors. Its jurisdiction is limited to offences under the Island Code and civil actions between residents of the Territory or those which arise in territorial waters. There is provision for appeal to the Supreme Court of Pitcairn, which the Governor has the power to constitute and which also has jurisdiction in cases outside the competence of the Island Court.

a/ The information contained in this paper has been derived from published reports and from information transmitted to the Secretary-General by the Government of the United Kingdom of Great Britain and Northern Ireland under Article 73 e of the Charter of the United Nations on 22 July 1977 for the year ending 31 December 1976.

b/ Official Records of the General Assembly, Thirty-first Session, Supplement No. 23 (A/31/23/Rev.1), vol. III, chap. XIX, annex, paras. 87-94; and *ibid.*, Thirty-second Session, Supplement No. 23 (A/32/23/Rev.1), vol. III, chap. XVII, annex.

3. ECONOMIC CONDITIONS

6. Pitcairn has an area of 452 hectares and is largely covered with secondary bush interspersed with grass, family gardens and fruit trees. Adamstown settlement occupies about 24 hectares. The remaining land was classified in 1974 as being suitable for gardens or arable farming (110 hectares), permanent tree crops (122 hectares) and forest (196 hectares). There are a few goats on the island and some poultry is kept for domestic consumption. Subsistence fishing is one of the main occupations of the islanders.

7. The Government operates one 9-1/4-kVA and two 8-kVA diesel generators for school and telecommunications requirements; a larger 56 kVA diesel generator supplies power for public lighting (including navigation lights) and for sale to the private homes in Adamstown. In June 1976, a fire destroyed the larger generator; a 35-kVA back-up unit has since been the main source of electric power. A few households operate small private generators and one privately owned 2-kW wind generator is being used experimentally.

8. Since mid-1968, no passenger ships, other than an occasional cruise ship, have called at Pitcairn Island. Sea communication is maintained by four shipping companies which collaborate to support a limited, scheduled service by cargo vessels travelling between New Zealand and Panama. This service provides for approximately one call every three months to Pitcairn in each direction. Occasional cargo vessels make unscheduled calls. During 1976, 34 ships called at Pitcairn (48 in 1975).

9. A development scheme, jointly financed by the Pitcairn Island Council and the United Kingdom Government, had been almost completed by the end of 1976. The scheme included rebuilding the jetty at the island's only marine landing facility, deepening and clearing the approaches to the jetty, improving the shipway and the boathouses and improving the road from the landing. The work was carried out by the local work force under the supervision and with the assistance of six Royal Engineers, including three divers.

10. Pitcairn's revenue and expenditure for 1976/77 amounted to \$NZ 249,200 ^{c/} and \$NZ 127,400 respectively (\$NZ 203,348 and \$NZ 102,393 in 1975/76). Revenue included stamp sales, \$NZ 188,800 (\$NZ 126,849 in 1975/76); interest and dividends \$NZ 54,900 (\$NZ 67,985 in 1975/76); and miscellaneous \$NZ 5,500 (\$NZ 4,218 in 1975/76). There were no development grants during the year under review.

11. Imports, mostly for home consumption, consist principally of food-stuffs (cereals, eggs, fats, meats, milk and sugar, machinery, fuel, lubricating oil and building material). Exports consist of handicrafts, fruits and vegetables, which are sold mainly to passing vessels.

^{c/} The local currency is the New Zealand dollar (\$NZ). On 20 January 1977, \$NZ 1.00 equalled approximately \$US 0.99.

4. SOCIAL CONDITIONS

12. The population is self-employed, allowances and wages being paid to members of the community who participate in local government activities. A committee under a publicly elected chairman, supervises the performance of limited communal services. There is no permanent labour force and the casual rate of payment for work, usually for the local administration, is \$NZ 0.43 per hour.

13. A co-operative consumers' society, established in 1967, with a membership of about 30 owns the only shop in the Territory. As capital is limited, the stock is limited to basic food-stuffs, kitchenware and toilet requisites. The turnover in 1976 was \$NZ 13,200 (\$NZ 9,800 in 1975).

14. There is a well-equipped government clinic run by a registered nurse in co-operation with a church organization. The Government meets the cost of medical supplies and drugs.

15. In 1976, total health expenditure amounted to \$NZ 5,234 (\$NZ 14,298 in 1975).

5. EDUCATIONAL CONDITIONS

16. In 1976, the school roll comprised five girls and four boys (six girls and two boys in 1975).

17. In 1976/77, expenditure on education was \$NZ 13,100 (\$NZ 17,304 in 1975/76).

CHAPTER XVII*

GILBERT ISLANDS

A. Consideration by the Special Committee

1. At its 1102nd meeting on 1 February 1978, by adopting the suggestions put forward by the Chairman relating to the organization of its work (A/AC.109/L.1205), the Special Committee decided, inter alia, to refer the Gilbert Islands to the Sub-Committee on Small Territories for consideration and report.
2. The Special Committee considered the item at its 1109th meeting on 29 June.
3. In its consideration of the item, the Special Committee took into account the provisions of the relevant General Assembly resolutions, including in particular resolution 32/42 of 7 December 1977 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 13 of that resolution, the Assembly requested the Special Committee, inter alia, "to continue to seek suitable means for the immediate and full implementation of General Assembly resolution 1514 (XV) in all Territories which have not yet attained independence and, in particular: ... to formulate specific proposals for the elimination of the remaining manifestations of colonialism and to report thereon to the General Assembly at its thirty-third session". The Special Committee also took into account General Assembly resolution 32/23 of 28 November 1977, by paragraph 5 of which the Assembly requested the Committee, inter alia, "to continue to seek the best ways and means for the implementation of the Declaration with respect to the Gilbert Islands, including the possible dispatch of a further visiting mission in consultation with the administering Power ...".
4. During its consideration of the Territory, the Special Committee had before it a working paper prepared by the Secretariat (see annex to the present chapter) containing information on developments concerning the Territory.
5. The representative of the United Kingdom of Great Britain and Northern Ireland, as the administering Power concerned, participated in the work of the Committee during its consideration of the item.
6. At the 1109th meeting, on 29 June, the Rapporteur of the Sub-Committee on Small Territories, in a statement to the Special Committee (A/AC.109/PV.1109), introduced the report of the Sub-Committee (A/AC.109/L.1245), containing an account of its consideration of the Territory.
7. At the same meeting, the Special Committee adopted without objection the report of the Sub-Committee on Small Territories and endorsed the conclusions and recommendations contained therein (see para. 9 below).

* Previously issued as part of A/33/23/Add.4.

8. On 30 June, the text of the conclusions and recommendations was transmitted to the Permanent Representative of the United Kingdom to the United Nations for the attention of his Government.

B. Decision of the Special Committee

9. The text of the conclusions and recommendations concerning the Gilbert Islands adopted by the Special Committee at its 1109th meeting, on 29 June, to which reference is made in paragraph 7 above, is reproduced below:

(1) The Special Committee reaffirms the inalienable right of the people of the Gilbert Islands to self-determination and independence in conformity with the Declaration on the Granting of Independence to Colonial Countries and Peoples, contained in General Assembly resolution 1514 (XV) of 14 December 1960.

(2) Fully aware of the special circumstances of the Gilbert Islands, owing to such factors as their size, geographical location, population and limited resources, the Special Committee reiterates the view that these circumstances should in no way delay the speedy implementation of the process of self-determination in conformity with the Declaration contained in resolution 1514 (XV), which fully applies to the Territory.

(3) The Special Committee reiterates its expression of appreciation to the Government of the United Kingdom of Great Britain and Northern Ireland for enabling the Committee to continue to conduct an informed and meaningful examination of conditions in the Gilbert Islands, with a view to accelerating the process of decolonization towards the full and speedy implementation of the Declaration.

(4) The Special Committee notes the progressive steps designed to lead the Territory to self-determination in the near future. These steps included the attainment of internal self-government in January 1977, the holding of a Constitutional Convention in April and May 1977 and the holding of general elections in February 1978. The Committee, noting that the newly elected Government of the Gilbert Islands has requested the administering Power to convene a constitutional conference to make the necessary arrangements for independence, expresses the hope that such a conference will take place as soon as possible and that a date for independence will quickly be set.

(5) The Special Committee, while noting with regret that the Banabans did not participate in the 1977 Constitutional Convention, welcomes the assurances of the administering Power that this community will be invited to attend the proposed constitutional conference to be held later in 1978. The Committee reiterates its hope that the constitution to be agreed upon will respect the special rights and interests of the Banaban community.

(6) The Special Committee further notes that the Gilbert Islands Government and the Rabi Council of Leaders have been meeting to achieve an accommodation of views on the future of the Territory. The Committee expresses the hope that a solution satisfactory to both parties can be achieved in the near future.

(7) The Special Committee, mindful of the Territory's overwhelming dependence on the phosphate industry both as a source of revenue and of employment, and given the brief span of time envisaged until the phosphate deposits are expected to become exhausted, urges the administering Power, in consultation with the Gilbert Islands Government, to continue to exert every effort towards the economic diversification of the Territory. In this regard, the Committee welcomes the steps being taken to develop such areas as fisheries, small-scale industries and the co-operative movement, all of which should in due time favourably enhance the economic prospects of the Territory.

(8) The Special Committee also notes with interest the aid programmes being undertaken in the Territory by the administering Power, and by the Governments of Australia and New Zealand. The Committee is of the opinion that through the continued assistance of the administering Power and relevant United Nations agencies, further studies should be made to increase the possibilities of further economic development in the Gilbert Islands.

ANNEX*

Working paper prepared by the Secretariat

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* Previously issued under the symbol A/AC.109/L.1231.

GILBERT ISLANDS a/

1. GENERAL

1. Basic information on the Gilbert Islands is contained in the report of the Special Committee to the General Assembly at its thirty-first session. b/ Supplementary information is set out below.

2. The total land area of the Gilbert Islands, which also includes Banaba (formerly known as Ocean Island), the Phoenix Islands and the Line Islands, is 684 square kilometres. At the last census, in December 1973, the population of the Territory numbered 55,712, including 2,314 on Ocean Island and 1,472 in the Line Islands; there is no permanent population in the Phoenix Islands. Tarawa was the most populated atoll, with a total of 17,129 inhabitants. In addition, about 1,400 Gilbertese are employed overseas, including nearly 871 (seamen) employed by foreign shipping lines and 499 on Nauru. A census is to be held later in 1978.

3. In February 1978, Mr. J. H. Smith, the former Governor of the Gilbert Islands, returned to his post in the Territory after holding talks in London and Washington, D.C., with representatives of the Governments of the United Kingdom and the United States of America. He reported that the focus of his talks with United States officials had been the United States claim to 14 of the Gilbert Islands, eight in the Phoenix Islands and six in the Line Islands. Governor Smith informed the local press that the United States Government was prepared to give up claims to all of the islands with the exception of three of the Phoenix Islands (Canton, Enderbury and Hull) which are at present being used in tracking satellites and missiles. Mr. Smith was succeeded as Governor of the Territory on 10 May 1978 by Mr. R. J. Wallace.

4. At the request of the Gilbert Islands Government, the University of the South Pacific is assisting in the preparation of a history of the Gilbert Islands. The book, which will be published on the occasion of the independence of the Territory, will be written essentially by the Gilbertese people. The task of the university is to provide persons with experience to train others how to write, edit and publish the material.

a/ The information contained in this paper has been derived from published reports and from information transmitted to the Secretary-General by the Government of the United Kingdom of Great Britain and Northern Ireland under Article 73 e of the Charter of the United Nations on 22 July 1977 and 29 March 1978 for the year ended 31 December 1976.

b/ Official Records of the General Assembly, Thirty-first Session, Supplement No. 23 (A/31/23/Rev.1), vol. III, chap. XIX, annex, paras. 1-86.

2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

A. General

5. Following the separation of the former Territory of the Gilbert and Ellice Islands into the Gilbert Islands and Tuvalu, the Gilbert Islands Order, 1975, of 17 September 1975, came into force on 1 October 1975, formally establishing the Territory and providing it with a Constitution. The Constitution provided for a House of Assembly consisting of 21 elected members, with the Attorney-General and Financial Secretary as ex officio members. In November 1976, the post of Financial Secretary was abolished when a Minister of Finance was appointed to take over responsibility for the Ministry of Finance.

6. The elected members of the House of Assembly elect a Chief Minister from among their members. In accordance with the advice of the Chief Minister, the Governor appoints not less than four nor more than seven ministers. The Chief Minister, the other ministers and the Attorney-General together constitute the Council of Ministers. Following the advice of the Chief Minister, the Governor may assign to any minister responsibility for the conduct of any business of Government, apart from external affairs and internal security.

7. Apart from having the right to withhold assent from any measure passed by the House of Assembly, the Governor may, in certain circumstances, sign into law measures which the House has failed to pass. The Governor must consult the Council of Ministers before exercising any of his powers and must act in accordance with the Council's advice.

B. General elections

8. In September 1977, the House of Assembly passed the Election Ordinance, 1977, which had taken into account relevant recommendations of the Constitutional Conference, held from 21 April to 9 May 1977, to discuss an independence constitution (see paras. 46-52 below). Under the ordinance, changes were made in registration procedures; the total number of electoral districts was increased from 20 to 23, with the division of the Line Islands into three units and the separation of Banaba from Betio; the elected membership of the House of Assembly was increased from 21 to 36 (including one ex officio member) by the creation of certain multimember constituencies and provision was made for a Banaban member to be nominated by the Rabi Council of Leaders; the method by which members were to be elected was changed; and provision was made for re-elections where necessary.

9. On 21 December 1977, the Governor dissolved the House of Assembly and announced that general elections would be held on 1 February 1978.

10. New registers of electors required by the Election Ordinance were opened on

22 December 1977 giving eligible persons c/ four weeks to enter their names before the closing of the registers on 18 January 1978. Based on the 1973 census, it was estimated that there were 23,646 eligible voters in the Territory. The actual number of persons who registered amounted to 19,386, or 81.9 per cent. None of the Gilbertese working overseas (see para. 2 above) qualified for registration since they were unable to sign the register of electors, a prerequisite laid down by the Elections Regulations of 1977.

11. The closing date for nominations was 11 January 1978. To be eligible for election, each candidate had to be nominated by three registered electors. Of the 176 candidates nominated, 8 were pronounced ineligible by the electoral officers and 4 withdrew.

12. Voters could cast as many votes on their ballot as there were vacant seats in the House for their electoral districts. To be elected, however, a candidate had to receive more than half the valid ballots cast.

13. As a result of the 1 February election, vacancies remained to be filled in 15 districts because of the large number of candidates in several districts which precluded many of those from receiving the necessary 50 per cent or more of the valid ballots cast.

14. In the second election, held on 6 February, 53 candidates were eligible to contest the 22 undecided seats, the successful candidates being those who had received the majority of the votes in their districts.

15. In the first election, on 1 February, 81.3 per cent of the registered voters cast ballots; in the second election, on 6 February, the percentage was 77.6. There were 289 invalid ballots in the first election and 24 in the second. When the Chief Electoral Officer made his report on 16 February, the Chief Registrar of the High Court had received no election petitions.

16. The new House of Assembly met on 20 and 21 February 1978. Mr. Rota Onorio was re-elected as Speaker of the House. In accordance with the recommendations of the Constitutional Convention (see paras. 50-51 below), the members decided unanimously that the Chief Minister should be elected in a national election.

17. Five members offered themselves as candidates for the office of Chief Minister, including Mr. Naboua Ratieta, the former Chief Minister. The Constitution stipulates, however, that a minimum of three and a maximum of four elected members should be put forward as candidates for a national election. On 24 February, therefore, the House held its own election, by secret ballot, and, as a result, the former Chief Minister lost his candidature to the other four. The national election was held on 17 March, and Mr. Ieremia Tabai of Nonouti was elected Chief Minister.

c/ To be eligible to register, a prospective voter has to be 18 years of age or more and be Gilbertese or a "belonger" of the Gilbert Islands (that is, a non-Gilbertese who has gained belonger status as a result of appearing before the Personal Status Tribunal).

18. On 28 March, Mr. Tabai announced a number of changes to existing portfolios as a means of directing more attention to areas to which his Government attaches major importance. Four ministries remained unchanged (finance; education, training and culture; health and community affairs; and works and utilities) and four new ministries were created (labour and manpower; natural resource development; trade and communications; and local government).

C. Judiciary

19. The Constitution provides for a High Court as a superior court of record. There is now a resident Chief Justice. The judges, who are appointed by the Governor, exercise powers set out in the Constitution or granted by law. The High Court has original jurisdiction to hear and decide questions relating to interpretations of the Constitution and to hear and decide appeals from other courts. Appeals from the High Court lie with the Court of Appeal in Fiji, and from the Court of Appeal with the Judicial Committee of the Privy Council.

20. At the last meeting of the 1977 House of Assembly, the Attorney-General proposed the creation of a unified system of the lower courts, whereby the magistrates' courts, the island courts and the land courts would merge into a single, simplified court system. This would mean, in effect, introducing three-member lower courts and permitting the application of local customs in those courts in so far as they would not conflict with justice, equity and good conscience and were not incompatible with any ordinance.

D. Banaba and the future status of the Territory

21. Following the separation of the former Ellice Islands at the end of 1975, the Gilbert Islands Government turned its attention to internal constitutional progress. Talks on internal self-government were held in London in July 1976, under the chairmanship of Lord Goronwy-Roberts, the United Kingdom Minister of State for Foreign and Commonwealth Affairs. The Gilbert Islands delegation was from both sides of the House of Assembly under the leadership of the Chief Minister. Following the conference, the Gilbert Islands attained full internal self-government in two stages: on 1 November 1976 a Minister of Finance was appointed for the first time, and on 1 January 1977 the Territory acceded to full internal self-government.

22. At the July 1976 meeting in London, there were no points at dispute between the United Kingdom and Gilbert Islands Governments but there was mutual recognition of a potential difficulty with the Banaban landowners of Ocean Island (now known as Banaba) resident on Rabi Island in Fiji.

Banaba

(a) Legal actions concerning phosphate deposits

23. Banaba is situated just south of the Equator some 260 kilometres east of Nauru and 400 kilometres west of the Gilbert Islands. It is about 10 kilometres in

circumference, with a maximum elevation of about 78 metres. The phosphate deposits on the island are worked on behalf of the Governments of Australia, New Zealand and the United Kingdom by the British Phosphate Commissioners (BPC).

24. Believing that they should have received a higher level of revenue from the phosphate proceeds up to 1966, the Banabans instituted two major legal actions in the High Court in London in 1975. In the first action, the Banabans sued BPC for, inter alia, allegedly failing to replant some 100 hectares of worked-out land on Ocean Island and for mining on unleased land. In the second action, the Banabans claimed that all phosphate taxation monies levied by the territorial Government on BPC operations were held by the Crown in trust for the Banabans and that the Crown was in breach of trust in not paying the money to the Banabans and in not obtaining, prior to 1966, the best price for the phosphates.

25. The hearings of the two actions were concluded in August 1976. Sir Reginald Megarry, who had heard the actions in the High Court, found a liability on the part of BPC to replant some, but not all, of the lands which were the subject of the claims. He did not at that time rule on the amount of damages. He dismissed all claims against the Crown in the second action, ruling that the Crown's obligations were governmental in nature (and he expressed the view that there had been some breaches of these) and not fiduciary obligations justifiable in the courts. Subsequently, in February and March 1977, the United Kingdom Government sent a special envoy to the Territory to advise on a settlement of the financial and constitutional issues which would take into account the legitimate interests of all the parties concerned in the area, including the Banabans.

26. In May 1977, Dr. David Owens, the United Kingdom Secretary of State for Foreign and Commonwealth Affairs stated in the House of Commons that the three partner Governments of BPC would make an ex gratia payment to the Banabans without admitting any liability. The money was to come from the funds currently held by BPC, funds which, he revealed, amounted at that time to about \$A 23 million. d/ Dr. Owens said that his Government had consulted the Governments of Australia and New Zealand on how they could best help the Banaban people to secure their economic future on Rabi when the phosphate revenues ceased. They had concluded that, on an ex gratia basis, a sum of \$A 10 million would be made available by the partner Governments. The money would be used to establish a fund to be used for the benefit of the Banaban community as a whole, the annual income to be paid to the Rabi Council of Leaders for development and community purposes.

27. The payment would be final and would be made on condition that, in the outstanding legal actions, no appeal would be made in the case against the Crown and early resolution of the cases against BPC would be sought, and that no further claims would be made arising out of past events. Damages to be paid by BPC were unconnected with, and would therefore be additional to, the ex gratia payment.

d/ The local currency is the Australian dollar (\$A). At 16 May 1978 \$A 1.00 equalled approximately \$US 1.12.

28. In June, Mr. Reginald Withers, Australian Minister for Administrative Services, informed the Australian Senate that the legal costs incurred by BPC in the legal actions had totalled \$A 1.1 million at 30 June 1976 and that subsequently further costs had added another \$A 50,000 to the bill.

29. At the end of July 1977, the High Court awarded the Banabans \$A 13,950 against BPC in the replanting action. The award was based on a compensation rate of \$A 75 per acre for the 186 acres of land contested in the legal action. Notwithstanding, BPC subsequently renewed their earlier offer of \$A 1.25 million in full and final settlement. Sir Reginald, who had delivered the judgement, also ruled that the Banabans would have to pay their legal costs for the two cases although they had won one of the actions. Both the Crown and BPC met their own substantial costs in the actions against them.

(b) Resolutions adopted by the Gilbert Islands Government and the Rabi Council of Leaders

30. At a meeting held at Bairiki, Tarawa, on 14 November, representatives of the Gilbert Islands Government and the Rabi Council of Leaders adopted 11 resolutions which they subsequently drew to the attention of the United Kingdom Government, and, where they concerned BPC, the Governments of Australia and New Zealand. The Government of the United Kingdom stated that it welcomed the spirit of common purpose which the two parties demonstrated at Bairiki.

31. Resolution No. 1 proposed that the constitutional future of Banaba should be determined by means of a referendum. The United Kingdom Government accepted the proposal and agreed: (a) to give effect to the result of the referendum in future constitutional arrangements for the Territory; (b) to seek the assistance of the United Nations in arrangements for the referendum; and (c) to meet certain costs in relation to the referendum.

32. Resolution No. 2 sought from the United Kingdom Government the sum of \$A 9 million in phosphate royalties to be paid to the Rabi Council of Leaders, in addition to the sums which the Rabi Council and the Gilbert Islands Government normally receive from BPC. As noted in paragraph 26 above, the partner Governments had already offered to make available to the Banabans \$A 10 million.

33. Resolution No. 3 sought from the partner Governments "funds for the rehabilitation of Banaba". The United Kingdom Government observed that the legal actions concerning replanting were directly relevant to the matter and noted that, notwithstanding the decision of the High Court to award \$A 13,950 in damages, BPC had renewed an earlier offer of \$A 1.25 million in full and final settlement of the replanting actions and that the offer had not yet been accepted by the Rabi Council.

34. Resolution No. 4 requested the partner Governments to set up the BPC reserve fund as a separate fund for distribution to the Gilbert Islands Government and the Rabi Council of Leaders.

35. Resolution No. 5 called for the setting up of a management board for the Banaba phosphate industry.

36. By resolution No. 6, the Gilbert Islands Government and the Rabi Council of Leaders jointly resolved that the latter should, among other things, go ahead with the replanting of Banaba wherever possible. The United Kingdom took note of the resolution.

37. Resolution No. 7 resolved to extend the definition of the word "native" in the Gilbert Islands Closed District Ordinance to include people certified as Banabans by the Rabi Council of Leaders and/or its representative on Banaba. The United Kingdom Government took note of the resolution.

38. Resolution No. 8 requested that Ocean Island be called "Banaba".. The United Kingdom Government accepted the request.

39. By resolution No. 9, the Gilbert Islands Government and the Rabi Council of Leaders resolved to continue dialogue on matters of common interest and to be united in their submissions to the United Kingdom Government or any other Government or organization with the view to improving the lot of their people. The United Kingdom was glad to respect the spirit of this resolution.

40. In resolution No. 10, the Gilbert Islands Government acknowledged the offer made by the Rabi Council of Leaders that should the outcome of the referendum (see para. 31 above) be in favour of Banaba's separation:

(a) Twenty-five per cent of the phosphate royalty benefit would continue to be paid to the Gilbert Islands Government until mining ceased on Banaba;

(b) Gilbertese labour would continue to be used on Banaba;

(c) The Gilbert Islands Government would be allowed to fish within the 20-nautical-mile economic zone of Banaban waters;

(d) The Gilbert Islands Government would utilize the services and facilities offered by Rabi Holdings, Ltd.

41. Finally, by resolution No. 11, the Rabi Council of Leaders acknowledged the offer made by the Gilbert Islands Government that should the outcome of the referendum be against Banaba's separation:

(a) The existing basis for the division of the royalty between the Rabi Council and the Gilbert Islands Government would remain unchanged until mining ceased;

(b) The existing employment arrangements would continue unless changed by the Gilbert Islands Government;

(c) Subject to the provisions of the Closed District Ordinance, the Banabans would be allowed to commute freely between Rabi and Banaba and any other Gilbert Islands;

(d) The Banabans would retain their right of land ownership in the Gilbert Islands;

(e) The Gilbert Islands Government would provide the basic services to those Banabans who opt to return and resettle on Banaba;

(f) Subject to the concurrence of the Government of Fiji, the Gilbert Islands Government would, upon application, grant dual citizenship to the Banabans;

(g) The Banabans would elect one of their members to represent them in the Gilbert Islands House of Assembly.

42. Although the resolutions Nos. 10 and 11 were consequential on the first resolution, and did not directly concern the United Kingdom Government, the latter noted with appreciation the generous and co-operative nature of the undertakings offered by the two parties. The United Kingdom Government also enacted an order in council enabling the Rabi Council to nominate a member of the House of Assembly.

43. The Gilbertese and the Banabans subsequently disagreed on the interpretation of the Bairiki agreements. There is a possibility that the recently elected Gilbert Islands Government and the new Rabi Council of Leaders to be elected in May might meet shortly to discuss matters of common interest, including the constitutional future of Banaba.

44. In June 1977, it was reported in the United Kingdom House of Commons that, from 1 July 1920 to 30 June 1976, phosphate payments made by the BPC board to the territorial Government had amounted to \$A 67.1 million and to the Banabans \$A 11.84 million. It was estimated that from 1 July 1976 until the cessation of mining, payments would amount to \$A 29.9 million to the Gilbert Islands Government, and \$A 9.6 million to the Banabans. In addition, the Banabans were currently receiving from the Gilbert Islands Government certain adjusted payments under arrangements agreed to in 1976, as a result of the increase in the price of phosphate.

45. In 1977, notwithstanding the High Court award of \$A 13,950, BPC renewed their earlier out-of-court offer to the Banabans of \$A 1.25 million. This sum would be in addition to the \$A 10.0 million ex gratia sum offered in May 1977 by the partner Governments of BPC (see paras. 26-27 above). The Banabans have recently decided to accept both sums, subject to certain conditions.

Future status

46. When the Territory of the Gilbert Islands achieves independence, the Gilbertese are expected to have a completely "home-made" constitution suited to their traditional customs and to their unique geographical location on tiny islands spread out over nearly five million square kilometres of ocean. The Gilbertese began drafting their constitution in March 1976 and held their constitutional convention in Tarawa in April 1977.

47. In March 1976, separate discussion groups were formed, initially at the invitation of the Governor, and during succeeding months the groups held meetings and expanded their membership. In August, the Governor submitted a list of 52 questions to the House of Assembly in order further to stimulate discussion.

The questions, reflecting in part the discussions in the various groups and the ideas put forward by them, covered basic issues about the form of institutions and distribution of authority.

48. Following the meeting of the House of Assembly, the Council of Ministers agreed to a proposal that an advisory constitutional convention should be convened, and that the Governor should invite a number of national associations and bodies on each island to send representatives to the convention.

49. The Constitutional Convention opened on 21 April 1977 and was attended by 165 representatives of trade unions, co-operatives, the civil service, religious institutions, women's and men's clubs and island associations, as well as the president of each island council. Although the Gilbertese on Nauru sent a representative, the Banabans of Rabi Island and of Banaba declined to be represented.

50. The Convention was conducted in the traditional maneaba (meeting house) with the Speaker of the House of Assembly presiding. Discussion was centred on the Governor's 52 questions. Apart from some doubts expressed about the decision of the Convention in favour of a combined office of head of State and head of Government, the Convention was unanimous in its support of its recommendations. It supported a unitary form of government, with an enlarged legislature, a cabinet executive, a neutral public service and an independent audit and judicature. It recommended that the candidates for chief minister should be nominated by the members of the House of Assembly from among themselves, but that the electorate as a whole should then elect a chief minister.

51. The Convention also recommended that members of the House of Assembly should be subject to recall in order to keep them responsive to island needs. There was insistence that the proceedings of the house should be arranged to ensure adequate discussions of bills and policy proposals in all the islands before a decision was taken on them. Normally, legislation should initially be considered at one session of the House, then referred to each of the islands for public discussion before being taken up again at the ensuing session. This demonstrates the concern of the Convention that the constitution should reflect the peculiar geographic circumstances of the country and the traditions of the people.

52. The Constitutional Convention submitted its report to the House of Assembly with the understanding that no final decisions on the independence constitution would be taken until after the general elections (see paras. 8-18 above).

E. Public service

53. At the end of 1976, there were 1,270 permanent civil servants in full-time government employment (including 56 Tuvaluans and 101 expatriates), most of whom were under contract. The Central Government also employed 270 persons in unestablished posts.

54. In the same year, the Gilbert Islands Development Authority (GIDA) (see below) employed 1,173 Gilbertese, 46 Tuvaluans and 26 expatriates.

55. In May 1977, the Select Committee on Localization presented its report to the House of Assembly. It recommended, inter alia, that some of the posts at present held by expatriates should be regarded as localized once those expatriates in the posts had been granted "belonger status" (see foot-note c/ above). On the acceptance of the report by the House, the Public Service Commission was charged with implementing the report's recommendations.

3. ECONOMIC CONDITIONS

A. General

56. The only economic crop in the Territory is the coconut, from which copra is produced. Practically all land is owned by islanders in small peasant proprietorships. Fanning Island and Washington Island (Line Islands), the only freehold properties of any size not owned by the indigenous inhabitants, are operated as commercial copra plantations by Fanning Island Plantation, Ltd. Christmas Island, also in the Line group, has no indigenous population and is owned by the Crown.

57. Land tenure in customary law, which has been codified, does not permit unrestricted right of disposal. Tenure is in the form of a life tenancy, and the registered owner is in the position of a trustee for his family.

58. The only other commercial export is phosphate rock, which is obtained by opencast mining on Banaba (see paras. 69-71 below).

B. Public finance

59. The financial year corresponds to the calendar year. In 1976, the first complete financial year since the separation of Tuvalu from the former Territory of the Gilbert and Ellice Islands, ordinary revenue amounted to \$A 14.7 million (including \$A 9.6 million from phosphate taxes), and capital revenue to \$A 2.3 million, a total of \$A 17.0 million.

60. Recurrent expenditure in the same year amounted to \$A 12.3 million and capital expenditure to \$A 2.8 million, a total of \$A 15.1 million.

61. The Revenue Equalization Reserve Fund, instituted in 1956 to provide capital, with accumulating interest, against the exhaustion of the phosphate deposits, had a market value of \$A 40.6 million at 31 December 1976. In 1976, total imports amounted to \$A 10.1 million, and exports to \$A 18.1 million, resulting in a favourable trade balance of some \$A 8.0 million.

62. On 4 March 1977, Mr. Toniti Teiwahi, then Minister of Finance, signed the Betio/Bairiki Causeway Loan Agreement with the Asian Development Bank (ADB) in Manila, thereby securing a loan of \$A 1.6 million towards the cost of constructing a causeway on Tarawa Atoll, to run from Bairiki to the port at Betio. The total estimated cost of the causeway is \$A 2.4 million, most of which the Gilbert Islands Government hopes to obtain from other aid sources. Terms call for repayment to ADB over a 40-year period at 1 per cent interest with no payment due for the first 10 years (see also para. 87 below).

63. The Territory received a total of \$A 6 million in assistance during 1977 from various foreign aid donors. United Kingdom aid in 1977 amounted to \$A 2.3 million and provided for landing craft, road paving and airport government buildings and

causeway construction, as well as agricultural and infrastructural projects. During the same period, Australian aid amounted to \$A 1.3 million and New Zealand aid to \$A 217,000.

64. Miss Maris King, the Australian High Commissioner for the Gilbert Islands, whose office is in Nauru, paid several visits to Tarawa late in 1977. Australia is helping to finance several projects relating to rural development, fisheries, aircraft hangars, the South Tarawa sewage system and community high schools. In addition to \$A 300,000 granted for the construction of airfields on Nikunau and Onotoa, the Australian Government has also approved over \$A 300,000 for construction, inter alia, of an aircraft hangar at the Bonriki airport. It is also helping to provide piped sewage systems at Betio, Bairiki and Bikenibeu, all in South Tarawa, which has had urgent priority since the outbreak of the cholera epidemic (see para. 103 below). In recent months, 25 tractors and a low loader capable of carrying cranes and bulldozers have been delivered.

65. During the current triennium ending June 1979, Australian economic development assistance to the Gilbert Islands is planned to amount to \$A 4.2 million, or about 7 per cent of the total allocation for countries of the South Pacific during the period. The major items on the programme include: Tarawa sewage (\$A 3.33 million); tractors and trailers for outer-islands development (\$A 430,000); outer-island airfield construction (\$A 200,000); agricultural tool kits (\$A 60,000); and chlorinators and monitoring equipment for Tarawa's water supply (\$A 18,000). Food aid in the form of 775 metric tons of flour valued at \$A 125,000 was provided in 1978. In the field of education, assistance is being provided to the Gilberts Community High Schools Programme (a \$A 180,000 grant) and to Tarawa Teachers College (in-service training courses for primary teachers by an Australian educational institution).

66. In 1977, Mr. William McCabe, the Australian Trade Commissioner for the Pacific Islands, whose office is in Fiji, visited Tarawa to meet business people and government officials on matters related to trade. In 1976, the Territory had sold only a few thousand dollars worth of handicrafts out of a total market of about \$A 20 million. Mr. McCabe is interested in finding ways to increase the overseas sales not only to Australia, but also to other countries. In the past, there have been significant problems of transport, but some improvement has been reported recently.

67. A major project being financed by the New Zealand Government is the provision of passages through the reefs surrounding the outer islands to enable boats to reach or leave the islands at all stages of the tides. Assistance is also being provided in communications, fishing, rodent control and coconut milling. During the cholera epidemic in 1977, a team of New Zealand specialists with medical supplies was dispatched to the Gilbert Islands to help the Government in its efforts to control the outbreak.

68. In June 1977, Mr. Otivea Tanentoa, then Minister of Commerce and Industry, attended talks in London on matters concerning United Kingdom financial aid to the Gilbert Islands. The United Kingdom agreed to support both the coconut replanting scheme and the brine shrimp projects and to give further assistance after independence.

C. Mining

69. Phosphate of lime has been extracted from Banaba for the past 75 years. In 1920, the Governments of the United Kingdom, Australia and New Zealand jointly set up BPC to mine and market the phosphate produced on Banaba and Nauru.

70. Prior to 1973, the proceeds of phosphate sales, after deduction of production costs, were divided according to a formula which gave the Banabans 15.12 per cent of the surplus and the Gilbert Islands Government 84.88 per cent. The Banabans' share included a royalty of \$A 0.20 a ton (about \$A 120,000 a year) which was a first charge on the proceeds. Proceeds since 1973 have been shared equally between the Gilbert Islands Government and the Banabans.

71. The phosphate industry accounted for 94.5 per cent of the total value of exports in 1976. The importance of phosphate revenues to the Gilbert Islands is overwhelming. At the 1974 extraction rate, it was estimated that the deposits would be worked out by 1978. In 1975, however, it was decided to lower the extraction rate by about 150,000 metric tons per annum. As a result of the reduction, production in 1976 amounted to 420,080 metric tons compared with 520,310 metric tons in 1975 (see also paras. 23-29 above).

D. Agriculture

72. Copra production and export statistics for the Gilbert Islands are set out below.

(In metric tons)

	Peasant landowners	Plantations	Total produced	Total exports
1975	2 428	1 848	4 276	5 581
1976	6 205	1 503	7 708	5 526

73. Approximately 155 hectares of coconuts were replanted in 1976 and a further 400 hectares of land were cleared and prepared for planting with seedlings. Progress in the coconut subsidy schemes is given below:

(In hectares)

	Improvement schemes		New planting schemes	
	1975	1976	1975	1976
Registered	1 433	1 403	1 495	1 503
Completed	1 381	1 376	607	743

74. After attaining near record rates of \$A 509 per metric ton early in April 1977, the price of copra in the United Kingdom eased back to \$A 473 per metric ton by the middle of May. This compared to prices of about \$A 185 per metric ton in 1976. The price rise was caused by a contraction in world production of coconut oil which was expected to fall short of consumption, causing a reduction of stock.

75. In 1977, the taro beetle, one of the worst pests in Tarawa, attacked plantations at Bikenibeu and Teoraereke. The local agriculture division was quick to ban the transportation of planting materials, larvae and soil from the infected area to other islands. The Gilbert Islands Government invited two specialists in root pests from the United Kingdom to survey the situation.

E. Gilbert Islands Development Authority (GIDA)

76. In late 1977, the House of Assembly passed the Gilbert Islands Development Authority Winding-up and Dissolution Bill.

77. In 1975, an independent commission of inquiry was appointed to examine the objectives, financing, financial control and staffing of GIDA and to make recommendations. The Commission which began work in January 1976, tabled its report at the August meeting of the House of Assembly. The House endorsed the Commission's findings and directed GIDA to reorganize so that:

(a) Research and development projects would be undertaken from a specific budget financed by a government grant and, where possible, by overseas aid;

(b) Investment in subsidiaries would be made from an investment fund established by a government grant, overseas aid and soft loans, to which profits would be credited for reinvestment;

(c) Public services would be financed by their own revenue and, where required and agreed, by specific government subsidies.

The functions and structural organizations of GIDA were to devolve upon smaller more manageable units to fulfil the above objectives, and a special service unit was established to implement the recommendations.

78. It was reported that, on 1 June 1977, Atoll Hotels and Atoll Plantations were completely separated from GIDA. The two companies were to be financed from the Investment Division of the National Loans Board.

F. Fisheries

79. In recent years efforts have been made to lay the foundations for both domestic and commercial fishing enterprises. According to the annual report of the administering Power for the period under review, the South Tarawa Fishery Reception and Distribution Centre was established to undertake research which has entailed considerable investigation, a number of visits by experts and comprehensive short surveys of distribution methods and present and potential demand and preferences.

80. Following the completion of a survey to determine the fishery potential of the area, an expert was engaged to obtain data concerning the movements of fish in the Tarawa Lagoon, the breeding and other habits of various fish species, and the availability of natural bait.

81. The bait-fish survey, a project of the United Nations Development Programme (UNDP), continues to show signs of being a very successful operation; the Fisheries Division is to provide assistance in carrying out bait-fish trials. A vessel for this purpose is to be provided by British development aid in 1978.

82. In December 1977, a government party comprising, among others, the Governor and Mr. Peter Holness, the Chief Fisheries Officer, made an eight-day tour of the Phoenix group. The party visited all islands in the group to reassess the potential of the islands and to enable the Governor to obtain first-hand knowledge of their resources. On his return, Mr. Holness said that he had seen one of the richest fishing areas ever, including large schools of skip-jack tuna and an abundance of small lagoon fish, which are easily caught by local traditional fishing methods. The Gilbert Islands Government has established a fisheries zone and enacted legislation providing for the licensing of foreign vessels within that zone.

G. Participation in regional organizations

83. The Gilbert Islands was represented as an associate member for the first time by its Minister of Commerce and Industry and its Financial Secretary at meetings of the Economic and Social Commission for Asia and the Pacific (ESCAP), held at Bangkok in 1976. In his address during the meetings, the Minister fully supported technical co-operation between the regional countries and the establishment of a regional office of ESCAP in Fiji.

H. Transport and communications

84. The major port installations are at Tarawa (Betio Inlet) and at Banaba. In 1976, 227 vessels were handled at Betio (280 in 1975), of which 44 were overseas vessels.

85. The Gilbert Islands Minister for Communications, Works and Utilities attended the fourth meeting of the South Pacific Regional Shipping Council, held at Nauru from 28 February to 3 March 1977. Government ministers or their representatives from Australia, the Cook Islands, Fiji, Nauru, New Zealand, Papua New Guinea, Samoa and the Solomon Islands also attended the meeting. A memorandum of understanding establishing a South Pacific regional shipping line, to be called the Pacific Forum Line, was signed at Suva on 16 June 1977. A board of directors has been appointed and operations are expected to begin in the near future. Australia, although not a participant in the line, underlined its continued support in announcing a grant of \$A 100,000 towards the cost of its establishment. Membership of the line is open to countries members of the South Pacific Forum but other Governments may join with the Forum's approval.

86. The main objective of the line is to co-ordinate shipping in the region to ensure regular services, to encourage economic development and regional integration and to enable the island nations to participate in the carriage of their own cargoes. According to press reports, the line intends to operate a viable commercial shipping service, initially by chartering vessels to provide shipping services that can meet the special requirements of the region.

87. In 1977, ADB completed its study of the interisland shipping system and future shipping requirements of the Territory. As a result of the study, which included forecasts of passenger, cargo and copra movements, a new ship was designed as a possible replacement of the ships in the present fleet.

88. Nine tenders, all from large international firms, were received by the Minister for Communications for the construction of the Betio/Bairiki causeway (see para. 62 above), thus ending more than 10 years of study on the subject. The tender was awarded to an Australian company, the Project Development Company of Sydney, in December 1977. The project's resident engineer arrived in January 1978. Construction of the causeway and related access roads is expected to be completed by 30 June 1979. The embankment, topped by a two-lane highway to be built by local labourers, will stand about 4 metres above reef level, extending 3.4 kilometres across the tidal reef between the two main islets of Tarawa Atoll. At present communication is maintained by ferry.

89. Air Pacific and Air Nauru maintain regular services connecting Tarawa with Nauru and Suva, where connexions with other air lines are available. During the period under review there were nine airfields in the Territory. Maiana airfield was constructed in 1976 and airfields at Nikunau and Onotoa were to be built in 1977 and 1978 (see para. 64 above).

90. On 31 October 1977, the Minister for Communications established the Air Tungaru Corporation, a statutory body, to operate air services within the country and, should the need ever arise, to places abroad.

91. The Pacific American air service between Honolulu, Christmas Island and Tarawa was discontinued at the end of March 1977, and has recently been replaced by regular charter flights to those points.

4. SOCIAL CONDITIONS

A. Co-operative societies

92. Although co-operative societies and the Co-operative Federation, Ltd., continued to play a major role in the development of the Territory, there was a general lack of growth which the administering Power attributed to inflation and increased taxation.

93. In 1976, there were 29 consumer/marketing societies, 4 consumer societies, 2 agricultural societies and 1 thrift and loan society in the Territory. Total membership amounted to 20,445 (20,518 in 1975). Island societies, which are agents for the Copra Co-operative Society, purchase all the copra produced in the Territory and provide the main retail sales outlet. Copra sales amounted to \$A 564,504 in 1976 (\$A 1.1 million in 1975).

94. The Co-operative Federation completed its fourth year of operation with turnover decreasing by 15.4 per cent, from \$A 5.85 million in 1976 to \$A 4.95 million in 1975, due primarily to the loss of the Tuvalu societies. Inflation caused the Federation to require more loan capital and a new loan of \$A 1.0 million was negotiated with Government at favourable rates of interest. In 1976, the produce development section of the Federation purchased \$A 70,590 worth of local produce (including fresh vegetables, kamaimai (a root vegetable), coconut oil, dried fish and other processed foods, livestock, locally made soap and building materials), and \$A 18,000 worth of handicrafts which were sold for \$A 108,890 and \$A 36,110 respectively. The produce section continued to have difficulty in finding a supply of locally produced food at competitive prices. It was reported at the beginning of 1978, however, that sales of local produce in 1977 had reached a new record of \$A 205,000, a 41 per cent increase over the previous year's trading.

95. In his budget speech at the end of 1977, the Minister of Finance informed the House of Assembly that the Government had decided to abolish the copra tax as from 1978, in an effort to induce growers to remain on their home islands and the unemployed living on Betio to return home to produce more copra. The Minister noted that the Government regarded rural development as a priority, and wanted to help people on the outer islands as far as possible. He pointed out that co-operative officers and other extension workers were available to help those on the outer islands who wished to start a business or secure a loan from the National Loans Board.

B. Labour

96. In 1976, on the basis of a census conducted in 1973, it was estimated that the total number of persons in paid employment was 4,943 (3,862 men and 1,081 women).

97. In addition to the Gilbert Islands Government and GIDA (see paras. 53-54

above), the principal employers in the Territory in 1976 were as follows: BPC (337 Gilbertese, 137 Tuvaluans, 17 Chinese and 13 Banabans); the copra plantations in the Line Islands (288 Gilbertese, 19 Tuvaluans, 5 expatriates, 2 Filipinos and 1 Fijian); and the Co-operative Federation (101 Gilbertese and 5 expatriates). Gilbertese were also employed overseas by the Nauru Phosphate Corporation (418), the Nauru Local Government Council (81) and 5 foreign shipping lines (871).

98. According to the annual report of the administering Power, the New Hebrides stopped recruiting Gilbertese labour for its copra plantations and fishing industry during 1976 and this former source of employment is now considered closed, although some Gilbertese still remain in the New Hebrides.

99. In 1977, one of the representatives in the House of Assembly described the employment prospects facing school leavers over the next few years as grim. According to the speaker, there were some 4,350 in the 15 to 19 years age group and in the next five years the number was expected to increase to 6,300.

100. Government employees with contracts continued to work a five-day week of 36 1/4 hours. Unestablished employees work a 40-hour week, and, on plantations, hours vary from 40 to 48 per week. Between 1 August 1975 and 1 July 1977, annual wages for public servants ranged from \$A 936 at level 18 to \$A 6,300 at level 1. On the latter date, annual wage rates were increased by approximately 10 per cent. The hourly wages for unestablished employees ranged from \$A 0.30 to \$A 0.67. The monthly BPC wages at Banaba, effective from 1 April 1978, ranged from \$A 218.04 to \$A 408.42 without rations, and from \$A 41.04 to \$A 176.12 with rations. Overtime allowances and bonuses are payable in certain circumstances.

101. In December 1976, the House of Assembly adopted legislation establishing the Gilbert Islands Provident Fund, which came into force on 1 July 1977. The purpose of the Fund is to create a national social security system which would eventually give financial security to all employees after they retire and, should they die before retirement, to their families. Initially, about 2,000 of the total work force is to join the Fund. The Fund is an independent body run by its own board, whose members are selected by the Minister of Finance.

C. Public health

102. The Ministry of Health and Welfare is responsible for health services, including village work in sanitation and water supplies, disease control and family planning. The head of the Health Division, which has a total of 220 posts, is the Chief Medical Officer, who is assisted by two senior medical officers in administrative posts. Expatriate medical staff consists of one medical specialist, one medical officer (who arrived during 1976), a part-time, family-planning doctor based at the Bikenibeu Central Hospital, a medical officer assigned to the hospital at Betio and a pharmacist. During the year under review, the Government of the United Kingdom provided urgently needed medical supplies, agreed to provide financing for projects to improve village water distribution and waste disposal and for the services of a consultant to update existing data on water resources, as well as financing, to plan long-term schemes for the maximum use of water resources and improvement of their distribution.

103. The death toll from the cholera epidemic which broke out in the Territory at the end of August 1977 ultimately reached 18; at least 90 other cases were verified before it abated in October. In addition, some 350 related cases were admitted to the hospital. Most of these were on the islands of Abemama and Abaiang. A medical team from New Zealand and specialists from the South Pacific Commission (SPC) and the World Health Organization (WHO) as well as a water engineer from Australia were rushed to Tarawa to help combat the epidemic. The Fiji Medical Department examined all passengers, food and water on flights from the Gilbert Islands to Fiji. The Government of Australia provided 12,000 doses of cholera vaccine for use in the Pacific, mainly in the Gilberts and in Tuvalu, in connexion with the epidemic.

104. Together with the United Nations Children's Fund (UNICEF), WHO provided simple water schemes in rural areas for the cement walling of public wells and the installation of hand pumps. As in previous years WHO, UNICEF and the United Nations Fund for Population Activities offered assistance in the form of training grants for maternity and child health aides, travelling expenses for supervisory staff, equipment and technical advice. A training school for nurses is maintained at the Central Hospital with the assistance of WHO and UNICEF.

105. In 1976, total government expenditure on health was \$A 845,545 (\$A 861,648 in 1975).

5. EDUCATIONAL CONDITIONS

106. At the end of 1976, the Government was directly managing 10 primary schools: 4 on Tarawa; 3 on Christmas Island; and 1 each on Banaba, Fanning and Washington islands. In addition, the Government was responsible for staffing and equipping 41 schools built with government financial help and maintained by island councils. The Sacred Heart Mission operated 35 schools, known as "selected" schools, which were grant-aided, together with 16 unaided schools of varying size throughout the islands. The total number of primary schools, including unaided schools, was 123, with a total enrolment of 14,320 (14,974 in 1975).

107. In 1976, secondary education was provided at six co-educational schools, three of which were run by Protestant missions, two by the Roman Catholic Mission and one by the Government. Total enrolment in 1976 was 707 (809 in 1975). There were also 54 students at the Tarawa Teachers' College (50 in 1975).

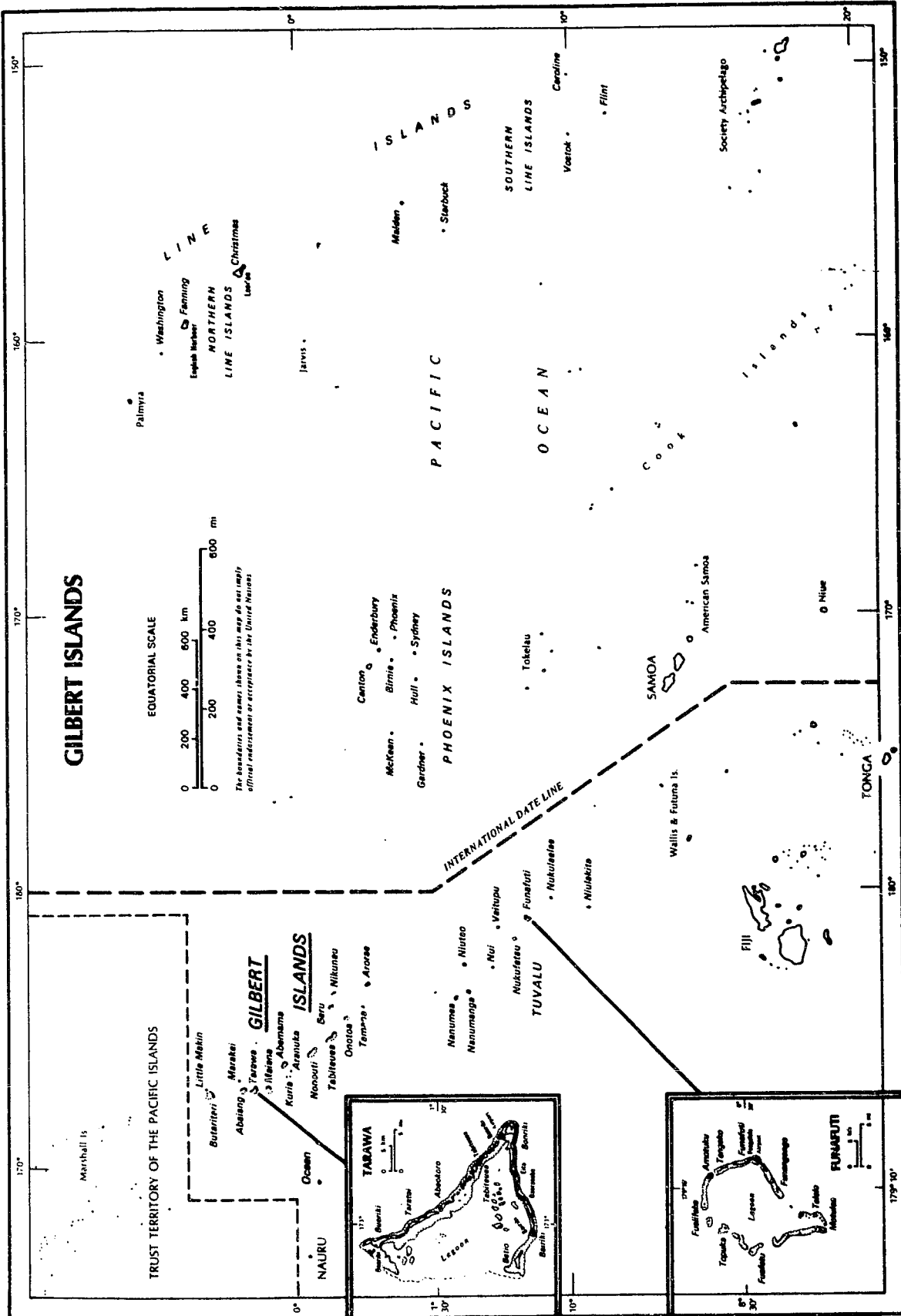
In December 1975, the House of Assembly reviewed education policy and identified the following aims:

- (a) To provide free and compulsory primary education by 1980;
- (b) To improve the present standard of primary education;
- (c) To integrate, so far as possible, all primary schools into a unified system;
- (d) To establish post-primary community high schools with a curriculum relevant to the rural environment;
- (e) To provide, in association with the religious institutions, sufficient places in the academic secondary schools to produce students to fill the future needs of the Territory for skilled technical, professional and administrative manpower;
- (f) To involve the schools, both staff and pupils, in the total rural development programme.

108. There are no facilities in the Territory for secondary education beyond the fifth form level, for tertiary education or for advanced technical education. The scholarships and training awards are administered by the Scholarship and In-Service Training Committee, the members of which represent the Government, the missions and the commercial sector. In 1976, 58 students were in receipt of scholarships (17 new awards and 41 ongoing awards) for study overseas.

109. The Tarawa Technical Institute and the Marine Training School, for which the Ministry of Education is also responsible, provided technical training.

110. In 1976, provisional government expenditure on education, including developmental aid, was \$A 1.96 million compared with actual expenditure of \$A 2.08 million in the previous year.



CHAPTER XVIII *

ST. HELENA

A. Consideration by the Special Committee

1. At its 1102nd meeting, on 1 February 1978, by adopting the suggestions put forward by the Chairman relating to the organization of its work (A/AC.109/L.1205), the Special Committee decided, inter alia, to refer St. Helena to the Sub-Committee on Small Territories for consideration and report.
2. The Special Committee considered the item at its 1109th meeting on 29 June.
3. In its consideration of the item, the Special Committee took into account the provisions of the relevant General Assembly resolutions, including in particular resolution 32/42 of 7 December 1977 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 13 of that resolution, the Assembly requested the Special Committee, inter alia, "to continue to seek suitable means for the immediate and full implementation of General Assembly resolution 1514 (XV) in all Territories which have not yet attained independence and, in particular: ... to formulate specific proposals for the elimination of the remaining manifestations of colonialism and to report thereon to the General Assembly at its thirty-third session". The Special Committee also took into account General Assembly decision 32/410 of 28 November 1977, whereby the Assembly requested the Special Committee, "in continued co-operation with the administering Power, to seek the best ways and means of implementing the Declaration with respect to St. Helena ...".
4. During its consideration of the Territory, the Special Committee had before it a working paper prepared by the Secretariat (see annex to the present chapter) containing information on developments concerning the Territory.
5. The representative of the United Kingdom of Great Britain and Northern Ireland, as the administering Power concerned, participated in the work of the Special Committee during its consideration of the item.
6. At the 1109th meeting, on 29 June, the Rapporteur of the Sub-Committee on Small Territories, in a statement to the Special Committee (A/AC.109/PV.1109), introduced the report of the Sub-Committee (A/AC.109/L.1244), containing an account of its consideration of the Territory.
7. At the same meeting, the Special Committee adopted without objection the report of the Sub-Committee on Small Territories and approved the draft consensus contained therein (see para. 9 below).
8. On 30 June, the text of the consensus was transmitted to the Permanent Representative of the United Kingdom to the United Nations for the attention of his Government.

* Previously issued as part of A/33/23/Add.4.

B. Decision of the Special Committee

9. The text of the consensus concerning St. Helena adopted by the Special Committee at its 1109th meeting on 29 June, to which reference is made in paragraph 7 above, is reproduced below:

(1) The Special Committee, having heard the statement of the representative of the United Kingdom of Great Britain and Northern Ireland, as the administering Power, and having examined closely the conditions in the Territory for the period under review, reaffirms the inalienable right of the people of St. Helena to self-determination and independence in conformity with the Declaration on the Granting of Independence to Colonial Countries and Peoples, contained in General Assembly resolution 1514 (XV) of 14 December 1960. The Special Committee notes the commitment of the United Kingdom Government to respect the wishes of the people of St. Helena, in this regard. Accordingly, the Committee urges the administering Power, in consultation with the freely elected representatives of the people of St. Helena, to continue to take all necessary steps to ensure speedy and full attainment of the goals set forth in the Declaration with respect to this Territory.

(2) The Special Committee reaffirms that continued development assistance from the administering Power, together with any assistance that the international community may be able to provide, constitutes an important means of developing the economic potential of the Territory and of enhancing the capacity of its people to realize fully the goals set forth in the relevant provisions of the Charter of the United Nations. In this connexion, the Committee notes the commitment of the administering Power to foster the social and economic development of St. Helena in close co-operation with the elected representatives of the people of the Territory. The Committee notes with interest that projects relating to afforestation, pasture and breeding, and fisheries are being implemented, all with the objective of self-sufficiency for the Territory, and further notes that a large-scale housing programme is proposed over the next decade.

(3) The Special Committee, noting the positive attitude of the administering Power with respect to the question of receiving visiting missions, considers that the possibility of dispatching such a mission to the Territory at an appropriate time should be kept under review, taking into account, in particular, the wishes of the people of St. Helena.

(4) The Special Committee decides, subject to any new directives which the General Assembly might give in that connexion at its thirty-third session, to continue consideration of the question at its next session.

ANNEX*

Working paper prepared by the Secretariat

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* Previously issued under the symbol A/AC.109/L.1226.

ST. HELENA ^{a/}

1. GENERAL

1. The Territory of St. Helena lies in the South Atlantic, approximately 1,931 kilometres from Angola and 2,896 kilometres from Brazil. The Territory, covering an area of 412 square kilometres, consists of the island of St. Helena, and two dependencies: Ascension Island and a group of six islands (five uninhabited) forming the dependency of Tristan da Cunha. St. Helena is the largest island of the Territory, with an area of 122 square kilometres and a population, mainly of African, Asian and British descent, estimated at 5,056 at the end of 1972, including 1,600 in Jamestown, the capital. Ascension, with an area of 88 square kilometres, has no indigenous population; the number of inhabitants varies from year to year according to the availability of local employment (1,129 at the end of 1972, of whom 660 were from St. Helena). At 30 June 1977, Tristan da Cunha, with an area of 99 square kilometres, had 291 inhabitants, also of mixed origin. In addition there were 23 expatriate officers.

2. CONSTITUTIONAL ARRANGEMENTS

2. An Order-in-Council and Royal Instructions of November 1966, which came into force on 1 January 1967, provides for a Legislative Council, consisting of the Governor, 2 ex officio members (the Government Secretary and the Treasurer) and 12 elected members; and an Executive Council, consisting of the Government Secretary and the Treasurer as ex officio members and the chairmen of the council committees (all of whom must be members of the Legislative Council). The Governor presides at meetings of the Executive Council. Council committees, a majority of whose members must be members of the Legislative Council, are appointed by the Governor and charged with executive powers and general supervision of government departments. General elections were held in February 1968 and May 1972. Elections were scheduled to be held in 1976.

3. There are four courts in St. Helena: the Supreme Court, the Magistrate's Court, the Small Debts Court and the Juvenile Court. Provision exists for a St. Helena Court of Appeal which can sit at Jamestown or in London.

4. On 2 July 1975, the representative of the United Kingdom, as the administering Power, informed the Special Committee (A/AC.109/SC.3/SR.237) that, in the view of his Government, the Constitution was working well and further changes at the current stage would be premature. He went on to say that there was no desire for

^{a/} The information contained in this paper has been derived from published reports and from information transmitted to the Secretary-General by the Government of the United Kingdom of Great Britain and Northern Ireland under Article 73 e of the Charter of the United Nations on 11 November 1977 for the year 1976/77. Information concerning Tristan da Cunha was also transmitted on 18 November 1977, for the year 1976/77.

independence among the islanders, who were strongly attached to the United Kingdom. The United Kingdom representative noted, however, that his Government respected the right of the people of St. Helena to self-determination and that if the Legislative Council were to make proposals at any time concerning the Territory's future, they would receive very careful study.

5. In June 1977, the United Kingdom representative informed the Sub-Committee on Small Territories that there was no wish for independence among the islanders and that the freely elected Legislative Council had never formulated any proposals to that effect. No further constitutional changes were envisaged as yet but his Government desired to see the Territory attain self-determination and would continue to follow the wishes of the people. The United Kingdom Government would continue to provide development and budgetary aid to the Territory which was not self-sufficient and had limited natural resources.

3. ECONOMIC CONDITIONS

6. World inflation has had a marked effect on the cost of living in the Territory; the retail price index of basic essential consumer goods rose by 18 per cent in 1976/77. In January 1977, the index was 130.8 (100 in 1975), with food accounting for 18.6 per cent of the increase. However, all government employees, who form 70 per cent of the total work force, received an increase in basic salaries and wages of 12.5 per cent; most other employers followed the government lead, thus alleviating the situation. Price increases have generally led to substantial recurrent government expenditures, necessitating larger grants-in-aid from the United Kingdom. In 1976/77, the grant-in-aid amounted to £1.1 million, b/ an increase of 34 per cent over the previous year. An additional £421,415 was provided for capital projects under the five-year development plan.

7. At 31 March 1977, deposits with the Government Savings Bank amounted to £726,660, compared with £564,148 in the previous year. The increase was attributed to the introduction of a two-tier interest system with a rate of 7.5 per cent for fixed deposits and 5 per cent for fluctuating accounts.

8. During the period under review, the Government established the St. Helena Currency Board which issued its first local currency notes in February 1976. The new currency is on a par with the pound sterling and is fully backed by United Kingdom government stocks. At the close of the financial year 1976/77, a total of £513,000 was in circulation.

9. Development projects were continued during the year, with an actual expenditure of £421,415, made up as follows: economic infrastructure, £131,903; natural resources projects, £175,908; social services, £89,837; and loans and grants, £23,766.

10. The major items of expenditure were as follows: a pilot survey of fisheries, £63,316; cold storage, £55,939; housing, £51,786; electrical generating equipment,

b/ Until February 1976, the local currency was the pound sterling (£). See para. 8 below.

£41,163; forestry and soil conservation £31,547; flax clearance, £26,655; technical education and school buildings, £25,731; pasture improvement, £24,367; and water improvement and storage, £19,191. In addition, a survey was undertaken to determine the feasibility of developing a small export industry which could include lace making, basket manufacturing, tanning, knitting and spice production.

11. In 1976/77, the production and value of the Territory's principal crops were as follows:

<u>Principal crops</u>	<u>Area</u> (hectares)	<u>Production</u> (metric tons)	<u>Value</u> (pounds sterling)
Potatoes	49	549	86 400
Vegetables	26	183	24 192
Fruit (including bananas)	12	152	16 800
Sweet potatoes	20	203	16 000
Fodder crops	8	203	3 000

12. During the period under review, revenue and expenditure, in pounds sterling, were as follows:

A. Revenue

Customs	122 029
Port and marine	25 686
Licences and taxes	44 896
Fees and reimbursements	42 191
Post office	128 875
Revenue from properties	15 975
Interest	15 160
Miscellaneous	56 891
Electricity and telephones	101 538
Grant-in-aid	1 065 000
Development aid	396 740
	<hr/>
	2 014 981

B. Expenditure

Governor	16 368
Agriculture and forestry	186 596
Audit	4 383
Education	113 304
Electricity and telephones	102 574
Miscellaneous	265 231
Pensions and gratuities	66 736
Police and gaol	35 152
Post office	47 350
Public health	166 203
Public works	58 392
Public works, annual recurrent	280 915
Secretariat	37 820
Social welfare	110 504
Treasury and customs	32 461
Judicial	7 238
Development aid	421 415
	<hr/>
	1 952 642

13. During 1976/77, imports valued at £1,430,168 were received from the following countries:

	<u>Value</u> (pounds sterling)	<u>Per cent</u>
United Kingdom	743 175	52.0
South Africa	514 992	36.0
Ghana	77 786	5.4
New Zealand	21 330	1.5
United States of America	15 956	1.1
Denmark	2 718	.2
Netherlands	1 675	.1
Australia	1 566	.1
Other countries	50 962	3.6
	<hr/>	
	1 430 168	100.0

4. SOCIAL CONDITIONS

14. The principal categories of wage earners in St. Helena during the period under review were: agricultural labourers, 294; skilled and general labourers, 317; building tradesmen and apprentices, 174; mechanics, engine and motor drivers, 65; and fishermen and boatmen, 12.

15. The average weekly rates of pay for government and commercial employees were as follows: agricultural labourers, £11.28 to £14.85; skilled labourers, £12.22 to £17.10; and apprentices, £8.40 to £13.40.

C. Public health

16. In 1976/77, recurrent expenditure on public health amounted to £166,203 and capital expenditure to £1,921. Total public health expenditure represented 8.6 per cent of total government expenditure.

5. EDUCATIONAL CONDITIONS

17. There are 12 schools in the Territory, with an enrolment of over 1,300 pupils, who comprise approximately 26 per cent of the total island population. There are 74 full-time and 5 part-time teachers. Five other teachers are currently receiving additional training overseas.

18. In 1976/77, recurrent expenditure on education amounted to £113,304 and capital expenditure to £25,731. Total educational expenditure represented 7.1 per cent of total government expenditure.

6. DEPENDENCIES OF ST. HELENA

A. Tristan da Cunha

19. At 30 June 1977, the population of Tristan da Cunha numbered 314, including 23 expatriate officers, their wives and children. During the year, 2 local young women emigrated to the United Kingdom with the families of returning expatriate officers; no immigration was reported.

20. The Administrator is responsible to the Governor of St. Helena for the administration of the dependency, but owing to communications problems, the Administrator usually reports directly to the United Kingdom Foreign and Commonwealth Office in London. The Governor receives copies of the more important letters and dispatches.

21. The Administrator is advised by an Island Council of eight elected and three appointed members, which is required to meet at intervals of not more than three months. Committees of the Council are elected from among members and non-members to advise on agriculture and natural resources; public health and public works;

education and social welfare; and the operation of the island store. A management committee administers Prince Philip Hall.

22. A general election was held in April 1976 and, unless the Council is dissolved earlier, the next election is scheduled for 1979. All persons over 18 years of age are eligible to vote, and are listed in an electoral roll which is published annually. Candidates must be over 21 years of age. The elected member polling the highest number of votes becomes Chief Islander and Leader of the Island Council for the ensuing three years. At least one elected member must be a woman.

23. The crayfishing concession is held under agreement by Tristan Investments, Ltd., whose payments of fisheries royalties are the principal source of government revenue. Payment for the year was not due until September 1977, but was expected to exceed the original estimate of £75,000 by a considerable margin. The industry provides much local employment for men and women, the latter being engaged to pack the catch after processing for export to the United States, where Tristan crayfish commands a ready market.

24. The other major source of revenue is the sale of postage stamps.

25. In 1976/77, estimated recurrent revenue amounted to £139,140 and estimated expenditure to £107,702; development aid provided by the United Kingdom Government totalled £28,000.

26. In 1975/76, the full working week was temporarily suspended for a number of months during an economic recession. It was fully restored in July 1976. In October, all wages were increased by 10 per cent to offset the higher cost of living.

27. The island's first social security measure was introduced on 1 January when pensions became payable to all persons over 65 years of age, to widows and their dependent children and to orphans.

28. In 1976/77, recurrent expenditure for public health amounted to £8,815 and capital expenditure to £5,125.

29. Education is free and compulsory for all children between 5 and 15 years of age. Owing to the recruitment during the year of a second qualified teacher from the United Kingdom, pupils are being encouraged to remain in school beyond the statutory leaving age. A new school was built in 1975 with aid from the United Kingdom. In June 1977, the first pupils were enrolled for evening classes.

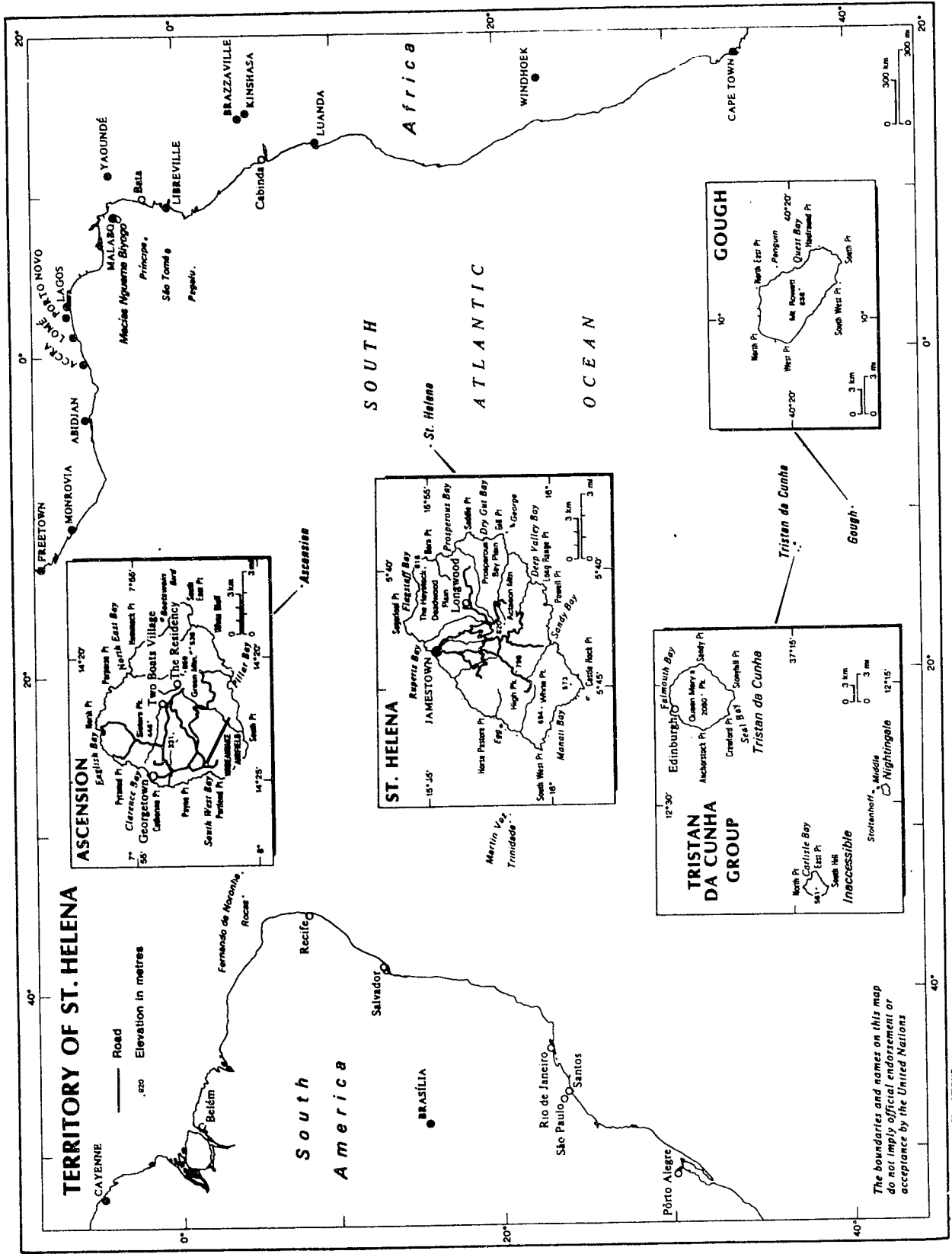
30. In 1976/77, recurrent expenditure on education amounted to £6,935 and capital expenditure to £10,400.

B. Ascension Island

31. The small island of Ascension lies approximately 1,120 kilometres north-west of St. Helena. The island is an important communications centre serving as a relay

station, operated by the South Atlantic Cable Company, for cables between South Africa and Europe.

32. The expatriate staff of Cable and Wireless, Ltd., and the staff of the base established in 1942 by the Government of the United States numbered approximately 460. The base, which was set up under an agreement with the United Kingdom Government, is operated as part of the United States tracking system.



The boundaries and names on this map do not imply official endorsement or acceptance by the United Nations

CHAPTER XIX*

AMERICAN SAMOA

A. Consideration by the Special Committee

1. At its 1102nd meeting on 1 February 1978, by adopting the suggestions put forward by the Chairman relating to the organization of its work (A/AC.109/L.1205), the Special Committee decided, inter alia, to refer American Samoa to the Sub-Committee on Small Territories for consideration and report.
2. The Special Committee considered the item at its 1109th meeting on 29 June.
3. In its consideration of the item, the Special Committee took into account the provisions of the relevant General Assembly resolutions, including in particular resolution 32/42 of 7 December 1977 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 13 of that resolution, the Assembly requested the Special Committee, inter alia, "to continue to seek suitable means for the immediate and full implementation of General Assembly resolution 1514 (XV) in all Territories which have not yet attained independence and, in particular: ... to formulate specific proposals for the elimination of the remaining manifestations of colonialism and to report thereon to the General Assembly at its thirty-third session". The Special Committee also took into account General Assembly resolution 32/24 of 28 November 1977, by paragraph 11 of which the Assembly requested the Committee, inter alia, "to continue to seek the best ways and means for the implementation of the Declaration with respect to American Samoa, including the possible dispatch of a visiting mission in consultation with the administering Power and in accordance with the wishes of the people of the Territory ...".
4. During its consideration of the Territory, the Special Committee had before it a working paper prepared by the Secretariat (see annex to the present chapter) containing information on developments concerning the Territory.
5. The representative of the United States of America, as the administering Power concerned, participated in the work of the Committee during its consideration of the item.
6. At the 1109th meeting, on 29 June, the Rapporteur of the Sub-Committee on Small Territories, in a statement to the Special Committee (A/AC.109/PV.1109), introduced the report of the Sub-Committee (A/AC.109/L.1239) containing an account of its consideration of the Territory.
7. At the same meeting, the Special Committee adopted without objection the report of the Sub-Committee on Small Territories and endorsed the conclusions and recommendations contained therein (see para. 9 below).

* Previously issued as part of A/33/23/Add.4.

8. On 30 June, the text of the conclusions and recommendations was transmitted to the Permanent Representative of the United States to the United Nations for the attention of his Government.

B. Decision of the Special Committee

9. The text of the conclusions and recommendations adopted by the Special Committee at its 1109th meeting, on 29 June, to which reference is made in paragraph 7 is reproduced below:

(1) The Special Committee reaffirms the inalienable right of the people of American Samoa to self-determination and independence in conformity with the Declaration on the Granting of Independence to Colonial Countries and Peoples, contained in General Assembly resolution 1514 (XV) of 14 December 1960.

(2) Fully aware of the special circumstances of American Samoa, owing to such factors as its size, geographical location, population and limited natural resources, the Special Committee reiterates the view that these circumstances should in no way delay the speedy implementation of the process of self-determination in conformity with the Declaration contained in resolution 1514 (XV), which fully applies to the Territory.

(3) The Special Committee expresses its appreciation for the co-operation of the administering Power concerned in participating in the work of the Committee, thereby enabling the Committee to conduct a more informed and meaningful examination of American Samoa.

(4) The Special Committee welcomes the news of the first gubernatorial election in the Territory on 8 November 1977, whereby the people of the Territory elected two American Samoans, Mr. Peter Tali Coleman and Mr. Tufele Li'a, as Governor and Lieutenant-Governor, respectively. The Committee notes that Governor Coleman has stated his desire to establish a commission with a broad membership to examine the future political status of the Territory. In this regard, the Committee urges the administering Power, in co-operation with the territorial authorities, to ensure that the people of American Samoa are made aware of all options open to them consistent with the Declaration.

(5) The Special Committee notes that, according to Governor Coleman's address to the Fono on 24 January 1978, conditions in American Samoa have generally improved. The Committee notes with satisfaction the increase in fishing production, the principal industry in the Territory, as the result of better tuna catches. American Samoa is still experiencing some repercussions following the severe recession that befell it late in 1974. The Committee therefore urges the administering Power, in consultation with the territorial authorities, to continue its efforts to diversify the economy of the Territory, thereby rendering it less vulnerable to economic fluctuations.

(6) The Special Committee, noting statements made by the last appointed Governor as well as by the newly elected Governor to the effect that the present system of education needs improvement, urges the administering Power,

in consultation with the local officials, to provide the necessary assistance to ensure that American Samoans are able to realize their academic potential by preparing them adequately to assume their future political and economic responsibilities.

(7) The Special Committee urges the administering Power, with the co-operation of the Government of American Samoa, to safeguard the inalienable right of the people of the Territory to the enjoyment of their natural resources by taking effective measures which guarantee the right of the people to own and dispose of those natural resources and to establish and maintain control of their future development.

(8) The Special Committee recalls the positive attitude of the Government of the United States on the question of receiving United Nations visiting missions, and reiterates its hope that the administering Power will accept an early visit to American Samoa by such a mission so as to enable the Committee to obtain first-hand information on conditions in the Territory and to ascertain the wishes and aspirations of its people concerning their future.

ANNEX*

Working paper prepared by the Secretariat

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* Previously issued under the symbol A/AC.109/L.1219.

AMERICAN SAMOA a/

1. GENERAL

1. Basic information on American Samoa is contained in the report of the Special Committee to the General Assembly at its thirty-first session. b/ Supplementary information is set out below.
2. American Samoa, an unincorporated Territory administered by the United States through the United States Department of the Interior, consists of the large island of Tutuila and six smaller islands comprising the islands of the Samoa group in the South Pacific lying east of 171° west longitude.
3. According to the territorial Office of Economic Development and Planning, the estimated population in January 1978 was 30,600, an increase of 5 per cent since the 1974 census. The population increase during the last three years has been at the rate of 1.67 per cent, significantly lower than the 3 per cent growth rate of a decade ago.

2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

A. General

Executive

4. The Government of American Samoa is composed of three branches: executive, legislative and judicial. The executive branch consists of the Governor, Lieutenant-Governor and departmental heads. Until 1977, the Governor and Lieutenant-Governor, as the chief executives, were appointed by the United States Secretary of the Interior and exercised their authority under the direction of the Department of the Interior. On 31 August 1976, however, in a special plebiscite, American Samoans decided by a vote of 3,044 to 1,366 to elect the two executives by popular vote. On 13 September 1977, the Secretary of the Interior promulgated Secretarial Order No. 3009, authorizing a popular election.

a/ The information contained in this paper has been derived from published reports and from information transmitted to the Secretary-General by the Government of the United States of America under Article 73 e of the Charter of the United Nations on 14 February, 16 March and 14 April 1978 for the year ending 30 September 1977.

b/ Official Records of the General Assembly, Thirty-first Session, Supplement No. 23 (A/32/23/Rev.1), vol. III, chap. XXI, annex.

Legislature

5. The Legislature, or Fono, of the Territory consists of an 18-member Senate and a 21-member House of Representatives. The Legislature, under a revised Constitution which came into force in 1967, has the sole authority to enact laws, subject always to the Governor's approval.

Judiciary

6. The judicial branch consists of a High Court having territorial jurisdiction throughout the islands, a district court for each of the five judicial districts into which the Territory is divided, a small claims court, a traffic court and a matai (chiefs) title court. The small claims, traffic and matai courts are comparatively new, and are presided over by Samoan judges. The Chief Justice is appointed by the United States Secretary of the Interior, and the associate judges are appointed by the Governor on the recommendation of the Chief Justice.

7. A compendium of all decisions handed down by the High Court since 1900 has been prepared but had not yet been published in early 1976. The Samoan Pacific Law Journal, published by the local Bar Association, is available to the local legal community and in the United States and abroad.

8. It was reported on 4 January 1978 that Judge William B. Bryant of the United States District Court had ruled in a 13-page opinion that the people of American Samoa were ready for the jury system. He rejected as unconstitutional a regulation of the Federal Department of the Interior specifically banning jury trials in the Territory. The ruling was based on a case brought before a federal court in Washington, D.C., by Mr. Jake King, the publisher of the Samoa News, after a three-judge court in Pago Pago found him guilty of failing to pay local income taxes.

9. Judge Bryant rejected the United States Government's argument that jury trials would not be fair because the strict caste system in the Territory prevented individual Samoans from reaching independent decisions on the evidence.

10. In November 1977, Mr. Cecil Andrus, United States Secretary of the Interior, signed an amendment to Secretarial Order No. 3009 (see para. 4 above) establishing the post of Attorney-General. In accordance with the Order, the Attorney-General is to be appointed by the Secretary, subject to confirmation by the Fono.

Co-operative association with Samoa

11. A co-operative association, established between American Samoa and Samoa, considers mutual problems such as immigration, agriculture, fisheries, crime, health and other matters. The Governor of American Samoa and the Prime Minister of Samoa preside at the joint meetings on a rotating basis.

B. Elections for Governor and Lieutenant-Governor

12. The Territory's first gubernatorial election took place on 8 November 1977. In September, Governor Rex Lee, the last appointed Governor, who was serving an interim term until the popular elections, had signed into law the bill establishing a new election code for American Samoa (Public Law 15-42). Under the law, the first elected Governor and Lieutenant-Governor are to serve terms of three years each from 3 January 1978 to 3 January 1981, and until their successors are qualified and elected. Beginning in 1980, the gubernatorial elections will coincide with those of the United States presidential elections, i.e., every four years.

13. Registration for the November election took place during the first two weeks in October. Registration teams visited all villages of the Territory to enrol eligible voters, who had to be physically present in American Samoa in order to register. In order to preserve the anonymous nature of the election, no record was kept of the vote in each district, all of the ballots were counted together and only the figure giving the total vote for the Territory was released.

14. There were seven gubernatorial teams. Official results, as reported, were as follows:

Peter Tali Coleman and Tufele Li'a	2,358
A. P. Lutali and Fofu Sunia	1,270
A. U. Fuimaono and Lutu Tenari	955
Galea'i P. Poumele and Salave'a Senio	833
Le'iato Tuli and Su'a Herman Scanlan	387
Papu Siotile and Arieta Mulitansopele	94
Luis T. Legarejos and Jake King	54

15. Inasmuch as no candidate received more than 50 per cent of the 5,953 qualified ballots cast, a second election between the Coleman and Lutali teams was held on 22 November. As a result, Mr. Coleman and his running mate, Mr. Li'a, defeated Messrs. Lutali and Sunia by 3,326 votes to 2,627.

16. Although Mr. Coleman is an American Samoan, he was regarded by some as an unusual choice for Governor since he had spent only nine of his adult years (he is 58 years old) in the Territory. After service in the United States Army from 1940 to 1946, he returned to American Samoa in 1952 to establish a private law practice and serve as public defender. He was appointed Attorney-General in 1955 and Governor in 1956. He was subsequently appointed District Administrator in the Marshall Islands of the Trust Territory of the Pacific Islands, where he remained for 16 years, attaining the position of Deputy High Commissioner in 1969 and serving as Acting High Commissioner until he resigned to seek the post of Governor of American Samoa in 1977.

C. Future status of the Territory

17. Following his installation as Governor, Mr. Coleman delivered his first state of the Territory address to the Fono on 24 January 1978 (see below).

18. In welcoming the Governor, the Speaker of the House pointed out that 1977 had been the Fono's most productive year. It had been in session 121 days; 228 bills and 158 resolutions had been introduced. Of these, the Governor had signed 69 bills into law and accepted 60 resolutions. The Speaker also reported briefly on a meeting which he and another Samoan leader had had with officials of the United States Department of the Interior visiting Pago Pago for the inauguration of the Governor. Among the topics discussed were: (a) the possibility of establishing an organic act for the Territory; (b) the possibility of appointing a Samoan associate justice; and (c) the establishment of an economic development fund.

19. In his address, Governor Coleman said that the state of the Territory was generally good, although certain areas, such as the financial situation, were less than satisfactory. The exact financial status of the Territory had not yet been determined by the task force assigned to review all federal grants and determine where liabilities existed for unexpended grant funds. The economy he said, needed a broad base, if the Territory was to reach some point of self-reliance. A comprehensive development plan had to be worked out in consultation with the Fono and the general public.

20. Also of major importance was the future political status of the Territory. The Governor recommended that the Fono create as soon as possible a representative political status committee with a clear mandate to review, study further and report on the options for the future political status of American Samoa. On the basis of such a report, it would be possible to make a proper evaluation of the alternatives before the Territory.

21. According to the Pacific Islands Monthly (October 1977), a periodical covering the South Pacific, the decision of American Samoa to elect its own executives was a sign that the Territory was aligning itself more firmly with the United States.

D. Public service

22. At 30 September 1977, there were 3,595 employees in the territorial Government (3,293 in the previous year), of whom 187 were serving on two-year contracts (161 in 1976).

Comprehensive Employment and Training Act (CETA)

23. Under the federal Comprehensive Employment and Training Act (CETA) the territorial Government submitted four grant applications for federal assistance amounting to \$US 1.4 million. The requests would provide employment for 890 persons in public service.

24. CETA provides for training for the unemployed and youths of the Territory as follows: (a) work experience in the public safety field (Titles I, II and IV); (b) the Summer Program for Economically Disadvantaged Youths (SPEDY), for summer employment for youths between 14 and 21 years of age in government agencies and non-profit organizations (Title III); and (c), in co-operation with the Governor's Office, Office of Samoan Affairs and the Office of Tourism, employment in the construction of roads, village beautification, preparation of tourist attraction locations throughout Manu'a and Tutuila, the fisheries live-bait project and African snail control (Title VI). In 1977, CETA helped to implement the On-the-Job Training (OJT) programme, which assisted private businesses in the training of new employees.

3. ECONOMIC CONDITIONS

A. Public finance

25. The Government of American Samoa is financed by local revenue and grants-in-aid and special purpose grants from the United States. The Federal Government also provides technical assistance as needed, through professional auditors in the office of the Federal Comptroller. The Executive Budget Act requires that the Budget Officer report directly to the Governor on a quarterly basis on the status of programmes, revenues and expenditure.

26. In October 1977, it was reported that Governor Lee (see para. 12 above) had signed into law a bill passed by the Fifteenth Legislature approving the final budget for the fiscal year 1977/78.

27. The budget totalled \$US 42.2 million, c/ including \$US 20.6 million in direct appropriations from the United States Congress and grants-in-aid from the Department of the Interior; \$US 9.7 million in other Federal grants; \$US 9.2 million in basic local appropriations; and \$US 868,000 in matching grant appropriations.

28. In 1976/77, corporate taxes amounted to \$US 5.2 million and individual income taxes to \$US 1.9 million, a total of \$US 7.2 million, an increase of 59 per cent over revenue for 1975/76 (\$US 4.5 million).

29. In August, Governor Lee had appeared before a special session of the Fifteenth Legislature to discuss some of the problems he had encountered since his arrival in the Territory in July for his six-month tenure. According to the Governor, the Government's financial records were "in chaos" for which, he maintained, the executive branch of Government had to bear responsibility. He declared that "On 1 October, we will start out with a clean slate for the coming fiscal year ... and will try to maintain good records from then on, so ... the new Governor will know exactly what he is doing with this 1978 yearly appropriation ..."

30. The former Governor then stated that according to the current records, \$US 2.5 million was owed the territorial Government for unpaid electricity, telephone and water bills.

B. Trade

31. American Samoa enjoys a highly favourable balance of trade, owing to the prosperous fishing industry which accounts for over 90 per cent of the value of exports. In 1977, imports and exports amounted to \$US 54.9 million and \$US 81.2 million, respectively. The United States is the major supplier of imports. There are no import duties, but there are excise duties.

c/ The local currency is the United States dollar (\$US).

C. Land

32. More than 96 per cent of the land is owned communally, its use and occupancy being regulated by traditional customs. Of the remaining land, 506 hectares belong to the Government of American Samoa and a small area is owned in fee simple by individuals. Alienation of indigenous land is prohibited; lands may be leased for periods not exceeding 40 years, subject to approval by the Governor. All disputes over land registrations are arbitrated by the Office of Samoan Affairs before going to the High Court.

D. Agriculture and livestock

33. Unlike most other island groups in the South Pacific, American Samoa's economy is not based on copra. About 25 local farmers raise vegetables. More than 245,000 kilograms of taro and 568,000 kilograms of bananas were sold by local farmers in 1974. By 1977, 320 hectares containing about 5 million taro plants and 165 hectares containing about 250,000 banana plants were under cultivation. Other crops grown locally are bread-fruit, coconuts, yams, sugar-cane, pineapples and kuva. Government officials have stressed the important role of agriculture in its economic development plan.

34. The Government is now reviewing the lease arrangements for the 12 hectares occupied by the Taputimu experimental farm. The Government wishes either to negotiate a new 30-year lease or to purchase the land outright. The present lease expires in 1983.

35. In March 1977, the territorial Department of Agriculture issued a warning that giant African snails, capable of destroying any plant life, had been discovered in American Samoa for the first time. The snails, which are suspected to be carriers of hepatitis, were found in the vicinity of the fish canneries, covering a 4-hectare area, including the housing area for cannery employees. It was thought that they had been on the island for a period of from 6 to 12 months.

36. The Department organized a team, consisting of youths from the Youth Office and CETA employees, in an attempt to eradicate the giant snail, and sought federal assistance for the programme, which it was estimated would cost at least \$US 175,000. Despite nearly a year of constant efforts by department officials, the snails have spread throughout Tutuila and have been found on Manu'a.

37. Four poultry farms with about 8,000 laying hens provide about 30 per cent of the local demand for fresh eggs. Some 26 individual farmers have benefited from a new piggery construction programme enabling farmers to buy materials from the Government at landed costs. Twelve commercial farmers are also involved in raising pigs.

E. Fisheries

38. The fishing industry is largely controlled by the Van Camp Sea Food Company, of the United States, which took over the Pago Pago factory in 1954, and Star Kist

Samoa, Inc., which began operation in the Territory in 1963. Fishing boats from the Republic of Korea and other Asian countries supply the canneries. The local fleet of more than 20 small craft catches an estimated 100,000 kilograms of fish each year for local consumption.

39. The territorial Department of Marine Resources operates a small boat-building and fisheries training programme. During the year under review, it launched a number of small fishing craft, which represents the first major effort in many years to develop indigenous fishing. The Department also maintains small research ships to assist fisheries development and carry out a reef survey.

40. It is reported that South Pacific nations face a serious complication because of the attitude of the United States Government towards migratory species. For more than 10 years, the United States has maintained that highly migratory species such as the skipjack tuna should not be covered by any arrangement of coastal States to manage their fishing resources. While recognizing the fishing zones of various countries, the United States maintains that no country has the right to manage the skipjack tuna. Theoretically, this means that United States fishing vessels could fish for skipjack tuna within the 200-nautical-mile zone of any coastal State.

41. Efficient management of migratory species requires international co-operation, such as the pooling of information on habits, the amount that can be taken from the sea without endangering the size of the yield and the place of the species in the over-all pattern of the food chain. Such information could prevent one country from fishing too heavily, thus depriving another country of its catch.

42. The position of the United States on this matter is also reported to be of particular concern to American Samoa, Guam and the Trust Territory of the Pacific Islands.

43. The Regional Fisheries Agency, organized by the South Pacific Bureau for Economic Co-operation and approved by the South Pacific Forum in November 1977, expressed the hope that Pacific Territories administered by the United States would be permitted to participate in meetings of the agency in order to make it more effective. Officials from American Samoa, as well as from Guam and the Trust Territory of the Pacific Islands, were therefore included in the United States delegation to the November 1977 meeting of the Forum to discuss the location of the agency.

44. In January 1978, officials from the United States Department of State and from the Territories administered by the United States attended a two-day meeting at Honolulu to discuss what position the United States should take on a proposed joint 200-nautical-mile fishing zone agreement among South Pacific nations. The group reached the consensus that: (a) their participation in the agency was desirable, in particular to establish rules on harvesting marine resources, including the highly migratory species; (b) the three Territories and the state of Hawaii should have separate voting rights, but should form a pact to act in their common interest; and (c) the United States Government should designate one of its agencies to assist in the development of the Regional Fisheries Agency.

45. These conclusions were to be considered by the United States Government in order to arrive at a policy decision on the agreement in time for the next round of talks, scheduled to be held at Suva at the end of March 1978.

46. In the Governor's statement on 24 January 1978 (see para. 17 above), he said that ecological and the environmental problems required continued attention. For example, the crown-of-thorns starfish were destroying the coral reefs, thus endangering the supply of reef and deep-water fish.

47. In January 1978, the Office of Marine Resources announced that during the first three days of an emergency programme to combat the danger of the starfish, 6,700 of the species were killed, for which the Office paid a bounty of 15 cents each.

F. Industry and development

48. It is the policy of the territorial Government to encourage overseas industry to invest in the Territory, while at the same time ensuring the participation of local people. In his address to the Fifteenth Legislature in August 1977, Governor Lee had stressed the need for more industry in American Samoa and laid particular emphasis on tourism. In his state of the Territory message on 24 January 1978, Governor Coleman said that the economy would need a broader base if the Territory were ever to reach some point of self-reliance. He proposed that a comprehensive development plan be prepared to be worked out with the Fono and the public, which would provide for the necessary infrastructure for a tourist industry and the manufacturing industries of the Territory, including adequate electric and water supply systems, docks, small harbours, roads and small-island airfields.

49. While recognizing the importance of fishing to the economy, government policy has been to diversify as much as possible. The Pacific Time Corporation, a subsidiary of the Bulova Watch Company, exports watches. The Sultan Jewellery Company, of Hawaii, has a small plant and is training American Samoans as skilled operators. Other recent new enterprises include a clothing manufacturer, a milk and ice-cream plant and various retail businesses. A United States engineering design firm has set up an office to help with local construction projects and a new gas plant has been built. A local accounting firm including one certified public accountant and staff has been established in the Territory.

50. The former Bank of American Samoa, a government institution, was sold to the Bank of Hawaii some years ago, thereby establishing the first private bank in the Territory. With the capital from that sale, the territorial Government established the Development Bank of American Samoa, which issues loans for housing and businesses. In 1974, the First National Bank of New York and the American Savings and Loan Corporation opened branches in the Territory.

51. Since 1974, the Government has invested heavily in roads, water projects, sewage systems, power projects, airport and harbour construction, the telephone system, educational buildings, health services and other capital works.

52. In 1977, the Economic Development Administration of the United States Department of Commerce approved a grant of \$US 368,000 to finance the building of a \$US 460,000 reservoir near the village of Aua, with the balance (\$US 92,000) being provided by the Government of American Samoa. The reservoir would provide an adequate supply of water to assure the continued operation of the tuna canneries which employ about 1,200 workers and have recently been forced to operate on limited schedules owing to the water shortage. In addition, the reservoir is to serve the north shore of the Pago Pago Bay Area, where economic growth has been curbed by the lack of an adequate water supply.

G. Tourism

53. Earlier in 1977, the Economic Development Administration had awarded a grant of \$US 75,000 to help defray the estimated cost of \$US 100,000 for a series of studies leading to a five-year tourism development programme for, inter alia, American Samoa and Guam. The studies were to be carried out by the Pacific Islands Development Council (PIDC), which was to furnish the additional \$US 25,000.

H. Transport and communications

54. In May 1977, the United States Civil Aeronautics Board (CAB) requested the permission of the President of the United States to allow Continental Airlines to compete with Pan American World Airways (Pan Am) and operate daily services between the United States (Los Angeles), Hawaii, American Samoa, Fiji, New Zealand and Australia. The applications of two other United States airlines had previously been rejected. The President approved the CAB recommendation and authorized Continental Airlines to begin flights on 18 September. It thus became the sixth airline in operation between the United States and the South Pacific. After learning of the President's decision, the Chairman of Pan Am announced plans to reduce Pan Am service from four to two scheduled flights a week, starting 1 February 1978.

55. In November, Governor Lee said that Continental Airlines could not begin making plans for its South Pacific service until the United States Department of State had negotiated agreements for landing rights with the Governments of Australia and New Zealand. Negotiations were to take place in February 1978, and Continental Airlines would then require at least 120 days to prepare its flight plans and schedules. Mr. Lee stated that, in the meantime, the lack of through service to New Zealand and Australia (at that time Pan Am had three round-trip services a week between Pago Pago and Honolulu) made it virtually impossible for American Samoa to conduct effective tourism and industrial development programmes. He therefore suggested that the negotiations be accelerated to benefit both the Territory and the airlines concerned.

56. In March 1978, it was announced that, although New Zealand had approved landing rights for Continental Airlines in that country subject to compliance with regular procedures, the Australian Government had proposed revisions to the existing agreements which were contrary to the United States aviation policy and practice.

Further consultations with Australia were to resume prior to June 1978 at Washington, D.C. It was not clear if Continental Airlines would begin service to and from New Zealand, with stops en route in American Samoa.

57. South Pacific Island Airways (SPIA) provides regularly scheduled flights from the Territory to Samoa, the Manu'a Islands, Tonga and Niue. Polynesian Airlines, based at Apia, Samoa, also provides services between Apia and Pago Pago.

58. SPIA is building a new maintenance and administrative centre at Tofuna Airport, Pago Pago, on 280 square metres of land leased from the local Government. This will enable the company, which operates more than 140 scheduled flights weekly to nine islands, to undertake round-the-clock maintenance of its aircraft. SPIA expects to open up new routes between Pago Pago and Rarotonga (Cook Islands).

59. In late 1977, the United States Government made a grant of about \$US 1.8 million to American Samoa to expand the terminal at the international airport. Work on the project, which was expected to take two years, was to begin in November 1977. According to press reports, at present the simultaneous arrival of two aircraft places severe strain on airport facilities.

60. Since the introduction of lighter aboard ship (LASH) vessels and container ships in the early 1970s, Pago Pago now handles fewer ships, although the volume of trade has continued to increase. To overcome the docking problem for interisland traders, a floating dock was installed in Pago Pago harbour in 1975. A small boat-dock and marina were constructed at Fagatogo in 1975.

61. The contract for the construction of the Ta'u Harbor, to be located near the island of Fusi on the west coast, was awarded on 20 May 1977. The contract provides for the participation of both the federal and territorial Governments in the development of the harbour entrance channel, turning basin, berthing areas and the harbour back-up area. A coral-surfaced jeep trail serves as vehicular access from the harbour site to nearby villages. The harbour for Aunu'u island is still awaiting construction funds.

62. The territorial Water Transportation Division operates a fleet of small ships, including tugs, launches, mobile cranes and a high-speed boat. The division co-operates with the Tokelau administration in providing a shipping service to Swain's Island.

4. SOCIAL CONDITIONS

A. Cost of living

63. In February 1978, the territorial Office of Economic Development and Planning announced that the consumer price index, comprising food, housing, clothing, transportation and miscellaneous categories, had risen by 12.7 per cent annually over the past three years. Food prices, continuing an upward movement, had increased by 25 per cent since 1975 (8 per cent in 1977). Transportation cost increases were greater than all other categories, rising by 45 per cent since 1974, (16 per cent per year).

B. Labour

64. The largest single employer in American Samoa is the territorial Government, which is responsible for about half of all employment in the Territory (3,595). The Department of Manpower Resources is responsible for the training and selection of government employees. The private sector employs 4,210 persons including 2,000 working for the canneries and the Marine Railway and 638 in agriculture, including subsistence farming. In 1977, the minimum wage level ranged from \$US 1.00 to \$US 1.70 per hour, depending on the industry.

65. In 1975, the United Cannery and Industrial Workers of the Pacific Union of the United States sent representatives to the Territory to organize local cannery workers.

C. Public health

66. The main hospital in the Territory is the Lyndon B. Johnson Tropical Medical Center, which has 200 beds, including tuberculosis, leprosy and obstetrics units. The Department of Health also operates dispensaries throughout the islands.

67. With an exceptionally high birth-rate of 37 per thousand in 1976, the Family Planning Clinic has continued to encourage birth control.

68. The main health problems continue to be filariasis, venereal diseases and tuberculosis. There are still a few cases of leprosy and in 1977, the Department of Health issued an alert concerning dengue fever.

69. On 31 January 1978, the American Samoa Health Co-ordinating Council adopted the first five-year territorial health plan, developed under United States Public Law 93-641. The health plan, based on a preliminary plan prepared by the American Samoa Health Planning and Development Agency, is the culmination of 15 months of study. The plan contains objectives and recommends action for improving the health system as well as the health of the population. The plan was to be presented at a public hearing on 10 March.

70. The World Health Organization (WHO) continues to make fellowships available to American Samoans. The fellowships include round-trip transportation, tuition and books, room and board, plus incidentals, and carry an obligation to work for the Government of American Samoa for at least three years after completion of training.

71. In 1976/77, the total budget for the Department of Health amounted to \$US 4.0 million of which \$US 3.2 million came from the Federal Government and \$US 769,000 from local funds.

5. EDUCATIONAL CONDITIONS

72. The educational system is based on the pattern of eight years of elementary school and four years of secondary school. During the 1960s, television was the primary medium of instruction. In recent years, however, greater emphasis has been placed on the role of the class-room teacher. By 1976, educational television was being used mainly for teaching the English language.

73. More attention has also been given to a programme devoted to Early Childhood Education (ECE); the ECE programme serves more than 1,727 children, 3 to 5 years of age, at 135 centres in 64 villages.

74. At 31 December 1977, there were 24 public elementary schools with an enrolment of 5,223, including 114 who were receiving special training; 4 private elementary schools with an enrolment of 1,457; 4 public secondary schools, with an enrolment of 2,192; and 2 private secondary schools, with an enrolment of 426. At the Community College, there were 828 students enrolled (836 in 1976), including 531 regular students, 265 vocational students and 32 student nurses.

75. The Community College and the largest public secondary school, Samoana, are located in the Fagatogo area. Two other secondary schools are also on Tutuila, while a fourth such school is on Ta'u.

76. Special educational programmes are offered by the Vocational Education Division, and the Special Education Division for handicapped children. The Vocational Education Division offers industrial arts education at all four public secondary schools, one of which provides additional vocational training at several levels. Associated with this programme is a Skills Center which covers more advanced work in the metals trades.

77. The Community College has expanded its programme for adults both on its own campus at Mapusaga and at the new Adult Education Center at Fagatogo. In late 1977, the Center began courses leading towards a secondary school diploma and for college credit. The United States Office of Education made a grant of \$US 139,265 to support adult education in the Territory for 1977/78.

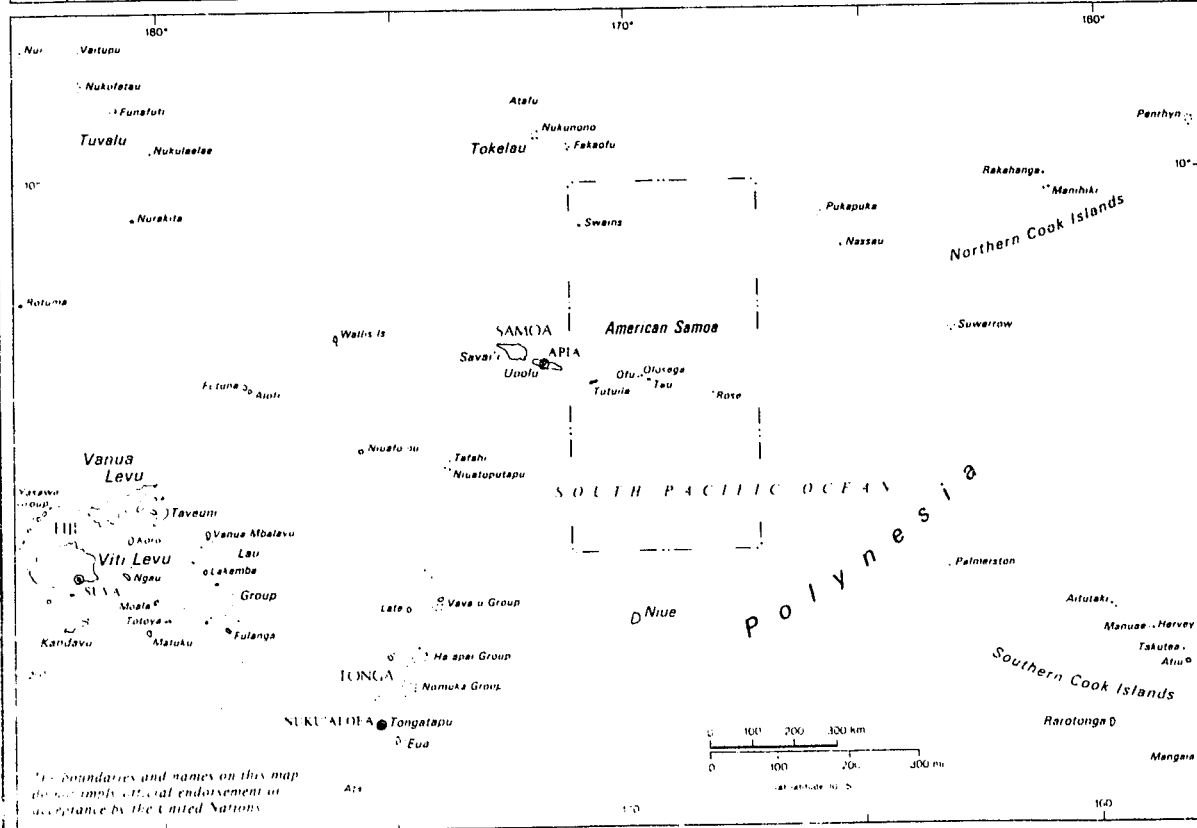
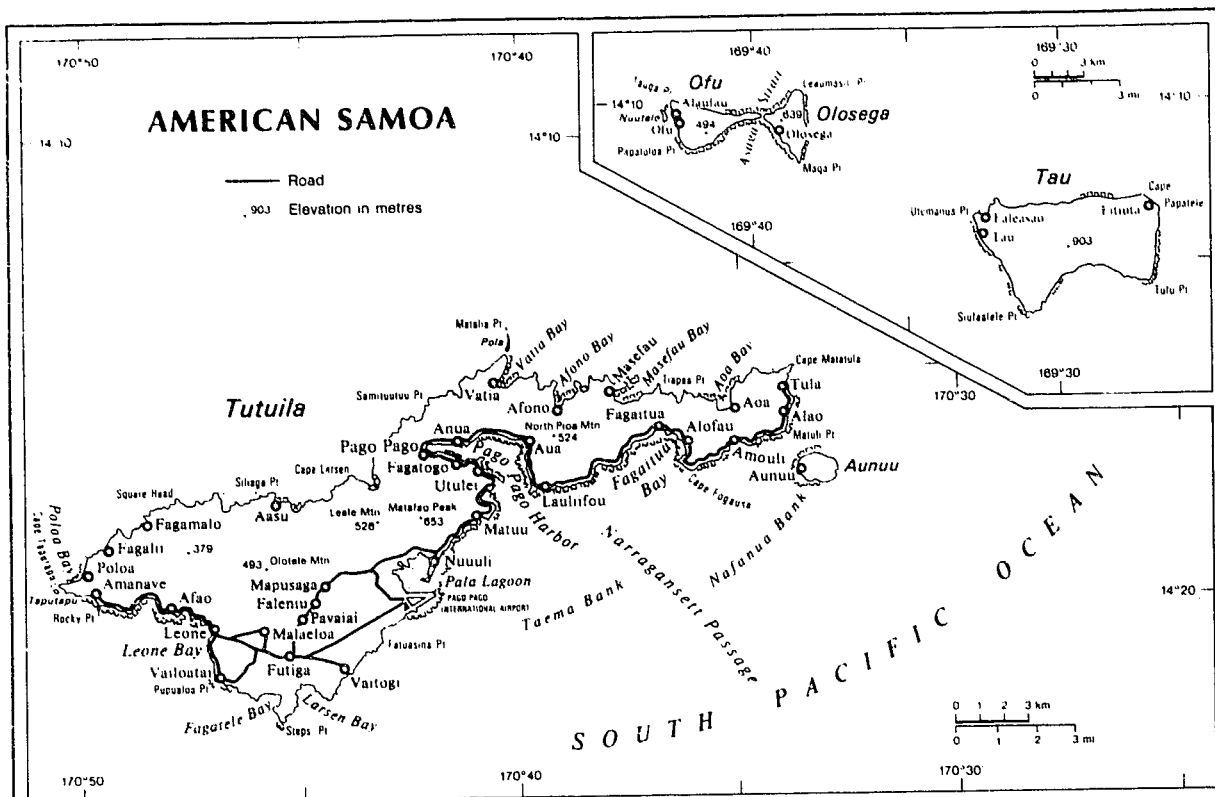
78. In his farewell address to the Fifteenth Legislature on 12 December 1977, Governor Lee stated that one item which had "continually plagued /himself and leaders of the Fono/ was whether to move ahead with the plans that have been developed at the Mapusaga Community College for a large building programme ... launched by the last Governor /Earl B. Ruth/ ... The more I dealt with this building programme and discussed it with your leaders, the more I became convinced that this was a mistake. Our present Community College is really a remedial school that is meeting some of the deficiencies of our high school graduates. I believe our efforts would have been much more beneficial to the youth of our Territory if we had used these funds to strengthen our existing elementary and secondary school systems."

79. He had reluctantly authorized a \$US 3.4 million programme to build three new class-room buildings, a gymnasium and some vocational class-rooms on the Mapusaga campus. (The funds in question were grants and the time-limit for their use was about to expire.) Moreover, there was some flexibility regarding the sites of the gymnasium and vocational class-rooms. He exhorted the representatives to study suggested changes and take appropriate action.

80. He concluded by stating:

"I am unhappy with our present school system. I think it is inadequate, and I think the youth of our Territory are being neglected. I have not felt ready, however, to propose any changes or programmes because of my shortness of stay in Samoa. I will make my views known, however, to your new Governor and also to this body before I leave. Many top educators agreed that you had the promise of becoming one of the top school systems in the nation when I left 10 years ago. However, that system has been completely destroyed, and I do not see any chance of immediately improving our existing system without some major changes and considerable cost."

81. When Governor Coleman departed on his first trip to Washington, D.C. following his inauguration on 3 January 1978, he stated that he hoped to present his views on the problems of education. He stressed the importance of education to the future development of American Samoa and expressed the hope that basic skills would again be emphasized, starting in the first grade. The Governor referred to the important role of the Community College in the Territory's future, stating that it must offer American Samoans the opportunity to realize their academic potential. The educational budget for the year under review was \$US 10.0 million (\$US 6.2 million from federal and local funds and \$US 3.8 million from grants).



The boundaries and names on this map do not imply official endorsement or acceptance by the United Nations.

CHAPTER XX*

TRUST TERRITORY OF THE PACIFIC ISLANDS

A. Consideration by the Special Committee

1. At its 1102nd meeting on 1 February 1978, by adopting the suggestions put forward by the Chairman relating to the organization of its work (A/AC.109/L.1205), the Special Committee decided, inter alia, to refer the Trust Territory of the Pacific Islands to the Sub-Committee on Small Territories for consideration and report.
2. The Special Committee considered the Territory at its 1113th, 1115th and 1116th meetings between 9 and 14 August.
3. In its consideration of the item, the Special Committee took into account the provisions of the relevant General Assembly resolutions, including in particular resolution 32/42 of 7 December 1977 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 13 of that resolution, the Assembly requested the Special Committee, inter alia, "to continue to seek suitable means for the immediate and full implementation of General Assembly resolution 1514 (XV) in all Territories which have not yet attained independence and, in particular: ... to formulate specific proposals for the elimination of the remaining manifestations of colonialism and to report thereon to the General Assembly at its thirty-third session".
4. During its consideration of the item, the Special Committee had before it a working paper prepared by the Secretariat (see annex to the present chapter) containing information on developments concerning the Trust Territory.
5. In connexion with its consideration of the item, the Special Committee, at its 1113th meeting, on 9 August, granted a request for a hearing to Mr. Roger S. Clark, of the International League for Human Rights. At the same meeting, Mr. Clark made a statement (A/AC.109/PV.1113).
6. At the 1113th meeting, on 9 August, the Rapporteur of the Sub-Committee on Small Territories, in a statement to the Special Committee (A/AC.109/PV.1113), introduced the report of the Sub-Committee (A/AC.109/L.1247) containing an account of its consideration of the Territory.
7. At its 1115th meeting, on 10 August, the Rapporteur of the Sub-Committee submitted, on behalf of the Sub-Committee an oral revision to the conclusions and recommendations contained in the report (A/AC.109/L.1247/Rev.1) by which:

(a) At the end of the first paragraph, the following sentence was added:

"The Committee reaffirms the importance of ensuring that the people fully and freely exercise their rights in this respect and that the obligations of the Administering Authority are duly discharged".

* Previously issued as part of A/33/23/Add.4.

(b) The fifth paragraph, which read:

"(5) The Special Committee, on the one hand, notes that, on 23 October 1977, the United States Government approved the Constitution of the Commonwealth of the Northern Mariana Islands which entered into force on 9 January 1978 and, on the other hand, takes note of the intention of the Administering Authority, expressed at the forty-fifth session of the Trusteeship Council, to seek agreement with the parties concerned, in strict compliance with the relevant provisions of the Charter, to terminate the Trusteeship Agreement simultaneously for the Northern Mariana Islands and for the rest of the Trust Territory by 1981 at the latest"

was replaced by:

"(5) The Special Committee takes note of the intention of the Administering Authority, expressed at the forty-fifth session of the Trusteeship Council, to seek agreement with the parties concerned, in strict compliance with the relevant provisions of the Charter, to terminate the Trusteeship Agreement for the Trust Territory by 1981".

The representative of the Union of Soviet Socialist Republics made a statement at the same meeting (A/AC.109/PV.1115).

8. At the 1116th meeting, on 14 August, statements were made by the representatives of the Union of Soviet Socialist Republics, Czechoslovakia and Bulgaria (A/AC.109/PV.1116).

9. At the same meeting, the Special Committee adopted without objection the report of the Sub-Committee on Small Territories (A/AC.109/L.1247/Rev.1) as revised, and endorsed the conclusions and recommendations contained therein (see para. 11 below), it being understood that the reservations made by members would be reflected in the record of the meeting.

10. On 14 August, the text of the conclusions and recommendations was transmitted to the Permanent Representative of the United States of America to the United Nations for the attention of his Government.

B. Decision of the Special Committee

11. The text of the conclusions and recommendations adopted by the Special Committee at its 1116th meeting of 14 August, to which reference is made in paragraph 9 above, is reproduced below:

(1) The Special Committee reaffirms the inalienable right of the people of the Trust Territory of the Pacific Islands to self-determination, including the right to independence in conformity with the Charter of the United Nations and with the Declaration on the Granting of Independence to Colonial Countries and Peoples, contained in General Assembly resolution 1514 (XV) of

14 December 1960. It also takes note of the Trusteeship Agreement concluded between the Administering Authority and the Security Council with regard to this Territory. The Committee reaffirms the importance of ensuring that the people fully and freely exercise their rights in this respect and that the obligations of the Administering Authority are duly discharged.

(2) Fully aware of the special circumstances of the Trust Territory of the Pacific Islands, owing to such factors as its size, geographical location, population and limited resources, the Special Committee reiterates its view that these circumstances should in no way delay the speedy implementation of the Declaration, which fully applies to the Territory.

(3) The Special Committee continues to note with regret the refusal of the Administering Authority to co-operate with the Committee on this item by declining to participate in the examination of the situation in the Trust Territory. It calls again upon the United States of America, as the Administering Authority concerned, to comply with its repeated requests that a representative be present at meetings of the Committee to provide up-to-date information so as to assist the Committee in the formulation of conclusions and recommendations concerning the future of the Trust Territory.

(4) The Special Committee notes the statement of agreed principles for free association for Micronesia as approved at Hilo, Hawaii, on 9 April 1978 by the representatives of the various parties concerned. It notes, however, that the Congress of Micronesia favours unity within the framework of a constitution of the Federated States of Micronesia. In this connexion, the Committee, mindful of the principles contained in the Charter of the United Nations and the Declaration set forth in resolution 1514 (XV), as well as the Trusteeship Agreement relating to the exercise of the right of self-determination, recalls that the Administering Authority has the duty to ensure that the people of the Trust Territory are kept fully informed of all options in conformity with the Declaration. Consequently, the Committee requests the Administering Authority to provide details on political education in the Trust Territory so as to enable the Committee to ascertain that all options have been offered to the people of Micronesia.

(5) The Special Committee takes note of the intention of the Administering Authority, expressed at the forty-fifth session of the Trusteeship Council, to seek agreement with the parties concerned, in strict compliance with the relevant provisions of the Charter, to terminate the Trusteeship Agreement for the Trust Territory by 1981.

(6) The Special Committee, bearing in mind the above-mentioned developments, as well as the intention of the Administering Authority, and recognizing that it is ultimately for the peoples of the Trust Territory themselves to decide upon their future political relations with each other, emphasizes again its strong view that the unity of the Trust Territory of the Pacific Islands should be preserved until it exercises its right to self-determination in accordance with the Declaration contained in resolution 1514 (XV).

(7) The Special Committee reiterates its concern that the Administering Authority has yet to act on previous recommendations that regulations should be adopted so as to restrict effectively as far as possible the use of the veto power of the High Commissioner.

(8) The Special Committee continues to regret the lack of significant economic development in the Trust Territory. It shares the concern of the Trusteeship Council, expressed at its forty-fifth session, over the imbalances in the Micronesian economy and its substantial dependence on outside support. It notes the awareness of the Administering Authority of the need to promote the development of the productive sectors and the basic infrastructure, including transport and communications, and to keep unproductive expenditure within reasonable limits. It shares the Council's concern regarding the delay in the implementation of the five-year indicative plan and urges the Administering Authority to exert every effort to achieve the objectives of the plan within the established time-limit.

(9) The Special Committee, noting that the Congress of Micronesia continues to play only an advisory role in the preparation of the Trust Territory's budget, reiterates its view that the Congress of Micronesia should participate fully in the budget process.

(10) The Special Committee, recalling its recommendation on the subject in 1977, 1/ notes that a procedure for the settlement of disputes between the landowners and the Trust Territory Government concerning indefinite land use was adopted by the study group established for that purpose by the Congress of Micronesia. It notes the statement by the Special Representative of the Administering Authority that the question would be settled towards the end of 1979.

(11) The Special Committee urges the Administering Authority, in co-operation with the Trust Territory, to continue to take effective measures to safeguard and guarantee the right of the people of Micronesia to their natural resources and to establish and maintain control of their future development.

(12) The Special Committee notes with satisfaction that the Congress of Micronesia continues to enjoy observer status at the Third United Nations Conference on the Law of the Sea and that such participation is expected to continue.

(13) The Special Committee shares the satisfaction of the Trusteeship Council that three projects financed by the United Nations Development Programme are being implemented. The Committee notes with interest that the Administering Authority has devised a policy whereby other countries may provide loans and technical assistance to the Trust Territory.

1/ See Official Records of the General Assembly, Thirty-second Session, Supplement No. 23 (A/32/23/Rev.1), vol. III, chap. XXIII, para. 8 (10).

ANNEX*

Working paper prepared by the Secretariat

Information on recent developments concerning the Trust Territory which was placed before the Trusteeship Council at its forty-fifth session, together with the supplementary information furnished by the Administering Authority to the Council at the same session, is contained in the report of the Trusteeship Council to the Security Council (24 June 1977-8 June 1978). a/

* Previously issued under the symbol A/AC.109/L.1252.

a/ Official Records of the Security Council, Thirty-third Year, Special Supplement No. 1 (S/12971).

CHAPTER XXI*

BERMUDA

A. Consideration by the Special Committee

1. At its 1102nd meeting, on 1 February 1978, by adopting the suggestions relating to the organization of the Committee's work put forward by the Chairman (A/AC.109/L.1205), the Special Committee decided, inter alia, to refer Bermuda to the Sub-Committee on Small Territories for consideration and report.
2. The Special Committee considered the Territory at its 1109th, 1110th and 1115th meetings on 29 and 30 June and on 10 August.
3. In its consideration of the item, the Special Committee took into account the provisions of the relevant General Assembly resolutions, including in particular resolution 32/42 of 7 December 1977 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 13 of that resolution, the Assembly requested the Special Committee, inter alia, "to continue to seek suitable means for the immediate and full implementation of General Assembly resolution 1514 (XV) in all Territories which have not yet attained independence and, in particular: ... to formulate specific proposals for the elimination of the remaining manifestations of colonialism and to report thereon to the General Assembly at its thirty-third session". The Committee also took into account General Assembly resolution 32/29 of 28 November 1977, concerning four Territories, including Bermuda. By paragraph 10 of that resolution, the Assembly requested the Special Committee "to continue to seek the best ways and means for the implementation of the Declaration with respect to Bermuda ... including the possible dispatch of visiting missions in consultation with the administering Power ...".
4. During its consideration of the Territory, the Special Committee had before it a working paper prepared by the Secretariat (see annex to the present chapter) containing information on the latest developments concerning the Territory.
5. The representative of the United Kingdom of Great Britain and Northern Ireland, as the administering Power concerned, participated in the work of the Special Committee during its consideration of the item.
6. At the 1109th meeting, on 29 June, the Rapporteur of the Sub-Committee on Small Territories, in a statement to the Special Committee (A/AC.109/PV.1109), introduced the report of that Sub-Committee (A/AC.109/L.1242) containing an account of its consideration of the Territory. At the same meeting, statements were made by the Chairman, by the Chairman of the Sub-Committee on Small Territories and by the representative of China (A/AC.109/PV.1109).
7. At the 1110th meeting, on 30 June, statements were made by the representatives of the Union of Soviet Socialist Republics, the Ivory Coast, Sweden, Australia, Czechoslovakia, Cuba and the Syrian Arab Republic as well as by the Chairman (A/AC.109/PV.1110).

* Previously issued as part of A/33/23/Add.5.

8. At the 1115th meeting, on 10 August, the Rapporteur of the Sub-Committee on Small Territories, on behalf of the Sub-Committee, submitted an oral revision to the text of the conclusions and recommendations set out in paragraph 6 of the report of the Sub-Committee (A/AC.109/L.1242), by which subparagraph 11 which read:

"(11) The Special Committee, recalling the relevant resolutions of the General Assembly concerning military bases, recognizes that the presence of military bases could constitute a factor in impeding the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples, and reaffirms its conviction that the presence of foreign military bases in Bermuda should not prevent the people of the Territory from exercising their right to self-determination in accordance with the Declaration and the purposes and principles of the Charter of the United Nations"

was replaced by:

"(11) The Special Committee, recalling the relevant resolutions of the General Assembly concerning military bases in colonial and Non-Self-Governing Territories, recognizes that the presence of military bases could constitute a factor impeding the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples, and reaffirms its strong conviction that the presence of military bases in Bermuda should not prevent the people of the Territory from exercising their inalienable right to self-determination and independence in accordance with the Declaration and the purposes and principles of the Charter of the United Nations."

9. At the same meeting, following statements by the representatives of Afghanistan, Czechoslovakia, Cuba, Iraq, the Union of Soviet Socialist Republics, the Congo, the Ivory Coast, Bulgaria and Ethiopia (A/AC.109/PV.1115), the Special Committee adopted the report of the Sub-Committee, as orally revised (see para. 11 below), and endorsed the conclusions and recommendations contained therein. The representative of China and the Chairman made statements (A/AC.109/PV.1115).

10. On 11 August, the text of the conclusions and recommendations was transmitted to the Permanent Representative of the United Kingdom to the United Nations for the attention of his Government.

B. Decision of the Special Committee

11. The text of the conclusions and recommendations adopted by the Special Committee at its 1115th meeting, on 10 August, to which reference is made in paragraph 9 above, is reproduced below:

(1) The Special Committee reaffirms the inalienable right of the people of Bermuda to self-determination and independence in conformity with the

Declaration on the Granting of Independence to Colonial Countries and Peoples, contained in General Assembly resolution 1514 (XV) of 14 December 1960.

(2) Fully aware of the special circumstances of Bermuda, owing to such factors as its size, geographical location, population and limited resources, the Special Committee reiterates the view that these circumstances should in no way delay the speedy implementation of the process of self-determination in conformity with the Declaration contained in resolution 1514 (XV), which fully applies to the Territory.

(3) The Special Committee notes with appreciation the co-operation given to it by the United Kingdom of Great Britain and Northern Ireland, which contributes significantly to consideration by the Committee of the Territory of Bermuda. The Committee hopes that this attitude, as well as the provision of all the necessary assistance to the people of Bermuda, will pave the way towards the speedy realization of the objectives of the Declaration.

(4) The Special Committee welcomes the statement by the representative of the administering Power that his Government will respect the wishes of the people of Bermuda in determining their future constitutional status and takes note of the representative's statement concerning Bermuda's economic and political preparedness to move to independence.

(5) The Special Committee reaffirms that constitutional change relating to independence in Bermuda must be decided by the people of Bermuda themselves in conformity with resolution 1514 (XV). The Committee urges the administering Power, in consultation with the freely elected representatives of the people of Bermuda, to continue to take all necessary steps to ensure the full and speedy attainment of the goals set forth in the Declaration with respect to this Territory.

(6) The Special Committee notes the recent development in Bermuda concerning the future constitutional and political processes in the Territory, namely, the issuance of the Green Paper on independence which engendered wide-ranging public discussion of the question of independence. It further notes the decision to conduct a survey of public opinion on independence in 1978 prior to the introduction of a white paper in the legislature.

(7) In this regard, the Special Committee requests the administering Power to ensure that the people of the Territory are kept fully informed of all the options available to them in the exercise of their right to self-determination in accordance with resolution 1514 (XV).

(8) The Special Committee reiterates its view that it is most important that the electoral system accurately reflect the wishes of the majority of Bermudians.

(9) As it is the view of the Special Committee that visiting missions provide an effective means of ascertaining the situation in the Territories visited, the Committee expresses the hope that the Government of the United Kingdom will receive such a mission in the Territory at an appropriate time. The Committee considers that such a mission would enable it to acquire adequate first-hand information on the situation prevailing in the Territory and to ascertain the views of the people concerning their future political status.

(10) The Special Committee notes with concern the serious disturbances that took place in the Territory in December 1977. The Committee notes the appointment of a Royal Commission which has been entrusted with the task of examining the root causes of these disturbances. Further noting with regret that the disturbances were caused by the existence of racial and social problems in the Territory, the Committee calls upon the administering Power to adopt, in consultation with the local authorities, necessary measures which will prevent the recurrence of such problems.

(11) The Special Committee, recalling the relevant resolutions of the General Assembly concerning military bases in colonial and Non-Self-Governing Territories, recognizes that the presence of such bases could constitute a factor impeding the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples, and reaffirms its strong conviction that the presence of military bases in Bermuda should not prevent the people of the Territory from exercising their inalienable right to self-determination and independence in accordance with the Declaration and the purposes and principles of the Charter of the United Nations.

(12) The Special Committee reiterates its request that the administering Power, in co-operation with the territorial Government, should continue to evolve effective measures to guarantee the rights of the people of Bermuda to own and dispose of the natural resources of the Territory and to establish and maintain control of their future development.

(13) The Special Committee reaffirms that it is the responsibility of the administering Power, in conjunction with the territorial Government, to promote the economic and social development of the Territory. In this connexion, the Committee particularly emphasizes the need to diversify the Bermudian economy, thus reducing its dependence on tourism and international company business, and calls upon the administering Power, in consultation with the local authorities, to continue to take steps to this end. The Committee further considers that as part of its programme for economic diversification, the territorial Government should continue to encourage the establishment of light industries in Bermuda.

(14) The Special Committee welcomes the increasing efforts being directed particularly towards fisheries development with assistance from the United Nations Development Programme and the Food and Agriculture Organization of the United Nations, and urges the specialized agencies and

other organizations and bodies within the United Nations system to continue to pay special attention to the development needs of Bermuda.

(15) The Special Committee stresses the desirability of introducing reforms of the Territory's educational system, bearing in mind the need to provide equal educational opportunities to all Bermudians and to ensure that curricula are in keeping with the requirements and conditions of Bermuda.

(16) The Special Committee notes that, owing to the shortage of well-trained Bermudians, managerial and technical skills continue to be furnished mainly by non-Bermudians. It expresses the hope that the Bermuda Government will be able to reverse this trend by providing adequate training facilities and by offering more scholarships for students training abroad, and that, as a result, a larger number of qualified Bermudians will become available to fill positions in the community at all levels.

(17) The Special Committee, noting that certain responsibilities relating to the Bermuda Police have been delegated to the territorial Minister for Home Affairs, expresses the hope that this will accelerate the process of "bermudianization" of the police, and thereby enhance the effectiveness of the police service.

ANNEX*

Working paper prepared by the Secretariat

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* Previously issued under the symbol A/AC.109/L.1210.

BERMUDA a/

1. GENERAL

1. Basic information on Bermuda is contained in the report of the Special Committee to the General Assembly at its thirty-first and thirty-second sessions. b/ Supplementary information is set out below.

2. At the last census, taken in 1970, the resident civil population of the Territory comprised 30,897 non-whites and 21,433 whites and others. Of the 52,330 inhabitants, 14,496 were foreign-born (including 10,438 immigrants without Bermudian status). According to the territorial Government, the resident civil population at the end of 1976 stood at 56,432, or 472 more than in the previous year.

2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

A. Constitution

3. An outline of the constitutional arrangements set out in the Bermuda Constitution Order, 1968, as amended in 1973, appears in an earlier report of the Special Committee. c/ Briefly, the Government of Bermuda consists of a Governor appointed by the Queen, a Deputy Governor, a Governor's Council, a Cabinet and a bicameral legislature comprising a Legislative Council and a House of Assembly.

4. Of the 11 members of the Legislative Council, 5 are appointed by the Governor (Sir Peter Ramsbotham, the former Ambassador of the United Kingdom to the United States of America, who was sworn into office on 6 September 1977, five months after Sir Edwin Leather, the then Governor, had retired) in his discretion, 4 on the advice of the Premier (Mr. J. D. Gibbons, former Minister of Finance, who replaced Sir John H. Sharpe on 26 August 1977, when the latter resigned as a direct result of a considerable division within his party) and 2 on the advice of the Opposition Leader (Mrs. Lois Browne-Evans).

5. The House of Assembly has 40 members elected by universal adult suffrage, and lasts for five years unless dissolved earlier. The Territory is divided into

a/ The information contained in this paper has been derived from published reports and from information transmitted to the Secretary-General by the Government of the United Kingdom of Great Britain and Northern Ireland under Article 73 e of the Charter of the United Nations on 22 July 1977 for the year ending 31 December 1976.

b/ Official Records of the General Assembly, Thirty-first Session, Supplement No. 23 (A/31/23/Rev.1), vol. IV, chap. XXVII, annex; *ibid.*, Thirty-second Session, Supplement No. 23 (A/32/23/Rev.1), vol. III, chap. XXIV, annex.

c/ *Ibid.*, Twenty-eighth Session, Supplement No. 23 (A/9023/Rev.1), vol. V, chap. XXIII, annex, paras. 5-14 and 22-25.

20 constituencies, each represented by two members in the House. To be qualified to register as an elector in a constituency, a person should: (a) be a British subject aged 21 years or over; (b) either possess Bermudian status or have been ordinarily resident in the Territory throughout the preceding period of three years; and (c) be ordinarily resident in that constituency. In the general elections held on 22 May 1968 and again on 7 June 1972, the United Bermuda Party (UBP) won 30 seats and the Progressive Labour Party (PLP) the remaining 10. At the last general election, which took place on 18 May 1976, the two parties gained 26 and 14 seats respectively. Owing to a seat left vacant by the death of a UBP member of the House, a by-election was held on 21 September and the PLP candidate was declared the victor.

6. The Governor is responsible for defence, external affairs, internal security and the police. On these matters, he is required to consult the Governor's Council but does not have to accept the advice of its members. The Council consists of the Governor as Chairman, the Premier and not less than two nor more than three other ministers (three at present) appointed by the Governor after consultation with the Premier.

7. In a speech announcing the Government's policies and legislative programmes, delivered at the opening session of the legislature on 28 October 1977, the Governor said that, at the request of the Government and with the approval of the United Kingdom Secretary of State for Foreign and Commonwealth Affairs, he would delegate to a minister certain responsibilities relating to the Bermuda police (see para. 8 below). These would include establishment matters, finance, general organization, recruitment, training and equipment as well as community relations. He believed that such a step should enhance the effectiveness of the police service. Additional measures proposed and other information provided by the Governor are summarized below.

8. The Cabinet consists of the Premier and at least 6 other members of the legislature. The Governor appoints the majority leader in the House of Assembly as Premier who in turn nominates the other cabinet members. The Cabinet formed on 31 August 1977 included the following 10 members in addition to the Premier, who is also responsible for finance:

J. R. Plowman, marine and air services, and Government Spokesman in the Legislative Council

C. V. Woolridge, tourism

Q. L. Edness, works and agriculture

Ernest W. P. Vesey, education

Ralph O. Marshall, Minister without Portfolio with special responsibility for capital development

Clarence E. James, health and social services

E. S. D. Ratteray, planning and the environment

John W. D. Swan, home affairs

James A. Pearman, transport

Harry J. Viera, community relations

All of the Cabinet members are members of the House of Assembly, with the exception of Messrs. Plowman and Ratteray, who are members of the Legislative Council. On 2 September, Mr. Woolridge became the Deputy Premier in addition to his duties as Minister of Tourism. On 3 November, certain responsibilities relating to the Bermuda Police Force were assigned to the Ministry of Home Affairs (see also paras. 6-7 above). In announcing a reorganization of his Cabinet on 19 December, Premier Gibbons said that Mr. Viera would become Minister without Portfolio with special relations with the Bermuda Regiment, while Mr. Edness, Minister of Works and Agriculture, would move into Mr. Viera's place as Minister of Community Relations. However, Mr. Gibbons himself would take over the Government's Public Relations Office, previously within the Ministry of Community Relations. The portfolio being relinquished by Mr. Edness would be assumed by Mr. Marshall, and would include capital development.

9. There are a Public Service Commission and an independent Judiciary, with the Supreme Court as Bermuda's highest judicial authority. On 7 November 1977, Mr. James R. Astwood, the former Solicitor-General, was sworn in as the Territory's first Bermudian Chief Justice, replacing Sir John C. Summerfield, whose move to the Cayman Islands had been announced during September.

B. Local government

10. The capital city of Hamilton and the town of St. George's are each governed by a corporation, consisting of an elected mayor, alderman and councillors. Revenue is derived mainly from municipal taxes and charges for dock facilities. Elsewhere in the Territory, the unit of local government is the parish. Until the end of 1971, each of the nine parishes elected its own vestry annually, with power to levy taxes and manage local affairs. Under the terms of a bill which came into operation on 1 January 1972, the Government replaced the vestries with nominated and largely advisory parish councils.

11. In his speech of 28 October 1977 (see para. 7 above), the Governor stated that a special committee had studied the franchise in the two municipalities and that a new bill concerning the municipalities would be presented to the legislature.

12. Opening the debate on the Governor's speech in the House of Assembly, Premier Gibbons said that the above-mentioned bill was currently being discussed with the two municipal corporations and would be introduced in the Assembly in December. During the course of the same debate, PLP took the position that if the proposed legislation did not achieve "true democracy", it would not be achieving very much. During the 1976 election campaign, PLP had proposed, among other things, that elections in both the municipalities and the parish vestries should be based on the same electoral roll as that used in the general election.

C. Future status of the Territory

Green Paper on independence

13. On 15 July 1977, Sir John H. Sharpe, then Premier, issued a Green Paper on independence for Bermuda which set the groundwork for full discussion of the subject. Following is a summary of the main points contained in the paper.

14. According to the paper, "the Government will determine its policy towards independence in due course following the widest possible consultation with the people of Bermuda and will, in the light of such other measures as may seem desirable to ascertain the wishes of the populace, either announce its intention to preserve the status quo, or will proceed in consultation with the Opposition to request the United Kingdom Government to convene an independence conference".

15. The paper further stated that the United Kingdom Government had suggested that Bermuda "might wish to consider whether the time had now come to move more positively in the direction of independence", taking into consideration that "the potential problems which could arise between the United Kingdom and Bermuda cannot be solved either by amending the existing Constitution or, even if it were possible, by Bermuda moving on to some form of associated statehood". At the same time, the United Kingdom Government had emphasized that its policy "was not to delay independence for those dependencies who wanted it or to force it upon those who did not"; and that it "had no intention of pressing Bermuda to independence against the wishes of the people of Bermuda". For its part, the paper continued, "the Bermuda Government must now accept that there is no possibility of further constitutional advance with regard to the Governor's reserved powers by changes in the existing Constitution and that associated statehood is not an option ...".

16. In the event of independence, the paper stated that Bermuda would be responsible for defence, external affairs and internal security. The costs of defence and external affairs, now met by the United Kingdom Government, would become Bermuda's responsibility. Bermuda currently met the cost of internal security, which was expected to be increased in order to strengthen the existing internal security forces. After examining various options, the paper concluded that the initial annual costs to Bermuda of assuming the above-mentioned responsibilities would range from \$B 1.2 million d/ to \$B 1.9 million. The paper pointed out that, currently, the defence of Bermuda was the responsibility of the United Kingdom Government, and that any threat to Bermuda's external security would be met by the collective capacity of the North Atlantic Treaty Organization (NATO), through United Kingdom membership in it, whereas an independent Bermuda could no longer rely on either United Kingdom or NATO protection. The paper stated, however, that "special arrangements might be negotiated with NATO". At the same time, it made clear that "the defence implications for an independent Bermuda would have to be worked out, in some detail, with the Governments of the United Kingdom, Canada and the United States prior to any final decisions being taken".

d/ One Bermuda dollar (\$B 1.00) is equivalent to \$US 1.00.

17. According to the paper, the only major changes required in the existing Constitution, would be to provide for Bermuda to become a fully independent sovereign State, and to entrench certain fundamentally important matters, including those relating to Parliament, general elections, fundamental rights, etc. Bermuda could become a republic, if that were the wish of its people, but it was assumed that Bermuda would become a monarchical State with a Bermudian Governor-General replacing the Governor. An independent Bermuda would be free to decide its own policies in regard to citizenship, nationality, civil aviation, marine and shipping. The various advantages and disadvantages of an approach to those matters were fully explored in the relevant parts of the paper. In particular, the paper stressed that "the continued success of Bermuda as a tourist resort and indeed its economic survival, depends on satisfactory air services being available", and that "there is no reason to be sure that these services would be better protected and developed under independence than under the existing Constitution". In this connexion, the paper stated that "the possible effect of independence on the tourist industry and international companies [the two mainstays of the local economy] needs to be carefully considered". It further stated that "Bermuda enjoys a high reputation for political and social stability" and that "any changes would have to be made in such a way that international confidence was retained".

18. Regarding finance, the paper said that "Bermuda is an economically viable unit" and that "there is no reason why this situation should not continue so long as no serious internal or external influence arises to disturb the balance". As far as the Government's own finances were concerned, Bermuda had always supported itself and had received no financial aid from the United Kingdom or from any foreign Government or international agency. Even matters reserved to the United Kingdom, such as internal security and the police, were, like the Office of the Governor, paid for by Bermuda.

19. The paper concluded by saying: "It is difficult to identify tangible benefits arising from independence, and it is obvious that Bermudians would have to assume additional and serious responsibilities with their attendant costs. However, the natural desire of a people to identify more positively with their country as an independent nation assuming all its responsibilities, must be a real consideration."

Statement by the Governor

20. In his speech of 28 October 1977, the Governor stated that:

"The Government is gratified to note that the Green Paper on independence generated considerable interest and comment from a cross-section of the community. Following an analysis of the reaction from all segments of our society, the Government will present, in due course, a white paper on this topic which is so vital to Bermuda's future. The general reaction has been one of reservation by the community, and concern has been expressed that care must be taken not to proceed too rapidly. The Government is aware of such a risk, and the people of Bermuda can rest assured that no rash steps will be taken. Nonetheless, it has become apparent that Bermudians are becoming increasingly interested in the question of a national image."

21. The Governor also said that the immediate steps to be taken to "help to foster a stronger national identity" would include renovation of the Secretariat Building to house the Office of the Premier and that of his Cabinet as well as provision of a house and a car for him.

22. When he opened the debate on the Governor's speech in the House of Assembly, Premier Gibbons declared that "I'm not opposed to it /independence for Bermuda/ in a period of years" and that "it may be the thing to do in 3 years time, maybe 5 to 10 years time". Pointing out that there was no such thing as total independence for any country, he considered it important for Bermuda to keep and promote its international friendship. He then stressed the need to provide the Premier with an official residence and a car, and to refurbish the Secretariat Building.

23. In giving the Opposition Party's reply to the speech, Mrs. Browne-Evans, its Leader, stated that a PLF Government would have proposed legislation to remove all legal impediments preventing each adult Bermudian from taking a full part in the political life of the country. It would have introduced for the people's discussion proposals concerning electoral reform and a firm policy towards the independence of Bermuda. It would not reduce the lofty ideal of independence to an office, a house and a car for the Premier's "glorification".

Debate held in the House of Assembly on the Green Paper

24. On 23 November 1977, a total of 29 members of the House of Assembly participated in a debate lasting more than 10 hours on the Green Paper on independence. A summary of the views presented by the participants follows.

25. Premier Gibbons began the debate by praising Sir John for the preparation of a first-class document covering all aspects of the question under consideration in great detail and accuracy. Mr. Gibbons made it clear that the current Government "is not, has not and will not be opposed to independence as a principle. At any point in time, if it is necessary, or desirable, or the wish of all Bermudians, this Government will not hesitate to take, in co-operation with the Opposition, whatever steps have to be taken towards achieving it." Mr. Gibbons said that the most important consideration concerning independence was that it was not a panacea. Scores of countries had become independent, but he had been unable to identify any particular benefits from independence in any of those countries, apart from the emotional one. He also noted that in the majority of cases, independence had resulted in the loss of democracy, and suggested that Bermuda should carefully avoid the pitfalls of others.

26. The Premier agreed that the feelings that "slave heritage" had ingrained in some members of the Territory's two major political parties could result in the desire, and be a valid reason, for eliminating the last vestige of the colonial yoke. But at the same time, he indicated that "the majority don't accept this, are doubtful as to its validity in these days".

27. More specifically, Mr. Gibbons said that upon its attainment of independence, Bermuda could not derive much, if any, benefit from: (a) the appointment of a Bermudian Governor-General; (b) the assumption of full responsibility for such

matters as the police, civil aviation and shipping; and (c) the issuance of Bermuda's passports. He added that the country would continue to depend on foreign Powers for its defence; that the costs connected with the conduct of its external affairs would rise annually; and that it was not possible to gain any economic advantage in Bermuda's accession to independence. He then turned to what he called the "strains of independence" as could be seen from one Commonwealth country in the Caribbean. In particular, he referred to the sharp decline in its national income since it had become independent, and to the problems of its hotel industry. This experience suggested that it would not be desirable for an independent Bermuda to make investment in hotels.

28. With that in mind, Mr. Gibbons asked the Opposition PLP to state clearly its stance on the issue of independence. He specifically inquired whether the party was committed absolutely to independence irrespective of its cost and convenience to Bermudians, the fact that a large majority of them might not want it and the consequences for Bermuda.

29. Mr. Gibbons stated in closing that the Government would make its position clear on the issue in a white paper which would be forthcoming within the next six or nine months. He further stated that the Government would "take the country to independence only when we are completely satisfied that the majority of the Bermudian people want it, having fully understood all the costs and ramifications, or secondly, in the event it became necessary or expedient to do so".

30. On behalf of PLP, Mr. Eugene Cox replied that, having listened to the Premier, the party was inclined to believe that it had just had a lesson in negativeness. Commenting on Mr. Gibbons' example of the problems confronting one Commonwealth country in the Caribbean, Mr. Cox stated that it had taken a non-white Government to seek and achieve independence in that country.

31. Noting Mr. Gibbons' reference to the impact of slave heritage on the question of independence, Mr. Cox said that that was a matter of real concern. He added that the whites, representing 40 per cent of the total resident civil population of the Territory, identified with the United Kingdom, which, he pointed out, did not mean much to many of the other local inhabitants. He said that unless colonialism was eliminated, the ogre of racial segregation and discrimination would "make it extremely difficult for a people to develop their personality to the full". He made it clear that "democracy and colonialism are incompatible", and that "there is more to nation-building than national pride".

32. According to Mr. Cox, after carefully studying the recent constitutional history of the Territory, PLP was convinced that nationhood was the only path left for Bermuda to pursue. The party was therefore prepared to support a bi-partisan committee to that end. However, whatever the findings of such a committee, the party believed that the questions relating to electoral reform and citizenship should be resolved prior to any movement towards independence.

33. On numerous occasions PLP had enunciated the need:

"(a) To change electoral boundaries to yield a more equitable distribution of voters;

"(b) To replace the present dual-seat constituencies with single seats;

"(c) To bring about changes to voter qualification so that only Bermudians shall vote in Bermuda elections;

"(d) To lower the voting age to 18 years ...;

"(e) To seek independence for Bermuda;

"(f) To abolish the non-Bermudian vote ...".

The party had also demanded an investigation of the immigration policy adopted in 1954, charging that the Government had sought to change the racial proportions of the population.

34. PLP thought that the House of Assembly should seriously address itself to the question of citizenship (including Bermudian status and permanent residence) for the purpose of determining persons eligible to vote at a general election in Bermuda.

35. The party proposed, among other things, the establishment of a programme to "bermudianize" the work force, whereby more Bermudians would be channelled into the higher income positions and fewer foreigners would be admitted to the Territory. It believed that as a result of such a programme, Bermudians would enjoy greater economic security and that the decreasing drain on Bermuda's foreign exchange would be a tangible gain for the country.

36. PLP did not consider Bermuda's size to be a factor hampering its attainment of nationhood. It stressed the need to explore alternatives to war, in the light of recent technological growth in weapons and electronic communications. It expressed the view that external relations, foreign military bases and constitutional status with the United Kingdom would all take on new meaning when viewed with the above in mind. Finally, it said that the initial annual cost of independence for Bermuda, which the Government had estimated at approximately \$B 2 million or \$B 1.35 per worker weekly, did not appear to be too great.

37. Upon hearing PLP's position on the question of independence, Sir John said that the party's only real objection seemed to be that the Government had apparently adopted a negative attitude towards independence. In particular, he pointed out that over the period 1972-1976, the ruling party's attitude had been that while it was not opposing independence, Bermuda's financial and human resources would be better used to deal with continuing local problems such as inflation and recession. In 1976, the Government had stated that it would explore all the implications of the question and take no decision before informing the people.

38. Sir John revealed that the Green Paper was intended to do no more than put the relevant facts before the people, and that although UBP had been criticized for not giving a lead, the party itself had been divided on the issue, a reflection of the feelings of the community.

39. Among Sir John's additional comments were the following:

(a) For Bermudians, especially young Bermudians, there was a genuine emotional attraction to being free. Many non-whites had been "disadvantaged over hundreds of years", as opposed to their white counterparts, who generally tended to identify with the United Kingdom. The people of the Territory had to bring themselves up into the twentieth century.

(b) The boundaries of some of Bermuda's electoral constituencies should be reviewed, but the changes would not have to be as drastic as people thought. There might eventually be some single-seat constituencies, but it was hoped that the parish connexion could be retained, as it had a good deal of historical significance. e/

(c) The non-Bermudian vote would be a matter for consideration, but its importance tended to be over-emphasized. It was claimed that apart from teachers and policemen, the great majority of the foreigners were not British subjects and were not entitled to vote after residing in the Territory for three years.

(d) Where there had been a flight of tourism or international companies from other countries following independence, the cause had been government mismanagement.

(e) The United States, Bermuda's most important overseas consideration, was not concerned with independence for Bermuda, but with its stability.

(f) Explorations into the question of independence would be continued, the results of which would be published in a white paper as promised by the Premier.

40. Fifteen other UBP members supported the Government's decision that no rash steps would be taken towards achieving independence for Bermuda (see para. 20 above). Nevertheless, there were differences in emphasis between them. Many particularly favoured maintenance of the status quo which, in their view, would contribute to political, economic and social stability in a small country such as Bermuda, and would avoid unnecessary expense. They also pointed out that the standard of living and liberties enjoyed by Bermudians were rather hard to find anywhere in the world. Several others saw Bermuda as being at the first stage of evolution of its nationhood. As the problems of independence were evaluated, one could plan and prepare.

41. In supporting Mr. Cox's statement, Opposition Leader Mrs. Browne-Evans said that "I find it tragic that the opponents of progress just a mere 20 years ago sat here with ... reactionary minds ...", and that "the only thing that has changed today is that I have heard the same voices coming out of different faces that are abusing the idea of racial integration".

e/ Of the 20 two-member constituencies, 4 are in the parish of Pembroke and 2 each in the other 8 parishes.

42. She added that the only person who had spoken on the Green Paper with any conviction was its author, and that independence was a spirit, a feeling and not an emotion one should be ashamed of. She claimed that as part of his plan for Bermuda's accession to independence under a UBP Government before the next general election, the Premier had "connived" with the United Kingdom to entrust certain responsibilities relating to the police to the Ministry of Home Affairs, and would transfer the Secretariat to the Cabinet Office (see paras. 6-8 above and 44 and 53 below).

43. Nine other PLP members endorsed the views expressed by Mr. Cox and Mrs. Browne-Evans. They pointed out that Bermuda could have instability and turmoil under the present type of government. If the country had strong control over its destiny and negotiated its position, it would have much greater ability to meet the future. PLP was not suggesting that the Territory should become independent immediately, but simply that the Government should aim towards setting a target date. The party did not want a referendum on independence, but its attainment should be the central issue in the next general election. With its high standard of living, Bermuda should have nothing to fear from independence, the cost of which could be met, if necessary, by grants from the United Kingdom. The present Government had not gone far enough in debating, exposing and talking to the local people about nationhood.

44. Summing up, Premier Gibbons stated that the Opposition Leader had behaved irresponsibly by saying that he had connived with the United Kingdom to transfer certain responsibilities relating to the Bermuda police force to the Ministry of Home Affairs. That move had been possible for many years under the present Constitution. He particularly pointed out that the Opposition, notably its leader, "is prepared to go straight into independence irrespective of the wishes of the majority of the people".

45. On the subject of a referendum, Mr. Gibbons said that the United Kingdom Government had "never" permitted a dependent Territory to become independent without one of two things being done. It would be necessary either to hold a referendum or an election at which independence would be an issue. Mr. Gibbons went on to say: "As there will be no election due until 1981, there cannot therefore be independence before then without a referendum".

46. On 24 November 1977, one day after the debate, Mr. Gibbons told reporters that his party had decided to conduct a survey of public opinion on independence early in the next year and to introduce the planned white paper in the legislature at its November 1978 session.

D. Internal security and the police

General

47. As noted in paragraphs 6 to 8 above, the Governor announced in his speech to the legislature that he would delegate some of his constitutional powers in respect of the police force to a member of the Cabinet. Soon after the announcement, these powers were vested in Mr. Swan, Minister of Home Affairs.

48. In the course of the debate on the Governor's speech, Premier Gibbons stated that Mr. Swan was not responsible for: (a) promotions to higher ranks within the police force (left to the Public Service Commission); and (b) promotions in the lower ranks and the day-to-day operation of the force (left to the Commissioner of Police). Mr. Gibbons regarded the Governor's action as a further step towards full "bermudianization" of the force. In this connexion, Mr. Swan expressed the view that "bermudianization" would only be achieved through use of the educational system, although the service was now appealing to more and more Bermudians.

49. At its first public meeting, held on 30 August 1977, Mr. Telford Georges, Chairman of the eight-member Royal Commission on Crime, said that it had been appointed to examine the incidence, causes and effects of crime in Bermuda and to consider means of prevention, detection, punishment and treatment of offenders. f/ It had been asked to make recommendations on action to be taken by the Government, amendments to the Criminal Code and changes in Bermuda's courts of law and on the penalties and treatments available for offenders. The Commission was expected to hear some 20 individuals and organizations by the time the public session was concluded. On 7 December, soon after an eruption of apparently racial violence in Bermuda (see para. 50 below), Premier Gibbons told the House of Assembly that the terms of reference of the Commission, which was still sitting, might have to be extended.

Debate in the United Kingdom House of Commons

50. In a statement to the United Kingdom House of Commons on 5 December 1977 concerning the situation in Bermuda, the Secretary of State for Foreign and Commonwealth Affairs said:

"The House will be aware of the decision to send British troops to Bermuda following serious disturbances there. On 2 December two /non-white/ Bermudians, Erskine Burrows /33/ /who was reported to have told local authorities that he had wanted to make the people of Bermuda and especially its non-white majority, aware of the 'evilness and wickedness' of colonial rule/ and Larry Winfield Tacklyn /26/ were executed in Bermuda. /It was also reported that the death penalty had not been used since 1943./ Burrows had been sentenced to death on 6 July 1976, having been found guilty of murdering Police Commissioner Duckett in December 1972 and the Governor, Sir Richard Sharples, and his aide-de-camp, Captain Sawyers, in March 1973. Tacklyn was tried separately on these three charges but acquitted. In November 1976 both Burrows and Tacklyn were found guilty of murdering two /white/ supermarket managers in April 1973.

"Tacklyn appealed against the verdict to the Bermuda Court of Appeal. The court rejected his appeal in April 1977. Following this rejection, the

f/ For further information, see Official Records of the General Assembly, Thirty-second Session, Supplement No. 23 (A/32/23/Rev.1), vol. III, chap. XXIV, annex, paras. 38-40.

Bermuda Prerogative of Mercy Committee advised that neither Burrows nor Tacklyn should be reprieved and the then Acting Governor decided to accept the Committee's advice. An application to the Privy Council for special leave to appeal was dismissed on 6 October.

"Meanwhile a petition for clemency to Her Majesty on behalf of both men, signed by approximately 6,000 Bermudians, had been received. I referred the matter to the new Governor, who carefully considered the matters raised in the petition. The Prerogative of Mercy Committee again advised against a reprieve and he decided that there were no grounds for changing the decision of the Acting Governor.

"In 1947, the then Colonial Secretary, Mr. Arthur Creech Jones, announced to this House the policy which has been followed ever since. In accordance with that policy, having satisfied myself that there were no grounds for believing that there had been a miscarriage of justice, I had no alternative but to advise Her Majesty not to intervene. An announcement was made to this effect on 25 November and the date of the executions was set for 2 December.

"The Governor, who is responsible to the British Government for Bermuda's internal security, consulted the Premier and Bermuda ministers, who are responsible for all other aspects of internal affairs, on whether a stay of execution should be granted because of possible reactions to the executions. They advised the Governor that racial harmony, respect for law and order and the security situation would suffer more if a stay of execution were granted.

"On the night before the executions, a demonstration occurred outside the Supreme Court building, which had to be broken up by police using tear gas. A number of buildings were burnt, possibly through arson, including a hotel in which ... three people /two tourists from the United States and an employee of the hotel/ died. The Governor announced on 2 December a state of emergency and dusk-to-dawn curfew. Although the announcement of these measures initially had some calming effect, groups of youths caused extensive damage to property by using home-made fire bombs and other missiles ... There was, however, no serious personal injury. /Press reports described the eruption of violence following the executions as the worst since the civil disorders of 1968./

"On 3 December the entire Police Force /with 382 men/ had to be called out to deal with a group of about 500 youths ... with the apparent intention of mounting further attacks on property. The Governor considered that the police and the /350-man/ Bermuda Regiment would not be able to hold the situation for much longer and he asked that reinforcements be sent from Britain. In order to meet this request as rapidly as possible ... a small contingent /comprising 80 soldiers/ from the Belize garrison was dispatched to Bermuda /on 4 December/. They have been joined by a ... company /comprising 170 soldiers/ of the Royal Regiment of Fusiliers ... based in Britain ...

"The Governor, the Premier and the Leader of the Opposition have appealed to the people of Bermuda for calm and for the restoration of peace and harmony. I hope that the appeal and the measures we have taken will have that effect." g/

51. In the course of ensuing discussions, the following main points emerged.

52. Some members asked the Secretary of State whether: (a) the degree of trouble in Bermuda had been sparked by the independence issue; (b) he would speed up the revision of the Territory's Constitution to achieve a full democracy and a genuine majority Government, because it was believed that had that existed, the executions would not have taken place, and also because four members of the House of Assembly had been elected by "400 people in a prosperous part" of the Territory, while four others had been elected by "2,000 people in a less prosperous part" (see also paras. 25-26, 30-34 and 39 above); and (c) he could give an assurance that the matter of capital punishment would be left to the decision of the people of Bermuda upon their attainment of independence.

53. Replying, the Secretary of State said that "we have proceeded on a policy of decolonization" and "are only too happy for all dependent overseas Territories to have full independence". Bermuda had already been given a great deal of self-government. In recent months, following a visit by the Premier to London and on the advice of the Governor, he had taken decisions to give an even greater degree of autonomy in respect of the police. A Green Paper on independence had been published for discussion and the territorial Government intended to issue a white paper on the subject (see also paras. 13-46 above). It was for the people of the Territory to decide whether they wanted independence, but they had made no such decision. In fact, there was quite a difference of opinion on the matter in Bermuda. He therefore could give no assurance in regard to the question of capital punishment which, he believed, the House of Commons would have to decide.

54. The Secretary of State also said that he was willing to examine the question of democratizing Bermuda's House of Assembly. He did not think, however, that democracy in the Territory could be criticized as strongly as it had. Regarding the racial composition of the Bermuda Government, the Cabinet had 5 non-white and 6 white members; the House of Assembly 22 non-white and 18 white members; and the Legislative Council 7 non-white and 4 white members.

55. The Secretary of State was also asked whether: (a) the Territories administered by the United Kingdom should follow its lead in abolishing capital punishment; (b) the Creech Jones formula should be reconsidered or perhaps repudiated; and (c) he was aware that there were those in Bermuda who were seeking to ascribe responsibility for the disturbances to the decision of the United Kingdom Government and to the Secretary of State, who had felt unable to advise the Queen to exercise the prerogative of mercy.

g/ United Kingdom, Parliamentary Debates (Hansard): House of Commons Official Report (London, 1977), vol. 940, No. 23, cols. 1014-1024.

56. In reply, the Secretary of State recalled that in 1965 and 1970, the United Kingdom Government had asked the dependent Territories, in view of the decision taken by the House of Commons, whether they would wish to remove the death penalty. Some Territories had decided not to do so. The Bermuda legislature had voted on that issue in 1975. The United Kingdom Government had pursued a policy adopted in 1947, whereby the prerogative of mercy was expressly delegated to the Governor and his advisers, who were in a better position to evaluate the circumstances.

57. The Secretary of State thought that before changing that policy, the House might wish to reflect on the underlying issue whether it wished to take away from the Governor and his advisers that degree of decision-making which they currently had. He also thought that the best way was for the dependent Territories to reflect again on the decision taken in the House and to ask themselves whether it would not be better for them voluntarily to change their legislation to bring it into line with legislation in the United Kingdom.

58. The Secretary of State said that merely to revoke the Creech Jones formula would give some freedom to the Secretary of State, but that it would still not allow him to implement, as an act of policy, total abolition of the death penalty. He added that Bermuda had its own legislature, a Prerogative of Mercy Committee and a Governor. It recognized that the Secretary of State could intervene, if he believed that there had been a miscarriage of justice, but that otherwise he was bound to advise the Queen not to exercise the royal prerogative. He concluded by saying that "it is a complicated issue"; that "all of us have various levels of responsibility in this cycle of events"; and that "I have no wish to escape my responsibility to the House".

Other developments

59. Given below is information on some of the more important developments occurring after the conclusion of the debate referred to above. On 6 December 1977, 80 of the troops sent by the United Kingdom Government from Belize to restore order in Bermuda left the Territory, and the territorial Government shortened its overnight curfew to six hours following the second night of calm.

60. Earlier, PLP, which favoured abolition of capital punishment, had led a non-violent campaign to commute the death sentences imposed on Messrs. Burrows and Tacklyn. The party leader, Mrs. Browne-Evans, who had been the latter's defence lawyer, moved a motion of no confidence in the House of Assembly on 7 December. Under the motion, which was defeated by a vote of 22 to 15, the House would deplore the hasty and ill-considered action of the UBP Government during the past week (including in particular the failure to be responsive to the wishes of the people, and the failure to inform the Bermuda public about the constitutional position with reference to the responsibility of the Queen, the Governor, the Premier and government ministers) and would have no confidence in its ability to conduct the country's affairs.

61. During the debate on the motion, Premier Gibbons stated that an historical survey of the past decade would show that there had been nothing hasty about the Government's actions, although some things could have been done better. He further stated:

"Over the past 10 years the Government has succeeded to a great extent in remedying some long-standing ills. ... Prior to the executions, the Governor, at the request of the Secretary of State for Foreign and Commonwealth Affairs, asked me to consult with the Cabinet and to ascertain whether they knew of any reason why the sentences of the courts should not be carried out. After a full meeting of the Cabinet, I advised him that we had no reason why there should be any interference with the course of justice."

He recalled that in a statement made early in the previous week, he had indicated that the Government could do nothing under the Territory's Constitution as far as the position of the two men were concerned. In his view, it would have been an error to call the House of Assembly at that time because that would have inflamed the situation. He stressed that the Government was dedicated to unity, oneness and integration, and considered that its "approach, in the fullness of time, can and will be vindicated".

62. In her summing up, Mrs. Browne-Evans criticized the Premier's written legal opinion on who, under the Constitution, should make the ultimate decision to go ahead with the executions. The opinion, which quoted sections from the Constitution, was that the United Kingdom had final responsibility. She pointed out, however, that the opinion did not quote another section of the Constitution which said the Governor had power to give a respite to any sentence passed for a definite or indefinite period. She also quoted another section which "lays down how the Governor should act, and how he should take consultation on the question of a reprieve - consultation he is not bound to follow".

63. On 9 December, the Bermuda Government lifted the curfew. Damage to property was estimated at more than \$B 8 million. According to the Government, a total of 89 persons were arrested for curfew violations and 69 others for offences related to the riots. Nine days later, the last group of Fusiliers left the Territory.

64. On 14 December, Mr. W. H. C. Masters, a UBP member of the House of Assembly, introduced a motion concerning the establishment of a joint selective parliamentary committee to examine the question of capital punishment, particularly bearing in mind that, since September, three petitions, said to have a total of 13,128 signatures, calling for the removal of the death penalty, had been submitted to the Government. The proposed committee would include members of both the House of Assembly and the Legislative Council, to be appointed by the Speaker of the House and the President of the Council respectively. The motion was expected to be considered by the legislature in early 1978.

65. Soon after the rioting and arson which had preceded and followed the execution of Messrs. Burrows and Tacklyn, the Governor asked the Premier and the Leader of the Opposition together with their colleagues to meet with him to discuss the setting up of an inquiry, which, while identifying the causes of the disturbances, would make recommendations for the future. On 30 December, the Governor met again with government and opposition leaders, at which time it was agreed that such an inquiry was necessary, and that it should take the form of a royal commission appointed by the Governor. The commission would be given broad terms of reference to enable it to examine a wide range of contributory causes and to make

recommendations which would be conducive to healthy developments in Bermuda. The intention was that "the chairman of the commission, and one other member, to be appointed by the Secretary of State, will be persons of eminence from outside Bermuda"; and that "the other members to be appointed will be Bermudians".

E. Military installations

66. The United States continues to operate two military bases (the Naval Air Station and King's Point Naval Station) in Bermuda, occupying about one tenth of its total area. Since 31 March 1976, the representation of the United Kingdom Royal Navy in the Territory has taken the form of a Senior Resident Naval Officer (Commander David Aldrich) in charge of the HMS Malabar. Among his responsibilities are co-ordination of NATO plans for the defence and support of the Territory and administration of the dockyard facilities on Ireland Island on behalf of the Commander-in-Chief, Fleet, at Northwood, Middlesex, England. Canada also maintains a military base at Daniel's Head, Somerset.

67. In the Green Paper on independence, the territorial Government gave consideration to the defence implications for an independent Bermuda. Some members of both UBP and PLP made comments on this matter in the course of the debate on the Paper (for details, see paras. 16, 27 and 36 above).

3. ECONOMIC CONDITIONS

A. General

68. The above-mentioned Green Paper contained a study of the economic implications of independence for Bermuda. This study and the relevant opinions expressed by government and opposition leaders during the debate on the paper have been summarized in the preceding section. The paper also contained a review of the economy, the results of which are given below.

69. Bermuda has virtually no natural resources in the usual sense, but has built up a renowned service industry by the exploitation of its geographical position, climate, natural scenery, beaches and waters. Tourism has become the most important economic factor, contributing a substantial proportion of the gross domestic product through tourist expenditure in hotels, restaurants and shops and on sports, transport and other activities. The number of visitors, including cruise passengers, rose from 388,900 in 1970 to 559,000 in 1976; over the same period, the value of the tourist expenditure steadily increased to about \$B 200 million per annum. In recent years, the industry has shown a marked stability compared with its competitors.

70. Second in importance to tourism is the contribution made to the economy by the international companies registered in the Territory which increased in number from 2,019 in 1970 to just over 3,650 in 1976, the growth being most marked in the number of companies operating in the insurance field. The international companies contribute to the economy about \$B 40 million per annum, excluding travel expenses,

and have stimulated the provision of efficient communications and other sophisticated services, to which Bermuda has become accustomed.

71. Since the Bermuda Monetary Authority was set up in 1972, its balance-of-payment figures have shown a modest surplus each year. As far as the Government's own finances are concerned, the Territory has always supported itself through its own internal revenue. The public debt (totalling approximately \$B 17 million at the end of 1976/77) is being steadily reduced and, in recent years, it has been possible to balance the budget. This has been achieved without recourse to income tax.

72. In a budget speech delivered to the House of Assembly on 25 February 1977, Mr. Gibbons, then Minister of Finance, said that the budget estimates for 1977/78 envisaged an expenditure of \$B 78.4 million (\$B 69.5 million in 1976/77), of which \$B 72.9 million was on recurrent and \$B 5.5 million on capital account. Revenue, mainly derived from customs duties, was estimated at \$B 78.8 million (\$B 69.6 million in the previous year), providing a surplus of \$B 354,938.

73. Mr. Gibbons also said that it was not the Government's policy to increase its revenue at the expense of the private sector to the extent that the latter's vital growth would be stifled. He therefore did not propose to increase materially any existing taxes, with the exception of the fees payable by international companies. He was confident that economic recovery begun in 1977 would continue, thus enabling yields from other established sources to rise.

74. Mr. Gibbons pointed out that the time had come to plan a programme of capital development covering a period of several years. Its objective would be to improve living conditions to the greatest extent possible in the public sector. Provision for capital expenditure in 1977/78 consisted largely of the continuance of existing projects. The funds to be appropriated for recurrent expenditure were required to maintain the Government's basic services at the high level which Bermudians and their visitors had come to expect. An important proposal was the reduction of the public debt by \$B 2.8 million to less than \$B 15.0 million by the end of 1977/78.

75. In his speech of 28 October 1977 (see para. 7 above), the Governor stated that the territorial legislature was being convened against a background of considerable economic achievement. Bermuda was coming to the end of another successful year for its tourist industry. Furthermore, the registration of international companies had continued to prosper correspondingly. Local business also had experienced a high level of economic activity. Although there was some degree of uncertainty on the international horizon, provided that Bermuda continued to retain its good name, Bermudians could look forward to maintaining their high standard of living through tourism and international business during 1978.

B. Policies and programmes

76. According to the territorial Government, it has decided that future tourism development must be phased and controlled to ensure an orderly expansion, and to preserve those amenities which have attracted so many visitors. In late 1977, it

announced that proposals for hotel expansion would be put forward after June 1978 in conjunction with a report on Bermuda's over-all economic standing and future development to be submitted by a consultant recently engaged by the Government. Meanwhile, it would continue to encourage the establishment of international companies including the expansion of the shipping registry, while at the same time ensuring that only those of good repute were accepted. In that area, it was considered that Bermuda could look for some further economic development.

77. In the Governor's speech of 28 October (see para. 7 above), he referred to the valuable economic contribution of small businesses and emphasized the importance of assuring interested individuals that they could enter the commercial world with some chance of success. The consultant referred to earlier had therefore been requested to include in his report recommendations on various ways in which such businesses might be assisted. Moreover, the Government intended to introduce legislation to protect the interests of certain groups of people, such as consumers, salesmen, insurers and construction workers. It would also propose measures to improve and expand the infrastructure, with special attention to the road and traffic systems, civil aviation, marine navigation, environmental protection and water resources. The Governor also said that a three-year capital works programme would be presented to improve long-term fiscal planning. Such a scheme would allow for a phasing of construction projects in the public sector and a more orderly integration with major private building programmes.

78. On the question of economic diversification, the Governor stated that the Government, aware of the importance of agriculture and fisheries in the provision of local basic food-stuffs, would continue to support their development. Planned production of crops and good marketing were essential if farmers were to realize maximum crop returns and consumers were to be assured of a supply of local produce. He further stated that the government proclamation of June 1977 on a 200-nautical mile exclusive fishing zone offered challenging opportunities for fisheries development and management, and that the prospects were full of promise for employment, training, ownership and investment opportunities for Bermudians. Of more immediate concern to local fishermen and consumers was the programme of fisheries development being undertaken in co-operation with the United Nations Development Programme (UNDP). Fish processing, particularly that of hitherto under-utilized species, had progressed to the introduction of a pilot scheme. That project, in which a specialist from the Food and Agriculture Organization of the United Nations (FAO) was training Bermudians, would be continued and should lead to a more vigorous fishing industry in the future.

79. During the debate on the Governor's speech, Mrs. Browne-Evans said that in order to reduce the Territory's "complete dependence on our two high-risk industries of tourism and international company business", a PLP Government would have set up a committee, consisting of members of the Cabinet with the task of producing a plan for economic diversification, taking into consideration the current and future availability of manpower. A PLP Government would not only have ensured that the local economy remained buoyant and ever expanding, but would also have seen to it that the benefit of that buoyancy would find its way into the hands of all Bermudians. To that end, a PLP Government would have undertaken a comprehensive review of the existing tax structure and would then have introduced a system based on the people's ability to pay.

80. During the same debate, some UBP members said that the Government was seeking to expand the shipping registry and to develop the agricultural and fishing industries. They believed, however, that there were limited ways in which the economy could diversify, considering the size of the Territory. They claimed that everyone shared in the wealth of Bermuda, as witnessed by the large number of new cars, the way people dressed and the amount they travelled.

81. Replying, Mr. Gibbons stated that it would not make sense to "spend energy imagining and creating more jobs for Bermudians when we want them to take over the jobs filled by foreign workers" (now numbering 7,500 out of a labour force of 27,000), and that to replace those workers would be a slow process, taking into account the projected growth rate of Bermuda's population. He further stated that less than 20 per cent of the Territory's gross domestic product came from individual taxation, which was one of the lowest rates in the world and showed "a very properly balanced system of taxation".

C. Other developments

82. The recent disturbances described above (see para. 50 above) had an adverse effect on the general economy, especially the tourism sector. On the basis of government statistics, a total of 558,793 tourists visited the Territory in the first 11 months of 1977 (an increase of 3.9 per cent over the corresponding period of the previous year), including 40,147 in November (6.6 per cent below the total for the same month of the previous year). As a result of the disturbances, the downward trend was accelerated in December, when the hotel industry lost about 10 per cent of its bookings. In his statements to the House of Assembly made between 7 and 10 December, Mr. Woolridge, Deputy Premier and Minister of Tourism, said that good promotions and continuing sales efforts would never eradicate the blot on Bermuda's image caused by the recent events. The industry provided employment for 6,000 to 10,000 workers, and cancellation of reservations by tourists would result in a loss of jobs. With that in mind, he appealed to all Bermudians to work together to rebuild tourist confidence in the country.

83. Although occupancy rates for hotels in the current winter season were reportedly falling considerably, most of the major hotels decided to remain open to demonstrate their faith in the future of the industry. For the same reason, the Southampton Princess Hotel, the largest in the Territory, reopened on 22 December, after being closed since fire swept through a top floor early in the month with a loss of three lives (see para. 50 above). The hotel said that groups of tourists booked for April 1978 onwards would allow their reservations to stay, provided that no fresh disturbances broke out. Meanwhile, some hotel workers were laid off.

84. The international businesses were reported to have weathered the recent riots and arson, although some insurance companies suffered a loss of more than \$B 6 million. On 6 December, leading bankers were quoted as saying that there had been no great flow of money to and from Bermuda, and that investors appeared to be appraising the effects of recent events. Other financial sources stated that most of the international companies registered in the Territory viewed the disturbances as a sporadic outbreak; and that there would only be a wholesale pullout of such companies "if there were a violent change in government".

85. In an article published in The New York Times on 9 December, the author referred to a statement made by a British Commonwealth study group, known as the Roundtable, in early 1977 that "affluence and racial disharmony characterize the artificial society that is Bermuda". He said that while non-whites in the Territory were financially better off than those elsewhere, they still saw a great discrepancy between their situation and that of whites. Pointing out that a small group of families controlled the local economy, he drew attention to a remark contained in the report of the Commission of Inquiry into the Bermuda Civil Disorders of 1968 that "economic power, banking power and political power have historically been and still are concentrated in the same hands". h/ He also pointed out that the event crystallizing the underlying racial tensions had been the recent execution of two non-whites convicted of murder. Similar views were presented by PLP and several members of UBP (including Mr. Edness, who became the Minister of Community Relations on 19 December) during the debate on the motion of no confidence in the House of Assembly (see paras. 60-62 above). Mr. Edness stated that: "There are serious problems. I have my gripes about the economy of the country, and I believe there is not a sufficient number of citizens down to the grass-roots level who share with any equality in the system. ... I feel that as reasonable people we must do things to try and spread the economy more. ... But there are members who feel this cannot be done. ... I say there has to be a different way. If not, we are all lost."

86. In a statement issued on 23 December, Premier Gibbons said that the recent events had made it clear that "no Bermudian, no special group of Bermudians, can any longer afford the delusion of self-centred privileges or political and economic advantages which are not shared with their fellow Bermudians", and that "the stability and the destiny of all Bermudians are intertwined". He therefore gave his pledge that the foremost challenge which he had accepted for 1978 was "that of working with all my fellow Bermudians to design and implement realistic programmes of action which will give substance to the promises of peace, kindness and justice in Bermuda for all Bermudians".

4. SOCIAL CONDITIONS

A. Labour

Employment and immigration

87. The administering Power reports that approximately 500 persons were unemployed in 1976 out of a labour force of some 27,000. Nevertheless, owing to the shortage of well-trained Bermudians, managerial and technical skills continued to be furnished mainly by non-Bermudians. Employment figures were classified as follows: hotels, 4,891 workers; Government, 3,513; exempted companies, 2,795; construction, 500; and miscellaneous occupations, 15,300. On the basis of the information provided by the territorial Government, 360 persons (1.3 per cent of the labour force) were registered as unemployed in July 1977. The total number of persons on work permits decreased from 8,000 in August 1976 to 7,500 in December 1977 (see also para. 81 above).

h/ Bermuda Civil Disorders, 1968: Report of Commission and Statement by the Government of Bermuda (Hamilton, 1968), para. 109.

88. During the debate on the Governor's speech in the House of Assembly, Mrs. Browne-Evans said that a PLP Government would have introduced a programme to facilitate the orderly replacement of non-Bermudian labour with Bermudian labour. In addition to training Bermudians, the programme would have guaranteed them the opportunity to obtain valuable experience. She also said that PLP, as a party deeply committed to human rights, would have informed foreign workers of the future plans of a PLP Government with reference to their replacement, instead of engaging in their selective, overnight expulsion.

89. Commenting on her statement, Mr. Swan, Minister of Home Affairs, said that his Ministry was preparing an occupational classification manual. Upon its completion, a manpower survey would be conducted. He added that every effort was being made to bring about further understanding of the Government's immigration policy. The stage should soon be reached where the rights of Bermudians would be safeguarded and foreigners would know their status.

90. On 6 December, Mr. Swan declared that a special register had been set up at the Government Employment Office to assist individuals who were unemployed as a direct consequence of the recent disturbances. The Government was also seeking information from all persons who had suffered property damage caused by arson. After examining such information, the Government might have to review its own capital projects so that the Territory's limited labour force could first be employed in the rebuilding of damaged businesses in the private sector. Ten days later, Mr. Swan announced that, to date, 49 people had registered with the Office as unemployed.

91. Towards the end of the month, the Government announced that it was determined to minimize the losses suffered in the disturbances as much as possible. Furthermore, attempts would be made to obtain data from all employers on staff employed in the various occupational classifications recently prepared by the Government, thus enabling it to have an accurate picture of the unemployment situation. The Government's aim was to ensure that every Bermudian have a fair and reasonable opportunity for employment in an occupational classification for which he was qualified.

Industrial relations and the law

92. According to the report of the administering Power, there were seven registered trade unions in the Territory in 1976, of which three were employers' associations (with a membership of 252) and four were workers' organizations (with a membership of 7,027). The Bermuda Industrial Union (BIU) was the largest single labour organization, with a membership of 5,043. The number of work stoppages decreased from two in 1975 (involving 807 workers and 9,504 man-days lost) to one in 1976 (20 workers and 1,463 man-days lost).

93. In his speech to the legislature (see para. 7 above), the Governor stated that although the existing system of industrial relations had worked reasonably well, certain deficiencies should be corrected. The Government would therefore review labour legislation with the view of making it more responsive to Bermuda's needs. In the course of the debate on the Governor's speech, Mrs. Browne-Evans said that a

PLP Government would have introduced legislation to ensure the orderly conduct of industrial activities and to remove the present "confrontation policy" of dealing with labour relations. Commenting on Mrs. Browne-Evans' statement, Mr. Swan pointed out that the Government intended to propose an amendment which would bring the Labour Relations Act up to date. The Government's responsibility was "to find what helps Bermuda to function and to protect the community at large". No changes would be made until all aspects of the question had been taken into consideration.

B. Housing

94. In July 1977, the territorial Government released the results of the census taken in October 1976, covering housing needs. The major findings were that 3.4 per cent of the 18,855 dwellings in Bermuda were unoccupied in October, and that 45.0 per cent of the empty units were one-bedroom apartments. In his recent speech (see para. 7 above), the Governor stated that those data would necessitate a review of the Rent Increases (Domestic Premises) Control Act of 1971. The House of Assembly and the Legislative Council passed, on 14 and 23 December 1977 respectively, a bill extending the Act for six months while a new one was under preparation.

95. The Bermuda Housing Corporation (BHC), a statutory body, was established in March 1974 with the basic objective of providing first mortgages for people at the lower end of the economic scale. By November 1977, it had granted more than \$B 3.5 million in mortgages for 168 new housing units. On 25 November, the House of Assembly decided to allocate \$B 2.0 million to BHC further to stimulate housing production. The funds were expected to be raised locally through capital notes.

C. Health and social services

96. According to the administering Power, the territorial Government has continued to promote and maintain the physical, mental and social well-being of the people of the Territory. There are two hospitals: (a) the King Edward VII Memorial Hospital (230 beds), a general hospital, providing specialist services and a 90-bed geriatric ward; and (b) St. Brendan's Hospital (170 beds), providing treatment for mental diseases. On 9 December 1977, the Premier announced that the Government would support construction of a new wing at each of the two hospitals. Medical care is also provided by private practitioners and three government health clinics. Although fees are charged to hospital patients, insurance for hospital care is compulsory for all workers and the hospital levy covers the cost of the services rendered by the hospitals to children under the age of 16 years and the indigent; persons over the age of 65 years pay 20 per cent of the cost.

97. In his speech of 28 October (see para. 7 above), the Governor said that several amendments to the Public Health (Food) Regulations would be presented to the legislature. He added that the ministries concerned with health and social services and education would collaborate on a mother-child-home pilot project to provide intellectual and emotional assistance to young people. The aim of the project would be to encourage young people to make better use of the schools and

the vocational opportunities available to them. The Government was also concerned about the well-being of infants and young children in day-care centres, day nurseries and nursery schools and would introduce governing regulations. Another area of concern was the plight of single parents; present legislation and procedures would be reviewed in order to minimize the difficulties involved in collecting maintenance payments. Finally, efforts were being made to ease the living conditions of older people by providing weekly pensions to more than 4,000 persons over 65 years of age; medical care by visiting health personnel and district nurses; and reduced fares on buses and ferries. Plans were also under way to develop further the concepts of "meals-on-wheels" and luncheon clubs.

98. During the debate on the Governor's speech, Mrs. Browne-Evans declared that a PLP Government would have begun immediately to remove all legal barriers and restrictions which prevented maximum utilization of that wealth of resources, the women of the local community. The establishment of a mother-child-home pilot project and the provision of non-specific single parenthood assistance would not have been the approach of PLP to the serious social problems created by present-day society. Mrs. Browne-Evans further declared that a PLP Government would have given top priority to setting up a high-level government commission on drug use.

99. Concerning the aged, Mrs. Browne-Evans said that a PLP Government would have found a way to increase their pension from the present meagre \$B 66 per month. In addition, measures would have been taken to provide the elderly with free bus and ferry transport and means to help meet the cost of physicians' services.

100. The statements made by three government leaders (the Premier, the Minister of Health and Social Services and the Minister of Works and Agriculture) contained the following main points:

(a) The Government had a philosophy of responsible financial development of health and social services. It hoped that as its fiscal burden was diffused, e.g., by contributory pension schemes, adjustments in the rate of the old-age pensions would be possible. A study of the needs of the aged and handicapped had been completed and was now being considered by the Government.

(b) In formulating the mother-child-home pilot project, the Government believed that the problems faced by children from 2 to 6 years of age should be identified and tackled at an early stage.

(c) Even if the single parent were able to collect maintenance payments, single parent families still suffered in non-financial ways. It was hoped that Bermuda would eventually be able to reverse the growing incidence of broken homes.

(d) The Government praised a private group of citizens known as "The Group" for helping to educate Bermudians about the evils of drug abuse.

5. EDUCATIONAL CONDITIONS

101. The general educational situation in Bermuda during 1976 remained as described in the previous report of the Special Committee. ^{i/} In his speech before the legislature on 28 October (see para. 7 above), the Governor stated that despite far-reaching developments in the educational system, the Education Act of 1954 had proven inadequate. Consequently, a new act would be prepared in 1978. A statement outlining the educational philosophy intended to serve as a guide for the establishment of priorities to meet Bermuda's educational needs would be presented to the legislature. In the schools, efforts would continue to be concentrated on the improvement of educational standards especially with respect to student mastery of reading, writing and arithmetic. The Government would also increase nursery school places in an attempt to meet the increasingly heavy demand. The continued development of Bermuda College was critical to the future of the Territory from an educational, economic and social point of view. To satisfy the continuing demand for quality, post-secondary education, the Government was committed to the development of a unified community college on one campus.

102. During the debate on the Governor's speech, Mrs. Browne-Evans said that PLP would have declared its educational philosophy by now and would be actively implementing at all levels a policy geared to the development of each young person to his greatest potential. A PLP Government would be unstinting of that percentage of its annual budget spent on youth.

103. Mr. Austin R. Thomas, the member of PLP responsible for educational affairs, urged the Government to fulfil its promise, as soon as possible, to prepare a new education act and to issue a statement outlining an educational philosophy. He emphasized that the Government, the teaching profession and the community must all involve themselves in improving education. Agreeing that the "three Rs" were in need of being reinforced, he recognized the importance of showing the public "what we are doing". He welcomed the Government's decision to build more nursery schools and to promote further development of Bermuda College, but pointed out that insufficient government bursaries, grants and scholarships had frustrated many parents and students.

104. Mr. Vesey, Minister of Education, responded by saying that the Education Act of 1954 did not make provision for nursery, secondary or commercial schools. In preparing a new act, he would examine the educational system as a whole. The Government had already produced the first draft, setting out a philosophy of education based on the all-around development of each person as an individual and as a useful citizen. He intended that his Ministry and the educational system should be answerable to the people of Bermuda for the performance of their children. Mr. Vesey agreed that there was a need for everyone, including parents and teachers to be aware of their responsibility.

^{i/} Official Records of the General Assembly, Thirty-second Session, Supplement No. 23 (A/32/23/Rev.1), vol. III, chap. XXIV, annex, paras. 82-84.

105. Mr. Vesey further stated that he planned to prepare annual performance objectives for all stages of primary education in reading and English. Recently, a successful three-day workshop on the teaching of reading had been held for all primary teachers; a similar arrangement would be made for secondary schools. He insisted that students should study civics in addition to other subjects so that they would understand citizenship.

106. Finally, the Minister informed the House of Assembly that: (a) the Government planned to build three new nursery schools in 1978, starting with one on St. David's; (b) the Ministry of Health and Social Services had initiated a programme to train mothers to teach children; and (c) the Ministry of Education had recommended increasing the amount available for scholarships.

107. On 9 December 1977, the Premier announced that the Government had decided to build a hotel training college on the Stonington property in Paget. A sales contract for the land was now being drawn up. The college would be constructed as soon as negotiations were completed and the plans formulated. Later in the month, it was also announced that a two-year master of business administration programme would begin at Bermuda College in January 1978, with a possible enrolment of 40 students. The Bermuda standards would be of the same quality as similar programmes at universities in the United States.

CHAPTER XXII *

BRITISH VIRGIN ISLANDS

A. Consideration by the Special Committee

1. At its 1102nd meeting, on 1 February 1978, by adopting the suggestions relating to the organization of the Committee's work put forward by the Chairman (A/AC.109/L.1205), the Special Committee decided, inter alia, to refer the British Virgin Islands to the Sub-Committee on Small Territories for consideration and report.
2. The Special Committee considered the Territory at its 1109th meeting on 29 June.
3. In its consideration of the item, the Special Committee took into account the provisions of the relevant General Assembly resolutions, including in particular resolution 32/42 of 7 December 1977 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 13 of that resolution, the Assembly requested the Special Committee "to continue to seek suitable means for the immediate and full implementation of General Assembly resolution 1514 (XV) in all Territories which have not yet attained independence and, in particular: ... to formulate specific proposals for the elimination of the remaining manifestations of colonialism and to report thereon to the General Assembly at its thirty-third session". The Committee also took into account General Assembly resolution 32/29 of 28 November 1977 concerning four Territories, including the British Virgin Islands. By paragraph 10 of that resolution, the Assembly requested the Special Committee "to continue to seek the best ways and means for the implementation of the Declaration with respect to ... British Virgin Islands, including the possible dispatch of visiting missions in consultation with the administering Power ...".
4. During its consideration of the Territory, the Special Committee had before it a working paper prepared by the Secretariat (see annex to the present chapter) containing information on the latest developments concerning the Territory.
5. The representative of the United Kingdom of Great Britain and Northern Ireland, as the administering Power concerned, participated in the work of the Special Committee during its consideration of the item.
6. At the 1109th meeting, on 29 June, the Rapporteur of the Sub-Committee on Small Territories, in a statement to the Special Committee (A/AC.109/PV.1109), introduced the report of the Sub-Committee (A/AC.109/L.1224) containing an account of its consideration of the Territory.
7. At the same meeting, following statements by the Chairman, by the Chairman of the Sub-Committee on Small Territories and by the representative of China (A/AC.109/PV.1109), the Special Committee adopted without objection the report of the Sub-Committee and endorsed the conclusions and recommendations contained therein (see para. 9 below).

* Previously issued as part of A/33/23/Add.5.

8. On 30 June, the text of the conclusions and recommendations was transmitted to the Permanent Representative of the United Kingdom to the United Nations for the attention of his Government.

B. Decision of the Special Committee

9. The text of the conclusions and recommendations adopted by the Special Committee at its 1109th meeting, on 29 June, to which reference is made in paragraph 7 above, is reproduced below:

(1) The Special Committee reaffirms the inalienable right of the people of the British Virgin Islands to self-determination and independence in conformity with the Declaration on the Granting of Independence to Colonial Countries and Peoples, contained in General Assembly resolution 1514 (XV) of 14 December 1960.

(2) The Special Committee reiterates the view that such factors as size, geographical location, population and limited resources should in no way delay the speedy implementation of the process of self-determination of the British Virgin Islands in conformity with the Declaration contained in resolution 1514 (XV).

(3) The Special Committee notes with appreciation the continued participation of the administering Power in the work of the Committee in regard to the British Virgin Islands, thereby enabling the Committee to conduct a more informed and meaningful examination of the Territory, with a view to accelerating the process of decolonization towards the full implementation of the Declaration.

(4) The Special Committee takes note of the statement by the representative of the United Kingdom of Great Britain and Northern Ireland that his Government will always respect the wishes of the peoples of its dependent Territories as to their political and constitutional future; it expresses the hope that the administering Power will take every step to ensure that the wishes of the people of the British Virgin Islands are respected in accordance with resolution 1514 (XV).

(5) While taking note of the recent events relating to constitutional development in the Territory, the Special Committee acknowledges that constitutional change is a matter for the people of the Territory to decide, having regard to the full measure of political and economic potential of the Territory in relation to the neighbouring environment. The Committee, however, reiterates its view that constitutional change should not be tied solely to narrow and purely territorial limitations.

(6) The Special Committee notes that the Government of the British Virgin Islands is progressively "localizing" its public service. In the view of the Committee, this is a positive step towards enabling British Virgin Islanders to acquire the necessary qualifications and experience to conduct

their own administration in the near future. The Committee further urges the the administering Power to continue to exert every effort to achieve full "localization" in the private sector as well.

(7) The Special Committee notes the efforts of the Government of the Territory to diversify and achieve a viable economy as far as possible, and welcomes in particular the increasing efforts being devoted to the tourist and fishing industries.

(8) The Special Committee urges the administering Power, with the co-operation of the Government of the British Virgin Islands, to safeguard the inalienable right of the people of the Territory to the enjoyment of their natural resources by taking effective measures to guarantee their right to own and dispose of those natural resources and to establish and maintain control of their future development.

(9) The Special Committee welcomes the visit in September 1977 of two experts from the Food and Agriculture Organization of the United Nations to assess prospects for co-operative development, and urges other specialized agencies and organizations within the United Nations system, in particular the World Bank and the United Nations Development Programme, as well as regional organizations, such as the Caribbean Community, including the Caribbean Common Market and the Caribbean Development Bank, to continue to pay special attention to the development needs of the British Virgin Islands.

(10) The Special Committee expresses its concern that the termination by the United Kingdom of its grant-in-aid with effect from the end of 1979 may have an adverse effect on the future economic development of the Territory.

(11) The Special Committee recalls with satisfaction the United Nations Visiting Mission to the British Virgin Islands in 1976, 1/ and the subsequent participation of the Governor and Chief Minister of the British Virgin Islands in discussions in the Committee relevant to the report of the Visiting Mission. It is the view of the Committee that visiting missions provide an effective means of ascertaining the situation in the Territories visited. Noting also the willingness of the United Kingdom to receive visiting missions in the Territories under its administration, the Committee considers that the possibility of sending another visiting mission to the British Virgin Islands at an appropriate stage should be kept under review.

1/ Official Records of the General Assembly, Thirty-first Session, Supplement No. 23 (A/31/23/Rev.1), vol. IV, chap. XXVIII, annex.

ANNEX*

Working paper prepared by the Secretariat

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* Previously issued under the symbol A/AC.109/L.1206.

BRITISH VIRGIN ISLANDS a/

1. GENERAL

1. Basic information on the British Virgin Islands is contained in the report of the Special Committee to the General Assembly at its thirty-second session. b/ Supplementary information is set out below.
2. According to the most recent information transmitted by the administering Power, the final result of the census taken in 1970 showed a total population of 10,030, the majority (85 per cent) of whom are of African descent. Of that total, 8,666 lived on Tortola, 904 on Virgin Gorda, 269 on Anegada and the remainder on other islands. Road Town, on the south-east of Tortola, is the capital city, with a population of approximately 3,500.
3. Comparison of the 1970 census figures with those of the previous census, held in 1960, reveals that the total population increased by nearly 40 per cent over the decade. The population growth was largely the result of a considerable influx of immigrants, particularly those from the Eastern Caribbean. They were admitted to the Territory, partly because many of its people had emigrated to work in the United States Virgin Islands and partly because the British Virgin Islands experienced a rapid but short-lived economic expansion in the late 1960s.
4. In 1976, a Boundaries Commission c/ estimated the population at 11,055. During that year, movement to and from the British Virgin Islands continued to be substantial, as indicated by the fact that arrivals and departures totalled 118,480 and 115,168, respectively. The administering Power stated in its annual report that the territorial Government, aware of the ill effects of uncontrolled immigration and having regard to the impact on the local economy of the prevailing world-wide economic situation, had undertaken to review its policy on the granting of "belonger" status and certificates of residence. The following criteria had been accepted and were to be introduced in early 1977:

(a) An applicant for believer status must:

a/ The information contained in this paper has been derived from published reports and from information transmitted to the Secretary-General by the Government of the United Kingdom of Great Britain and Northern Ireland under Article 73 e of the Charter of the United Nations on 20 July 1977 for the year ending 31 December 1976.

b/ Official Records of the General Assembly, Thirty-second Session, Supplement No. 23 (A/32/23/Rev.1), vol. III, chap. XXV, annex, sect. A.

c/ For information concerning the establishment and terms of reference of the Commission, see Official Records of the General Assembly, Thirty-second Session, Supplement No. 23 (A/32/23/Rev.1), vol. III, chap. XXV, annex, sect. A., paras. 15-18.

- (i) Have been ordinarily resident in the Territory for at least 12 years.
 - (ii) Satisfy the Board of Immigration (a body to advise the Government on matters relating to immigration) that he would genuinely make the Territory his home;
- (b) The number of persons granted belonger status per annum, should be limited to 20, including dependants:
- (c) An applicant for a certificate of residence must satisfy the Board that he would be:
- (i) Likely to make a worthwhile contribution to the good of the Territory;
 - (ii) Unlikely to become a public liability;
 - (iii) In a position to take care of himself and his dependants.

5. On 26 October 1977, Queen Elizabeth II visited the British Virgin Islands on the occasion of the twenty-fifth anniversary of her coronation. In a speech announcing the territorial Government's policies and plans, delivered at the opening session of the legislature on that day, the Queen stated that the Government of the British Virgin Islands continued to be aware of the unfavourable effects both on the social services of the Territory and in regard to its relationship with the United States Virgin Islands were immigration not to be closely controlled. Its policy would be directed towards discouraging the growth of a large, dependent immigrant population. In that regard, existing policy on granting belonger status and the issue of certificates of residence would be kept under review in order to protect the business and employment opportunities of local residents.

2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

A. Constitution

6. At a meeting on 30 April 1976, d/ the Legislative Council adopted a motion to amend the Virgin Islands (Constitution) Order, 1967, as amended. The proposed amendments were incorporated in the Virgin Islands (Constitution) Order, 1976, which Mr. Walter Wallace, the Governor, by proclamation on 1 June 1977, declared in force.

7. Under the new Order, the Government's structure remains unaltered, comprising a Governor appointed by the Queen, an Executive Council and a Legislative Council. A summary of the principal changes in the Order follows.

d/ Official Records of the General Assembly, Thirty-first Session, Supplement No. 23 (A/31/23/Rev.1), vol. IV, chap. XXVIII, annex, paras. 20-21 and appendix II.

8. Finance is the responsibility of an elected minister. In the exercise of his remaining reserve powers (external affairs, defence, internal security, the civil service and administration of the courts), the Governor is required to consult with the Chief Minister. In the exercise of the powers of pardon, etc., the Governor is required to consult with the Advisory Committee on the Prerogative of Mercy, consisting of the Attorney-General, the Chief Medical Officer and four other members appointed by the Governor after consultation with the Chief Minister. There is provision for a Deputy Governor.

9. The Financial Secretary is no longer a member of the Executive Council and the Legislative Council, a factor which led to the modification of their composition. The Executive Council consists of the Governor as its Chairman, the Chief Minister, two other ministers and one ex officio member (the Attorney-General). Provision is made for the appointment of a minister to the post of Deputy Chief Minister. The Legislative Council is to consist of a speaker, chosen from outside the Council, one ex officio member (the Attorney-General) and nine (instead of seven as provided for in the earlier orders) elected members returned from single-member constituencies. The last-mentioned provision and those eliminating the nominated seat in the Legislative Council and reducing the voting age from 21 to 18 years will come into effect at the next general election.

10. The division of elected seats between the political parties of the Territory at the last general election, held on 1 September 1975, was as follows: the Virgin Islands Party (VIP), three seats; and the United Party (UP), three seats. Mr. Ralph O'Neal, an independent, was also elected. On 3 September, the Governor announced the formation of a coalition Government composed of members of UP and VIP, and reappointed Mr. Willard Wheatley (UP) Chief Minister. Two other ministers were appointed from among the members of VIP: Mr. H. Lavitty Stoutt, Minister of Natural Resources and Public Health, and Mr. Alban Anthony, Minister of Communications, Works and Industry. Later in the month, it was reported that Mr. Wheatley had transferred his membership from UP to VIP. Subsequently, Mr. Austin Henley (UP) was recognized as Leader of the Opposition (see also para. 12 below).

11. Under the proclamation referred to in paragraph 6 above, the three government ministers were reappointed to their respective posts. Messrs. Wheatley and Stoutt were also appointed Minister of Finance and Deputy Chief Minister, respectively. In addition to his duties as Chief Minister and Minister of Finance, Mr. Wheatley became responsible for tourism, education and development planning. The appointment of Mr. Alford Penn, a native of the British Virgin Islands, as its Deputy Governor, was also announced.

12. A by-election was to take place for the seat in the Legislative Council vacated by the death of Mr. Henley, Leader of the Opposition, on 21 October 1977.

B. Future status of the Territory

13. At a public meeting, on 28 April 1977, the Governor was reported to have said that he wanted to clear up an erroneous impression, which seemed to have gained fairly wide acceptance locally, i.e., that the termination of grant-in-aid from the

United Kingdom in 1979 would be immediately and automatically followed by full internal self-government and soon afterwards by independence. The Governor stressed that there was no foundation for such a belief.

14. He reiterated that although the first aim of the territorial Government was to achieve a viable economy before considering whether further constitutional change was desirable, this did not mean that major constitutional change would automatically follow on the termination of grant-in-aid. According to the Governor, the most important factor at present in considering future constitutional change was the motion passed unanimously by the Legislative Council in November 1976 to the effect that there should be no major constitutional advance to full internal self-government or independence without a referendum or the testing of the issue at a general election. e/ The Governor further pointed out that "this reinforced the basic fact that future constitutional change is a matter for the people of the British Virgin Islands to decide".

C. Localization of the civil service

15. The territorial Government has continued its efforts to train staff at all levels with a view to the eventual replacement of overseas personnel by qualified British Virgin Islanders. According to the administering Power, a training programme for civil servants is in operation and advantage is being taken of training opportunities available abroad. In 1976, two scholarships for training in the fields of medicine and psychiatry at the University of the West Indies were awarded to civil servants under the West Indies Scholarship Scheme.

16. In June 1977, the Government announced that during the first five months of the year, six members of the civil service had been granted awards under the United Kingdom/West Indies Training Scheme to enable them to undertake courses overseas in agriculture, air traffic control, management services and customs and excise taxes. An award had also been granted to another civil servant under the United Kingdom Technical Co-operation Programme, to pursue a course at the Royal Institute of Public Administration at London.

17. Subsequently, eight teachers, who had completed courses of study outside the Territory, were reported to have returned home to take up appointments at the beginning of academic year 1977/78. Of these, three are teaching at the British Virgin Islands High School.

18. In addition, the Territory participates in regional projects for training civil servants from Commonwealth Caribbean countries (see paras. 20-21 below).

e/ For further information on the motion, see Official Records of the General Assembly, Thirty-second Session, Supplement No. 23 (A/32/23/Rev.1), vol. III, chap. XXV, annex, sect. A, para. 14.

19. In her speech of 26 October, the Queen stated that the territorial Government continued to place emphasis on training civil servants at all levels and that a special committee had been appointed to examine the manpower needs of the service and to prepare a programme of training requirements for the future. She further stated that the establishments and grading of the civil service had been examined and that a salary review had been completed.

D. External relations

20. The Territory is a member of the Caribbean Development Bank, the Caribbean Examination Council and the University of the West Indies, among other organizations in the English-speaking Caribbean region. It helped to establish at Tortola the Regional Police Training Centre for the Eastern Caribbean. In July 1977, the Centre was opened with a total enrolment of 27 police officers (including 3 from the British Virgin Islands).

21. The Government has also made contributions to certain regional projects of the United Nations Development Programme (UNDP). In July 1977, it was decided that one of such projects for the education and training of allied health (paramedical) personnel in 17 Commonwealth Caribbean countries (including the British Virgin Islands), which had become fully operative in July 1975, should be extended from one and a half to five and a half years. This project will cost a total of \$US 9.3 million, f/ to be financed partly by UNDP (\$US 1.3 million) and partly by the Governments of the participating countries (\$US 8.0 million).

22. Although the Territory co-operates with other Commonwealth countries in the Caribbean in various fields of endeavour, its relations with the United States Virgin Islands are particularly good, owing mainly to their geographical proximity, economic interdependence, social interrelationship and institutional ties in the informal sharing of certain services and facilities. As indicated in paragraph 5 above, this relationship was taken into account by the territorial Government in formulating its immigration policy.

23. It is also on the basis of this relationship that the Governments of the United Kingdom and the United States of America signed a Reciprocal Fisheries Agreement at Washington, D.C., on 24 June 1977. The Agreement, among other things, provides for the continuation of commercial fishing by vessels of the British Virgin Islands and the United States Virgin Islands in their respective exclusive fishery zones, in accordance with existing patterns and at existing levels of fishing.

24. Commenting on the Agreement, the Governor of the United States Virgin Islands said that it was "a significant achievement that reinforces the long-standing relationship between the United States and United Kingdom Governments in general, and the peoples of the United States Virgin Islands and the British Virgin Islands in particular". He added that the Agreement was necessary because fishermen of the

f/ The local currency is the United States dollar (\$US).

British Virgin Islands would have been prohibited from fishing in the new 200-nautical mile zone of the United States under the provisions of the United States Fisheries Conservation and Management Act which had come into operation on 1 March 1977.

25. On 9 March, the Governor of the British Virgin Islands had proclaimed the establishment of a 200-nautical-mile fishing limit for the Territory, with the concurrence of the United Kingdom Government. He had also announced that discussions would be held with the Government of the United States Virgin Islands on matters arising from the proclamation, including the method of controlling fishermen from the two Territories engaged in fishing within the respective zones.

26. The Sixth Annual British Virgin Islands-United States Virgin Islands Friendship Day was celebrated on 29 October 1977, when the Governor of the British Virgin Islands, political leaders, government officials and representatives of various organizations visited St. Thomas, in the United States Virgin Islands. Earlier, the Acting Governor of the United States Virgin Islands had proclaimed the Friendship Day to focus attention on, and help maintain, the ties of friendship existing between the peoples of the two Territories.

3. ECONOMIC CONDITIONS

A. General

27. In the late 1960s, the Territory enjoyed an economic boom, based mainly on tourism and tourist-related activities such as real estate development and construction. This was followed by a decline between 1970 and the first half of 1973. An upward trend continued until early 1976, when the economy again entered a slump.

28. In a budget speech delivered to the Legislative Council on 8 March 1977, Chief Minister Wheatley stated that, as previously expected, the economy of the United States, probably the single most important influence on the Territory's economic climate, had remained sluggish and uncertain in 1976. This had had an adverse effect on the total economic activity in the British Virgin Islands. The current economic situation in the Territory did not suggest that the territorial Government could properly or prudently anticipate any marked upsurge in the economy during 1977.

29. According to the information transmitted by the administering Power, agriculture is difficult in the British Virgin Islands because of the severe limitations imposed by rugged topography, steep slopes, meagre soil resources and an unreliable water supply. The topography and climate are fairly well suited for the cultivation of grass, however, and a livestock industry has been active for many years.

30. The administering Power further states that, despite efforts to raise the standard of agricultural and livestock production, it is generally accepted that the Territory can never become economically viable with small-scale agriculture and livestock raising as a base, and that attention must be turned to the

exploitation of the islands' natural features for tourism. The topography, geological formation and relationship of the various islands to each other and the surrounding sea provide a setting for tourists, and the protected waters of Sir Francis Drake Channel and the western roads offer a centre for boating and fishing enthusiasts. The economic outlook, therefore, envisages tourism as a base, with agriculture and fishing geared to it as supporting activities. This premise has served as the basis for development planning in the Territory.

31. Available statistical information indicates that the Territory's external trade increased from \$US 1.1 million in 1960 to \$US 10.3 million in 1970. In the next three years, it decreased from \$US 9.2 million to \$US 7.8 million. This downward trend was reversed in 1974, when the volume of trade rose to approximately \$US 12.0 million. During this period, trade was principally conducted with the United States, Puerto Rico, the United States Virgin Islands and the United Kingdom. The value of imports (mainly food-stuffs and building materials) always exceeded that of exports (chiefly fresh fish, fruits and vegetables), but the adverse balance of trade was normally offset by financial aid from the United Kingdom, tourist spending and the inflow of capital investment and remittances from abroad. Trade statistics for 1975 and 1976, though incomplete, are not expected to show any change in these features.

32. In her speech of 26 October (see para. 5 above) the Queen stated that the territorial Government would receive from the Economic Development Advisory Committee (appointed in 1976) a progress report in November and a detailed development programme covering the period 1979 to 1981 by 31 July 1978. The reports would form the basis of the Government's development plan for that period. To ensure that the Advisory Committee had expert advice and assistance, she added, the United Nations had been asked to supply a development planning adviser for one year. The expert was to arrive in February 1978. The Government appreciated the importance of institution building for development and in particular, of establishing local planning machinery to co-ordinate all future planning and development activities. Consideration would be given to recruiting an additional economist so that a start could be made in the direction of continuous planning, co-ordinating and monitoring of economic activity within the Territory. The Queen also proposed a series of measures aimed at strengthening the economy in 1978, which are set forth in the relevant subsections below.

B. Tourism

33. The dominance of the tourist industry has been an accepted fact of the territorial economy. According to the administering Power, the total number of tourists visiting the islands increased from 22,800 in 1968 to 64,768 in 1975. These figures indicate that the industry grew at an average of 14.2 per cent per annum during this period. In 1976, however, tourist arrivals rose by only 8.5 per cent, to 70,287, a factor contributing to the slow performance of the economy. The number of boat charter passengers continued to exceed that of hotel tourists. The average length of stay showed a slight increase. Visitors from the United States accounted for 67.0 per cent of the total.

34. Apart from small guest houses and cottages, there were 21 hotels with a total of 824 beds in 1976. Towards the end of the year, the Prospect Reef Resort (322 beds), the largest hotel in the Territory, was nearing completion on Tortola. At about that time, the territorial Government began negotiations with a group interested in establishing a Ramada Inn (one of the hotel chains of the United States) on Wickhams Cay.

35. Promotion of tourism is the responsibility of the British Virgin Islands Tourist Board (a statutory body set up in 1969), which has continued to collaborate with the British Virgin Islands Hotel and Tourist Association (HTA) (founded in 1970 to represent all types of businesses connected with the industry).

36. On 7 May 1977, Chief Minister Wheatley introduced in the Legislative Council a report prepared by a consultant, who had been appointed by the Government in 1976 to advise on tourism policies and organization. g/ In his statement, Mr. Wheatley said that, following consideration by the Executive Council of the views of the Tourist Board, HTA and other interested persons, the Government had decided to approve the report with certain exceptions.

37. In explaining the Government's position, Mr. Wheatley stated that the consultant's recommendation to give serious consideration to the removal of investment incentives was not applicable. In the exercise of its discretionary power concerning the granting of incentives, the Government nevertheless intended to be more selective in the future. One important consideration would be the proposed geographic location of a development project. On the question of establishment of a hotel licensing board, the Government considered that this was unnecessary at the present time because the hotel industry maintained a rather high standard. The Government also did not agree that further residential settlement should be discouraged to minimize the dangers associated with that form of development. In its view, careful control would provide adequate protection, at present. The recommendation concerning a grouping of tourism development planning and lands within the same portfolio was considered to be outside the consultant's terms of reference. The consultant's report is not yet available.

38. According to The West Indies and Caribbean Year Book, 1976/77, h/ the Government's policy is to encourage the expansion of the hotel industry and the provision of ancillary services catering to visitors, without at the same time destroying the natural assets which can make the industry viable in the long term.

39. Two additional important developments occurred in late 1977: (a) the establishment on Tortola of a new tourism promotion office to maintain direct contact with Paddans Travel Bureau, a European travel agency with headquarters in

g/ Official Records of the General Assembly, Thirty-second Session, Supplement No. 23 (A/32/23/Rev.1), vol. III, chap. XXV, annex, sect. A, para. 44.

h/ Toronto, Caribook, Ltd.

Sweden; and (b) the execution of a programme to equip unemployed youth between 17 and 20 years of age with basic skills and attitudes necessary for employment in the hotel industry.

40. In her recent speech to the Legislative Council (see para. 5 above), the Queen stated that the territorial Government would soon introduce legislation amending the Tourist Board Ordinance to give effect to proposals to reorganize the promotion of tourism. The Government would continue its efforts to attract visits by small cruise ships, preserve the environment and establish a local hotel training programme.

C. Land development

41. The total land area in the Territory is estimated at 15,260 hectares. Private ownership accounts for 9,140 hectares and 6,120 hectares are owned by the Crown. Land matters continue to be the responsibility of the Ministry of Natural Resources and Public Health. In 1976, the Survey Department carried out surveys on Tortola and Virgin Gorda, and completed a revision of the survey of Anegada. The Land Registry (established in 1972) handled 862 registered land dealings in 1976, 513 fewer than in the previous year, the decline being attributed to the tapering off of requests for free land certificates, but the over-all revenue of the Land Registry increased by almost \$US 600. Ways were being sought to place the Survey Department and the Land Registry under the same roof in order to improve their efficiency.

42. Under the Alien Land Holding Regulation Act, licences are issued to non-British Virgin Islanders wishing to hold land in the Territory, usually on condition that the licensee undertakes to develop the land within a given period of time. In 1976, there were 45 such licences issued with a total development commitment of \$US 551,000. Development planning is undertaken by the Government which, since 1968, has been served by a town and country planning adviser provided by UNDP. The Land Development Control Authority is responsible for all applications for development of land and the Building Authority exercises control over building standards.

43. In her recent speech, the Queen stated that subsidiary legislation would be enacted under the Land Surveyor's Ordinance and Registered Land Ordinance. Steps would be taken to ensure that development commitments of some \$US 800,000 under alien land holding licences for 1978 and 1979 would be honoured. New measures would be introduced during the current session of the Legislative Council to improve the efficiency of physical planning and land development control, as well as co-ordination between the Land Development Control Authority and the Building Authority. A planning assistant would receive training in town and country planning under a United Nations fellowship.

D. Agriculture, livestock and fishing

44. Much of the arable land in the Territory, situated principally on the islands of Tortola, Jost Van Dyke and Virgin Gorda, is owned and cultivated by small farmers. Crops currently produced include sugar-cane (used locally for the production of rum), limes, bananas, coconuts, mangoes and root crops. The territorial Government maintains a stock farm at Paraquita Bay, where improved stock, such as cattle, pigs and sheep, is bred for sale and distribution to farmers. Agricultural credit and pasture improvement schemes are in operation which provide loans against the land as security. As the amount of the loan is based on the nominal valuation of the land itself, this acts as an incentive to improvement.

45. The coastal waters abound with various species of fish which provide one of the largest sources of protein in the local diet and are the largest export. The main fishing areas are off the Anegada, Peter and Salt islands, West End (Tortola) and Jost Van Dyke. Local fishermen generally own and operate small crafts along the reefs. In recent years, however, there has been an increase in the amount of fish brought to market, resulting from the use of larger boats with more powerful engines, the installation of ice-boxes on some of the boats and the establishment of a fisheries credit scheme to assist with the purchase of boats and gear.

46. In September 1977, two experts from the Food and Agriculture Organization of the United Nations (FAO), visited the Territory to assess prospects for co-operative development.

47. In her recent speech (see para. 5 above), the Queen said that the territorial Government would continue to assist farmers and fishermen with credit to improve the food crop, livestock and fishing industries. A farm improvement loan of \$US 100,000 had been secured from the Caribbean Development Bank and had largely been disbursed. A further loan of \$US 200,000 for farm improvement credit was expected to be approved by the Bank in the near future. The Government also intended to place greater emphasis on agricultural development projects involving village participation. Funds would be sought for the development of rural agricultural demonstration plots and school agricultural gardens; the construction of feeder roads to agricultural areas, the improvement of existing water supplies and the provision of teaching aids for use in rural extension activities. The Queen also announced the Government's intention of introducing legislation to enable the establishment of co-operatives and of exploring fully the Territory's potential for agro-industrial development (see also paras. 51 and 52 below).

48. The Queen added that livestock production and breeding programmes were progressing satisfactorily following the introduction of new strains of cattle, pigs and sheep more suited to the local terrain and climatic conditions. Efforts would be continued to provide abattoirs for the hygienic slaughter of animals and the handling of fresh meat. Development aid funds were expected to be made available for an early start on construction.

49. Finally, the Queen stated that steps had already been taken to obtain further technical assistance aimed at promoting fisheries development and that a

comprehensive fisheries ordinance was to be introduced, one object of which would be to give effect to the Reciprocal Fisheries Agreement recently reached between the Governments of the United Kingdom and the United States (see paras. 23-25 above).

E. Industry

50. Manufacturing industries in the Territory are still in their early stages i/ and do not contribute much to the economy. A number of small manufacturing industries have already been established, including the manufacture of rum, concrete blocks, aerated beverages, ice and handicrafts. In 1976, the territorial Government continued its efforts to promote further development of light industries. Pioneer status was granted to Caribbean Cars, Ltd., to enable it to set up a motor vehicle assembly plant. Under the Encouragement of Industries Ordinance, pioneer status enables the company to obtain special duty-free concessions for the importation of plant equipment and building materials. It also exempts the company from income tax for at least 10 years. During the same year, several trade licences were issued or renewed, including those for the clothing and food industries.

51. In September 1977, the Government accepted the proposals of an artistic designer and manufacturer of ornamental objects from the United Kingdom for the establishment of a similar light industry in the Territory. Under the proposals, certain local sea shells and rocks would be used to make ornaments for export and the local tourist industry. During the same month, an expert from the Commonwealth Secretariat submitted to the Government a report on the Territory's agro-industrial development potential.

52. In her recent speech (para. 5 above), the Queen said that measures had already been taken to obtain further technical assistance aimed at stimulating development in souvenir-type industries. The Government would also introduce legislation to make possible the establishment of institutions essential for growth in the agro-industrial sector, and would vigorously implement the recommendations recently made by the expert from the Commonwealth Secretariat in the above-mentioned report.

F. Mining

53. Since 1975, several companies have shown an interest in prospecting for copper on Virgin Gorda and oil and gas in offshore waters, as well as in dredging sand from the sea-bed. In her speech, the Queen stated that the territorial Government would introduce legislation concerning amendments to the Petroleum Mining Ordinance, petroleum taxes and oil pollution and that regulations concerning safety in mines as well as mining generally would be introduced under the Mining Ordinance. She believed that these changes would help to ensure the effective management and control of some of the Territory's natural resources.

i/ Official Records of the General Assembly, Thirty-first Session, Supplement No. 23 (A/31/23/Rev.1), vol. IV, chap. XXVIII, annex, para. 55.

G. Communications and other basic facilities

54. Efforts have been made to expand and improve the infrastructure required for further development.

55. In her speech to the Legislative Council, the Queen said that plans had been completed for the surfacing of the remaining unpaved sections of the roads in North Sound (Virgin Gorda) and of Great Mountain Road (Tortola). Plans for road reconstruction and surfacing from Cane Garden Bay to Little Apple Bay were well advanced. Further improvements to the Ridge Road were envisaged in 1978.

56. Regarding airport development, the Queen stated that the Government planned to improve shortly the facilities at the main airport on Beef Island, where the parking apron was too small to accommodate present traffic in peak periods.

57. With respect to water development, the Government would carry out a feasibility study as part of its plan to extend piped water systems throughout the Territory. An application had been sent to the European Development Fund for a grant of \$US 300,000 to improve water storage capacity and to expand the distribution system at Road Town. Work was also expected to begin during 1978 on a project to improve the quality and quantity of the Territory's ground water by restricting the underground movement of sea water.

58. Regarding the development of an adequate supply of electricity, the Queen said that the sale of electric power had continued to increase and envisaged that an additional large generating plant would be required in 1978/79. Legislation would be proposed to convert the Electricity Department into an autonomous statutory body, mainly to achieve greater flexibility in financing future expansion of the system.

59. Recognizing the need to enlarge Road Town's infrastructural base, the Queen announced that the Government would continue to implement the city's improvement scheme with emphasis on the provision of waste units, footpaths and parking areas. Measures would also be taken to establish a new civic area within the city and to implement the second phase of its sewerage scheme in 1978, with assistance from the United Kingdom.

H. Anegada and Wickhams Cay developments

60. Details of the plans for developing Anegada and Wickhams Cay (Tortola) are contained in previous reports of the Special Committee. j/ Briefly, since the

1/ For the most recent, see Official Records of the General Assembly, Thirty-first Session, Supplement No. 23 (A/31/23/Rev.1), vol. IV, chap. XXVIII, annex, paras 50-54; and ibid., Thirty-second Session, Supplement No. 23 (A/32/23/Rev.1), vol. III, chap. XXV, annex, sect. A, paras. 52-55.

collapse of the Anegada Development Corporation, Ltd., in 1974, little or no progress has been made in the development of Anegada.

61. On the other hand, the development of Wickhams Cay has continued to proceed along the lines proposed in 1972 by consultants engaged under United Kingdom technical assistance auspices, which included in particular: (a) development of the Cay as the nucleus of shopping, commercial and entertainment activities; (b) making land available in a variety of plot sizes for development projects; and (c) spending a substantial sum of money on infrastructural development.

62. In its most recent annual report, the administering Power drew particular attention to the following: (a) an application by the territorial Government to the Caribbean Development Bank for funds to assist in the construction of business premises on the Cay, in which 16 local persons intended to participate; and (b) a proposal submitted by Moorings, Ltd., a yacht charter company, for the establishment on the Cay of a yacht marina at an estimated cost of \$US 315,000.

63. In her recent speech (para. 5 above), the Queen stated that the Government would begin the final stage of implementing the local business premises scheme following the execution of a loan agreement with the Bank, and that Moorings, Ltd. was scheduled to begin operations during the 1977/78 tourist season.

64. In late 1977 the Government reported that it was continuing its negotiations with a group interested in establishing a Ramada Inn on the Cay (see also para. 34 above), and hoped that the group would make some definite commitments in the near future.

I. Public finance

65. According to the budget estimates for 1977 approved by the Legislative Council, local revenue was expected to amount to \$US 6.7 million and recurrent expenditure to \$US 7.2 million (excluding a United Kingdom grant-in-aid of \$US 458,873), compared with actual revenue and expenditure of \$US 5.9 million and \$US 6.8 million (excluding a United Kingdom grant-in-aid of \$US 700,000), respectively, in the previous year. In addition, the United Kingdom would provide the Territory with \$US 2.0 million to finance its capital development programme for 1977, compared with \$US 1.7 million in the previous year.

66. In presenting his estimates to the Legislative Council on 8 March 1977, Chief Minister Wheatley said that they did not fully reflect the aims and ambitions of the territorial Government. Two major and severe constraints would make it difficult to achieve progress towards a balanced budget in 1977. First, after examining the current economic situation in the Territory, the Government had found it improper or imprudent to anticipate any marked upsurge in the economy during the year. Secondly, the delegation from the British Virgin Islands had learned during its recent visit to London that the United Kingdom grant-in-aid for 1977 would not be increased. Under those two constraining influences, it was necessary for the Government to construct a budget which would maintain existing services and, at the same time, make minimal demands on those people least able to bear new tax burdens.

That meant that some desirable programmes had had to be deferred or reduced until the Territory was more certain of its financial future.

67. Mr. Wheatley also said that the delegation to London had reached an agreement to remove the ban on additional expenditure originally sought by the United Kingdom Government. The territorial Government would therefore be able to make a review of civil servants' salaries, although any award would have to be financed fully and permanently from local revenue.

68. Mr. Wheatley considered that 1977 was a significant year in the islands' progress towards budget viability as it appeared possible that the Territory might become capable of meeting its recurrent expenditure from its own revenue. He stressed that the Government must seek additional local revenue to meet any inevitable increases in expenditure. He pointed out that it was the aim of the Government to eliminate the recurrent grant-in-aid from the United Kingdom by 1980.

69. On 21 July, the Legislative Council passed a bill entitled "Finance Ordinance, 1977", introduced by Mr. Wheatley, in his capacity as Minister of Finance for the following objects and reasons:

"The object of this bill is to implement Part VI of the Virgin Islands (Constitution) Order, 1976 (by various means including the separate establishment of a Consolidated Fund and a Contingencies Fund). ... The financial management of the Territory rests at present on the application of colonial regulations ... and on a series of administrative regulations and decisions. This is no longer satisfactory for a Territory which is continuing to develop and is assuming additional local responsibilities, and this bill is intended to provide a comprehensive statutory framework for the management, administration and control of the public finances."

In August, the Council approved a bill entitled "Appropriation (Contingencies Fund) Ordinance, 1977", providing for a sum of \$US 514,693 to finance the Government's operation for the remainder of the year.

70. In her speech of 26 October, the Queen stated that a programme had been agreed upon with the United Kingdom for the elimination of the recurrent grant-in-aid by the end of 1979 (see para. 68 above), and that proposals to raise the required additional revenue would be laid before the Legislative Council at its current session.

J. Assistance from international sources

71. Until 1969, the projects undertaken by UNDP in the Caribbean area (including the British Virgin Islands) were financed on a contingency basis. From 1969 through 1971, country target figures were allocated, and for 1972-1976 an undistributed indicative planning figure was assigned. Total funds available to the Territory under the country programme of UNDP for the latter period amounted to \$US 159,042. For 1977-1981, an adjusted indicative planning figure of \$US 450,000 was allocated, including \$US 53,000 and \$US 89,000 budgeted for 1977 and 1978 respectively. In addition, the Territory has participated in the multi-island and regional projects of UNDP (see also para. 21 above).

72. On 21 July 1977, the Legislative Council enacted a bill entitled "Loans (Caribbean Development Bank) (Amendment) Ordinance, 1977", which had been introduced by the Minister of Finance for various objects and reasons, including the following in particular:

"(a) To enable the Territory to receive loans from the Caribbean Development Bank (CDB) from funds which the International Bank for Reconstruction and Development (IBRD) /World Bank/ has lent to CDB, by guaranteeing repayment by the Government of the Territory of such sums as are lent, thus enabling the United Kingdom Government to guarantee on its part repayment of such sums by CDB to IBRD ...;

"(b) To authorize the Government to guarantee loans which IBRD may make to companies incorporated in the Territory ..."

4. SOCIAL CONDITIONS

A. Labour

73. In 1976, expatriates accounted for one third of the local labour force of approximately 3,300. Despite efforts by the territorial Government and the private sector to train local people, it was necessary to bring in an undisclosed number of foreign workers. The new Labour Code Ordinance, which became effective in June 1975, provides, inter alia, for the issuance of work permits to non-British Virgin Islanders. One of the principles specified therein is that such a permit is only to be granted if a local person is unavailable for the position to be filled. The Government has established the Technical/Vocational Training Board to assist in developing programmes to train school graduates for jobs in the private sector. As noted in the preceding sections, the Government has also endeavoured to broaden employment opportunities by adopting a series of measures to tackle the problems of immigrants as well as to strengthen the economy.

74. In her recent speech (see para. 5 above), the Queen stated that the Government would continue to adhere to the principles set out in the Labour Code Ordinance on the issuance or renewal of work permits, and that the recently instituted youth and employment scheme would be continued and expanded (see also para. 39 above). She further stated that the feasibility of introducing a social security scheme to provide benefits for retired persons, invalids and widowed and disabled persons had recently been examined by an expert whose report was under consideration.

B. Public health

75. In 1976, government medical institutions consisted of Peebles Hospital at Road Town, Tortola (37 beds), and clinics on the other six inhabited islands. Medical services were administered by the Chief Medical Officer and his staff of 65 persons (including 4 other physicians and 1 dentist). The health of the population was reported to be generally good.

76. In September 1977, the Minister of Communications, Works and Industry announced

that the United Kingdom Development Division in the Caribbean had allocated the sum of \$US 1.1 million for renovation and extension of Peebles Hospital. Construction work would be carried out in three phases. Upon its completion, the hospital would have 50 beds, including two single rooms for mental patients; a modern out-patient clinic; new medical, surgical and pediatric wards; a new operating room; an X-ray department; and a laboratory.

77. In her speech, the Queen stated that the first phase of renovation of Peebles Hospital had already begun, and she expressed the hope that the building would be ready for occupation in early 1979. In the field of public health, she added, the territorial Government would pay particular attention to maternity and child health services, school health programmes and the preventive aspects of health care. The importance of epidemiological surveillance, immunization, mosquito eradication and environmental sanitation would be stressed. In the area of health legislation, it was intended to introduce a bill to repeal and replace the Lunacy and Mental Treatment Act.

5. EDUCATIONAL CONDITIONS

A. General

78. Education is free and compulsory in so far as facilities are available. In 1976, there were 13 government and 2 aided primary schools with a total enrolment of 1,906 pupils. Of these schools, 5 (4 on outlying islands and 1 on Tortola) continued to maintain a post-primary section for pupils who did not attend the government-run British Virgin Islands High School. Seven private schools, with a total of 345 pupils, were recognized by the Government. Some of these schools catered to the kindergarten and pre-primary age groups, while others were primary schools.

79. The British Virgin Islands High School offers a comprehensive-type secondary education with courses leading to the General Certificate of Education, "O" level, and with provision for pre-vocational courses in metal and wood work, automobile mechanics, electronics, home economics and secretarial subjects. The school issues a high school diploma to successful students. In 1976, the school had a total enrolment of 821 pupils.

80. Bursaries and scholarships are awarded for overseas education and training. At the end of 1976, 43 students from the British Virgin Islands were attending institutions of higher learning abroad, as follows: West Indies, 18; Barbados, 10; United States and United States Virgin Islands, 10; and Bahamas, St. Lucia and Trinidad and Tobago, 5.

81. Of the 86 primary teachers in the Territory in 1976, 51 were trained. Efforts continued to be made to obtain an adequate number of trained teachers. At the end of the year, 17 teachers were receiving training abroad, 11 of whom were enrolled in teachers' colleges in the Caribbean area under the West Indies Training Scheme (see also para. 15 above).

B. Survey of secondary education

82. Responsibility for educational matters is assigned to the portfolio of the Chief Minister, who is advised by a Board of Education and two other organs dealing with primary and secondary education respectively. In August 1976, after conducting a survey of secondary education in the Territory, a five-member team under the chairmanship of Mr. Kazim Bacchus submitted its report to the Government. On 21 July 1977, the Chief Minister informed the Legislative Council of the decisions taken by the Board of Education on the recommendations contained in the report. Following is a summary of the Board's main decisions.

83. After completing six years of primary schooling, every student should be admitted to the British Virgin Islands High School. The school should be allowed to increase its enrolment to an expected figure of 1,290 by 1980. Its administrative structure should be strengthened, especially at the middle-management level, and the range of student guidance services should be expanded. Priority should be given to training of guidance counsellors. An active programme of remedial education should be undertaken.

84. Although for the time being, further development of secondary educational facilities should be concentrated at the British Virgin Islands High School, the Government should nevertheless proceed with a policy of establishing junior secondary education at least on Virgin Gorda.

85. A reorientation, in-service seminar should be arranged for all secondary school teachers to discuss the aims and philosophy of comprehensive education, with a view to ensuring that the various programmes offered in the school cater to the wide range of interests and abilities to be found among children of any comprehensive school. A programme for the professional and academic upgrading of some of the teachers should be initiated. Steps should be taken to ensure that future recruits have university degrees. In addition to the extra teaching staff which would be required, taking into account future expansion of the school enrolment, new positions such as that of school bursar should be created.

86. There is need for concentrated effort by all concerned to improve standards of discipline in the school, with particular emphasis on the role to be played by the Government and interested groups in the community, as well as on parent education.

87. The proposed manpower council should be established and it should, as its first priority, be concerned with ensuring that suitable training programmes are developed by public and private agencies so that British Virgin Islanders would be able to move as early as possible into jobs held by "non-belongers", and that in so doing "belongers" would be capable of maintaining the prescribed standards of efficiency.

88. A strong technical and vocational programme offering intensive training in practical skills should be developed at the school for students with at least three years of secondary schooling. A programme should be developed to attract a few journeymen with industrial experience to enter teaching as technical and vocational teachers. The school should not offer the General Certificate of

Education "A" level courses. Prior consideration should be given, when appropriate, to developing technical and vocational education even further, rather than introducing "A" level work at the school.

89. In regard to primary education, the Board agreed that:

(a) A survey team on primary education should be appointed to examine more fully some of the problems facing primary schools and teachers;

(b) Active attention should be given to the development of curricula and the preparation of materials required to carry out the curricula;

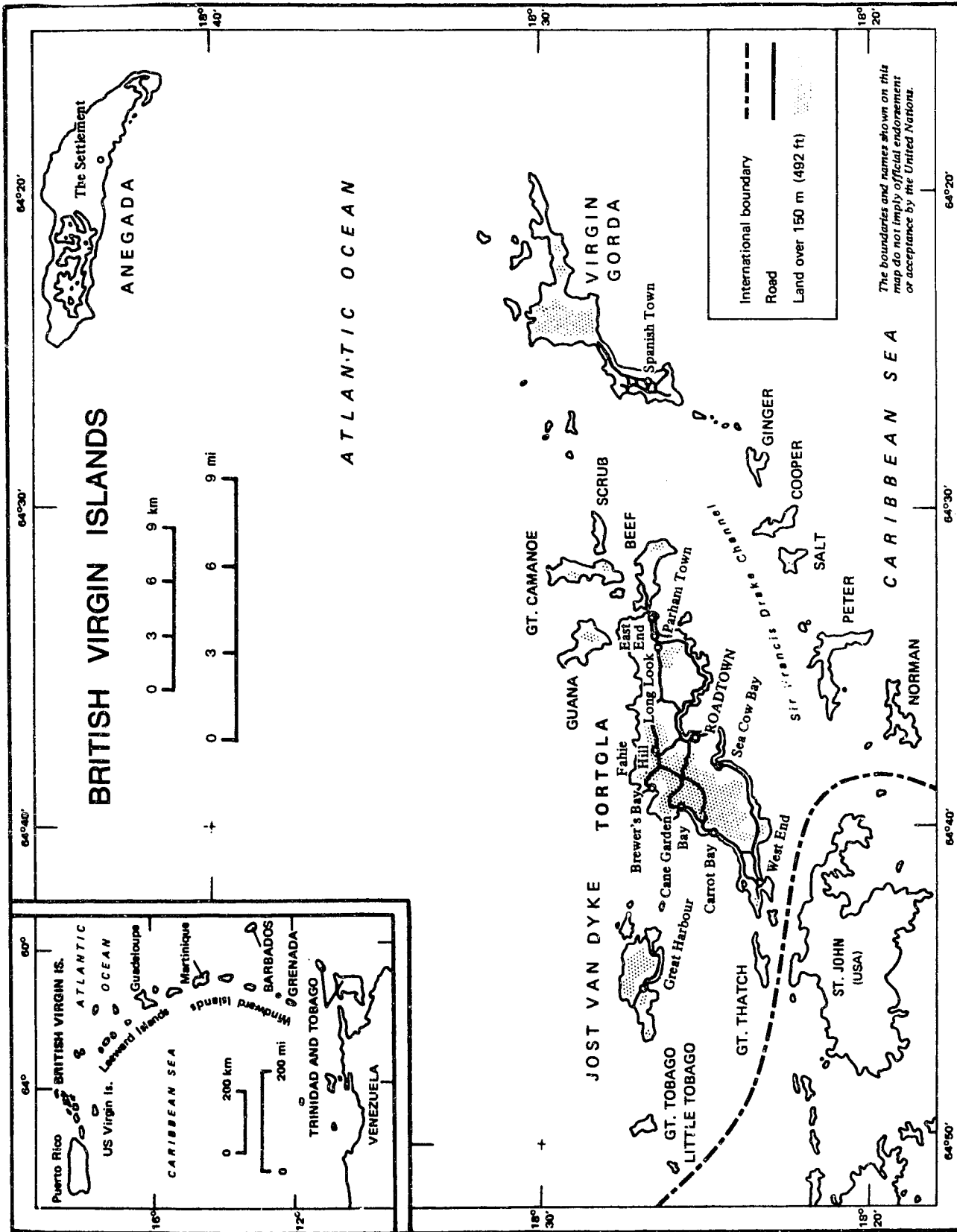
(c) Special efforts should be made in the area of remedial teaching at the primary school level, especially in language arts and mathematics.

90. Commenting on the Board's decisions, Mr. Wheatley stated that the Government had in principle accepted the decisions as being highly desirable and, in fact, essential in the long run. In connexion with the task of drawing up an implementation programme, Mr. Wheatley drew attention to a letter recently received from Sir Bruce Greatbatch, head of the United Kingdom Development Division in the Caribbean, in which he stated that it would be "quite impossible for the Division to approve any capital aid for the implementation of the Bacchus report until you are out of budgetary aid and have shown you have the resources to meet any consequential extra recurrent expenditure without going back into budgetary aid". Mr. Wheatley stressed, however, that the Government was determined to do everything within its power to bring about within a year or two at least some of the improvements recommended by the Board.

C. Current educational policies and programmes

91. On 21 July 1977, Mr. Wheatley introduced in the Legislative Council a bill entitled "The Education Ordinance, 1977", its object being to improve the operation and efficiency of the school system. According to The Island Sun, a local newspaper, the bill would include the Board's recommendations referred to in paragraphs 83 to 89 above. The Ordinance was passed by the Council on 18 August.

92. In her speech of 26 October (para. 5 above), the Queen said that the construction of a government primary school on Virgin Gorda to replace the present school facilities provided by the Episcopal Church would be given priority. The establishment of facilities on the island for the first cycle of secondary education would also be placed on the priority list of proposed developments. Measures for financing the implementation of the Bacchus report on secondary education would be brought before the Legislative Council for consideration. The Queen also said that plans were being prepared for a new primary school at Road Town and a teacher's house at Jost Van Dyke, and that the Government planned to expand the pre-school programme to cater to the total development needs of the pre-school child.



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CHAPTER XXIII*

MONTSERRAT

A. Consideration by the Special Committee

1. At its 1102nd meeting, on 1 February 1978, by adopting the suggestions relating to the organization of the Committee's work put forward by the Chairman (A/AC.109/L.1205), the Special Committee decided, inter alia, to refer Montserrat to the Sub-Committee on Small Territories for consideration and report.

2. The Special Committee considered the Territory at its 1109th meeting on 29 June.

3. In its consideration of the item, the Special Committee took into account the provisions of the relevant General Assembly resolutions, including in particular resolution 32/42 of 7 December 1977 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 13 of that resolution, the Assembly requested the Special Committee, inter alia, "to continue to seek suitable means for the immediate and full implementation of General Assembly resolution 1514 (XV) in all Territories which have not yet attained independence and, in particular: ... to formulate specific proposals for the elimination of the remaining manifestations of colonialism and to report thereon to the General Assembly at its thirty-third session". The Committee also took into account General Assembly resolution 32/29 of 28 November 1977 concerning four Territories, including Montserrat. By paragraph 10 of that resolution, the Assembly requested the Special Committee "to continue to seek the best ways and means for the implementation of the Declaration with respect to ... Montserrat ... including the possible dispatch of visiting missions in consultation with the administering Power ...".

4. During its consideration of the Territory, the Special Committee had before it a working paper prepared by the Secretariat (see annex to the present chapter) containing information on the latest developments concerning the Territory.

5. The representative of the United Kingdom of Great Britain and Northern Ireland, as the administering Power concerned, participated in the work of the Special Committee during its consideration of the item.

6. At the 1109th meeting on 29 June, the Rapporteur of the Sub-Committee on Small Territories, in a statement to the Special Committee (A/AC.109/PV.1109), introduced the report of that Sub-Committee (A/AC.109/L.1243) containing an account of its consideration of the Territory.

7. At the same meeting, following statements by the Chairman, by the Chairman of the Sub-Committee on Small Territories and by the representative of China (A/AC.109/PV.1109), the Special Committee adopted without objection the report of the Sub-Committee and endorsed the conclusions and recommendations contained therein (see para. 9 below).

* Previously issued as part of A/33/23/Add.5.

8. On 30 June, the text of the conclusions and recommendations was transmitted to the Permanent Representative of the United Kingdom to the United Nations for the attention of his Government.

B. Decision of the Special Committee

9. The text of the conclusions and recommendations adopted by the Special Committee at its 1109th meeting, on 29 June, to which reference is made in paragraph 7 above, is reproduced below:

(1) The Special Committee reaffirms the inalienable right of the people of Montserrat to self-determination and independence in conformity with the Declaration on the Granting of Independence to Colonial Countries and Peoples, contained in General Assembly resolution 1514 (XV) of 14 December 1960.

(2) Fully aware of the special circumstances of Montserrat, owing to such factors as its size, geographical location, population and limited natural resources, the Special Committee reiterates the view that these circumstances should in no way delay the speedy implementation of the process of self-determination in accordance with the Declaration contained in resolution 1514 (XV), which fully applies to the Territory.

(3) The Special Committee notes with appreciation the continued active participation and co-operation of the administering Power in the work of the Committee, which contributes significantly to informed consideration by the Committee of the Territory of Montserrat.

(4) The Special Committee welcomes the statement by the representative of the administering Power that his Government will support and encourage the elected representatives of the people of Montserrat on their path to constitutional development and that if the people, through their elected representatives, express their wish to move to independence, his Government is ready to grant it. This notwithstanding, the Committee urges the administering Power to ensure that the people of the Territory are fully apprised of all options open to them with regard to their future status.

(5) The Special Committee notes with interest that a Sea-Island cotton spinning machine has been provided to the Territory as an experiment and expresses the hope that this venture will prove successful. The Committee is of the view that a revitalized cotton industry could give great impetus to the agricultural sector of Montserrat's economy.

(6) The Special Committee welcomes the statement of the representative of the administering Power that his Government intends in the next few years to focus its development assistance on revenue-producing projects and training to upgrade the skills of the labour force. The Committee notes that the civil service is almost entirely staffed by people from Montserrat or other nearby islands and that Montserrat has a school system in which expatriate teachers are rapidly being replaced by local teachers.

(7) The Special Committee notes with satisfaction the financial and technical assistance provided to Montserrat by the administering Power, the Governments of Canada, the United States of America and Venezuela, as well as by the Caribbean Community and other regional institutions. It takes note in particular of the recent \$US 2.5 million agricultural project on which an agreement has been reached between the United Nations Development Programme and the Caribbean Community secretariat, on behalf of the seven countries of the East Caribbean Common Market, which includes Montserrat.

(8) The Special Committee urges the administering Power, with the co-operation of the Government of Montserrat, to safeguard the inalienable right of the people of the Territory to the enjoyment of their natural resources by taking effective measures which guarantee the right of the people to own and dispose of those natural resources and to establish and maintain control of their future development.

(9) The Special Committee reaffirms once again the responsibility of the Administering Power, in conjunction with the territorial Government, for the economic and social development of the Territory. The Committee urges the administering Power, in particular, to maintain its development aid to the Territory with a view to solving the development problems of the Territory and improving its economic conditions. It further urges the specialized agencies and other organizations within the United Nations system, in particular the United Nations Development Programme, as well as regional organizations such as the Caribbean Community, including the Caribbean Common Market and the Caribbean Development Bank, to continue to pay special attention to the development needs of Montserrat.

(10) Recalling the success of the Visiting Mission to the Territory in 1975 1/ and mindful that visiting missions to small Territories provide an effective means of ascertaining the situation in the Territories visited, the Special Committee considers that the possibility of sending another visiting mission to Montserrat at an appropriate stage should be kept under review.

1/ Official Records of the General Assembly, Thirtieth Session, Supplement No. 23 (A/10023/Rev.1), vol. IV, chap. XXVIII, annex.

ANNEX*

Working paper prepared by the Secretariat

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* Previously issued under the symbol A/AC.109/L.1216.

MONTSERRAT a/

1. GENERAL

1. Basic information on Montserrat is contained in the report of the Special Committee to the General Assembly at its thirty-first session. b/ Supplementary information is set out below.

2. At the last census, taken in April 1970, the population of the Territory was 12,300 (mainly of African or mixed descent). The increase of only 192 over the 1960 census was attributed to large-scale emigration in the early 1960s. The population was estimated to have declined from 13,076 in 1971 to 13,000 in mid-1976. In a statement published on 23 December 1977 in the local press, Mr. Wyn Jones, the Governor, stated that according to statistics, more than half of the inhabitants of Montserrat were under 20 years of age. Therefore, he did not agree that the Territory had lost a whole generation of young people to other countries. In its previous report, c/ the Special Committee noted that there was a resident expatriate community of some 500 persons. According to the information transmitted by the administering Power, the number of non-Montserradians residing in the Territory throughout each year is small, although it rises at the height of the summer season.

2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

A. Constitution

3. The present Constitution of the Territory, introduced in 1960, was amended in 1971 and 1975. Briefly, the government structure consists of: (a) a Governor appointed by the Queen; (b) an Executive Council, consisting of the Governor as its President, the Chief Minister, three other ministers and two ex officio members (the Attorney-General and the Financial Secretary); and (c) the Legislative Council, which comprises a Speaker, two ex officio members (the Attorney-General and the Financial Secretary), seven elected members returned from single-member constituencies on the basis of universal adult suffrage and two nominated members. Ministerial responsibilities cover all areas of government business, with the exception of the judiciary, the public service, internal security, the audit of public accounts and external affairs, all of which are reserved to the Governor.

a/ The information contained in this paper has been derived from published reports and from information transmitted to the Secretary-General by the Government of the United Kingdom of Great Britain and Northern Ireland under Article 73 e of the Charter of the United Nations on 26 July 1977 for the year ending 31 December 1976.

b/ Official Records of the General Assembly, Thirty-first Session, Supplement No. 23 (A/31/23/Rev.1), vol. IV, chap. XXIX, annex, sect. B.

c/ Ibid., Thirty-second Session, Supplement No. 23 (A/32/23/Rev.1), vol. III, chap. XXV, annex, sect. B.

B. Political parties and elections

4. The last general election, held on 20 September 1973, was contested by the Progressive Democratic Party (PDP), the only political party in operation in the Territory at that time, and by nine independent candidates. In the final results, five PDP members and two independent candidates (Messrs. J. A. Osborne and Joshua Weeks) were elected. Mr. P. Austin Bramble, leader of PDP, was reappointed Chief Minister.
5. Subsequently, Mr. Osborne became a member of a new political party, the People's Liberation Movement (PLM), which was formed in late 1975 under the leadership of Mr. John Dublin, a former elected representative and Deputy President of the Legislative Council.
6. On 19 January 1978, it was reported that in addition to the two parties referred to above, at least two others (details of which were not given) and seven independent candidates would contest the forthcoming general election, which was constitutionally due by the end of September. According to available information, Chief Minister Bramble has not yet requested the Governor to dissolve the legislature and issue a writ for the election.
7. According to the same report, the opposition PLM had already started to hold campaign meetings, but said that it would withhold announcement of its major proposals until the date of the election was made known. It had also declined an invitation from Mr. Bramble to debate campaign issues on the government-owned radio station.
8. In its campaign platform, released on 20 January, the ruling PDP claimed that it had successfully worked in various fields of endeavour and outlined a series of proposals for continuation of that work (see below).

C. Future status of the Territory

9. In May 1975, the United Nations Visiting Mission to the Territory held discussions on this subject with officials of the administering Power in London and with elected representatives in the Territory. d/ The administering Power made it clear that it was ready to grant independence to Montserrat should the people, through their elected representatives, express their wish for such a move, a policy which remained unchanged as indicated by the representative of the United Kingdom in his statement before the Fourth Committee of the General Assembly on 2 November 1977. e/

d/ Ibid., Thirtieth Session, Supplement No. 23 (A/10023/Rev.1), vol. IV, chap. XXVIII, annex, paras. 4 and 102.

e/ Ibid., Thirty-second Session, Fourth Committee, 12th meeting, paras. 12-21.

10. The Mission reported that the elected representatives were aware of the various options open to the Territory, including independence. Their general view was that there should be free and open discussions on the options and that the independence issue should, if necessary, be decided through a referendum. During his discussions with members of the Mission, Mr. Bramble said that he would favour any workable arrangement that would improve the standard of living of the people.

11. In a press interview in February 1976, Mr. Bramble stated that he saw no merit in adopting a constitution of the type prescribing associate statehood, and that until some workable alternative emerged, it was almost certainly best for Montserrat to continue on its present constitutional course. f/ In its 1978 campaign platform, the ruling PDP made no proposals for constitutional reform.

D. Localization of the civil service

12. At the end of 1976, there were reported to be some 635 persons in the civil service, of whom 10 were non-West Indian expatriates. Specialist technical assistance advisers made available to Montserrat through British technical assistance arrangements were not part of the civil service. According to the administering Power, most senior posts in the Government continued to be held by Montserratians and there was therefore little need to increase the pace of localization. As trained Montserratians became available, they were to replace expatriates who were all on contract appointments, usually of two years' duration.

13. In a budget speech delivered to the Legislative Council on 19 April 1977, Mr. Bramble, who is also responsible for finance, said that in 1975, the territorial Government had approached the United Kingdom Government for funds to increase salaries and wages for established and non-established government employees. Since then, the subject had been repeatedly raised, but the United Kingdom's position had been that "the money would have to be found by increased taxation in Montserrat". Mr. Bramble also said that if the weekly pay of each government employee were increased by an average of only \$EC 10, g/ the total increase would amount to more than \$EC 350,000 per annum. Considering this to be "a tall order for local resources", he announced his intention of continuing to seek financial assistance from the United Kingdom Government for salaries revision.

14. On 2 December, the Civil Service Association (CSA) of Montserrat was reported to be pushing ahead with its demands for a cost-of-living allowance and salaries revision along the lines suggested by Mr. Harold Waller, then Salaries Review Commissioner, in his report released by the territorial Government in December 1973. h/ CSA was also pressing for the inclusion of Saturday as a working day for leave purposes.

f/ Ibid., Supplement No. 23 (A/32/23/Rev.1), vol. III, chap. XXV, annex, sect. B, para. 10.

g/ The local currency is the East Caribbean dollar (\$EC). One United States dollar (\$US 1.00) is equivalent to \$EC 2.70.

h/ For details, see Official Records of the General Assembly, Twenty-ninth Session, Supplement No. 23 (A/9623/Rev.1), vol. VI, chap. XXV, annex, sect. C, para. 14.

15. In its 1978 campaign platform, PDP stated that it would maintain high standards of public services and continue programmes for training government employees.

E. Regional co-operation

16. The Territory is a member of the Caribbean Community (CARICOM) and the Council of Ministers of the West Indies Associated States (WIAS), among other organizations in the English-speaking Caribbean region. The Council, which is a political forum for the seven countries of the Leeward and Windward Islands (namely, Antigua, Dominica, Grenada, Montserrat, St. Kitts-Nevis-Anguilla, St. Lucia and St. Vincent), was scheduled to meet in Montserrat in early September 1977, about three months after Mr. Bramble became its Chairman. One of the subjects to be discussed was reported to be the structure of the WIAS Supreme Court, which forms part of the judicial systems of the seven countries.

17. Subsequently, Mr. Howard A. Fergus, Speaker of the Legislative Council, announced that the 1978 Conference of Presiding Officers and Clerks of Commonwealth Caribbean Parliaments would take place in Montserrat from 14 to 18 August to consider matters of common interest. Mr. Fergus is the Chairman of the Organizing Committee, whose other members include the representatives of Jamaica, St. Lucia, the Cayman Islands and Trinidad and Tobago. Observers from Canada and the United Kingdom have been invited to attend the Conference.

18. Montserrat has joined a number of Commonwealth countries in the Eastern Caribbean in establishing the Regional Police Training Centre for the area. In July 1977, the Centre was opened on Tortola in the British Virgin Islands with a total enrolment of 27 police officers, including 3 from Montserrat.

19. The Government of Montserrat has also contributed to certain regional projects of the United Nations Development Programme (UNDP). In December 1976, UNDP provided \$US 1.1 million to meet part of the cost of a regional project for continuing its technical assistance to the Caribbean Development Bank (CDB), an associate institution of CARICOM; the balance of the \$US 6.8 million project which is expected to be completed by the end of 1979, will be borne by 17 participating countries (including Montserrat).

20. CDB was founded in 1970 by 16 English-speaking countries in the Caribbean region (including Montserrat), and by Canada and the United Kingdom as non-regional members. The United States of America, a non-member, provided additional financial assistance. Venezuela joined CDB in 1973 and Colombia became a member in 1974. The CDB charter provides that it should contribute to the harmonious growth and development of, and promote economic co-operation and integration among, the member countries in the Caribbean, having special regard for the needs of the less-developed countries (including Montserrat).

21. UNDP actively participated in the preparatory activities leading to the establishment of CDB in 1970. In 1971, the World Bank, as the executing agency for the seven-year project, began to strengthen the technical and managerial capacity of CDB, at a cost of \$US 2.4 million. i/

i/ See document DP/PROJECTS/1499 (RLA/76/007).

22. According to UNDP, significant achievements were made in the first phase of UNDP assistance and continued assistance will enable CDB to consolidate past achievements and strengthen and expand its operations.

23. The long-range objective of the project is to enhance the contribution of CDB as defined in its charter. The immediate objectives of the project are to enable CDB:

(a) To maintain the quality of its agricultural and infrastructural development work;

(b) To expand the volume of its operations in agricultural, industrial and tourism lending;

(c) To improve its technical assistance to the countries of the Eastern Caribbean;

(d) To strengthen the capacity of its Economic and Project Analysis Division to produce analyses of the economies of member States as well as sector studies and to identify integration projects.

24. In July 1977, it was decided that another regional project for the education and training of allied health (paramedical) personnel in the 17 Commonwealth Caribbean countries (including Montserrat), which had become fully operative in July 1975, should be extended from one and a half to five and a half years. This project will cost a total of \$US 9.3 million, to be financed partly by UNDP (\$US 1.3 million) and partly by the Governments of the participating countries (\$US 8.0 million).

Conference on Economic Development in the Caribbean

25. The World Bank gave greater emphasis to the Caribbean by convening a Conference on Economic Development for that region at Washington, D.C., on 14 and 15 December 1977. CDB, the Inter-American Development Bank (IADB) and the International Monetary Fund (IMF) were closely associated with the Bank in convening the conference, which was attended by 41 participants, including representatives of donor and recipient Governments, and organizations such as UNDP and other international lending and development agencies. Mr. Bramble attended the conference in his capacity as Chairman of the Council of Ministers of WIAS. The purpose of the conference was to review the economic development needs of the region and to consider a proposal for the establishment of a Caribbean group for co-operation in economic development.

26. Mr. Adalbert Krieger Vasena, head of the World Bank delegation and Chairman of the Conference, briefly outlined the regional problems of economic development and the role that external assistance had played to date. He said that in order to achieve a real growth rate of around 5 per cent a year, the Caribbean countries would require, over the next few years, a net flow of official development assistance, including long-term loans from international financial institutions, of almost \$US 600 million a year, or more than double the amount transferred during the

period 1970-1976. The estimate was based on the assumption that complementary financing would be raised from domestic sources. Mr. Krieger declared that the Bank planned at least to double its lending to the region during the five-year period ending in 1982, compared with 1972-1976, and was also ready to continue playing an active role in the co-ordination of project financing.

27. Calling for a co-operative effort to find new solutions to the problems of the region, Mr. Krieger concluded with reference to the many pressing problems facing the Caribbean countries, including the following needs: (a) to provide more productive employment in agriculture and industry; (b) to diversify exports and increase domestic production of food and agricultural materials; (c) to create larger regional markets for local industries; (d) to reduce the costs of public administration through the creation of common services for the smaller countries; and (e) to raise additional funds to complement the external financing of investment projects, many of which are being held back by lack of counterpart resources.

28. The conference adopted a series of conclusions and consensuses, a summary of which follows.

(1) With the close collaboration and direct participation of CDB, IADB and IMF, the World Bank should organize a Caribbean group for co-operation in economic development, whose work should be directed towards, inter alia, the following objectives:

(a) Mobilization of additional multilateral and bilateral technical and financial assistance for the Caribbean countries on appropriate terms and conditions;

(b) Mobilization and development of resources indigenous to the region;

(c) Better co-ordination among donors and recipients in order to ensure the most effective use of external resources;

(d) Development of greater co-operation among Caribbean countries.

(2) In considering the needs of the region, particular attention should be given to meeting the urgent, short-term and medium-term needs of those countries at present experiencing serious fiscal and balance-of-payment difficulties. The group should also consider the areas outlined below as part of its agenda for study:

(a) Assistance to the less developed countries as follows:

(i) To meet additional recurrent expenditures resulting from the execution of non-self-liquidating projects, particularly in the Leeward and Windward Islands;

(ii) To establish and initially operate common services in the field of development planning and administration among those countries of the Leeward and Windward Islands which might wish to participate in such common services;

- (iii) To finance, in the form of grants, non-self-liquidating development projects;
- (iv) To utilize maximum flexibility and simplicity in applying the rules and conditions governing donor contribution of funds for projects so that they might be implemented with maximum efficiency and speed;
- (b) Long-term programme and sector assistance;
- (c) National and regional development projects, including the development of air and sea transport, energy and natural resources;
- (d) Financing of local costs of investment projects;
- (e) Financing and other assistance for the identification, preparation, appraisal and implementation of national and regional development projects;
- (f) Making use of nationals of the Caribbean countries for technical assistance projects;
- (g) Assistance in efforts to develop local technology and to adapt imported technology to local conditions.

29. In order to ensure effective action of the group over the diverse spectrum of Caribbean countries, the consensus was also reached that the group might best operate through a system of subgroups formed at the request of individual countries or groups of countries with the representation of the institutions and donors most directly involved. Regional and subregional organizations established by the Caribbean countries should participate fully in the activities and workings of the group and its subgroups. The conference proposed that the first formal meeting of the group should take place in the spring of 1978, and that separate subgroups might be constituted at that meeting, if justified by sufficient interest on the part of donors and donees.

30. During its visit to Montserrat in January 1978, a team from the World Bank was reported to have held discussions with the territorial Government on forms of assistance to stimulate the development of agriculture, industry and tourism in the Territory.

Regional Agribusiness Development Programme

31. On 14 March 1978, the fifth soft loan agreement was signed between the United States Agency for International Development (USAID) and CDB, providing for a loan of \$US 6.5 million to undertake a Regional Agribusiness Development Programme in Barbados and the less-developed member countries of CDB (Belize and the seven countries of the Leeward and Windward Islands). As a result, the net total amount of soft loans made available by USAID rose to \$US 40.4 million, the largest single contribution to CDB's soft resources.

32. The new loan, together with \$US 260,000 from CDB, will be utilized to establish an Agribusiness Development Fund to finance loans and equity investments in agribusiness and labour-intensive enterprises selected on the basis of their potential beneficial impact on the small farmers, i.e., those who own fewer than 10 hectares, and the rural poor in the eligible countries mentioned above.

33. The goal of the Programme is to increase the capacity of CDB and that of the financial intermediaries in eligible countries to promote, develop, finance and implement agribusiness enterprises based on local production and on the participation of small farmers and the rural poor. Under the programme, production will be linked with processing and marketing. Primary attention will be given to the processing of fruits, vegetables, starchy foods, spices, beverage crops and livestock products. The Programme will also provide for rural industries based on other locally available raw materials such as fibres, wood, etc., or those providing employment opportunities for rural inhabitants.

34. The \$US 6.5 million loan, which is expected to be disbursed over five years, accompanied by a grant of \$US 450,000, to be used to commission adaptive research related to the Programme.

3. ECONOMIC CONDITIONS

A. General

35. Although the Territory's economy made substantial progress in the 1960s, it expanded at a much slower pace from 1970 to 1972, and suffered a slight decline in 1973. The gross domestic product reached a peak of \$EC 14.1 million in 1972 but dropped by about 1.4 per cent to \$EC 13.9 million in 1973. In his recent budget speech (see para. 13 above), Chief Minister Bramble stated that the economy as a whole had since remained sluggish. In explaining that situation, he stated that the local economy was very greatly affected by international conditions over which the Territory had no control, bearing in mind that it depended heavily on tourism and construction and had to import a heavy proportion of its consumer goods at inflated prices. He further stated that world-wide inflation was placing a great burden on Montserratians. Over the period 1974-1976, the two industries had suffered a setback under the impact of the recession in the United States, but had recently shown some improvement.

36. According to the Chief Minister, the objectives of the territorial Government's policies were the maintenance of a satisfactory level of services for residents and the development of a sufficiently sound and dynamic economy to provide the employment and incomes necessary to support the Territory's very young population.

37. While announcing that the Government continued to direct much of its efforts towards expanding the agricultural, industrial, handicraft and tourism sectors, Mr. Bramble drew particular attention to the most urgent problems confronting the Territory: (a) the hardships caused by the ever-increasing cost of living while incomes remained static; (b) the need to maintain essential services for both individuals and the community; and (c) serious and large-scale unemployment and underemployment.

38. Mr. Bramble said that the Government proposed to introduce strict price control regulations and procedures; that the ministry concerned would be properly staffed to police prices; and that discussions would be held with the Chamber of Commerce with a view to keeping the prices of selected goods at a reasonable level. By the end of 1977, the Government had not been able to curtail the inflationary spiral. Between December 1975 and December 1977, the rate of inflation was reported to have increased from 9.1 to 18.7 per cent. Summarized below are additional proposals made by the Chief Minister to cope with the other problems referred to above, and various measures for accelerating economic development as outlined in the 1978 campaign platform of his party.

B. Tourism

39. As noted above, the territorial Government has continued to promote the expansion of tourism. A significant development was the appointment in late 1977, under the British Technical Assistance Programme, of Mr. Roger Lascelles, an expert from the University of Hawaii, to help further develop the industry. He was asked to review the present state of tourism development in Montserrat and to advise the Government on the need for improvement in the following: (a) government policy and the definition of objectives; (b) preparation of a practical development plan; (c) tourist facilities; (d) marketing and promotion; (e) assessment and appraisal of investment offers; (f) future means of access to the Territory; (g) training and other matters incidental and related to tourism development; and (h) establishment of an effective government organization to implement tourism policy and plans.

40. In its platform issued in January 1978, the ruling PDP made the following proposals to improve tourism: (a) upgrading of the Tourist Board and expansion of tourist promotion efforts; (b) encouragement of the industry to operate on a year-round basis by improving the entertainment programmes for the summer and winter seasons; (c) intensification of efforts by the community to make all tourists visiting the Territory even more happy and welcome; (d) construction of at least 200 additional hotel rooms to cope with the projected increase in visitors; (e) continuation of efforts to attract interest in building and operating health spa facilities; and (f) purchase of aircraft and operation of air services for the convenience and satisfaction of all travellers to and from Montserrat. In the same month, the territorial Government held talks with a team from the World Bank concerning its assistance to the Territory's tourist industry (see para. 32 above).

C. Construction industry

41. Construction activity increased substantially in the 1960s following the Government's decision to concentrate on attracting residential tourists. In recent years, however, the industry's growth rate has slowed or even declined.

42. In his budget speech of 19 April 1977 (see para. 13 above), the Chief Minister said that the Government intended to introduce a programme aimed at stimulating housing development through the reduction of building costs. This measure, he stressed, was essential for the recovery and survival of the industry. In the

programme, the Government would propose that: (a) import duty and consumption taxes on building materials be reduced to a total of 5 per cent; (b) retail profits on such materials be limited to 30 per cent; (c) banks make available up to \$EC 3.0 million for financing a revolving scheme for new housing construction at no more than 6 per cent interest; and (d) construction workers agree to increase their productivity. Finally, he said that if all concerned gave maximum co-operation, the programme would benefit the entire community.

43. In its 1978 campaign platform, PDP stated that it would continue its efforts to reduce construction costs by lowering the import duty on building materials and by exempting mortgage interest from income tax as the Territory's revenue position permitted.

D. Agriculture, livestock and fishing

Agriculture

44. According to the report of the 1975 Visiting Mission, despite the recent decline in its economic importance, agriculture remained the main contributor to the economy in terms of the Territory's gross domestic product and employment. The chief crops are cotton, citrus fruits, a wide range of vegetables and root crops. In 1974, the Legislative Council adopted the Agricultural Development Plan for 1975-1977 in an effort to revitalize and expand agricultural production. The plan emphasized land development and reform, the production of vegetables, fruit and tree crops, the promotion of agro-industries and the expansion of the livestock population. The long-term objectives of the plan are: (a) to achieve self-sufficiency in the production of certain items during the period; and (b) to ensure that the value of agricultural exports over the next 15 years finances at least 50 per cent of imported agricultural products. j/

45. In his budget speech, Chief Minister Bramble stated that the agricultural industry faced grave difficulties, including unfavourable weather conditions; the high cost of seed, fertilizer and chemicals; shipping and marketing problems; and low market prices. According to Mr. Bramble, the territorial Government considered that until a crop could be identified, for which market outlets were available at prices adequately covering production costs, the development of agriculture would require subsidies in order to keep costs down and provide a return for farmers. Although the Montserrat Government was seeking to strengthen the industry's position, the United Kingdom Government appeared not to appreciate the plight of local farmers.

46. In the opinion of the territorial Government, Mr. Bramble continued, farmers should only be obliged to meet the full costs of services and facilities provided for them, if and when they were assured of a fair and reasonable return for their efforts. But where conditions were such that even the most successful farmers were barely subsisting and there was need to attract young people to the agricultural sector, capital investment on land for the purpose of creating productive capacity could be justified as an infrastructural necessity whether or not immediate economic viability could be projected. The territorial Government would therefore continue its efforts to persuade United Kingdom officials to modify their position on the financing of agricultural projects for the Territory.

47. Among the more important developments reported in late 1977 and early 1978 were the following: (a) continued discussions between representatives of the territorial Government and CDB on the establishment of a food-processing facility and some primary production systems associated mainly with certain vegetables; (b) provision by the Canadian International Development Agency (CIDA) of a fleet of new tractors to be used by local cotton growers; (c) an agreement concluded between Montserrat and Venezuela, whereby the latter was expected to invest \$EC 300,000 in an erosion control project; (d) appointment by the Commonwealth Fund for Technical Co-operation (CFTC) of one fruit crop expert and one irrigation engineer to assist the territorial Government in developing its Tree Cropping Programme and expanding crop production during the dry season; (e) an investigation undertaken by a team jointly formed by CDB and USAID into the difficulties encountered by small local farmers making only limited use of funds provided by CDB; (f) discussions between representatives of the territorial Government and the World Bank concerning the latter's assistance to Montserrat's agricultural industry (see also para. 30 above); and (g) an agreement between USAID and CDB for the establishment of the Regional Agribusiness Development Programme in certain Caribbean countries (see paras. 31-34 above).

48. The 1978 campaign platform of PDP contained the following proposals for accelerating agricultural development: (a) continuing the programme for estate purchase and land development, including orchards and pastures for agriculture; (b) formulating two new schemes, one for collecting and distributing water for irrigation and the other for production and semi-processing of peppers; (c) conducting experiments to determine the most profitable crops (e.g., garlic and tea herbs); and (d) encouraging the organization of a food-processing industry by the newly established Montserrat Industrial Enterprises, Ltd., a government-owned company (see para. 53 below).

Livestock

49. The territorial Government is attempting to expand the livestock population (primarily cattle and sheep). In October 1977, Mr. Korad Hollatz, the government veterinarian, announced that CIDA had agreed to make available nearly \$EC 500,000 for a three-year parasite eradication programme, which was scheduled to begin on 1 January 1978. According to Mr. Hollatz, Montserrat was free from highly contagious diseases such as cholera, brucellosis and tuberculosis, but was losing about 30 per cent of its sheep population annually because of parasites. It was his hope that the eradication programme would enable livestock farmers to produce more meat per hectare. He pointed out that the Territory had enough beef cattle but needed about 500 more dairy cows in order to supply all the milk and dairy products required locally. It also needed about 40 more hectares to produce enough mutton to meet its target under the Caribbean Food Plan. In its 1978 campaign platform, PDP stated that efforts would be made to establish an economically viable dairy industry in conjunction with CDB (see also paras. 31-34 above).

Fishing

50. According to the report of the 1975 Visiting Mission, fishing was confined to

the in-shore fishing grounds. These areas are being over-exploited and may well be exhausted in the near future. ^{k/} In its current annual report, the administering Power stated that efforts were being made to encourage fishermen to build and equip large boats capable of staying out longer and of fishing in the more extensive banks located in the 150-mile radius of Montserrat. Special attention was being given to improving techniques needed to harvest migrating fish in open areas, and catches had increased from 63.7 metric tons in 1972 to 70.0 metric tons in 1976.

E. Industrialization

51. Industrial development remains a major aspect of government policy. In his recent budget speech, Mr. Bramble stated that, despite the constraints imposed by the Territory's grant-aided status, the Government had decided to improve its incentive programme by offering assistance in certain circumstances with respect to the wages of Montserratians being trained for employment in industries to be established locally. He further stated that efforts to promote industrialization had already realized some small success.

52. Major developments occurring between mid-1977 and early 1978 included: (a) the establishment of two new electronic assembly plants; (b) the approval by CDB of a loan for construction of more factory shells; (c) the interest shown by the Caribbean Investment Corporation (CIC), an associate institution of CARICOM, in investing in projects in the Territory, especially the Gingoos Tannery (set up in 1975 with assistance from the Food and Agriculture Organization of the United Nations (FAO), UNDP and the British Development Division in the Caribbean), and whose total capital investment was reported to be approximately \$EC 500,000; (d) the setting-up of a regional handicrafts project by CFTC in January 1978; (e) the engagement of a leather craft expert by the Commonwealth Secretariat to assist the Montserrat Government in the development of products with export potential and to work with the above-mentioned regional project; and (f) the investments likely to be made in food-processing enterprises under the Regional Agribusiness Development Programme (see also paras. 31-34 above).

53. In its 1978 campaign platform, PDP proposed: (a) to intensify efforts to attract new industrial investments; (b) to give maximum possible encouragement and incentives to industrialists operating in the Territory; (c) to establish a garment factory; and (d) to test the technical and economic feasibility of Sea Island cotton fabrics in Montserrat. Concerning the latter proposal, PDP stated that if the result of the test proved satisfactory, the Territory would become the main source of quality Sea Island cotton goods. The party further stated that Montserrat Industrial Enterprises, Ltd. (see para. 48 above), had already been set up to manage certain operations (including fish snelling and crafts, as well as the proposed garment factory) and to organize new industries (including food processing).

^{k/} Ibid., para. 64.

F. Development, Finance and Marketing Corporation

54. With assistance from CDB and the United Kingdom Government, the Development, Finance and Marketing Corporation (DFMC) was formed in January 1973 to promote agricultural and industrial development in the Territory. ^{1/} Until early December 1977, the main responsibilities of DFMC were: (a) to provide loans and services to farmers, fishermen and industrialists; and (b) to import and sell certain commodities as well as to market most of the Territory's agricultural exports. In his budget speech of 19 April 1977, the Chief Minister, after referring to the substantial losses recently incurred by DFMC, stressed that urgent action had to be taken to improve its efficiency in order to reduce its operating costs as much as possible.

55. In November, it was reported that, following the decision of the British Development Division in the Caribbean to discontinue subsidizing DFMC unless it could be made to operate on a more profitable basis, the territorial Government had discussed the matter with the Montserrat Chamber of Commerce. The latter, with the approval of the Government, had appointed a firm of chartered accountants to look into the operations of the corporation.

56. According to the report of the firm, published in November 1977, in its three years of operation ending 30 June of that year, DFMC losses amounted to \$EC 431,186, including at least \$EC 251,081 in 1976. In explaining the financial problems of DFMC, the firm emphasized that sales from the ice and cold-storage plant had not covered its operating costs; that the system of internal stock-taking was weak; that the credit fund showed a deficit of 44.2 per cent of all loans owing to the lack of proper appraisals of the borrowers' ability to meet their obligations; and that without some form of budget control, losses in the marketing fund could not be minimized.

57. In early December, Mr. Grey Waller, the manager of DFMC, announced that an agreement had been reached between the Government and the Chamber of Commerce. Under the agreement, imports of rice and chicken would be handled by the Chamber of Commerce. DFMC would be mainly responsible for agricultural commodities, fish and industrial products and would concentrate on development finance and the marketing of agricultural produce. Mr. Waller also said that terms were being worked out under which the Government would transfer the ice and cold-storage plant to the Chamber of Commerce.

G. Communications and other basic facilities

58. In 1977, the territorial Government paid special attention to the improvement of Montserrat's roads, air communications and port facilities and to the maintenance and expansion of certain public utilities.

^{1/} Ibid., Twenty-ninth Session, Supplement No. 23 (A/9623/Rev.1), vol. VI, chap. XXV, annex, sect. C, paras. 18 and 28-33.

59. On 25 November, the Montserrat Ministry of Communications and Works announced a proposal to start work on a road from Blake's to Trants, a project which had been under discussion for over 20 years. The project would be financed by the European Development Fund (EDF) and the British Development Division in the Caribbean: the latter was expected to spend approximately \$EC 600,000 on the section of the road from Blake's to Bottomless Ghaut. EDF was to hold a meeting in early 1978 to consider the authorization of funds for the project.

60. In April 1976, the Chief Minister had declared that, owing to the Government's dissatisfaction with present air services, it was considering the possibility of purchasing its own aircraft and establishing a State-owned airline. m/ In December 1977, a spokesman for the Ministry of Communications announced that the Government had appointed Mr. Graham Todd, an aviation consultant from the United Kingdom, to evaluate the operating, financial and economic implications involved in the acquisition of one or more light aircraft. It was envisaged that such aircraft would be used for external passenger and air cargo links, primarily with Antigua and other neighbouring countries. The Chief Minister's proposal for the establishment of a State-owned airline had already been incorporated in PDP's 1978 campaign platform (see para. 40 above).

61. In its previous report, n/ the Special Committee noted that the construction of a deep-water harbour at Plymouth, the only port in the Territory (see map), was proceeding. Since the issuance of that report, the following information concerning the project has become available.

62. In 1963, the Government, recognizing the need to modernize the Plymouth port, decided to build a deep-water berth to allow vessels to berth alongside and, with the use of new and modern equipment, transfer cargo directly on to an enlarged jetty and thence into a modern transit shed prior to its being claimed by the consignees. Subsequently, loans for financing the project were obtained from three external sources: the British Development Division in the Caribbean, \$EC 1.4 million; CDB, \$EC 574,500; and the Canadian Government, \$Can 550,000. The first two loans are to be repaid over a period of 20 years at 4 and 8 per cent interest respectively and the third, an interest-free loan with five years' grace, within 20 years. The loans were granted by the three parties on condition that a statutory port authority be established.

63. On 16 September, the Legislative Council adopted the Port Authority Ordinance, 1977, by which a Port Authority would be established to provide and administer a co-ordinated and integrated system of port facilities and services connected therewith, and certain of the functions and powers of the Harbour Master and the Comptroller of Customs would be transferred to and vested in the Authority. Its duty would be to lay down policies for execution by a Port Manager, who would serve as the Chief Executive Officer of the Authority, as well as a member/secretary

m/ Ibid., Thirty-second Session, Supplement No. 23 (A/32/23/Rev.1), vol. III, chap. XXV, annex, sect. B, para. 44.

n/ Ibid., para. 45.

of the Port Authority Board. The latter would consist of five members, to be appointed by the Governor: the Port Manager; the Permanent Secretary of the Ministry of Communications and Works, serving as Chairman; the Comptroller of Customs; and two others chosen from the private sector. Under the above-mentioned ordinance, the Authority prepared a tariff which was passed by the Governor-in-Council on 1 December, and which empowers the Authority to charge for services and facilities provided.

64. On 1 January 1978, the Authority commenced limited operations. It was estimated that in the ensuing 12 months, some 300 ships and vessels ranging in size from under 100 to over 2,000 gross registered metric tons (including cruise ships, schooners and tankers) would use the Plymouth Port, discharging approximately 19,000 metric tons of cargo. At present, there are still many items to be completed, notably the transit shed and two buoys on which lighted navigational aids will be erected. Meanwhile, progress has been made on the construction of the jetty, transit shed and offices.

65. Cable and Wireless (West Indies), Ltd., continues to operate the Territory's telephone system. It also provides international telephone, telegraph and telex services. A significant development occurred in May 1977, when the company inaugurated a new telecommunications system with capacity to carry nearly 1,000 telephone calls simultaneously, extending from the British Virgin Islands in the north to Trinidad and Tobago in the south. Installation of that part of the system covering the English-speaking Caribbean region amounted to \$EC 14.0 million. The system replaces the previous radio system which was insufficiently equipped to meet traffic demands not only within the Eastern Caribbean but also from other regions.

66. The Territory's water supply is managed by the Water Authority, established in 1972. In October 1977, it was announced that, in response to a request from the Montserrat Government, a team from the Water Services Department of St. Kitts-Nevis-Anguilla, equipped with a well-drilling rig, would be sent to Montserrat on a six-week assignment to search for possible sources of water supply.

67. The Montserrat Electricity Services, Ltd. (MONLEC), jointly owned by the Government (99 shares) and the Commonwealth Development Corporation (CDC) of the United Kingdom (1 share), provides electricity for the Territory. In late January 1978, a team from Caribbean Engineering Management, Ltd., a firm with headquarters in Jamaica, engaged by CDB, arrived in Montserrat to review the expansion programme proposed by MONLEC which had applied to CDB through the territorial Government for a \$EC 1 million loan to finance the programme.

68. In his recent budget speech, Mr. Bramble acknowledged that public utility services were vital for the effective functioning of the Territory. He asserted that operating costs should be kept down by improving efficiency, but that services should not be allowed to deteriorate as a result of inadequate financing. Mr. Bramble reiterated that the revenues accruing from the new increased rates for electricity, water and telephone were still inadequate to maintain services.

In most cases, the high costs of such services resulted mainly from high fuel and energy prices. Efforts were being made to seek financial assistance for the development of a system for generating electricity from the wind, in the hope that the successive increases in utility rate would eventually be brought to an end.

69. In its 1978 campaign platform, PDP proposed: (a) to formulate a programme for the construction of three new roads; (b) to continue schemes for further well exploration and the harnessing of other available spring water; and (c) to conduct research into the utilization of wind energy.

H. Public finance

70. According to the budget estimates for 1977, local revenue was expected to amount to \$EC 6.6 million (including a previous surplus of \$EC 152,000) and recurrent expenditure to \$EC 8.5 million (excluding a United Kingdom grant-in-aid of \$EC 1.9 million), compared with provisional actual revenue and expenditure of \$EC 7.7 million and \$EC 9.6 million (excluding a United Kingdom grand-in-aid of \$EC 2.0 million), respectively, in the previous year. The development fund estimates for 1977 envisaged a total expenditure of \$EC 7.3 million, of which \$EC 3.9 million had already been made available to the Territory (\$EC 2.3 million came from the British Development Division in the Caribbean; \$EC 1.3 million from CIDA and \$EC 282,000 from CDB).

71. In presenting his estimates to the Legislative Council, Mr. Bramble said that the estimated recurrent expenditure for 1977 did not include any provision for the additional costs involved in operating the new Glendon Hospital, which was scheduled for completion later that year. To help meet these expenses, he had approached the United Kingdom Government for assistance in the form of a supplementary grant-in-aid. Anticipating, however, that it would probably ask the territorial Government to help itself by revising hospital fees, he pointed out that a new scheme of such fees was already being prepared. He further pointed out that the balancing of the budget would require more revenue to meet the shortfall at existing rates as well as to compensate for the reduction of import duty on building materials (see paras. 42-43 above). He therefore proposed the following fiscal measures: (a) a 1 per cent charge on foreign exchange sales; (b) a \$EC 1.00 increase in the airport service tax; and (c) an increase in the hotel occupancy tax which had remained at \$EC 2 since 1971.

72. Dealing with the financial problems of the territorial Government, Mr. Bramble stated that the Territory's resources were inadequate to meet even the minimum needs of the Government. He added that since an "enormously large" proportion of the local requirements was imported, increased prices abroad raised the costs of public services at a pace very much faster than that of the Territory's revenues. The per capita costs of most services were high because Montserrat had a small population. He went on to say that "the agony of maintaining decent services is made infinitely more acute by the fact that too often our services are taken for granted", and that "while expectations of improvements are strong, quite often there is no appreciation of the costs and no willingness to contribute".

73. Mr. Bramble indicated that "a further significant problem for the local Government is the constraint imposed by the island's grant-aided status". He also indicated that "not only has Her Majesty's Government reduced the level of budgetary aid provided but has dictated a ceiling on expenditure, the immediate effect of which is to prevent expansion or improvements of the public services, however necessary these may be". According to Mr. Bramble, another serious difficulty arising from the conditions imposed by the United Kingdom Government was the resulting limitation on the measures which the local Government could take to spearhead economic development and job creation. He explained that "in the Montserrat situation, government initiatives are vital to ensure economic development which will sooner, rather than later, relieve Her Majesty's Government of the burden of subsidizing our recurrent budget". Finally, he said that thus far, the United Kingdom Government had maintained its position in regard to the question of the Territory's financial requirements.

74. Taking into account the views of Montserratians on financial matters (see para. 72 above), PDP announced in its 1978 campaign platform that it would maintain high standards of public services and would keep the tax structure under regular review to ensure tax reductions whenever possible.

I. Assistance from international sources

75. As indicated above, the Territory has also received financial and technical assistance from certain external sources other than the administering Power, including the Governments of Canada, the United States and Venezuela; CARICOM and its associate institutions; and organizations within the United Nations system, notably UNDP. Moreover, the World Bank recently announced its intention of extending assistance to the Caribbean region in general and the Leeward and Windward Islands (including Montserrat) in particular.

76. In the case of UNDP, its projects in the region (including Montserrat) were financed on a contingency basis until 1969. From that year through 1971, country target figures were allocated, and for 1972-1976 an undistributed indicative planning figure was assigned. Total funds available to the Territory under the country programme of UNDP for the latter period amounted to \$US 331,025. For 1977-1981, an adjusted indicative planning figure of \$US 400,000 was allocated including \$US 64,000 for 1977 and \$US 72,000 for 1978. The Territory also participates in multi-island and regional projects of UNDP (see also paras. 19-24 above).

J. External trade

77. From 1967 to 1975, the Territory's external trade expanded substantially, from \$EC 7.2 million to \$EC 17.6 million. During that period, the value of imports rose from \$EC 6.9 million to \$EC 16.5 million, with only one year (1971) failing to show a gain. Exports (including re-exports) totalled \$EC 231,239 in 1967 and \$EC 1.0 million in 1975. In 1971 and 1975, however, the value of exports did not exceed that of the previous year.

78. During the same period, annual increases in imports, exports and deficits in merchandise trade averaged 16.4, 10.3 and 10.0 per cent respectively. The Territory was a net importer of certain food-stuffs and manufactured goods. Exports consisted mainly of agricultural products and a limited quantity of industrial goods (including handicrafts). Montserrat obtained most of its imports from the United Kingdom and the countries in the West Indies, which, in turn, received most of the island's exports. The adverse balance of trade continued to be offset generally by external aid from the United Kingdom and elsewhere (see para. 75 above), the remittances of Montserratians living abroad and tourist spending.

79. In 1976, domestic exports amounted to \$EC 781,481, an increase of 59 per cent over the previous year. Although there have been no significant changes in the structure of the export sector of the economy, the establishment of CARICOM (including the Caribbean Common Market) in 1973 has had an impact on the destination of Montserrat's domestic exports. Such exports to members of CARICOM (particularly those classified as more developed countries) accounted for 48 per cent of the total in 1975 and rose to 52 per cent in 1976. On the other hand, St. Maarten and the United States Virgin Islands absorbed only 3 per cent of the total in 1976, thus continuing a trend which was apparent in 1975. There was an important additional development during 1976, when the sale to Japan of Montserrat's cotton crop, a principal product, left the United Kingdom as a very minor destination of the Territory's exports.

80. The Chief Minister's observations on trade and related matters and the relevant decisions recently taken by the conference on economic development in the Caribbean have been summarized in preceding parts of this paper.

81. In early November 1977, it was reported that some local merchants had unintentionally brought in seedless raisins, mixed fruit, reinforcing steel and other products from South Africa. Upon being informed of the matter, the Territory's Executive Council issued an order, prohibiting the import of any South African goods because of that country's apartheid policies.

4. SOCIAL CONDITIONS

A. Labour

82. Since 1975, widespread unemployment and underemployment have remained a serious problem. As noted in the preceding sections of the present paper, the territorial Government has taken steps to ease that problem by revitalizing and strengthening the economy, particularly the construction industry, once one of the largest employers of labour. The Government has also continued the public assistance programme and self-help projects.

83. In its 1978 campaign platform, PDP stated that efforts would be made to prepare school leavers for employment during their final year of schooling; that the public assistance programme would be made more realistic; and that the scheme for assisting the commencement of productive self-help activities would be expanded, particularly for school leavers.

84. According to the information transmitted by the United Kingdom, there were two labour unions in 1976: the Montserrat Seamen and Waterfront Workers Union and the Montserrat Allied Workers Union (MAWU), with memberships of 112 (same as in 1975) and 790 (516 in 1975), respectively. It will be recalled o/ that in September 1976, MAWU and Cable and Wireless (West Indies), Ltd., began to engage in an industrial dispute over a wage claim by the Union, which, among other developments, resulted in a strike by 27 employees of the company on 30 September 1977. The employees returned to work about a month later, after the signing of an interim agreement between the two parties involved. The company told reporters that the agreement, which included a 10 per cent increase in wages from 1 April 1977, would remain in force until 31 December 1978; that an ex gratia payment would be made to staff covering the period from 1 June 1976 to 31 March 1977; and that other amendments to the conditions of employment were also included in the agreement.

B. Public health

85. According to the information transmitted by the United Kingdom for 1976, there has been no change in the administrative organization responsible for public health and sanitation, or in the number of the public and private medical and health staff.

86. In his recent budget speech, Mr. Bramble said that the new Glendon Hospital (the only general hospital in the Territory) would be completed in late 1977. He drew particular attention to the facilities to be provided for improved medical and nursing care as well as for the accommodation of mental patients, pointing out that the latter facilities were urgently needed. He also said that the additional costs of operating the new hospital for a one-year period would amount to approximately \$EC 170,000 (see also para. 73 above).

87. According to press reports, the new hospital (with 67 beds) was constructed and equipped at an estimated cost of about \$EC 6.0 million obtained from the United Kingdom. On 14 October 1977, 20 patients were moved to the hospital, which was expected to be officially opened at the end of that month. A spokesman for the hospital stated that "patients have paid the \$EC 5.00 admission fee to the public wards willingly", and that "everyone is happy about the high standard of hospital accommodation we are now offering".

88. In its 1978 campaign platform, PDP announced that it intended to expand the existing nutritional and health education programme with help from FAO on the former.

o/ Ibid., paras. 47 and 64.

5. EDUCATIONAL CONDITIONS

89. The Minister of Education, Health and Welfare is assisted by a Permanent Secretary, a Chief Education Officer, two education officers and other supporting staff. Primary and secondary education are free for all children.

90. The following table shows the situation in regard to schools and pupil enrolment during 1976:

	<u>Schools</u>	<u>Enrolment</u>
Nursery education	10 <u>a/</u>	380
Primary education	16 <u>b/</u>	2,635
Junior secondary education	2 <u>c/</u>	180
Secondary education	1	302
Technical and vocational training	1	39

a/ Including one operated by a private person and nine by the Montserrat Nursery School Association (a voluntary body) with financial assistance from the territorial Government.

b/ Including one unaided and three aided schools.

c/ Including a new school which became operational in September 1976.

91. According to the administering Power, the rapid turnover of the teaching staff which had plagued the secondary school for years began to show signs of improvement in 1976 as local teachers replaced volunteer teachers from the United Kingdom and the United States. The training of an adequate number of Montserratian teachers has been one of the major problems in educational development. In 1976, 14 Montserratian teachers pursued various training courses overseas. The Department of Education continued to provide in-service training courses for untrained teachers as well as courses on improving specific aspects of the curricula.

92. Owing to the lack of facilities for post-secondary education in the Territory, Montserratian students have in the past attended the University of the West Indies (UWI), usually under government sponsorship. Faced with higher operating costs in recent years, UWI has required the territorial Government to increase its annual contribution substantially. According to the Government, its contribution to UWI rose from \$EC 46,000 in 1971/72 to \$EC 489,000 in 1976/77. The present heavy burden was attributed to: (a) increased assessments made by UWI; (b) the devaluation by 39 per cent of the value of the East Caribbean dollar against the United States dollar over the period from April 1975 to April 1977; and (c) the withdrawal by the British Development Division in the Caribbean of its contribution on behalf of Montserrat and the Associated States of Antigua, Dominica, St. Kitts-Nevis-Anguilla, St. Lucia and St. Vincent.

93. In August 1977, it was reported that the Registrar of UWI had written to the territorial Government urging it to pay its outstanding debt to the university, estimated at \$EC 440,000, and stating that "until I hear from you, the University will not be in a position to deal with applications from nationals of Montserrat for entry to UWI in October 1977". In the latter month, the Government announced the following conditions under which it would meet its financial commitment, taking into consideration the policy being adopted by UWI in respect of outstanding arrears:

(a) Students must enter into an agreement to repay 20 per cent of the cost of the course undertaken;

(b) Government sponsorship would not be available to cover any student's repeated year, but repeating students would be granted loans if present attempts to obtain funds for a special scheme proved successful;

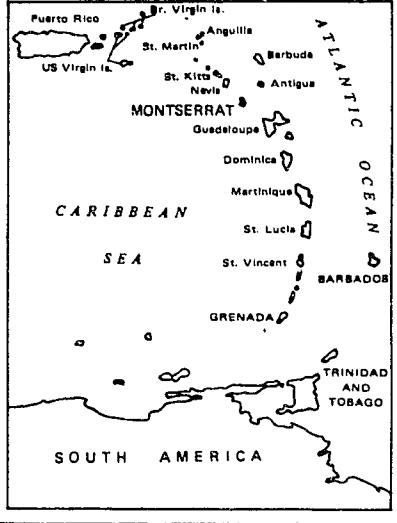
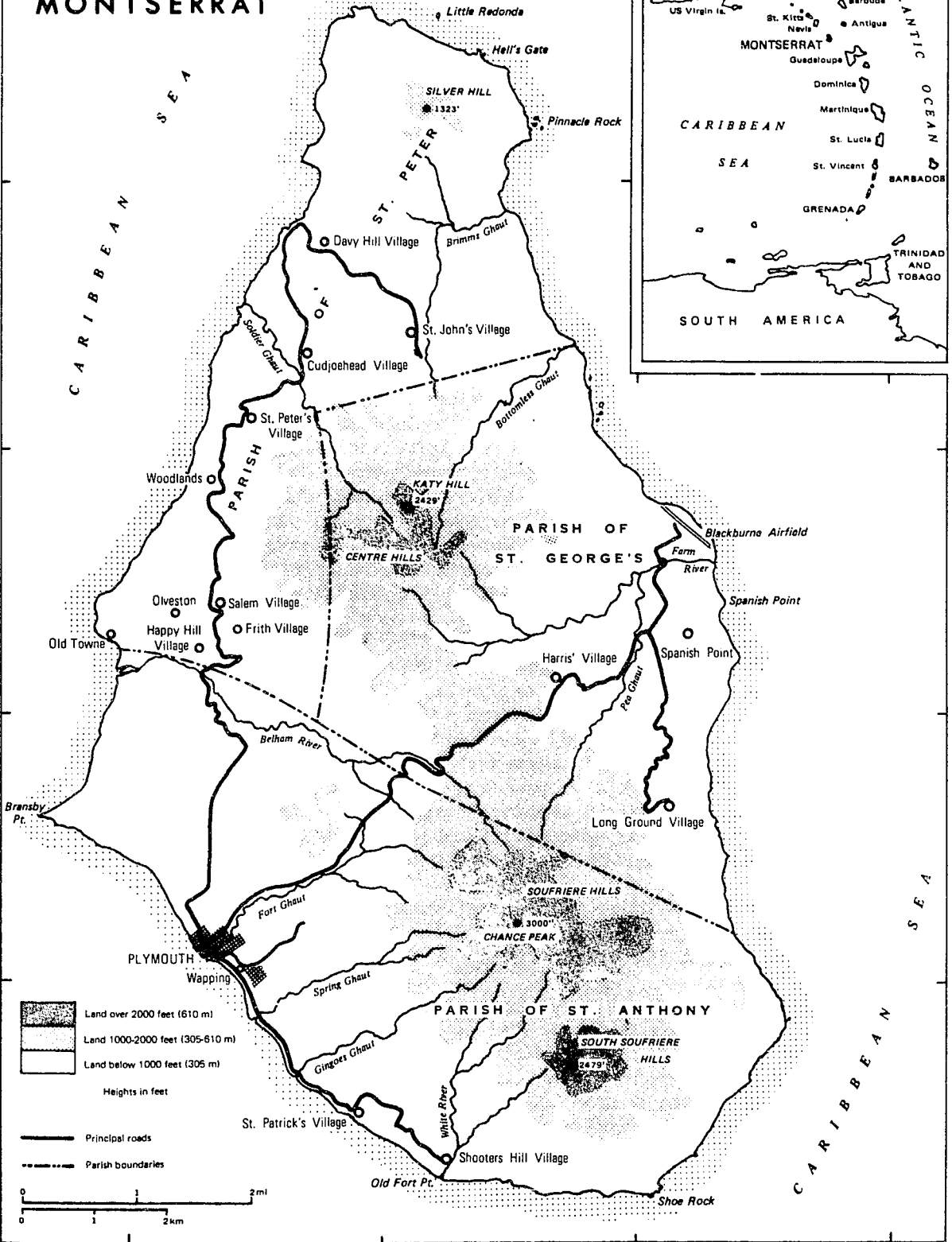
(c) When a repeating student succeeds, government sponsorship would be resumed during the following year;

(d) New students would not receive government sponsorship for the time being, except those receiving scholarships from agencies which paid the full cost of courses.

Two months after the announcement, CDB was reported to have approved a loan of \$US 131,482 for the purpose of providing Montserratian students with funds to pursue higher education.

94. In its 1978 campaign platform, PDP proposed to construct a new junior secondary school in the eastern part of the Territory and to set up a comprehensive programme to introduce the General Certificate of Education "A" Level courses in the secondary school. PDP also announced its intention of raising the basic school-leaving age, following improvement in the economic situation.

MONTSERRAT



CHAPTER XXIV*

TURKS AND CAICOS ISLANDS

A. Consideration by the Special Committee

1. At its 1102nd meeting, on 1 February 1978, by adopting the suggestions relating to the organization of the Committee's work put forward by the Chairman (A/AC.109/L.1205), the Special Committee decided, inter alia, to refer the Turks and Caicos Islands to the Sub-Committee on Small Territories for consideration and report.
2. The Special Committee considered the Territory at its 1109th, 1110th and 1115th meetings, on 29 and 30 June and on 10 August.
3. In its consideration of the item, the Special Committee took into account the provisions of the relevant General Assembly resolutions, including in particular resolution 32/42 of 7 December 1977 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 13 of that resolution, the Assembly requested the Special Committee, inter alia, "to continue to seek suitable means for the immediate and full implementation of General Assembly resolution 1514 (XV) in all Territories which have not yet attained independence and, in particular: ... to formulate specific proposals for the elimination of the remaining manifestations of colonialism and to report thereon to the General Assembly at its thirty-third session". The Committee also took into account General Assembly resolution 32/29 of 28 November 1977, concerning four Territories, including the Turks and Caicos Islands. By paragraph 10 of that resolution, the Assembly requested the Special Committee "to continue to seek the best ways and means for the implementation of the Declaration with respect to ... Turks and Caicos Islands, including the possible dispatch of visiting missions in consultation with the administering Power ...".
4. During its consideration of the Territory, the Special Committee had before it a working paper prepared by the Secretariat (see annex to the present chapter) containing information on the latest developments concerning the Territory.
5. The representative of the United Kingdom of Great Britain and Northern Ireland, as the administering Power concerned, participated in the work of the Special Committee during its consideration of the item.
6. At the 1109th meeting, on 29 June, the Rapporteur of the Sub-Committee on Small Territories, in a statement to the Special Committee (A/AC.109/PV.1109), introduced the report of that Sub-Committee (A/AC.109/L.1228) containing an account of its consideration of the Territory. At the same meeting, statements were made by the Chairman, by the Chairman of the Sub-Committee on Small Territories and by the representative of China (A/AC.109/PV.1109).

* Previously issued as part of A/33/23/Add.5.

7. At the 1110th meeting, on 30 June, statements were made by the representatives of the Union of Soviet Socialist Republics, the Ivory Coast, Sweden, Australia, Czechoslovakia, Cuba and the Syrian Arab Republic as well as by the Chairman (A/AC.109/PV.1110).

8. At the 1115th meeting, on 10 August, the Rapporteur of the Sub-Committee on Small Territories, on behalf of the Sub-Committee, submitted an oral revision to the text of the conclusions and recommendations set out in paragraph 6 of the report of the Sub-Committee (A/AC.109/L.1228), by which subparagraph 7 which read:

"(7) The Special Committee, recalling the relevant resolutions of the General Assembly concerning military bases, reaffirms its conviction that the presence of foreign military bases in the Turks and Caicos Islands should not prevent the people of the Territory from exercising their right to self-determination in accordance with the Declaration and the purposes and principles of the Charter of the United Nations"

was replaced by:

"(7) The Special Committee, recalling the relevant resolutions of the General Assembly concerning military bases in colonial and Non-Self-Governing Territories, recognizes that the presence of military bases could constitute a factor impeding the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples, and reaffirms its strong conviction that the presence of military bases in the Turks and Caicos Islands should not prevent the people of the Territory from exercising their inalienable right to self-determination and independence in accordance with the Declaration and the purposes and principles of the Charter of the United Nations."

9. At the same meeting, following statements by the representatives of Afghanistan, Czechoslovakia, Cuba, Iraq, the Union of Soviet Socialist Republics, the Congo, the Ivory Coast, Bulgaria and Ethiopia (A/AC.109/PV.1115), the Special Committee adopted the report of the Sub-Committee, as orally revised (see para. 11 below), and endorsed the conclusions and recommendations contained therein. The representative of China and the Chairman made statements (A/AC.109/PV.1115).

10. On 11 August, the text of the conclusions and recommendations was transmitted to the Permanent Representative of the United Kingdom to the United Nations for the attention of his Government.

B. Decision of the Special Committee

11. The text of the conclusions and recommendations adopted by the Special Committee at its 1115th meeting, on 10 August, to which reference is made in paragraph 9 above, is reproduced below:

(1) The Special Committee reaffirms the inalienable right of the people of the Turks and Caicos Islands to self-determination and independence in conformity with the Declaration on the Granting of Independence to Colonial Countries and Peoples, contained in General Assembly resolution 1514 (XV) of 14 December 1960.

(2) The Special Committee reiterates the view that such factors as size, geographical location, population and limited resources should in no way delay the speedy implementation of the process of self-determination of the Turks and Caicos Islands in conformity with the Declaration contained in resolution 1514 (XV).

(3) With a view to accelerating the process of decolonization towards the full and speedy implementation of the Declaration in respect of the Territory, the Special Committee notes with appreciation the continued participation of the administering Power in the work of the Committee.

(4) The Special Committee takes note of the statement by the representative of the United Kingdom of Great Britain and Northern Ireland that his Government's policy is to respect the wishes of the people of the Turks and Caicos Islands as to their constitutional future. The Committee firmly believes that the administering Power of a Non-Self-Governing Territory has the obligation to carry out a thorough programme of political education to enlighten the people of the Territory about their right to self-determination and independence, in accordance with resolution 1514 (XV), and thus enable them to make a conscious, well-considered and free choice as to their own future.

(5) The Special Committee requests the United Kingdom to ensure that the Committee will be provided with up-to-date and complete information so as to ascertain whether this obligation has been fulfilled and if so, how it has been done, as well as what concrete measures have been taken in various fields of endeavour to bring the Territory to the goal set forth in the Declaration.

(6) The Special Committee urges the administering Power to intensify its efforts towards training the local people.

(7) The Special Committee, recalling the relevant resolutions of the General Assembly concerning military bases, in colonial and Non-Self-Governing Territories, recognizes that the presence of military bases could constitute a factor impeding the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples, and reaffirms its strong conviction that the presence of military bases in the Turks and Caicos Islands should not prevent the people of the Territory from exercising their inalienable right to self-determination in accordance with the Declaration and the purposes and principles of the Charter of the United Nations.

(8) The Special Committee regrets to note that the Territory has yet to make significant progress in the economic field; in fact, the situation has worsened in recent years. It therefore calls upon the administering Power to take all possible steps to strengthen the local economy, particularly through continuing promotion of economic diversification, having regard to the urgent need to reduce the economic dependence of the Territory and to cope with a number of serious economic problems, including a scarcity of natural resources, chronic trade deficits, under-development of the infrastructure and of manpower resources, inadequacy of development finance and a high level of unemployment and underemployment.

(9) In this connexion, the Special Committee urges the administering Power further to increase its economic, financial and technical assistance to the Turks and Caicos Islands with a view to improving economic conditions. The Committee also stresses the need for the United Nations and its specialized agencies as well as regional organizations such as the Caribbean Development Bank, to continue making more development aid available to the Territory.

(10) The Special Committee also urges the administering Power, in co-operation with the territorial Government, to take effective measures to safeguard, guarantee and ensure the right of the people of the Turks and Caicos Islands to their natural resources and their right to own and dispose of them, as well as to establish and maintain control over their economic development.

(11) Mindful that recent visiting missions to small Territories have provided an effective means of ascertaining the situation in the Territories visited, and noting the willingness of the United Kingdom to receive visiting missions in the Territories under its administration, the Special Committee reiterates the view that the possibility of sending a visiting mission to the Turks and Caicos Islands at an appropriate stage should be kept under review.

ANNEX*

Working paper prepared by the Secretariat

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* Previously issued under the symbol A/AC.109/L.1208.

TURKS AND CAICOS ISLANDS a/

1. GENERAL

1. Basic information on the Territory is contained in the report of the Special Committee to the General Assembly at its thirty-first session. b/ Supplementary information is set out below.

2. The population of the Territory numbered 5,675 at the latest census, held in 1970, and in mid-1976 was estimated to be 7,000. The majority of the people are of African descent, the remainder being of mixed or European origin. There are reported to be a large number of Turks and Caicos Islanders living abroad, mainly in the Bahamas, and their number has been variously estimated to range from 7,000 to 14,000. There are indications that some of these have returned to the Territory in recent years as a result of Bahamian independence and current economic conditions. The number of aliens seeking to settle permanently in the Territory is negligible; in 1976 only three permanent residence certificates were approved. The seat of government is on Grand Turk at Cockburn Town, which has a population of approximately 2,300.

2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

A. Constitutional advancement

3. Information on constitutional arrangements and developments in the Territory prior to 1976 is contained in the previous report of the Special Committee. c/ The Turks and Caicos Islands (Constitution) Order, 1976, introduced for the first time a ministerial system of government in the Territory. Briefly, the new Constitution provides for a Government comprising the Governor, appointed by the Queen, an Executive Council and a Legislative Council.

4. The Governor has the responsibility for defence, external affairs, internal security and the police and public service. He has reserved legislative powers necessary for the exercise of his special responsibilities, but on other matters he is normally required to act in accordance with the advice of the Executive Council.

5. The Executive Council comprises the Governor, who presides; a Chief Minister elected from among the elected members of the Legislative Council; three ministers appointed by the Governor on the advice of the Chief Minister from among the elected members of the Legislative Council and three ex officio members (the Chief Secretary, the Attorney-General and the Financial Secretary).

a/ The information contained in this paper has been derived from published reports and from information transmitted to the Secretary-General by the Government of the United Kingdom of Great Britain and Northern Ireland under Article 73 e of the Charter of the United Nations on 15 December 1977 for the year ending 31 December 1976.

b/ Official Records of the General Assembly, Thirty-first Session, Supplement No. 23 (A/31/23/Rev.1), vol. IV, chap. XXIX, annex, sect. C.

c/ Ibid., Thirty-second Session, Supplement No. 23 (A/32/23/Rev.1), vol. III, chap. XXV, annex, sect. C, paras. 3-23.

6. The Legislative Council consists of 11 elected members, 3 appointed members and the 3 ex officio members of the Executive Council. The Speaker is elected by the members of the Legislative Council, from within or outside the Council, and a Deputy Speaker is elected from within the Legislative Council. The appointed members are appointed by the Governor after consultation with the elected members of the Legislative Council. Appointed members have no vote on a motion of no-confidence in the Government.

B. Political parties and elections

7. Elections under the new Constitution took place on 29 September 1976. Twenty-four candidates contested the 11 single-member constituencies, and voting was by secret ballot open to all qualified residents of the Territory over 18 years of age. The People's Democratic Movement (PDM), led by Mr. James A. G. S. McCartney, secured five seats; and the People's National Organization (PNO), led by Mr. Norman B. Saunders, gained four seats. The remaining two seats went to independent candidates who subsequently gave their support to PDM. Mr. McCartney, who was elected Chief Minister at the first meeting of the Legislative Council on 7 October 1977, also holds the portfolios of home affairs and communications. The other ministers are Mr. Lewis E. Astwood (public works and utilities); Mr. Oswald O. Skippings (health, education welfare and local government); and Mr. C. W. (Liam) Maguire (tourism and development of industries and resources).

8. According to press reports in mid-November 1977, Mr. Walter Cox resigned from PDM, thus reducing the party's majority in the legislature to one. Mr. Cox, a building contractor, was said to have left PDM because of the absence, in his view, of any form of development in the 14 months the party had been in power, and because he felt that nothing would be done during the remainder of its four-year term of office. He was also said to be disillusioned over the alleged failure of the Chief Minister and his Cabinet to do what they promised to do in terms of attracting foreign investment to the Territory.

C. Future status of the Territory

9. In a statement before the Fourth Committee of the General Assembly on 2 November 1977, the representative of the United Kingdom referred to the small Territories for which his Government was responsible as administering Power, including the Turks and Caicos Islands, as follows:

"Our policy ... is to respect the wishes of the peoples of these Territories to determine their own future in accordance with the principles of the United Nations Charter. This means that we shall give every encouragement and support to those Territories which seek independence, but we shall not force it on those which, for reasons of their own, do not seek it ... We particularly value the Special Committee's increasing sensitivity towards the individual needs and aspirations of our small Territories, with their widely differing natural resources, geography and political development ... My Government believes that the right to self-determination involves a

flexible response on its part to the way in which constitutional development takes place, according to the wishes of the peoples of our Territories. It must be obvious to us all that the pace of advance in a small Territory with few resources may be slower than in another, or take a different form from that in another with more natural advantages on its side. For this reason the pace of constitutional advance must be in line with what the people want rather than with any artificial framework imposed by the United Kingdom as administering Power, or by anyone else ... Another crucial factor in progress towards self-determination is the development of a soundly based economy. We try to pay particular attention to those sections of the reports of visiting missions to our Territories which exhort us, as a priority, to strengthen and diversify the economies of small Caribbean and Pacific Territories. But I must emphasize that in most of our remaining dependent Territories the local Governments already control the amount of foreign investment, and the form it takes ... We shall continue to give all the help we can to small island economies so that these Territories have a valid option to move towards self-determination with an adequate economic base." d/

D. Military bases

10. The Government of the United States of America maintains a Coast Guard station on South Caicos. On Grand Turk, in an area of 232.7 hectares, it also has a naval facility, an Air Force base and a telemetry station. The agreement between the Governments of the United Kingdom and the United States concerning the United States bases in the Territory was due to expire on 31 December 1977, and it was reported that talks on a renegotiation of the agreement were planned, to be held at Washington D.C., on 12 October. In keeping with the understanding that the Government of the Turks and Caicos Islands would be associated in the review of the agreement and any consideration of its renewal, a delegation from the territorial Government, comprising the Chief Minister, the Minister of Works, the Minister of Education and Dr. William Herbert, a legal and constitutional adviser, was to attend the talks.

11. After his election, the Chief Minister stated that the United States military bases were welcome, but indicated that once the Government was fully informed of the present arrangements, an effort would be made to obtain payment of a rental fee.

12. At the end of October, it was reported that the delegation from the Territory had declined an offer, made during the first round of negotiations, of \$US 125,000 e/ annually in rent for each of the two bases on Grand Turk. Further negotiations were planned for later in 1977.

d/ Ibid., Fourth Committee, 12th meeting, paras. 12-21.

e/ The legal currency of the Territory is the United States dollar.

E. Political developments

13. On taking office shortly after the elections in 1976, the Chief Minister indicated that his Government intended to grant an exclusive government-partnership gambling-casino licence to any interested party willing to build a hotel with a minimum of 200 rooms. f/ It is reported that the territorial Government entered into an agreement with a developer, the West Pacific Land Development Corporation of Alaska, to build such a hotel. Governor Arthur Watson did not approve the agreement, however. Consequently, in early November 1977, supporters of PDM, including the four elected ministers, held a peaceful demonstration outside the Governor's office. The demonstration, which lasted 36 hours, was reportedly over the question of whether the territorial Government was constitutionally competent to enter into such internal agreements without reference to the United Kingdom Government.

14. It was subsequently reported that a three-man delegation from the Territory, led by Mr. Maguire, Minister of Tourism and Development, and including Mr. Astwood, Minister for Public Works and Utilities, and Mr. Daniel Williams, Parliamentary Secretary for Agriculture and Fisheries, travelled to London to take part in formal talks with the United Kingdom Government on the question. The discussion was to begin on 5 December 1977, and the territorial delegation planned to seek clarification of the point at which the powers of the ministers ended and those of the Government began, and vice versa. Mr. Maguire gave as his opinion in that regard that, under the form of government recently instituted in the Territory, the Chief Minister was constitutionally responsible for matters of the interior, while the Governor had jurisdiction over external matters. He was reported to have stated that the Governor had refused to sign certain important bills into law, particularly those designed by the Government to foster economic growth and development. For example, the Government had approved casino gambling and passed laws to introduce casinos to the Territory. Mr. Maguire said that the Governor's refusal to sign into law bills that would encourage foreign investment made the Government "look foolish". After one year in power, it was necessary for the Government to know the extent of its responsibility for the economic future of the Territory, and whether it had the power to raise money.

15. Reporting on the talks held at the United Kingdom Foreign and Commonwealth Office with Mr. Edward Rowlands, Minister of State, and other officials, Mr. Maguire said, "Our establishment of direct rapport with senior administrative officers can do us nothing but good. In London we noted a positive interest in the potentials of these islands and a genuine desire to assist us to get off grant-in-aid." Mr. Maguire said that the delegation had explained the reasoning behind the introduction of casinos - the need to stimulate tourism and attract jet airline service - and as a result many of the reservations expressed by the United Kingdom Government had been withdrawn. The Government had agreed to minor modifications suggested by the United Kingdom which had been incorporated in the

f/ Official Records of the General Assembly, Thirty-second Session, Supplement No. 23 (A/32/23/Rev.1), vol. III, chap. XXV, annex, sect. C, para. 19.

proposed arrangements with the West Pacific Land Development Corporation. Discussions had been held with the Secretary of the United Kingdom Gaming Board, who would visit the Territory at the end of January 1978, to give advice to the Government and potential investors on requisite legislation and regulations for the casinos. Training of local personnel for casino employment would also be offered by the United Kingdom Gaming Board.

3. ECONOMIC CONDITIONS

A. General

16. Over the past few years, economic development has failed to keep pace with the needs of the Territory, owing to the paucity of economic resources and the scarcity of private investment. According to the administering Power, no significant new investment was made in 1975 and 1976 because of economic conditions in the industrial countries, and activity in the private sector was therefore at a low ebb. Capital aid projects financed from United Kingdom aid funds accounted for whatever development there was.

17. The present Government is reportedly seeking investment from many sources. According to a statement by the Chief Minister in April 1977, "Government intends to tackle the many pressing challenges that lie before us, particularly in the social fields, such as unemployment, education and health. To do this, we must count on outside assistance, both from investors and from friendly Governments who are willing to work with us and help us to help ourselves. We are looking to Canada and the United States as well as Britain in this context".

18. Agricultural activity is practically non-existent on the Turks Islands and South Caicos, where roughly 60 per cent of the population resides. On North and Middle Caicos, despite difficult climatic and soil conditions, efforts are being made to develop small subsistence farms with maize as the chief crop and, on North Caicos, the production of fruit and vegetables. Some funds are provided for the encouragement of agriculture, mainly to subsidize the purchase of seeds and fertilizers, and imported farming equipment has been exempted from customs duties. Livestock, mainly pigs and poultry, is raised in most settlements to supplement food supplies. Further assistance in agriculture is available from the Caribbean Development Bank, which sent a farm improvement officer to the Territory, in July 1977, to help increase the productivity of poultry and vegetable farming.

19. Since the closure of the salt industry in 1964, the development of manufacturing industries has been confined to those related to the processing of fish and the production of handicrafts. Salt is still produced on Salt Cay, but its extraction is heavily subsidized by the Government as a means of providing employment for the local people. The Chief Minister, on taking office, announced his intention of reviving the salt industry. g/ At a meeting of the Executive Council on 6 October 1977, he reported on talks held with the International Salt

g/ Ibid.

Company of Pennsylvania (United States) and announced that the company would conduct a feasibility study, at a fee, on a two-month option, and would report its findings to the Government and its United Kingdom advisers in January 1978. The feasibility study would entail an expenditure of \$US 100,000 by the International Salt Company.

20. In 1972, representatives of the United Kingdom, the territorial Government, and ESSO Inter-America held talks regarding the establishment of an oil refinery on the uninhabited island of West Caicos. h/ ESSO paid \$US 600,000 to the territorial Government for planning costs and for an option on the land, valid until 30 June 1976. According to the administering Power, the option has now expired.

21. In the recent past, the Territory has been an exporter of fish, but depends heavily on imported goods to meet local needs; the value of imports has always exceeded exports, leaving the balance of trade in deficit. Total exports for 1976 were estimated at \$US 1.6 million with total imports (excluding government imports) estimated at \$US 5.0 million. This adverse balance of trade has normally been covered by financial aid from the United Kingdom, tourist spending, the purchase of real estate by foreigners, local expenditure by personnel of the United States military bases and the inflow of capital and remittances from overseas.

22. The principal sources of revenue of the Territory are customs duties and United Kingdom aid. According to the revised estimates for 1976, local revenue, mainly from customs duties, amounted to \$US 2.6 million and government expenditure to \$US 4.1 million. The 1977 budget estimates were approved by the Legislative Council on 21 December 1977. Expenditure was estimated at \$US 4.4 million, revenue from local sources at \$US 2.5 million and the deficit at \$US 1.9 million, which is to be met from a grant-in-aid by the United Kingdom. In 1976, the grant-in-aid had been increased to \$US 2.3 million (\$US 1.8 million in 1975). Capital aid also rose in 1976 to \$US 1.7 million from \$US 1.2 million in 1975.

23. Possibilities for United Kingdom investment in the Territory appear to be good. The head of the Finance Department in the United Kingdom, Overseas Development Ministry, informed the Turks and Caicos delegation to the United Kingdom (see para. 15 above) that investment over and above the existing capital aid programme would be considered to support major private sector investments, by providing infrastructure for projects such as the proposed salt and aragonite industries (see paras. 19 above and 25 below). The British Export Credit Guarantee Department also indicated that it would provide guarantees for exporters who established in-transit inventories in the Territory for delivery elsewhere.

24. In 1971, an outline development plan for the Territory was accepted by the State Council as a guideline for development, and the United Kingdom Government agreed to finance the necessary infrastructure envisaged in the plan. The newly

h/ Ibid., Thirtieth Session, Supplement No. 23 (A/10032/Rev.1), vol. IV, chap. XXVII, annex, sect. C, paras. 37-40.

elected Government has now produced a more detailed plan, based to some extent on the former plan as well as on other studies produced over the past decade under United Kingdom Government sponsorship. Mr. Maguire, Minister of Tourism and Development, stated in an interview with the Caribbean Business News, that "certain modifications have been incorporated in the present development plan to make it more fitting, more realistic and more suited to our needs".

25. Briefly, the plan proposes: (a) the opening-up of North Creek on Grand Turk, to provide yachting anchorage and the excavation of a protected harbour, which would lead to the creation of developable land in the centre of the town, thereby providing a commercial area for handling cargo; (b) the extension of the fishing grounds to the Mouchoir and Silver Banks (south-east of Grand Turk) in order to increase production; (c) the revival of the salt industry on Salt Cay (by means of a labour-intensive project to produce high quality solar salt for the health-food industry) and on South Caicos in a larger-scale operation with North American investors (see para. 19 above); and (d) the establishment of a new industry, the dredging of sea-bed aragonite - which is used in the manufacture of paper, paint, glass, fertilizers and steel - through the creation of a deep-water harbour at Cockburn Harbour on South Caicos. In addition, the plan identifies sites for the construction of additional hotels and retirement homes, and a resort/casino complex of 200 rooms (see para. 13 above).

26. The Government has already discussed some of the proposals outlined in the plan with overseas investors. It is reported that Holiday Inns has proposed construction (a 200-room hotel with a casino) on North Caicos, as has the West Pacific Land Development Corporation of Alaska on Grand Turk. Alexis Nikon II of Canada has also proposed the development of a large complex on Providenciales, with a deep-water harbour, casino and hotel, in which the Government has been offered a 20 per cent equity. The Government reportedly has asked for further details.

27. Marcona Industries of Fort Lauderdale is reported to be interested in the aragonite proposal (see para. 25 above) and has been invited to conduct a study to determine whether a deep-water harbour can be dredged in Cockburn Harbour to accommodate ships of up to 50,000 metric tons.

28. In 1972, the Encouragement of Development Ordinance i/ was enacted to encourage both local and foreign investment. Subsequently, in 1974, a development corporation was established to handle soft loans from the Caribbean Development Bank, which are available to local enterprises in amounts reportedly up to \$US 100,000 for any single business. In the same year, a Development Board was constituted, comprising five members appointed by the Government. The composition of the Board was recently reviewed, and it is now composed of Mr. H. E. Sadler, Chairman, Mr. A. F. Williams, the Financial Secretary, as ex officio member, and five members: Messrs. W. E. Cox, Member of the Legislature, as Deputy Chairman; S. V. Lightbourne, contractor; A. E. Bouloy, bank manager; Lewis C. Cox, a

i/ Ibid., Twenty-ninth Session, Supplement No. 23 (A/9623/Rev.1), vol. VI, chap. XXV, annex, sect. D, para. 33.

businessman from South Caicos; and Clinton K. Outten, a builder from Lorimers on Grand Turk. The Chief Executive Officer is Mr. Eustace A. Brooks, recruited to fill the position held temporarily by Dr. Ian Webster, Regional Adviser on Development Financing in the West Indies Associated States and other United Kingdom-administered Territories. Mr. Brooks is also Secretary to the Board.

29. For the period 1972-1976, the United Nations Development Programme (UNDP) assigned an undistributed indicative planning figure for the Caribbean area (including the Turks and Caicos Islands). The country programme for the area, based on the indicative planning figure approved by the Governing Council of UNDP in early 1974 for the period 1974-1978, was adjusted accordingly. Total funds available to the Territory for 1967-1976 amounted to \$US 258,460, while assistance allocated for 1977 was \$US 95,000. The indicative planning figure for the period 1977-1981 is \$US 400,000.

B. Property development and tourism

30. The majority of the land in the Territory is Crown land, the remainder being mainly freehold. The policy in respect of Crown land is to retain freehold title until the land has been developed according to agreed terms and conditions. The purchase of private land is not subject to any restriction. It was reported that after March 1977, the price of Crown land subdivisions for residential purposes was increased from \$US 440 to \$US 1,050 per acre and, where there was electricity, to \$US 1,500 per acre.

31. Progress continued on the two major development projects located on Providenciales and North Caicos. Seven Keys, Ltd. completed a 25-bedroom hotel and 17 kilometres of road on North Caicos. j/ Excavation of the marina on North Caicos was to have been completed by the end of 1976.

32. The plans submitted under the 1974 agreement between the Government and Mr. Jack Gold and his company (Sunshine Development Company, Turks, Ltd.) for the construction of a hotel and related facilities on Salt Cay failed to materialize; the option granted to Sunshine Development Company therefore expired in October 1976.

33. Tourism suffered a decline of some 8 per cent in 1976, with 7,055 persons arriving compared with 8,181 in 1975. No figures were registered for arrivals by sea, nor were arrivals separated by category (e.g., vacationers, businessmen, officials, residents or non-residents). In 1976, there were 15 hotels and guest houses with a total of 219 beds (a decline of 41 from 1975). The majority of visitors were from the United States (4,687), Canada (340) and the United Kingdom (437).

34. The December 1976-March 1977 tourist season showed minimal growth (4 per cent) over the 1975/76 winter season, with the number of visitors at 3,462 (3,322 in 1975/76). One of the reasons given for the slow growth of the tourist industry is

j/ Ibid., Thirtieth Session, Supplement No. 23 (A/10023/Rev.1), vol. IV, chap. XXVII, annex, sect. C, paras. 34-35.

the Territory's poor international air communication links. The cessation of air service by Mackey International Airlines on 14 March 1977 (see para. 37 below) is reported to have adversely affected the earnings of hotels, taxis and other tourist-related activities. Efforts are being made to promote skin-diving as an additional attraction for tourists, and special charter flights are being organized to tap this market (see also paras. 13-15 above).

C. Fishing

35. The fishing industry dominates the export sector of the economy, the most important products being crayfish and conch. Both products are processed and frozen in local plants for export, mainly to the United States and the British Virgin Islands, and there remains a traditional market for dried conch in Haiti. An experiment to introduce conch to the London consumer did not meet with success. Efforts are being made to develop scale fishing, for export purposes, during the closed season for crayfish. Commercial processing and export licences have been granted by the Government to three companies operating on South Caicos and Providenciales, and to the Fishermen's Co-operative, established in 1972 on Middle Caicos.

36. The 1975/76 catch of crayfish totalled approximately 305,708 tails for export, and an estimated 15,000 tails to local hotels. Detailed statistics for conch and scale fish are not available, but based on sample catches, it is believed that the 1976 catch of conch was 500,000 units. The fishing industry is by far the largest single employer of labour in the Territory, and in terms of production sales generates income amounting to approximately \$US 1.5 million annually; it also accounts for about \$US 55,000 in revenue from export duties and licences.

D. Communications and other basic facilities

37. The tourist industry is entirely dependent on reliable air communications with the outside world. In 1976 the Government undertook to expand the Grand Turk International Airport and South Caicos airport, which had been damaged in 1975. k/ Air service to the Territory was seriously cut back during 1977, when Mackey International Airlines ceased service on 14 March. South East Airlines was granted permission by the United States Civil Aeronautics Board (CAB) to take over the route and it inaugurated services between Miami and the three ports of entry of the Territory (Providenciales, Grand Turk and South Caicos) on 17 June. In October, the frequency of flights was reduced from thrice weekly to twice weekly. Between 14 March to 15 June, emergency airline service was arranged by the Government at a cost of \$US 29,545. Other airlines serving the Territory are Bahamas Air, once weekly from Nassau; and Air Turks Caicos, Ltd., which is jointly owned by Trans Jamaican Airlines, Ltd., the United Kingdom Government, and the public of the Turks and Caicos Islands. Service is on a fortnightly basis between Kingston and Grand Turk.

k/ Ibid., Thirty-second Session, Supplement No. 23 (A/32/23/Rev.1), vol. III, chap. XXV, annex, sect. C, para. 38.

38. According to the administering Power, sea-freight services to the Turks and Caicos Islands are now almost entirely based on transshipment through Florida by four vessels. No direct service from Europe is available. The three commercial ports - Grand Turk, Cockburn Harbour and Providenciales - can only accommodate small vessels.

39. Public electrical utilities on Grand Turk and South Caicos are government-owned, operating under the Ministry of Works and Utilities. Basic management needs are undertaken by a commercial firm, Bahamas Tractor, under contract to the Government. It was recently reported that Bahamas Tractor had entered into an agreement with the Government to purchase, improve and operate the two government-owned generating plants and to produce and sell power to the Government at a fixed price. The Electrical Department would then distribute power to consumers at the maximum rate of 14 cents per unit. The private company is to be registered in the Turks and Caicos Islands.

40. A recruiting campaign was carried out in October 1977 in an effort to bring the Royal Turks and Caicos Islands Police Force up to full strength. Recruits receive basic training followed by a six-month training course at the Regional Police Training School in Barbados. Five women recruits received training in Barbados in 1977, and two officers were sent to the United Kingdom for training. The new Police Headquarters at Grand Turk was put into use in October 1977.

4. SOCIAL CONDITIONS

A. Labour

41. Unemployment and underemployment remain serious problems in the Territory, owing to the slow pace of economic development and the lack of employment opportunities for unskilled and semi-skilled workers and poorly qualified secondary school leavers. According to the administering Power, approximately 265 persons (mainly unskilled) remained unemployed in 1976, out of 926 registered for employment. Seasonal employment is also responsible for underemployment difficulties, particularly in the tourist, construction and lobster-fishing industries. The main sources of employment are the Government, the fishing and tourist industries, the United States military bases and Cable and Wireless (West Indies) Ltd.

42. It was planned to tighten up work permit procedures at the end of 1976. ^{1/} In a written reply to a question in the Legislature in September 1977, the Chief Minister stated that "Broadly speaking, it is the policy of this Government that foreign labour should only be utilized in those instances where services essential to the community cannot be successfully undertaken by local people ... Because of the unemployment situation, and in keeping with the policy outlined above, the Executive Council at a meeting earlier this year decided that a cash bond of \$1,000 would be required for security whenever a work permit was issued to an alien."

^{1/} Ibid., para. 43.

B. Public health

43. Under the new 1976 Constitution, medical and public health questions are now the responsibility of the Ministry of Health, Education, Welfare and Local Government. There are 3 doctors (2 stationed on Grand Turk and 1 on South Caicos), 1 dentist, 1 matron, 1 public health nurse, 10 staff nurses, 19 clinical nurses (21 in 1975) and 2 public health inspectors. There are no doctors in private practice and no private hospitals or clinics. Hospital facilities for the Territory are provided on Grand Turk by the 20-bed General Hospital, which contains in its compound a 10-bed infirmary/geriatric ward. There are 10 medical and 2 dental clinics in the Territory.

5. EDUCATIONAL CONDITIONS

44. Under the ministerial system of government, introduced in 1976, education falls within the portfolio of the Minister for Health, Education, Welfare and Local Government. Previously, the education system had been supervised by the Board of Education, whose Chairman, the Chief Secretary, was responsible for the implementation of the Board's policy. It is reported that consideration is being given to amending the present Education Ordinance, which provides for the annual appointment of a Board of Education.

45. Primary education is compulsory and free for children from 4 1/2 to 15 years of age. Pre-primary schooling is provided by one missionary school, and several play groups are in operation. There are 14 primary and 3 secondary schools (2 government and 1 private). There are no technical or vocational schools, or institutions offering courses of study higher than the General Certificate of Education, Advanced Level.

46. Under the 1976 revised budgetary estimates, expenditure on education amounted to \$US 645,615 on the recurrent account (or 14.5 per cent of total recurrent expenditure) and \$US 124,273 on the capital account. Indirectly, through the grant-in-aid, the United Kingdom was expected to contribute 55 per cent of the cost of educational services in the Territory.

CHAPTER XXV*

CAYMAN ISLANDS

A. Consideration by the Special Committee

1. At its 1102nd meeting, on 1 February 1978, by adopting the suggestions relating to the organization of the Committee's work put forward by the Chairman (A/AC.109/L.1205), the Special Committee decided, inter alia, to refer the Cayman Islands to the Sub-Committee on Small Territories for consideration and report.
2. The Special Committee considered the Territory at its 1109th meeting on 29 June.
3. In its consideration of the item, the Special Committee took into account the provisions of the relevant General Assembly resolutions, including in particular resolution 32/42 of 7 December 1977 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By **paragraph 13 of that resolution, the Assembly requested the Special Committee, inter alia, "to continue to seek suitable means for the immediate and full implementation of General Assembly resolution 1514 (XV) in all Territories which have not yet attained independence and, in particular: ... to formulate specific proposals for the elimination of the remaining manifestations of colonialism and to report thereon to the General Assembly at its thirty-third session".** The Committee also took into account General Assembly resolution 32/30 of 28 November 1977 concerning the Cayman Islands. By paragraph 9 of **that resolution, the Assembly requested the Special Committee "to continue the full examination of this question at its next session in the light of the findings of the [1977] Visiting Mission, including the possible dispatch of a further mission ... at an appropriate time and in consultation with the administering Power ..."**.
4. During its consideration of the Territory, the Special Committee had before it a working paper prepared by the Secretariat (see annex to the present chapter) containing information on the latest developments concerning the Territory.
5. The representative of the United Kingdom of Great Britain and Northern Ireland, as the administering Power concerned, participated in the work of the Special Committee during its consideration of the item.
6. At its 1109th meeting, on 29 June, the Rapporteur of the Sub-Committee on Small Territories, in a statement to the Special Committee (A/AC.109/PV.1109), introduced the report of that Sub-Committee (A/AC.109/L.1227) containing an account of its consideration of the Territory.
7. At the same meeting, following statements by the Chairman, by the Chairman of the Sub-Committee on Small Territories and by the representative of China (A/AC.109/PV.1109), the Special Committee adopted without objection the report of

* Previously issued as part of A/33/23/Add.5.

the Sub-Committee and endorsed the conclusions and recommendations contained therein (see para. 9 below).

8. On 30 June, the text of the conclusions and recommendations was transmitted to the Permanent Representative of the United Kingdom to the United Nations for the attention of his Government.

B. Decision of the Special Committee

9. The text of the conclusions and recommendations adopted by the Special Committee at its 1109th meeting, on 29 June, to which reference is made in paragraph 7 above, is reproduced below:

(1) The Special Committee reaffirms the inalienable right of the people of the Cayman Islands to self-determination and independence in conformity with the Declaration on the Granting of Independence to Colonial Countries and Peoples, contained in General Assembly resolution 1514 (XV) of 14 December 1960.

(2) The Special Committee reiterates the view that such factors as size, geographical location, population and limited resources should in no way delay the speedy implementation of the process of self-determination of the Cayman Islands in conformity with the Declaration contained in resolution 1514 (XV).

(3) With a view to accelerating the process of decolonization towards the full and speedy implementation of the Declaration in respect of the Territory, the Special Committee notes with appreciation the continued participation of the administering Power in the work of the Committee.

(4) The Special Committee takes note of the statement by the representative of the United Kingdom of Great Britain and Northern Ireland that his Government will respond positively to any request by the people of the Cayman Islands for changes in their Constitution. The Committee further notes that the economy of the islands is based mainly on banking and other financial services and to a lesser extent on tourism, and that because of the limited scope of the economy, the people of the islands may fear that any change in their Constitution may alter the present structure of the local economy. The Committee therefore urges the administering Power to redouble its efforts to diversify the local economy in order to dispel whatever fear the local population may have that constitutional advancement means instability or loss of the economic and social benefits which they currently enjoy.

(5) The Special Committee is concerned that there have been few changes in the Constitution of the Cayman Islands and wishes to recall that the administering Power of a Non-Self-Governing Territory has the obligation to ensure that the people of the Territory are made fully aware of their right to self-determination in conformity with resolution 1514 (XV). The

Committee therefore calls upon the administering Power to take constructive steps, taking into account the expressed wishes of the people of the Cayman Islands, to expedite the process of decolonization in the Territory in accordance with the relevant provisions of the Charter of the United Nations and the Declaration.

(6) The Special Committee requests the administering Power to ensure that the Committee will be furnished with all detailed information and new facts concerning all developments in the islands, thus enabling the Committee to appreciate objectively the general conditions in the Territory and the opinion of all sectors of the population on the important questions of constitutional status and exercise of the right to self-determination.

(7) The Special Committee notes that the 1977 Visiting Mission to the Cayman Islands 1/ has assisted the people of the Territory to become better aware of their constitutional interests and of the importance which the United Nations attaches to their future and their welfare. Consequently, it invites the administering Power to give favourable consideration to receiving further missions to the Cayman Islands at an appropriate time.

(8) The Special Committee notes with satisfaction the bill adopted by the Legislative Assembly lowering the voting age from 21 to 18 years and considers that this measure is an important element for the participation of the younger generation in the political life and constitutional future of their country.

(9) Recognizing the necessity to hasten the process of replacement of foreign personnel by Caymanians, the Special Committee urges the administering Power to intensify its efforts towards preparing Caymanians for specific positions in all fields of activity and at all levels.

(10) The Special Committee notes that there has been little progress in the development of regional co-operation in the Caribbean affecting the Cayman Islands, and considers that the administering Power, in consultation with the local authorities, should take the necessary steps to strengthen co-operation between the Territory and the other Caribbean countries.

(11) While noting with satisfaction that the Territory is making good progress in the economic field, the Special Committee nevertheless reiterates its concern that the local economy remains almost totally dependent on international finance and tourism, which are highly vulnerable to fluctuations in the international economic situation. The Committee therefore recommends that the administering Power should increase its efforts to assist the Territory in its development of a diversified economy with a view to promoting self-sufficiency to the maximum extent possible and broadening

1/ See Official Records of the General Assembly, Thirty-second Session, Supplement No. 23 (A/32/23/Rev.1), vol. IV, chap. XXVI, annex.

employment opportunities, especially for the growing number of school leavers. The Committee is of the opinion that steps should be taken further to encourage agricultural and industrial development in order to reduce the Territory's dependence on imports for many essentials.

(12) Noting the statement of the representative of the administering Power whereby the agreement recently concluded between a company of the United States of America and the territorial Government for shore-based oil terminals contains strict anti-pollution provisions, the Special Committee expresses the hope that these provisions will be implemented and that every effort will be made to protect the Territory's environment.

(13) Bearing in mind the Territory's status and its total dependence on limited economic activities, the Special Committee requests the administering Power and the international community to continue to provide economic, financial and technical assistance to the Cayman Islands as appropriate. In this regard, the Committee expresses the view that sustained and stable economic growth with appropriate external aid and with maximum participation by the Caymanians in all sectors of the economy could dissipate the concern of the people of the Cayman Islands regarding their future.

(14) The Special Committee again urges the administering Power, in co-operation with the territorial Government, to take effective measures to safeguard and guarantee the right of the people of the Cayman Islands to their natural resources.

(15) The Special Committee urges the administering Power to continue to take action so as to ensure progress in the fields of public health and education. To this end, the Committee urges the administering Power to establish a programme of genetic disease prevention, counselling and management and to intensify its efforts towards teacher training.

ANNEX*

Working paper prepared by the Secretariat

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Paragraphs

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* Previously issued under the symbol A/AC.109/L.1211.

CAYMAN ISLANDS a/

1. GENERAL

1. Basic information on the Cayman Islands is contained in the report of the Special Committee to the General Assembly at its thirty-first session. b/ Supplementary information is set out below.

2. The Territory of the Cayman Islands consists of Grand Cayman, Cayman Brac and Little Cayman. The latter two islands are also known as the Lesser Caymans. The total area of the Territory is about 260 square kilometres. Grand Cayman, the principal island, lies 290 kilometres west-north-west of Jamaica, and some 240 kilometres south of Cuba. Cayman Brac is located 143 kilometres east-north-east of Grand Cayman, while Little Cayman lies 8 kilometres west of Cayman Brac. The capital of the Territory, George Town, is located on Grand Cayman.

3. In 1970, at the last census taken, the population of the Territory totalled 10,460. Sixty per cent of the population were of mixed origin, 20 per cent were of African, and 20 per cent of European descent. The population is currently estimated at 14,000, the increase being attributed to the return of Caymanians from abroad and the influx of immigrant workers attracted by the rapid economic growth of the Territory.

4. Responding to an invitation from the Government of the United Kingdom, a United Nations mission visited the Territory in April 1977, and reported its findings to the Special Committee. c/ At its 1100th meeting on 20 September 1977, the Special Committee adopted a resolution concerning the Territory, d/ in which it requested the administering Power to undertake any measures in accordance with the expressed wishes of the people of the Cayman Islands to expedite the process of decolonization in the Territory in accordance with the relevant provisions of the Charter of the United Nations and the Declaration on the Granting of Independence to Colonial Countries and Peoples; recommended that urgent attention be given to the diversification of the economy, particularly in the agricultural sector, where expansion would provide employment opportunities and conserve foreign exchange; endorsed the view of the Visiting Mission concerning the importance of attaching a high priority to the training and localization of the civil service,

a/ The information contained in this section has been derived from published reports and from information transmitted to the Secretary-General by the Government of the United Kingdom of Great Britain and Northern Ireland under Article 73 e/ of the Charter of the United Nations on 20 July 1977 for the year ending 31 December 1976.

b/ Official Records of the General Assembly, Thirty-first Session, Supplement No. 23 (A/31/23/Rev.1), vol. IV, chap. XXIX, annex, sect. A.

c/ Ibid., Thirty-second Session, Supplement No. 23 (A/32/23/Rev.1), vol. IV, chap. XXVI, annex.

d/ Ibid., chap. XXVI, para. 12.

the educational system and the private sector; recommended that continuing efforts be made by the administering Power and the territorial Government to publicize the work of the United Nations; and requested the administering Power to continue to enlist the assistance of the specialized agencies and organizations within the United Nations system in the development and strengthening of the economy of the Territory.

2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

A. Constitution

5. An outline of the constitutional arrangements set out in the Cayman Islands (Constitution) Order, 1972, appears in the report of the Special Committee to the General Assembly at its twenty-eighth session. e/ Briefly, the structure of the Government consists of a Governor appointed by the Queen, an Executive Council and a Legislative Assembly. The Governor has responsibility for defence, external affairs, internal security, the police and the public service, and has reserved legislative powers necessary in the exercise of his special responsibilities. On other matters, however, he is normally required to consult the Executive Council in the formulation of policy and in the exercise of the powers conferred upon him.

6. The Executive Council consists of the Governor as its President, three official members appointed by him - the Chief Secretary and Leader of Government Business, the Financial Secretary (both Caymanians), and the Attorney-General (a New Zealander) - and four others, elected by the elected members of the Legislative Assembly from among their number and appointed by the Governor. The Governor at his discretion may charge any member of the Council with responsibility for any subject or department of the Government (other than those subjects exclusively reserved to him).

7. The Legislative Assembly is composed of: (a) the Governor, or the Speaker, when there is a person holding the office of Speaker; (b) the 3 official members of the Executive Council; and (c) 12 directly elected members.

8. In the absence of the Governor, the Chief Secretary is appointed acting Governor. Mr. Dennis Foster, Chief Secretary, acted as Governor of the Cayman Islands from mid-September to mid-November 1977, and presided over the Legislative Assembly at the budget presentation on 10 November 1977.

B. General elections

9. The first general elections under the present Constitution were held on

e/ Ibid., Twenty-eighth Session, Supplement No. 23 (A/9023/Rev.1), vol. V, chap. XXIV, annex, sect. B, paras. 5-13.

22 November 1972, and were not contested on a party basis. The 1976 elections were contested by 28 candidates, and although no political parties emerged, for the first time candidates in some constituencies campaigned in other electoral districts, thus campaigning together as a team. Five former members of the Legislative Assembly were returned and there were 7 new-comers.

10. Among the issues stressed by the newly elected members during their campaign had been the need: (a) to improve the unemployment situation; (b) to reduce government spending on capital projects which were producing insufficient or no income, and (c) to amend or discard the draft development plan. During the campaign, there had been divided opinions among the candidates on the question of internal self-government.

11. In a statement issued following the elections, the 12 elected members of the Legislative Assembly, among other points: confirmed their loyalty to Queen Elizabeth II and pledged to remain a Crown colony; confirmed that they did not wish or desire to seek further constitutional advances; assured the financial community that they would endeavour to improve and increase the advantages currently offered; and sought from the people and news media, their support and constructive, responsible criticism.

12. In late November 1976, four elected members were appointed to the Executive Council: Mr. Truman M. Bodden, Member for Health, Education and Social Services; Mr. George H. Bodden, Member for Agriculture and Natural Resources; Captain Charles L. Kirkconnell, Member for Communications, Works and Local Administration; and Mr. James M. Bodden, Member for Tourism, Aviation and Trade. All except Mr. Truman M. Bodden had had previous legislative experience.

13. It is reported that in December 1977 the Legislative Assembly passed legislation lowering the age of majority from 21 to 18 years of age.

C. Future status of the Territory

14. The United Nations Visiting Mission held discussions on the future status of the Territory with the Governor, the elected representatives and the general public while in the Territory, and with officials of the administering Power at London on 24 May 1977. The observations, conclusions and recommendations of the Mission are set out in paragraphs 486-511 of its report. f/ At the 1098th meeting of the Special Committee, on 13 September 1977, statements concerning the future status of the Territory were made by Mr. Truman Bodden, Member of the Executive Council for Health, Education and Social Services, and Mr. George Smith, member of the Legislative Assembly (A/AC.109/PV.1098 and A/AC.109/PV.1078-1107/Corrigendum). The Governor of the Cayman Islands was also present. In his statement, Mr. Bodden referred to the Mission's recommendation concerning constitutional advancement,

f/ Ibid., Thirty-second Session, Supplement No. 23 (A/32/23/Rev.1), vol. IV, chap. XXVI, annex.

and the concern of the people of the Territory in that regard. He stressed the fact that although the people were aware of the constitutional options available to them, they were happy with their present status. He called on the Committee to ensure that the right to self-determination of the Caymanian people was not eroded by forcing them to accept changes to their Constitution.

15. On 2 November, the representative of the United Kingdom made a statement in the Fourth Committee on the future status of the Territories under its administration, including the Cayman Islands. g/ He stated that visiting missions of the Special Committee had visited all but one of the dependent Territories of the United Kingdom in the Caribbean and had heard at first hand the views of the people about their own constitutional futures. In all cases, the reports of the visiting missions had confirmed that the people of those Territories had no wish for the moment to proceed to independence. In that connexion, he wished to thank the members of the Visiting Mission to the Cayman Islands for their sensitive, skilful and imaginative report. The debate on the report of the Special Committee had shown that there were unfortunately still those who did not accept that self-determination did not automatically mean independence, and certainly not independence regardless of the expressed wishes to the contrary of the people of the Territory. The dilemma facing small island Territories could not necessarily be solved by the granting of independence. That problem merited the careful attention of the United Nations. General Assembly resolution 1514 (XV) of 14 December 1960 provided a number of ways in which self-determination could be achieved. What might be appropriate for one Territory was not necessarily appropriate for another, and in future years his Government might find it necessary to consider new options and to show flexibility in order to ensure the full exercise of the right to self-determination by the inhabitants of all its remaining Territories.

Proposed petition

16. The publication of the report of the Visiting Mission, in particular, the recommendation that "there is room for constitutional advancement - falling short of full internal self-government - which would be in harmony with the expressed wishes of the islanders and with the economic constraints of the Territory", h/ gave rise to much debate in the Territory. On 8 September 1977, prior to the meeting of the Special Committee on the report (see para. 13 above), a meeting was held at West Bay, to discuss petitioning the Queen on the subject of constitutional change. Speakers at the meeting included Miss Annie H. Bodden, a member of the Legislative Assembly, Messrs. John D. Jefferson, a former legislator, John Bothwell, and James Lawrence, and Captain Cadian Ebanks. All stated their objections to further constitutional change, which they said would lead the way to independence, and urged the people to petition the Queen "to ensure that the wishes of the majority of the Caymanian people are fully respected, and that no constitutional changes be offered or granted at this time".

g/ Ibid., Fourth Committee, 12th meeting, paras. 12-21.

h/ Ibid., Thirty-second Session, Supplement No. 23 (A/32/23/Rev.1), vol. IV, chap. XXVI, annex, para. 491.

17. A week later, a second meeting was held on the steps of the Law Courts Building in George Town, where the speakers at West Bay were joined by Mr. Berkley Bush, former member of the Executive Council, and Mrs. Consuelo Ebanks. Some 400 people attended each of the meetings and it was hoped that 8,000 signatures would be obtained before the petition was sent forward.

D. Judiciary

18. On 13 April 1977, Mr. David Barwick, a New Zealander, was appointed Attorney-General. In September, two senior appointments to the judiciary were made: Sir John Compton Summerfield, formerly Chief Justice of Bermuda, succeeded Mr. Locksley Moody as Chief Justice of the Cayman Islands; and Mr. Wilton Hercules succeeded Charles Graham-Perkins as Magistrate.

E. Public service

19. Civil servants in the Territory were granted salary increases ranging from 8 to 10 per cent effective 1 April 1977. In making the announcement, the Governor stated that the Government also proposed to review policies relating to housing allowances and gratuities for civil servants, as well as the General Orders (conditions and terms of service) of the civil service. It was subsequently reported that the Civil Service Association had submitted its objections to a number of the recommendations of the revised General Orders, in particular the discontinuance of government-paid leave passages. This benefit is enjoyed by all permanent civil servants, and provides for travel abroad every five years, the destination depending on the government employee's rank in the service. The Association also objected to the proposal to establish a medical-aid scheme, which would replace the free medical treatment now available at government facilities. While accepting the contributory principle, the Association has requested additional time to study alternative medical plans.

20. On 2 March 1977, the Chief Secretary directed that in future, wives and dependants of expatriate civil servants seeking employment would have to obtain work permits from the Caymanian Protection Board. Under the new ruling, an initial permit for six months would be granted automatically, but renewal thereafter would be considered in the same manner as other work permit applications. This policy had been in force prior to 1972.

3. ECONOMIC CONDITIONS

A. General

21. Until the mid-1960s, the economy of the Cayman Islands was supported for the most part by remittances from Caymanian seamen serving in foreign ships. An economic boom began in the 1960s with the development of a modest tourist industry, the passage of tax-haven legislation in 1966 and the consequent growth of the

construction industry to meet the need for commercial buildings, office space, hotel accommodation and a better standard of local housing.

22. The economic growth rate of the Territory between 1966 and 1974 attained 15 per cent annually, but suffered a decline in 1975 owing to the effects of the world recession and inflation. As a result of these factors, the construction industry declined somewhat, leading to unemployment in the Territory for the first time in a decade. The Government attempted to combat inflation by adopting tighter budgetary measures in 1976 and 1977, cutting back capital expenditure and delaying other projects. The tourism and international financial sectors resisted the recession well, and projections for 1977 indicated an improvement in the construction industry. It is reported that inflation during 1977 was held at just above 6 per cent, down from 17.7 per cent in 1974. In his budget address in November 1977 (see para. 30 below), the Financial Secretary indicated that new measures to increase revenue were being introduced, largely affecting the international financial industry, but that the rate of increase was being kept at a moderate level in order to maintain the attractiveness of the Cayman Islands to that industry. In addition, reasonable growth of the economy was expected in 1978, with the contribution of the oil-transfer operation and ship registrations (see paras. 42-43 below). Detailed trade statistics for 1977 are not available at present, but it is believed that imports increased substantially during 1977, compared with the 1976 figure of \$CI 29.8 million. i/ Reports indicate that the total tonnage shipped via Jamaica into the port of George Town during the first seven months of 1977 was more than the total for 1976. Some of the increase is attributed to the container service recently initiated on a weekly basis from Jamaica by Kirk Lines. This fast-growing market in the Cayman Islands has now attracted the interest of Jamaican exporters who hope to benefit from it. Although more than 70 Jamaican manufacturers and producers currently export to the Cayman Islands, the bulk of the Territory's trade is with the United States of America. A new company, International Marketing Communications, Ltd., has been established by Jamaican and Caymanian interests to serve the needs of Jamaican exporters to the Caymanian market.

B. Development plan

23. Detailed information on a proposed land-use development plan for the period 1975-1990 is contained in the two previous reports of the Special Committee. j/ The proposed plan was prepared by a team of experts under the auspices of the Central Planning Authority (CPA), in accordance with the Planning and Development

i/ The local currency is the Caymanian Islands dollar (\$CI). In early 1974 it was linked with the United States dollar and revalued. Under current rates of exchange, \$CI 1.00 is equivalent to \$US 1.20.

j/ Official Records of the General Assembly, Thirty-first Session, Supplement No. 23 (A/31/23/Rev.1), vol. IV, chap. XXIX, annex, sect. A., paras. 10-17; and ibid., Thirty-second Session, Supplement No. 23 (A/32/23/Rev.1), vol. IV, chap. XXVI, annex, paras. 58-61 and 94-96.

Law, 1971, and was published in draft form on 27 March 1975. The basic objective of the plan was to outline a pattern of land use, taking into consideration present physical and economic realities. Following its publication, the draft plan was widely disseminated throughout the Territory in order to obtain the reactions of the general public. In light of the objections and recommendations made by some sectors of the population, in particular, the residents of Cayman Brac, CPA submitted a modified statement in December 1975.

24. An Appeals Tribunal, provided for under the Planning and Development Law and composed of a United Kingdom expert, Mr. I. Wyn Pugh, as Chairman, and four Caymanian members, was established to hear all objections and representations. During January and February 1976, public inquiries were held on Grand Cayman and Cayman Brac and CPA placed submissions on the plan before the Tribunal. The amended version of the plan laid before the Legislative Assembly on 3 March 1977, therefore comprised: the proposed development plan of 1975; the modifying statement of December 1975; the report of the Tribunal of April 1976, and the comments of CPA of July 1976. The public was given two months (March to May 1977) to make their views known to their representatives, before debate on the new plan began in the Assembly.

25. On 24 May 1977, the Legislative Assembly approved the Planning Statement for the Cayman Islands, 1977, as the development plan for the Territory. In the introduction, it is stated that "the present plan takes the form more of practical guidelines to be applied with flexibility, understanding and common-sense". Its stated objective is "to maintain and enhance the environmental character of the Cayman Islands and the well-being and prosperity of its people".

26. The following policies are put forward to attain this objective:

(a) To accommodate to the best advantage the present and future population of the Territory, taking into account the quality of life, their economic well-being and individual requirements;

(b) To maintain and further develop the tourist and banking industries;

(c) To promote self-sufficiency in the Territory through the development of the manufacturing, service and food production industries;

(d) To improve the commercial areas of the islands;

(e) To preserve and adapt the environment of the Territory through protection and enhancement of its natural beauty;

(f) To maintain and improve the internal and external communication systems;

(g) To minimize road traffic congestion;

(h) To encourage the conservation of fresh water.

27. The plan makes specific proposals for Grand Cayman, and includes a map designating the various zones, e.g., residential, commercial, hotel and tourist-related, agricultural, residential, scenic shoreline, industrial, etc.

28. In accordance with the Appeals Tribunal's recommendations, specific guidelines have been suggested for the Development Control Board, which controls development on Cayman Brac and Little Cayman.

C. Financial developments

29. An international financial community has developed in the Territory because of its status as a tax haven, its bank-secrecy laws, its accessibility and its stability. This community comprises commercial banks and other financial institutions, which provide a wide range of services to international clients. It is one of the two main sectors of the economy. In 1977, there were 237 banks and trust companies registered, and 8,158 companies (4,629 ordinary, 3,325 exempt, and 204 foreign companies).

30. In his budget address on 10 November 1977 (see para. 48 below), Mr. Vassal G. Johnson, the Financial Secretary, set out fiscal recommendations for 1978, which would have the effect of increasing revenue from the international financial industry. The increases were characterized as modest, and Mr. Johnson stated that there was no intention of shifting the burden of tax responsibility to that sector. Even with the proposed increases, the Cayman Islands would remain attractive in comparison with other tax havens. The Financial Secretary also mentioned that the Government had enjoyed the co-operation of the financial community over the years, and had every expectation that it would continue to do so.

31. The proposed measures set out below were expected to become effective 1 January 1978 by amendment to the Companies Law; it was anticipated that revenue would increase by \$CI 600,000 to \$CI 2.0 million. The new rates (in Cayman Island dollars) would be as follows:

	<u>Ordinary companies</u>				Exempt companies		Foreign companies	
	Resident 1977	Resident 1978	non-resident 1977	non-resident 1978	1977	1978	1977	1978
Incorporation fees								
Percentage of authorized capital	.05		.05		.10		-	-
Minimum	100	150	300	400	600	750)	300	400
Maximum	1 000	1 200	1 000	1 200	1 600	1 800)		
Annual fees								
Percentage of authorized capital	.025		.025		.05		-	-
Minimum	50	75	150	200	300	375)	150	200
Maximum	500	600	150	600	1 000	1 200)		

D. Tourism

32. The development of the tourist industry in the Territory began with the active promotion of tourism by the Tourist Board in 1965. Mr. Eric J. Bergstrom was appointed Chairman of the Board in 1966 and, following the establishment of the Department of Tourism as a government department in 1974, became its Director of Tourism.

33. From 1966 to 1974, the tourist industry achieved high rates of growth, with the number of tourists and visitors increasing from 8,244 to 53,104. In 1975, the industry was adversely affected by economic conditions in the developed countries and the number of arrivals increased by only 2 per cent to 54,145. The situation was reversed, however, in 1976, when there was a record number of tourist arrivals by air: 64,875, some 20 per cent over the 1975 figure. In 1977, the number of tourists arriving by air was 67,197 and with the inclusion

of cruise ship passengers, the total number of visitors was 108,670, both figures representing an increase of 3 per cent over 1976. Approximately 75 per cent of all visitors came from the United States. Cruise ship visits were expected to increase in 1978, with the inclusion of five visits by the Daphne of Carras Delian Cruises.

34. Between 1968 and 1975 tourist promotion offices were established at Miami, Chicago and New York; in September 1977 another office was opened at Houston, from which city it is hoped that direct air service can be established.

35. At the end of 1976, the number of hotels in the Territory stood at 15, the largest of which had 183 rooms. There were also a large number of apartments, villas and cottages for rent to visitors. On Cayman Brac, a new 33-room hotel, the Brac Reef Hotel, was to be opened on 1 December 1977. On Grand Cayman, ground was broken on 12 November 1977 for construction of the 152-room Grand Hotel on Seven Mile Beach, k/ which is expected to become part of the Ramada Inn chain. The completion of the hotel, which is being promoted by Mr. H. B. Foster, a former resident of Cayman Brac, is scheduled for December 1978. Late in December 1977, 16 luxury rooms were opened at the Beach Club Colony, bringing the total number of rooms at that facility to 50. Scheduled for completion in 1978 are an additional 12 apartments at Spanish Bay Reef, thereby doubling the available capacity, at an estimated cost of \$CI 250,000.

36. In October 1977, it was reported that the Central Planning Committee, a statutory body established under the Development and Planning Law, 1971, had approved in principle the development of a condominium hotel complex at West Bay, which would cost approximately \$CI 5 million.

37. At a meeting in October 1977, the Cayman Islands Hotel Association spelled out the importance of hotels to the territorial economy. It was stated that the hotels represented a \$CI 30 million investment with a further \$CI 3.6 million projected for the next two-year period. In 1976/77, \$CI 2.5 million had been paid out in salaries to the mostly Caymanian staff of the hotels; \$CI 396,000 had been paid to the Government for fees, permits and room taxes; and \$CI 275,000 had been spent on advertising and promotion locally and abroad. In addition, \$CI 20,000 had been spent on the training of local staff in the past 18 months.

38. On 11 July 1977, the newly established Cayman Islands Tourist and Industry Board held the first of a series of formal training courses for those employed in the tourist industry and related fields. The expenses of the Board are borne by the Government through the Tourism Training Fund.

E. Agriculture, livestock and fishing

39. The development of agriculture in the Territory is hindered by the scarcity of farmland, the shortage of skilled labour and the inadequacy of access roads

k/ Ibid., (A/32/23/Rev.1), vol. IV, chap. XXVI, annex, para. 113.

to agricultural areas. Recent surveys indicate that the amount of land suitable for farming is about 2,428 hectares rather than, as previously thought, 1,500 hectares. The Government hopes to increase the rate of agricultural growth in order to meet the needs of the local market, and eventually lessen dependency on food-stuffs imported from the United States. At the May session of the legislature, a customs law was presented, under which agricultural equipment would be exempt from duty.

40. Although livestock production is the main farming enterprise, production of fresh fruit and vegetables is steadily increasing. The leading producers are Caledonian Farms, Island Vegetables, Cayman Poultry Farm (bought from the owners of Bothwell's Poultry and Beef Farm) and a hydroponics unit. Cayman Poultry Farm is the major egg producer in the Territory, but in late November 1977 had run into the same difficulty as its predecessor - i.e., the production of eggs at a higher price than the imported item. An appeal to the Government either to ban the importation of eggs or to raise the tariff on them was not successful, and the owners were considering converting the farm to a full-scale agricultural operation. As noted in the previous report of the Special Committee, Mariculture, Ltd., the commercial sea turtle farm, was bought by a new company in which the Cayman Island Government holds shares, and renamed Cayman Turtle Farm, Ltd. The Cayman Brac Orchid Farm, comprising investors from Cayman Brac and the United States was founded early in 1977 to cultivate the 20 types of orchids found on Cayman Brac for export to the United States.

F. Industries

41. The need to diversify the Cayman Islands economy, which is at present heavily dependent on tourism and international finance, is recognized by the Government, which early in 1977 offered incentives for the establishment of new industries. The incentives were mainly the waiver of duties on imported goods and equipment, although the Government promised to consider other concessions once approval had been given for the establishment of a local industry. Several light industries were set up following the Government's announcement, including an assembly plant for mopeds to serve the Caribbean market; Raymar Creations, Ltd., a producer of ceramics for the tourist trade; Cayman Miracle Paint Company, Ltd.; Precision Tool and Die, Ltd.; and Cayman Aluminium Products, Ltd., the last two aimed at the export and local markets, respectively. Another industry, with an employment possibility for 15 to 90 unskilled persons, was under consideration for possible establishment early in 1978. The Cayman Coffee Corporation, Ltd. plans to process coffee from Central American countries into a concentrated form of "coffee tablet". Production would be geared to the export market, in particular commercial dealers.

42. In his budget address in March 1977, the Financial Secretary announced that, with the appointment of the Registrar of Companies as the Registrar of Shipping, the first step had been taken towards the establishment of a port of registry. Under the auspices of the British Development Division in the Caribbean, an adviser on ship registration spent a week in the Territory in November 1977, and held discussions with government officials, members of the Chamber of Commerce and local lawyers and bankers concerned with ship registration.

43. The oil transshipment operations on Little Cayman, referred to in the previous report of the Special Committee, 1/ commenced on 24 June 1977. This first phase of development - the ship-to-ship transfer of oil off Little Cayman - is reported to involve an investment by Cayman Energy, Ltd. of \$US 2.5 million. Talks between the Government and Cayman Energy on the second phase of the operation - the ship-to-shore transfer of oil - were concluded on 25 November 1977. Feasibility studies conducted by a United Kingdom expert and by Merrill, Lynch, Pierce, Fenner and Smith, Inc., United States investment brokers, rate the prospects of the venture as excellent. Cayman Energy plans to invest a total of \$US 100 million in the project which, when completed, will comprise one of the world's largest oil-storage terminals. The Government is to receive royalties on a per-barrel basis, which amounted to \$US 33,000 per month for November and December 1977.

G. Communications and basic facilities

44. In an effort to keep capital expenditure down, the road programme of the Territory has been scaled down since 1976. The 1978 budget estimates contained a provision for \$CI 342,000 to continue reconstruction of roads on Grand Cayman and Cayman Brac.

45. Proposals to expand the airfield and the terminal building at Owen Roberts Airport on Grand Cayman were also affected by budgetary cuts. It is instead proposed to refurbish the terminal building within a total expenditure of some \$CI 150,000. On Cayman Brac, work was to begin early in 1978 on the extension of the runway at Gerrard Smith Airport. The extension of the landing strip to 1,585 metres involves the purchase of land from 12 separate owners, with whom negotiations are under way. The cost of this project will be met in part from aid funds amounting to \$US 365,000 granted by the European Economic Community (EEC).

46. The expansion of the port of George Town was completed during the year, at a cost of more than \$CI 4 million, and the port was formally opened on 16 July 1977. A large portion of the cost was met through loans from the Caribbean Development Bank. The port, which now has a capacity of 200,000 metric tons per annum, was put under the management of a port authority whose chairman, manager and accountant attended a workshop on port management, organized by the Caribbean Development Bank in Barbados. By the end of 1977, it was reported that revenue from increased port fees was \$CI 25,000 per month, enough to service the loan for the construction of the port.

47. The arrangements between Líneas Aéreas Costarricenses, S.A. (LACSA) and Cayman Airways, Ltd. (CAL) for the provision of scheduled air service between the Territory, Miami (United States), Jamaica and Costa Rica, came to an end on 30 November 1977. On 1 December 1977, under an agreement with Air Florida, CAL began DC-9 service between Grand Cayman, Miami and Jamaica, as well as a cargo

1/ Ibid., para. 126.

schedule between Grand Cayman and Cayman Brac. Training of CAL flight attendants and pilots was to be completed by early January 1978, after which flights would be totally staffed by Caymanian personnel. CAL also has the option to lease-purchase a slightly larger DC-9 in May 1978, which would be used exclusively by CAL to provide additional service at peak periods. LACSA continues to offer service between the Territory, Miami and Costa Rica; Southern Airways, Inc. also covers the Miami-Grand Cayman route.

H. Public finance

48. On 10 November 1977, Mr. Johnson, the Financial Secretary, presented the 1978 budget to the Legislative Assembly. Expenditure was estimated at \$CI 15.9 million and revenue at \$CI 15.9 million. In 1977, revenue was estimated at \$CI 12.7 million and expenditure at \$CI 13.7 million, leaving a deficit of \$CI 958,324.

49. In his presentation, the Financial Secretary stated that since the budget session of March 1977, there had been continuing signs of improvement in the economic activities of the Cayman Islands. Although ordinary revenue for 1978 was estimated at \$CI 13.8 million, legislation would be introduced by early 1978 to give effect to increases in the areas of customs and the Post Office (including stamp duty on land transactions and companies fees) which, together with royalties from the oil transshipment operations, would bring total ordinary revenue to \$CI 14.7 million. Capital aid for 1978 would amount to \$CI 1.2 million as follows: United Kingdom aid loans, \$CI 801,258; European Development Fund, \$CI 304,166; and local loans, \$CI 100,000. This would provide a total revenue of \$CI 15.9 million.

50. Expenditure totalling \$CI 15.9 million was estimated as follows: on the recurrent account, \$CI 13.0 million; new services, \$CI 164,949; capital, \$CI 2.8 million. The balance of \$CI 5,755 in 1978 would go towards the 1977 deficit (see para. 48 above).

51. Capital expenditure for 1978 from local revenue included allocations for the following projects: (a) road construction on Grand Cayman and Cayman Brac, \$CI 342,000; (b) provision of land for playing-fields, new prison sites and airports on Cayman Brac and Grand Cayman, \$CI 289,000; (c) replacement of aircraft for aerial spraying and other equipment for the Mosquito Research and Control Unit (MRCU), \$CI 184,650; (d) acquisition of new government vehicles, \$CI 123,800; (e) improvements to medical facilities, \$CI 120,000; (f) additional school buildings, \$CI 120,000; and (g) construction of a civic centre on Cayman Brac, \$CI 100,000.

52. Under the British aid loans allocation the following major projects would be financed: (a) airport equipment for Grand Cayman and Cayman Brac, \$CI 254,000; (b) Cayman High School building programme, \$CI 140,000; (c) new prison (phase one), \$CI 120,000; and (d) subpolice stations, \$CI 57,000.

53. For the period 1972-1976, the United Nations Development Programme (UNDP) assigned an undistributed indicative planning figure for the Caribbean area (including the Cayman Islands). The country programme for the area, based on the indicative planning figure, as approved by the Governing Council of UNDP in early 1974 for the period 1974-1978, was adjusted accordingly. Total funds available to the Territory for 1967-1975 amounted to \$US 772,178, while assistance provided during the year 1976 totalled \$US 142,553. The indicative planning figure for the period 1977-1981 is \$US 700,000. The Cayman Islands also participated in multi-island country and regional projects during the period under review.

4. SOCIAL CONDITIONS

A. Labour

54. Under the Caymanian Protection Law, 1971, the Caymanian Protection Board is responsible for all immigrant labour through the issue of gainful occupation licences; it is also responsible for the control of immigration and the granting of trade and business licences. Gainful occupation licences are normally granted annually for a specific occupation. In December 1977, the Financial Secretary announced that the cost of the licence would be increased to \$CI 750 per annum.

55. The functions of the Caymanian Protection Board in regard to immigration include the determination of Caymanian status in cases of doubt, the granting of Caymanian status and the determination of immigration appeals. As previously reported, m/ amendments were made in March 1977 to the Cayman Protection Law, 1971, in respect of the acquisition of Caymanian status. In future, British subjects registered as citizens of the United Kingdom and colonies in the Territory, who had previously been granted Caymanian status automatically would only be entitled to permanent residence; and a child born in or outside the Territory would only have Caymanian status if one parent was Caymanian and both were domiciled in the Territory. Otherwise he would be entitled to permanent residence.

56. Provision is also made for the granting of permanent residence status within six months, instead of one year, to retired persons and those with an outside income. Those with the right to permanent residence are not entitled to work without a trade or business or gainful occupation licence.

57. In mid-August 1977, the Government increased the annual quota for the grant of Caymanian status from 12 to 40, including dependants. In a statement issued to the press, the members of the Executive Council pointed out that the former policy had "resulted in a backlog which had reached probably 17 years, and it was therefore impossible for most persons to get status". The Caymanian Protection

m/ Ibid., paras. 146-152.

Board was therefore directed to process applications in groups of 30, including dependants, until 190 applications had been dealt with.

B. Public health

58. Medical services in the Territory are under the supervision of the elected member for Health, Education and Social Services in the Executive Council. The Chief Medical Officer is in charge of the government hospital on Grand Cayman, and the locally funded hospital on Cayman Brac. There are government clinics at West Bay and Bodden Town, staffed with resident nurses, and clinics at East End and North Side visited by the nurse from Bodden Town.

59. The George Town hospital is staffed by 5 resident doctors, a matron, 5 sisters, 15 staff nurses and 20 practical nurses, as well as auxiliary personnel. Revenue from the hospital for the first half of 1977 was in excess of \$CI 61,000, compared with \$CI 59,500 in 1976. Cayman Brac Faith Hospital is served by one doctor and several nurses. There are also a number of physicians in private practice.

60. During 1977, Dr. Arthur Bloom of Columbia University (New York), conducted a six-week study of genetic diseases in the Territory which was financed by the Pan-American Health Organization (PAHO) and the Cayman Islands Government. On 13 October, he presented his report to the Government with a recommendation that a permanent programme of genetic disease prevention, counselling and management be established.

61. The Government is reported to be seeking funds for this long-term programme, possibly from the United Nations Fund for Population Activities, and has sent Mr. Linford Pierson, Principal Secretary of the Department of Health, Education and Social Services, to New York to study a genetics programme in operation.

62. Mosquito control in the Territory is receiving increased importance due to the economic importance of the tourist trade. Accordingly, as part of its capital expenditure for 1978, the Government allocated to MRCU the sum of \$CI 184,650, for the replacement of aircraft for aerial spraying and other equipment.




C. Social services

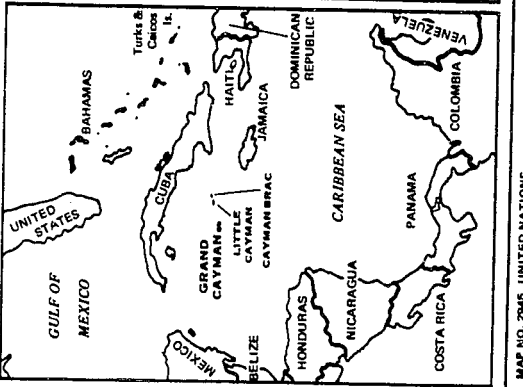
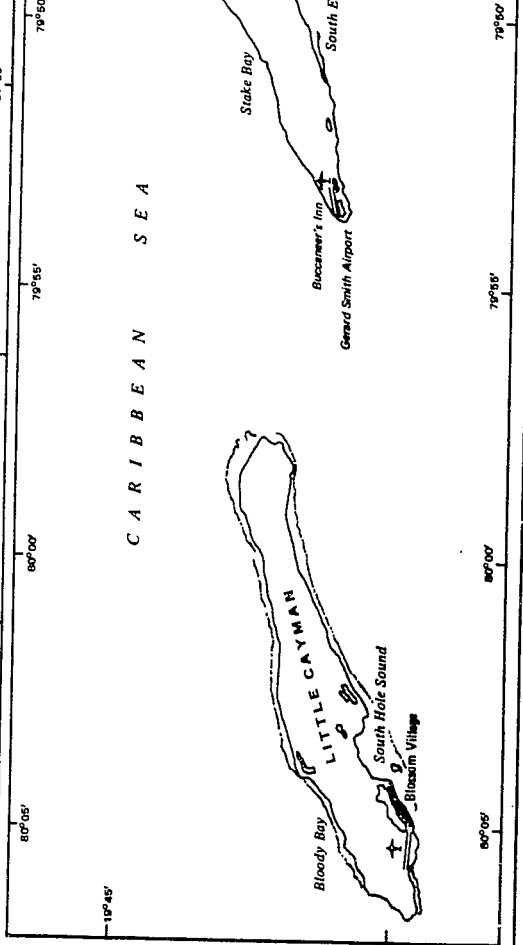
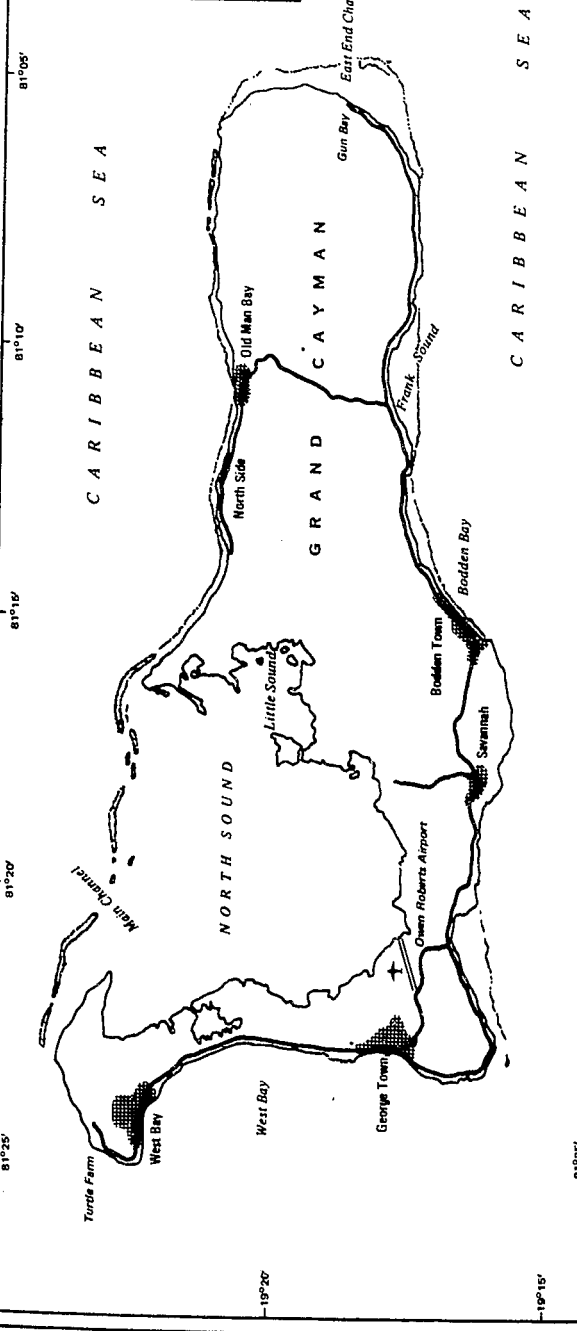
63. Social services in the Territory are carried out by the National Council of Social Service (NCSS), which was established in 1975 with the participation of the Government, private institutions and individuals. Projects completed by NCSS since its inception include the founding of day-care centres, a school for handicapped children and a community library. During May 1977, an adviser in social development visited the Territory under the auspices of the British Development Division, to discuss with the Government the restructuring of the social services.

5. EDUCATIONAL CONDITIONS

64. The educational system is the responsibility of the elected member for Health, Education and Social Services in the Executive Council, who is advised by the Educational Council in the formulation of policies and in regulating the management of government schools. Education is free and compulsory for children between the ages of 5 and 15 years.
65. There are nine government primary schools, three of which are on Cayman Brac. At the beginning of the 1977/78 academic year, total primary enrolment was 1,500, with a staff numbering 59. Enrolment at the two government secondary schools was 1,405 students, with a staff of 101. There are six private schools, including two at the secondary level. Enrolment at these schools in 1977/78 was 387 at the primary level, 480 at the secondary.
66. The Territory is not able to supply all the teachers required; a large number are therefore recruited from the United Kingdom, the Caribbean region, the United States and Canada. At the beginning of the 1977/78 school year, the number of teachers had increased from 134 to 154, but the number of Caymanians teaching dropped from 47 to 44, apparently as a result of teachers leaving to attend institutions of higher education abroad.
67. The International College of the Cayman Islands (ICCI), an independent private institution affiliated with several United States universities, is in its eighth year of operation in the Territory. It offers a variety of courses, some leading to the associate and bachelor degrees.
68. In 1977, government expenditure on education amounted to \$CI 1.9 million.

CAYMAN ISLANDS

-  Town/village
-  Airport/airstrip
-  Principal road



CHAPTER XXVI *

UNITED STATES VIRGIN ISLANDS

A. Consideration by the Special Committee

1. At its 1102nd meeting, on 1 February 1978, by adopting the suggestions relating to the organization of the Committee's work put forward by the Chairman (A/AC.109/L.1205), the Special Committee decided, inter alia, to refer the United States Virgin Islands to the Sub-Committee on Small Territories for consideration and report.
2. The Special Committee considered the Territory at its 1113th and 1115th meetings on 9 and 10 August.
3. In its consideration of the item, the Special Committee took into account the provisions of the relevant General Assembly resolutions, including in particular resolution 32/42 of 7 December 1977 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 13 of that resolution, the Assembly requested the Special Committee, inter alia, "to continue to seek suitable means for the immediate and full implementation of General Assembly resolution 1514 (XV) in all Territories which have not yet attained independence and, in particular: ... to formulate specific proposals for the elimination of the remaining manifestations of colonialism and to report thereon to the General Assembly at its thirty-third session". The Committee also took into account General Assembly resolution 32/31 of 28 November 1977 concerning the United States Virgin Islands. By paragraph 11 of that resolution, the Assembly requested the Special Committee "to continue the examination of this question at its next session in the light of the findings of the 1977 Visiting Mission, including the possible dispatch of a further mission ... at an appropriate time and in consultation with the administering Power ...".
4. During its consideration of the Territory, the Special Committee had before it a working paper prepared by the Secretariat (see annex to the present chapter) containing information on the latest developments concerning the Territory.
5. The representative of the United States of America, as the administering Power concerned, participated in the work of the Special Committee during its consideration of the item.
6. At the 1113th meeting, on 9 August, the Rapporteur of the Sub-Committee on Small Territories, in a statement to the Special Committee (A/AC.109/PV.1113), introduced the report of that Sub-Committee (A/AC.109/L.1248) containing an account of its consideration of the Territory. The Chairman made a statement (A/AC.109/PV.1113).
7. At the 1115th meeting, on 10 August, the Special Committee adopted the report without objection and endorsed the conclusions and recommendations contained therein (see para. 9 below).

* Previously issued as part of A/33/23/Add.5.

8. On 11 August, the text of the conclusions and recommendations was transmitted to the Permanent Representative of the United States to the United Nations for the attention of his Government.

B. Decision of the Special Committee

9. The text of the conclusions and recommendations adopted by the Special Committee at its 1115th meeting, on 10 August, to which reference is made in paragraph 7 above, is reproduced below:

(1) The Special Committee reaffirms the inalienable right of the people of the United States Virgin Islands to self-determination and independence in conformity with the Declaration on the Granting of Independence to Colonial Countries and Peoples, contained in General Assembly resolution 1514 (XV) of 14 December 1960.

(2) Fully aware of the special circumstances of the United States Virgin Islands, owing to such factors as its size, geographical location, population and limited natural resources, the Special Committee reiterates the view that these circumstances should in no way delay the speedy implementation of the Declaration, which fully applies to the Territory.

(3) The Special Committee notes the increased co-operation given by the United States of America, both through its active participation in the work of the Committee and its willingness to receive visiting missions to small Territories under its administration. In this regard, the Committee notes the report of the 1977 United Nations Visiting Mission to the United States Virgin Islands. ^{1/} The Committee invites the administering Power to give favourable consideration to receiving further missions to the Territory at an appropriate time.

(4) The Special Committee takes note of the recent political and constitutional developments in the Territory, in particular the calling of a constitutional convention to draft a constitution for the Territory. The Committee reaffirms that it is the obligation of the administering Power, in consultation with the territorial Government, to continue to take all necessary measures to enable the people of the Territory to exercise fully their right to self-determination in accordance with the relevant provisions of the Charter of the United Nations and resolution 1514 (XV). In this connexion, the Committee welcomes the assurances given by the representative of the administering Power that the United States Government will continue to respect the freely expressed wishes of the people of the Territory. The Committee urges the administering Power, in co-operation with the territorial authorities, to ensure that the people of the United States Virgin Islands are fully aware of all the options open to them consistent with the Declaration.

^{1/} Official Records of the General Assembly, Thirty-second Session, Supplement No. 23 (A/32/23/Rev.1), vol. IV, chap. XXVII, annex.

(5) The Special Committee urges the administering Power, with the co-operation of the territorial Government, to take effective measures for guaranteeing the right of the people of the United States Virgin Islands to own and dispose of the natural resources of the Territory and to establish and maintain control of their future development.

(6) The Special Committee expresses the view that measures to promote economic development of the United States Virgin Islands are an important element in the process of self-determination, and to this end calls upon the administering Power, together with the Government of the United States Virgin Islands, to take all measures necessary to achieve a stable and viable economy in the Territory.

(7) In this connexion, the Special Committee takes note of the steps which have been taken to expand the manufacturing sector as well as those aimed at revitalizing the agricultural sector. The Committee further notes the proposal of the Governor's Economic Policy Council to present for public discussion a set of economic development policy guidelines designed to promote development of the local economy.

(8) The Special Committee notes that, through the United States Government, the Territory participates in several regional organizations such as the Caribbean Group for Co-operation in Economic Development formed by the World Bank, and urges the administering Power, in consultation with the local authorities, to continue strengthening co-operation between the Territory and the other Caribbean countries.

(9) The Special Committee takes note of certain measures being taken or proposed to strengthen the necessary climate of public safety in the Territory, and particularly welcomes the various programmes recently suggested by the Governor which are aimed at launching the majority of the young people into the mainstream of public and economic affairs.

ANNEX*

Working paper prepared by the Secretariat

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* Previously issued under the symbol A/AC.109/L.1234.

UNITED STATES VIRGIN ISLANDS a/

1. GENERAL

1. Basic information on the Territory is contained in the report of the Special Committee to the General Assembly at its thirty-second session. b/ Supplementary information is set out below.

2. The United States Virgin Islands, situated some 40 nautical miles east of Puerto Rico, comprises about 50 islands and islets, of which 3 are inhabited and of economic importance. They are St. Croix (218 square kilometres), St. Thomas (73 square kilometres) and St. John (52 square kilometres).

3. At the last census, taken in 1970, the population of the Territory totalled 62,468, an increase of 30,369 persons over the 1960 census figure of 32,099. The 1970 census figure was subsequently revised upwards by the territorial Government to 75,151, the Government contending that non citizens had not complied with census arrangements.

4. Immigration has contributed substantially to the growth of the population of the Territory. During the 1960s, the islands experienced an economic boom based largely on tourism, with significant growth also in manufacturing activity. Over this period, the population was sharply increased by the addition of numbers of persons from the continental United States and other areas of the West Indies. There was also a continuous influx of Puerto Ricans. In 1970, approximately 40 per cent of the inhabitants were United States Virgin Islanders by birth, 24 per cent were from the West Indies, 15 per cent were from Puerto Rico, 12 per cent were from the continental United States and 9 per cent were from Europe.

5. In the light of the recent rapid growth in population and the emergence in 1970 of a downward trend in the local economy, the United States Government helped the territorial Government to deal with the problem of aliens. As a consequence, the average annual rate of population growth was reduced to 3.3 per cent during the years 1971/72-1975/76 (8.8 per cent during 1970/71).

a/ The information contained in this paper has been derived from published reports and from information transmitted to the Secretary-General by the Government of the United States of America under Article 73 e of the Charter of the United Nations between 11 April and 25 May 1978, for the period from 1 July 1975 to 30 April 1978.

b/ Official Records of the General Assembly, Thirty-second Session, Supplement No. 23 (A/32/23/Rev.1), vol. IV, chap. XXVII, annex.

In January 1977, the population was officially estimated at 100,000 (of whom 49,600 lived on St. Croix, 48,000 on St. Thomas and 2,400 on St. John). This figure indicates that with the resumption of the positive growth in tourist trade begun in mid-1976, the recent declining trend in the population was reversed. On 10 March 1978, after having been sworn in as the new Lieutenant Governor of the United States Virgin Islands, Mr. Henry A. Millin, a former banker, said in a speech that one of the major problems confronting the Territory was the rapidly increasing population from elsewhere and the demands on its public and community services.

6. In response to an invitation from the Government of the United States, a United Nations mission visited the Territory in April 1977, and reported its findings to the Special Committee. c/ At its 1100th meeting, on 20 September, the Special Committee adopted a consensus concerning the Territory. d/

7. On 28 November, 1977 the General Assembly adopted resolution 32/31 concerning the United States Virgin Islands, in which among other things, it requested the administering Power to continue to take all necessary measures, in consultation with the territorial Government, to enable the people of the Territory to exercise fully their right to self-determination in accordance with the relevant provisions of the Charter of the United Nations and the Declaration on the Granting of Independence to Colonial Countries and Peoples. The administering Power was also requested to encourage further and meaningful discussion regarding the political and constitutional status of the Territory and to take such additional measures as would ensure preservation of the identity and cultural heritage of the local people. The Assembly also called upon the administering Power, together with the territorial Government, to take all measures necessary to achieve a viable and stable economy in the Territory, and, in the light of the conclusions and recommendations of the Visiting Mission, e/ to continue to enlist the assistance of the specialized agencies and other organizations within the United Nations system in the development and strengthening of the local economy. It further urged the administering Power, with the co-operation of the territorial Government, to take effective measures for guaranteeing the right of the people of the United States Virgin Islands to own and dispose of the natural resources of the Territory and to establish and maintain control of their future development.

c/ Ibid.

d/ Ibid., chap. XXVII, para. 12.

e/ Ibid., annex, paras. 364-381.

2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

A. Constitution

8. The basis of the Territory's administrative, legislative and judicial system is the Revised Organic Act of the Virgin Islands, 1954, as amended, 1968-1972, which was written by the United States Congress. The main features of the present constitutional arrangements are outlined below.

Administration

9. The Governor and the Lieutenant Governor are elected jointly by a majority of the votes cast in a single vote, applicable to both offices, for a period of four years. A candidate for the office of Governor or Lieutenant Governor must be an eligible voter and must have been a citizen of the United States as well as a bona fide resident of the United States Virgin Islands for five consecutive years immediately preceding the election; he must also be, at the time of taking office, at least 30 years of age. The second gubernatorial election was held on 5 November 1974 and was contested by the three political parties of the Territory: the Democratic Party of the Virgin Islands (DPVI), the Progressive Republican Party of the Virgin Islands (PRPVI) and the Independent Citizens Movement (ICM), founded by former members of DPVI. As no candidate received a majority of the votes cast, a run-off election took place on 19 November. As a result, Messrs. Cyril E. King and Juan Francisco Luis of ICM were elected Governor and Lieutenant Governor respectively.

10. On 2 January 1978, following Mr. King's death, Mr. Luis became the Governor and will hold office for the unexpired term until January 1979. On 28 February 1978, the Legislature unanimously confirmed Mr. Henry A. Millin as the new Lieutenant Governor.

11. Until 2 January 1978, the Cabinet was composed of the Governor, the Lieutenant Governor and 18 other members, each in charge of the following departments: agriculture; budget; civil defence; commerce; conservation and cultural affairs; consumer services administration; education; finance; health; housing and community renewal; law; labour; personnel; planning; property and procurement; public safety; public works; and social welfare.

12. During most of the first three months of the year, Governor Luis, with the consent of the Legislature, took steps to reorganize the Cabinet, involving the Lieutenant Governor (see above) and five other members, one of whom was Director of the Bureau of Corrections (a newly created post). The Governor also announced the appointment of his assistant, legal counsel and press secretary as well as two new administrative assistants responsible for St. Thomas and St. Croix respectively.

13. The Governor is responsible for the administration of all activities of the executive branch, the appointment and removal of all officers and employees of that branch, and the execution of federal and local laws (including the

application in the United States Virgin Islands of those provisions of the Constitution of the United States and its amendments to the extent that it is not inconsistent with the status of the Territory as an unincorporated Territory of the United States). The Governor may recommend bills to the Legislature and veto any legislation as provided in the Revised Organic Act. He has the power to issue executive orders and regulations not in conflict with any applicable law. He submits an annual report to the United States Secretary of the Interior on the state of the Territory for transmission to the United States Congress. The Governor may be removed from office by a referendum election, if the number of votes cast in favour of his recall is at least two thirds of the number of votes cast for him at the last preceding general election, and if these are a majority of all those voting in the referendum election.

14. The Secretary of the Interior has the power to appoint a Government Comptroller for the Territory, who may not be a member of any executive department of the territorial Government, and whose functions include improvement of the efficiency and economy of government programmes and the auditing and supervision of the use of federal funds.

Legislature

15. The legislative power in the Territory is vested in a unicameral Legislature, consisting of 15 senators elected by universal adult suffrage for a two-year term: 7 from St. Croix, 7 from St. Thomas and 1 who must be a resident of St. John, elected at large by the voters of all the islands. To be eligible for membership in the Legislature, a person must be a citizen of the United States, aged 25 years or over and a resident of the Territory for at least three years. The Governor is empowered to fill any vacancy in the office of a member of the Legislature by appointment. Regular sessions of the Legislature are held annually, commencing on the second Monday in January (unless a different date is fixed by law). The Governor may call special sessions of the Legislature at any time when, in his opinion, the public interest may require it.

16. To be eligible to register as a voter, a person must be a citizen of the United States, aged 18 years or over and a resident of the Territory for one year. The Legislature is empowered to prescribe other qualifications, provided that no property, language or income qualifications are imposed and that no discrimination is made on the grounds of race, colour, sex or religious belief. The absentee voter's bill, which was signed into law on 26 July 1972, provides for the establishment of absentee voting procedures.

17. The Territory may send to the United States House of Representatives a non-voting delegate, who is elected by a majority of votes for a two-year period. To be eligible for this office, a candidate must: (a) be at least 25 years of age; (b) have been a citizen of the United States for at least seven years prior to the date of the election; (c) be an inhabitant of the Territory; and (d) not be, on the date of the election, a candidate for any other office.

Judiciary

18. The judicial system remains as described in the previous report of the Special Committee. f/ Briefly, the District Court of the Virgin Islands (established by federal law) exercises appellate jurisdiction over the Territorial Court (established by local law) in civil and criminal cases. The United States Court of Appeals for the Third Circuit, Philadelphia and the United States Supreme Court exercise appellate jurisdiction over the District Court of the Virgin Islands.

B. Constitutional reform

19. In its report, the Visiting Mission stated that at meetings held in the Territory with elected officials and the public at large, the local people had expressed no desire in favour of independence and had frequently displayed pride and satisfaction with their way of life and democratic traditions. But the Mission added that the officials had shown much interest in having the Territory achieve the greatest possible measure of self-government so that the territorial Government could exercise jurisdiction over governmental activity at present reserved to the Federal Government. In that connexion, the Mission pointed out that the Governor had recently signed into law a bill passed by the territorial Legislature, which provided for the establishment of a constitutional convention. The convention would seek to elaborate a new constitution for the Territory as a further measure of local self-government but would not enable the people of the Territory to effect any changes in their constitutional relationship with the administering Power, "as would be the case if the Constitutional Convention were permitted to draft a new federal relations act". g/

20. Under the above-mentioned local law, a total of 60 delegates (30 each from the electoral districts of St. Croix and St. Thomas-St. John) were elected to the Constitutional Convention on 19 September 1977. According to the unofficial figures released by the territorial Board of Elections, there were 24,982 registered voters, of whom only 6,312, or 25.3 per cent, participated in the vote, representing the lowest voter turn-out in the political history of the Territory.

21. The Convention - the third such to be held in the islands, but the first under congressional authorization - held its first meeting on 3 October. At the meeting, a number of officers of the Convention were elected, including: Mr. Alexander A. Farrelly, two-time candidate of DPVI for governor, President; Mr. Alva C. McFarlane, a former St. Croix administrator, First Vice-President; and Miss Clarice Bryan, an attorney, Second Vice-President. Later in the month, the Convention established 12 committees dealing with: the preamble and bill of rights; legislative powers and functions; executive powers and functions; judicial

f/ Ibid., paras. 21 and 32-35.

g/ Ibid., para. 367.

powers and functions; local government; education and culture; finance and taxation; constitutional amendment; federal relations (although the Convention's main function was to write a constitution for the Territory, delegates voted overwhelmingly in favour of setting up a committee to consider the question of federal-territorial relations): rules, administration and finance; public information; and style, drafting and submission.

22. The first draft of the proposed territorial constitution prepared by the nine substantive committees was issued on 23 December 1977, and public hearings thereon were held on the three main islands between 12 and 18 January 1978. In response to public demand, four additional hearings took place between 25 January and 1 February.

23. On 17 February, Governor Luis signed into law a bill extending the life of the Convention from that day to 1 May. The Convention had requested additional time after public sentiment had grown for the holding of an extra round of public hearings on the second constitutional draft, which was completed on 7 March. The bill would also require that the Territory-wide referendum on the proposed constitution be held after the forthcoming general election. Soon after the hearings ended on 29 March, the Convention delegates prepared the document in final form, which was signed by an overwhelming majority of its delegates (including Governor Luis) on 20 April. He was expected to submit the document, as approved, to the President and the Congress of the United States for action.

Proposed constitution

24. The main provisions of the proposed constitution are set out below.

25. To be eligible for the offices of Governor and Lieutenant Governor, a person must be a United States citizen, a qualified voter of the United States Virgin Islands, at least 35 years of age, and a bona fide resident of the Territory for 15 years, 5 of which must immediately precede the date of taking office. In the case of permanent vacancies in the offices of both Governor and Lieutenant Governor, the next two available persons from among the persons in the constitutional order of succession would fill the two offices respectively, unless the vacancies occurred more than one year before the next general election. In that case, a special election should be required. The above-mentioned constitutional order of succession would be as follows: Attorney General; President of the Legislature (designated as the Senate); its Vice-President; and one other elected public official to be designated by resolution of the Senate. The Governor and Lieutenant Governor would be required to devote full time to executive duties and would be specifically prohibited from practising any trade or profession during their terms of office.

26. The Governor would be responsible for the execution of the laws of the United States Virgin Islands. He would have the power to appoint the heads of all executive branch departments, with the advice and consent of the Senate, and all other employees of that branch. He would also have the power to remove any officer and employee of the same branch. The Attorney General and the

Comptroller General (in replacement of the Government Comptroller at present appointed by the United States Secretary of the Interior) would be elected by the qualified voters of the United States Virgin Islands on a non-partisan ballot. The former would serve a four-year term and the latter a six-year term. The Governor would be required to report annually to the Senate (instead of to the Secretary of the Interior) on the state of the Territory.

27. The legislative power of the United States Virgin Islands must extend to all rightful subjects of legislation consistent with the proposed constitution and the Constitution and laws of the United States applicable to the Territory. The Senate would consist of 17 members (known as senators), of whom 13 would be elected from the three legislative districts of St. Croix, St. John and St. Thomas based on the distribution of resident citizens in the islands, provided that at least 1 senator would have to be elected from each district. The remaining 4 senators would be elected at large, provided that 2 each were bona fide residents of the legislative districts of St. Croix and St. Thomas. Each senator elected from a district would serve a two-year term and each senator elected at large a four-year term. Provision would be made for the reapportionment of the Senate at least every 10 years. To be eligible for membership in the Senate, a person would have to be a United States citizen, a qualified voter of the United States Virgin Islands for at least three years, at least 21 years of age, a bona fide resident of the islands for at least five years immediately preceding the date of taking office.

28. Vacancies in the Senate occurring one year prior to the next general election would be filled by a special election, and other vacancies would be filled by gubernatorial appointment of the next available person from among those candidates for the vacant seat who were not elected at the most recent election for the seat considered in order of the highest number of votes received. The President of the Senate would be obliged to convene a special session of the Senate at the request of one third of its members or of the Governor. The Senate would be empowered to impeach any elected public official for cause upon the affirmative vote of two thirds of its members. The territorial Supreme Court would determine, by a two-thirds vote, whether to remove from office an elected public official impeached by the Senate.

29. Every United States citizen 18 years of age and over would have the right to vote subject to minimum residency requirements to be prescribed by law. The Senate would be given the responsibility for enacting laws to provide for the registration of voters, the administration of elections and other matters relating to election procedures.

30. The proposed constitution would provide for a unified judicial system with the Supreme Court as the highest court of the United States Virgin Islands. A territorial court and other courts of limited jurisdiction would be created by law. Provision would be made for the establishment of a judicial commission to nominate persons to fill vacancies on the Supreme Court and territorial court. The Commission would consist of at least six members, all of whom would serve for terms of six years. With the advice and consent of the Senate, the Governor would be responsible for the appointment of each justice of the Supreme Court and

judge of the territorial court from among the candidates nominated by the judicial commission. A justice would hold office for an eight-year term, and a judge for a six-year term, unless removed by the commission or by recall.

31. There would be provisions relating to the procedure for recall by the qualified voters of the United States Virgin Islands (which would also be applied to elected public officials), as well as for submission by the people of an initiative petition to the Senate or the Assembly of an appropriate legislative district, in which proposals would be made for enacting or repealing laws of the United States Virgin Islands or ordinances of that district, except appropriations.

32. There would also be provisions regarding a bill of rights, the principles of government, local government, education, protection of culture and environment, taxation and finance and the procedure for amending the constitution. The bill of rights would not depart greatly from that contained in the Revised Organic Act, and would include all the basic constitutional guarantees of the Constitution of the United States and those of most of its 50 states, as well as guarantees relating to newly evolving human rights, such as rights established by recent decisions of the United States Supreme Court.

33. Under the terms of the provisions dealing with protection of culture, no law would be passed abridging the development of the culture, language, traditions or customs of the Territory. Study of such culture, including language, traditions, history and art, would be an integral part of the public educational system. Legislation would be enacted establishing two commissions, one to study and promote the preservation of the culture and traditions of the Territory, and the other to acquire land for the purpose of redistributing it, by lease, to the local people. In this connexion, it will be recalled h/ that the Visiting Mission made recommendations concerning the need to promote the growth and development of the culture of the Territory and to find a solution to its land problem, including in particular by the provision of assistance to those having difficulties in acquiring land.

Proposed federal relations act

34. The Constitutional Convention recommended that the proposed act be entitled "The Virgin Islands Federal Relations Act". It decided to ask the United States Congress to pass the act, which included provisions contained in the proposed constitution and would supersede the Organic Act of 1936, the Revised Organic Act of 1954 and subsequent amendments to those Acts (see para. 51 below). The main provisions dealing with administrative, legislative, judicial and economic relations between the United States and the United States Virgin Islands are summarized below.

h/ Ibid., paras. 375 and 381.

Administrative relations

35. The substance of the section of the Revised Organic Act creating the office of Government Comptroller of the Virgin Islands would be retained. However, his decisions could be appealed to the Territorial Court of the Virgin Islands instead of to the United States Secretary of the Interior. The Government Comptroller would be required to co-ordinate activities with the constitutional Comptroller General of the Virgin Islands, and to transfer his functions to the latter as soon as practicable, as determined by the United States Government.

36. The United States Secretary of the Interior would be obliged to transfer federal property under his administrative supervision to the Government of the United States Virgin Islands on responsible terms.

37. The section on the system of accounts contained in the Revised Organic Act would be retained except that that part of the section relating to budgetary matters would be deleted so as to avoid any interference by the Federal Government with the constitutional relationship between the Governor and the Legislature of the United States Virgin Islands.

38. Provisions would be made: (a) permitting restraint of future entry of aliens into the islands; (b) establishing a Virgin Islands Immigration Commission, composed of representatives of the Governments of the United States and the United States Virgin Islands, to review the cases of those aliens at present residing in the islands and to recommend any adjustment in the status of such aliens to the appropriate federal or local authorities; and (c) authorizing federal assistance totalling \$US 10 million, i/ in addition to any previous appropriations, to be given to the Government of the United States Virgin Islands to help ease the strain on its social services caused by the recent rapid influx of persons into the islands over which the local authorities had had no control (see also paras. 71-77 below).

Legislative relations

39. All laws enacted by the United States Congress with respect to the Territory and all laws enacted by the Senate of the United States Virgin Islands which were inconsistent with the proposed constitution or with the act in question would be repealed to the extent of such inconsistency.

40. The legislative authority and power of the Territory would extend to all rightful subjects of legislation not inconsistent with the proposed act or the federal laws made applicable to the islands, but no law would be enacted which would impair rights existing or arising by virtue of any treaty or international agreement entered into by the United States.

41. The territorial Government would be permitted to issue bonds or other obligations for public improvements or public undertakings in accordance with the

i/ The local currency is the United States dollar.

constitution and laws of the Territory. The principal and interest of all bonds thus issued would be exempt from taxation by the Government of the United States or any political subdivision thereof. Under no circumstances would such bonds constitute a general obligation or debt of the United States.

Judicial relations

42. The judicial authority of the Territory would be vested in such court or courts as might be established by the Constitution and laws of the United States Virgin Islands. A court of record, to be designated the "District Court of the Virgin Islands", would be created which, together with the courts of the United States Virgin Islands, would be accorded jurisdiction comparable to that of state and district courts in the United States.

43. The section on judicial divisions, sessions, applicability of procedural rules and prosecution by information or indictment as contained in the Revised Organic Act would continue with minor changes, except that no provisions of any such rules authorizing or requiring trial by jury or the prosecution of offences by indictment by a grand jury instead of by information would be applicable to the District Court of the Virgin Islands unless and until made so applicable by laws enacted by the Senate of the United States Virgin Islands.

44. The section on the United States Attorney for the United States Virgin Islands and related matters contained in the Revised Organic Act would continue except for the deletion of reference to the prosecuting authority of the United States Attorney with respect to purely local offences. This function would be assumed by the Attorney General of the United States Virgin Islands as specified in the proposed constitution.

Economic relations

45. The proposed act would continue the practice set forth in the Revised Organic Act of returning to the Territory customs duties and other taxes collected in the United States, with minor amendments which would permit greater discretion in the use of those funds by the Territory. The addition of "petroleum and petroleum products" was recommended with a view to clarifying existing law and assuring the return to the Territory of all duties and fees imposed on all of its products transported to the United States.

46. The proposed act would also continue the practice of permitting duty-free transshipment from the United States Virgin Islands into the United States when a substantial percentage of the value of the product has been added in the islands. The Convention recommended a reduction of the value-added percentage from 50 to 30 per cent in order to enable the Territory to compete, in the United States, with less-developed countries whose products are imported under the United States Generalized System of Preferences (see also paras. 106-109 below).

C. Political parties and elections

47. The results of the run-off election for Governor and the special constitutional convention election held in November 1974 and September 1977 respectively have been described in paragraphs 9 and 20 above.

48. The last general election, which took place on 2 November 1976, was mainly contested by the three parties (see para. 9 above). In the final results, DPVI won 13 of the 15 seats in the Twelfth Legislature. Its first meeting was held on 10 January 1977, when Mr. Elmo D. Roebuck was re-elected its President. The Legislature also chose Mr. Britain H. Bryant to be its Vice-President and retained Mr. Lloyd Williams as the Majority Leader. All three officers are members of DPVI.

49. At the 1976 general election, Mr. Ronald de Lugo (DPVI) was re-elected the Territory's non-voting delegate to the United States House of Representatives. On 27 March 1978, Mr. de Lugo announced that he would seek his party's nomination as the next Governor of the Territory, with Mr. Eric E. Dawson, a member of the Legislature, as his running mate. Earlier, Mrs. Janet Watlington, administrative assistant to Mr. de Lugo, and Mr. Julio A. Brady, a former United States attorney for the Territory, had announced their respective candidacies to become the next non-voting delegate to the House. Until the end of that month, no other persons were reported to have declared their willingness to run for elective offices of the Territory. The forthcoming regular gubernatorial and legislative elections are constitutionally due by early November.

D. Future status of the Territory

50. In its report the Visiting Mission noted that the policy of the United States was to respect the wishes of the people of the United States Virgin Islands; that independence was only one of the options open to the people of the Territory; and that should they seek to achieve a status other than the present one, the United States would adapt to political reality. Recalling particularly that the second Constitutional Convention held in the Territory had provided the only opportunity to discuss political options, the Mission urged the administering Power, in consultation with the territorial Government, to hold open and meaningful discussions on all available political options open to the islands. It also suggested that the administering Power should then proceed to ascertain the aspirations of the people through a referendum or plebiscite under the observation of the United Nations. j/

j/ Official Records of the General Assembly, Thirty-second Session, Supplement No. 23 (A/32/23/Rev.1), vol. III, chap. XXVII, annex, paras. 368-370.

51. As noted above, the Constitutional Convention decided to ask the United States Congress to pass the proposed federal relations act. The request was based on the following considerations:

(a) By a series of enactments, the Congress had progressively recognized the right of self-determination of the people of the United States Virgin Islands;

(b) The United States Virgin Islanders were United States citizens and wished to have "the fullest political participation in the political system."

(c) Under Congressional enactments, a constitution for the Territory had been developed by a locally elected Constitutional Convention (see paras. 20-33 above);

(d) The Territory formed "part of the federal union with the United States" operating under its Constitution and laws and wished "to continue in close association with the United States". The Convention also expressed the view that the passage of the proposed act would make it possible for the local people "to govern themselves pursuant to a constitution of their own adoption".

52. The proposed act, among other things, would define the geographical scope of the United States Virgin Islands in such a way as to "eliminate colonial references in connexion with the transfer of the Virgin Islands from Denmark to the United States". The Convention made it clear, however, that "there is no intent to change the present status of the Virgin Islands as an unincorporated territory of the United States".

53. Under the proposed act, the Governments of the United States and the United States Virgin Islands would consult regularly on all matters affecting the relationship between them. At the request of either Government, and not less frequently than every 10 years, the President of the United States and the Governor of the Territory would designate special representatives to meet and to consider in good faith issues affecting the relationship between the two Governments, and to make a report and recommendations with respect thereto. In implementing the aforesaid provisions, the two Governments would be required to hold discussions with a view to: (a) returning to the Territory real property currently owned or controlled by the United States or Denmark; and (b) establishing an office responsive to the United States Virgin Islands to monitor federal bills, rules and regulations and to collaborate with the delegate of the United States Virgin Islands to the United States House of Representatives in that regard.

E. Statement by the President of the Twelfth Legislature

54. On 6 February 1978, Mr. Roebuck, President of the Twelfth Legislature, told his colleagues that 1977 had been "a difficult year for the people of the Virgin Islands with the increasing incidence of crime, a stubborn unemployment rate, rising costs and limited revenues, and a severe water crisis". He added that the late Governor's illness had created "a void in the executive branch", but that the time had come for a determined effort "to meet the situations facing us with a new spirit of co-operation". He claimed that the Constitutional Convention had marked the beginning of more active public participation in a reappraisal of attitudes and goals.

55. Recalling that in 1977, the Legislature had taken measures designed to prevent and control crime and to promote further economic development, Mr. Roebuck stressed that "the highest priority of our Government must be given to resolving the problem of crime and to demonstrating deeper concern for our young people" (a view similar to that subsequently expressed by Mr. de Lugo). Among other things, he proposed creation of a federal regional office for all federal programmes to allow the Territory to take full advantage of available federal funds and programmes. He further proposed that the Legislature take the lead in approaching the Federal Government with a carefully conceived and well thought-out programme of reform in the fiscal relationship between the United States and the Territory. He also called for a co-operative effort with the Governor in exploring means for "providing the long-promised salary increases and increments for our government employees".

56. Finally, Mr. Roebuck said that "We are coming out of a period of reflection and entering into a time of reassessment and reform. It has already begun to happen. A new constitution ... a new set of economic guidelines ... a new fiscal relationship with our Federal Government ... a new spirit of co-operation between the executive and legislative branches of our Government".

F. Governor's message on the state of the Territory

57. In his message on the state of the Territory, presented to the Legislature on 21 April 1978, Governor Luis said that "today, I can report without equivocation that the state of the Territory is now more stable than it has been for many years". He credited his administration with reducing crime and initiating steps to provide "long overdue and much-needed increases in salaries for government employees", and painted a bright picture of the Territory's economic growth.

58. The Governor also said that in the short life of the current administration, efforts had been made to "pursue a course of uniting our people, of uplifting our economy, and of intelligent use of our human and natural resources to the benefit of all of us who live together in these beautiful islands". He believed that "these efforts have already achieved worthwhile results and are reflected in the present state of the Territory".

59. Believing further that "we have in 1978 a unique opportunity and obligation to prove the success of our aspirations", the Governor called on the Legislature to work "hand in hand" with him in the future so that "we will be remembered as the Administration and the Legislature" making progress in solving the Territory's many problems including, in particular, crime, budget, economic development, unemployment, housing, health and education. He then outlined his proposals for improving the state of the Territory, which are summarized below.

G. Public safety and youth programmes

Public safety

60. In the report, the Visiting Mission noted that crime, particularly among youths, continued to constitute a problem for the territorial Government, and stated that the Government should seek to ascertain the causes of crime and that appropriate measures should be taken to eliminate such causes. k/

61. Between late 1977 and early 1978, a series of administrative and legislative measures were taken to cope with the crime problem, among which were the following.

62. On 21 December 1977, the late Governor was reported to have announced several anti-crime programmes to be administered by the Public Safety Department and to be financed by a grant of \$US 300,000 from the federal Law Enforcement Assistance Administration. The programmes included training of policemen, hiring of additional personnel required, upgrading of the Investigation Bureau and the setting-up of a special mobile crime laboratory.

63. Soon after becoming Governor, Mr. Luis announced that under a bill which he had signed into law on 13 October 1977, a Bureau of Corrections had been established directly under his office, effective from 1 January 1978; and that the Public Safety Department, which had administered the prison system, would now be able to concentrate its efforts on crime prevention and control functions. Subsequently, Mr. Rudolph Sim was appointed Director of the Bureau.

64. On 12 January, it was announced that Governor Luis had signed into law a second bill, providing for criminal prosecution in the District Court of the Virgin Islands of juveniles 16 years of age or older charged with certain crimes such as burglary and grand larceny, and empowering the District Court, when sentencing juveniles convicted of those crimes, to treat them as adults. The previous law had set the juvenile cut-off age at 18 years with a provision for reduction to 16 years only if charges were for a crime of violence. On 1 February, Governor Luis was reported to have approved a third bill authorizing judges in the Territory to determine whether a territorial or a United States correctional institution was more appropriate for the prisoner.

k/ Ibid., para. 379.

65. On 27 February, after being sworn in as Commissioner of Public Safety, Mr. Charles Groneveldt expressed his firm belief that "in a short time, the community will see an efficiently operating Public Safety Department that will return the community to a peaceful and harmonious state".

66. In his message on the state of the Territory, Governor Luis particularly referred to the establishment of the Bureau of Corrections and the appointment of a new Commissioner of Public Safety. In addition, he gave the following information on his Administration's actions to combat crime: (a) enhancing all aspects of law enforcement in the Territory with financial assistance from the Federal Government totalling \$US 600,000; (b) obtaining a new fleet of police vehicles; (c) initiating a public safety helicopter patrol; (d) setting up police patrols by sector on the three main islands; (e) proposing a substantial increase in the budget of the Public Safety Department for the financial year 1978/79; and (f) undertaking a complete revision of the Virgin Islands Juvenile and Adult Criminal Code.

67. The Governor said that "with these accomplishments, we have already witnessed positive signs of the easing of tensions that were prevalent until December 1977, when the public pleaded that positive measures be taken to reduce what appeared to be rampant criminal activities". He expressed the opinion that "with the co-operation of the Legislature, the administration in a short period of time has made tremendous progress in this area, considering the difficult circumstances present".

Youth programmes

68. In a letter dated 14 April 1978 addressed to Mr. Roebuck, Governor Luis said that he had signed into law a bill which would create a Youth Services Administration (YSA) directly under his office to carry out a comprehensive programme aimed at preventing juvenile delinquency in the Territory and providing for youth detention, correctional and rehabilitation facilities, as well as "community-based alternatives" to detention. The programme could include training schools, group homes, probation, after care, etc. He also said that the establishment of the programme to replace the present fragmented juvenile correctional system should enable the territorial Government to make important strides toward the reduction of juvenile crime. Despite the Government's current financial difficulties, he would "make a vigorous effort to identify the maximum possible amount of funds for the initial implementation of the programme".

69. In his recent message on the state of the Territory, Governor Luis stated that "I am deeply disturbed that past efforts to assist the many troubled young persons in this Territory have been inadequate. I am equally disturbed that this Government has not done enough for the multitude of gifted, productive and promising young persons with which this Territory is blessed".

70. The Governor further stated that YSA should meet with "great success" in helping troubled youth, and that funds were being sought to implement its programme. He said that the Governor's Advisory Committee on Youth was geared toward

launching the majority of the young people into the mainstream of public affairs. Believing that the time had come for young people to be considered for service on boards and commissions, he proposed the initiation of a new executive programme to give exemplary young United States Virgin Islanders first-hand, high-level experience in government, and the establishment of an agricultural programme exclusively for young people on St. Croix. He pointed out that efforts were being made to establish a job corps Centre on that island; to provide job opportunities for young people; and to build a new secondary school to provide them with vocational education.

H. Immigration policy

71. In its report the Visiting Mission noted the concern expressed to it by the people of the Territory over the long-term effects of unrestricted immigration. The Mission's attention had been drawn to the fact that the federal immigration laws had been applied in the Territory without regard to its particular circumstances. It further noted the existence of a feeling in the islands that that action by the administering Power had unsettled United States Virgin Islands society, leading to a severe strain on social services provided by the territorial Government, which in turn had increased the Territory's heavy dependence on economic and financial assistance provided by the United States and had made it difficult for United States Virgin Islanders to develop self-reliance. The Mission invited the administering Power, in consultation with the local authorities, to adjust its immigration laws in the context of the United States Virgin Islands in order to improve relations between the resident and immigrant populations. 1/

72. The problem of aliens illegally residing in the Territory was brought under control in late 1975 as a result of efforts to expel them from, and reduce their flow into, the islands. With regard to non-resident aliens, the territorial Government took the position that since they had become part of the local community, consideration should be given to the manner in which the adjustment of status for suitably qualified aliens should be made.

73. At Mr. de Lugo's request, two bills were reintroduced in the United States House of Representatives during 1977 by Mr. Joshua Eilberg, Chairman of its Subcommittee on Immigration, Citizenship and International Law. One would establish a commission to study the special immigration problems of the United States Virgin Islands and other Territories under United States administration. The other would provide for a commission, with United States Virgin Islands representation, to review the cases of individuals admitted into the Territory as non-immigrant aliens on or before 12 May 1970. Those aliens would be permitted to apply for adjustment of their status to permanent residents. The two bills in question died with the Ninety-fifth Congress owing to lack of action by the House.

74. The problem of the alien population of the United States has drawn increasing public attention in recent years. On 5 August 1977, the President of the United

1/ Ibid., para. 371.

States sent a message on the problem to the Congress, and a bill embodying his proposals was later submitted to it. The bill would grant permanent resident status to all aliens who had entered legally or illegally into the United States before 1 January 1970 and had lived there continuously since then. The Judiciary Committee of the United States Senate was expected to begin hearings on the bill in May 1978.

75. A second bill, to be introduced in the House some time during 1978 by Mr. Eilberg, would deal only with the United States Virgin Islands. The bill would: (a) permit the phased-in adjustment to permanent resident status of foreign workers having lived in the Territory for at least eight years; and (b) establish an interagency task force to investigate the best methods of co-ordinating the provision of health, housing, education and other social services to individuals whose status would be adjusted under the proposed legislation and to review the need for further federal assistance to the Territory to provide those services.

76. It was reported in the press that there were 11,000 non-resident aliens in the Territory at March 1978. Under the proposed phased-in plan, their spouses and children living in other Caribbean countries (numbering approximately 30,000) would be eligible for permanent residence.

77. In his message on the state of the Territory, Governor Luis stated that "in view of the fact that the Congress currently has under consideration several proposals to amend the national immigration laws, all of which would impact heavily and in many cases adversely on the Virgin Islands if adopted in the present form, the Territory has a significant and unique opportunity to seek to influence the final outcome of Congress' deliberations in this regard". To that end, the Governor added, he had established an Immigration Policy Task Force, consisting of members from all segments of the local community, from all three branches of government and from all three main islands. The Task Force would study the immigration problem confronting the Territory in detail and prepare a position statement for presentation to the Congress, expressing the local needs and requesting congressional accommodation (see also para. 38 above).

I. Military installations

78. In 1967, the United States transferred its former naval base on St. Thomas to the territorial Government but retained the right to reoccupy the facilities at the base. The United States Navy maintains a radar and sonar calibration station in the Territory. In mid-June 1977, Rear-Admiral William Robert Flanagan, Commander of the United States Naval Forces in the Caribbean, announced that 13 ships of the United States Atlantic Fleet would conduct surface, amphibious and anti-air training (including missile-firing) operations in the Caribbean between 20 June and 22 July. He added that marines attached to the Atlantic Fleet Readiness Group, and ships from the Standing Naval Force Atlantic of the North Atlantic Treaty Organization (NATO) would also participate in the exercise.

J. External relations

79. As in the past, special days were set aside during 1977 in the Territory to strengthen ties with its two neighbours, namely, Puerto Rico and the British Virgin Islands.

80. On 24 June, at Washington, D.C., the Governments of the United Kingdom of Great Britain and Northern Ireland and the United States signed a Reciprocal Fisheries Agreement, providing, inter alia, for the continuation of commercial fishing by vessels of the British Virgin Islands and the United States Virgin Islands in their respective exclusive fishery zones, in accordance with existing patterns and at existing levels of fishing (see also chap. XXII of the present report, p. 145 above, annex).

81. According to the late Governor, both Puerto Rico and the United States Virgin Islands had requested the Federal Government to designate the two countries as members of the Antillean Regional Development Commission, thus enabling them to become eligible for regional planning and projects under the federal Public Works and Economic Development Act of 1965, as amended in 1976. In a letter to the late Governor published in the local press on 12 August 1977, the United States Secretary of Commerce said that President Jimmy Carter had directed that economic development programmes and processes be studied as part of his over-all programme to study reorganization of the executive branch of the Federal Government, and that the President had proposed a "White House conference" to deal with economic development programmes. Accordingly, the Secretary added, it was appropriate to postpone a decision on the designation of the above-mentioned Commission pending the results of the reorganization study and the conference.

82. From 12 to 15 March 1978, the Institute of International Law and Economic Development of the United States convened a conference in Puerto Rico on the economic problems of the off-shore areas within United States jurisdiction with special reference to Puerto Rico and the United States Virgin Islands. The conference which was part of an effort by the Carter Administration to tackle those problems, was attended by representatives of the Government of the United States and the two areas, as well as by noted economists from various institutions of higher learning such as the College of the Virgin Islands and the University of the West Indies. It examined the economic policy options open to these countries, their current strategies and the role that federal assistance might play in their development.

83. In his opening keynote address to the conference, Mr. Alfred Stern, Associate Director of the White House domestic policy staff, expressed concern over the unacceptable levels of unemployment in Puerto Rico and the Territory reached in 1977. He stated that the situation required a renewed effort by both policy-makers and representatives of the two island administrations.

84. Mr. Robin Broadfield, the Institute's economist responsible for organizing the conference, was reported to have said that the conference had reached considerable agreement on the nature of the problems, and the inappropriateness of some of the solutions to date. He found a "fair consensus" that there should be a shift away from outside industry towards the development of indigenous industry, and that the burden should be spread more equitably among different sectors of the economy.

85. Mr. August E. Rimple, Jr., Commissioner of Commerce, represented the Territory at a conference on economic development in the Caribbean at Washington, D.C., on 14 and 15 December 1977, which was sponsored by the World Bank among others (see chap. XXIII of the present report, p. 168 above, annex).

86. On 14 March 1978, the Commissioner announced that, at his invitation, officials of the United States Department of State would visit the Territory two days later to discuss with officials of the United States Virgin Islands and Puerto Rico their various programmes and policies affecting the Caribbean region. He stated that the visit was a follow-up to the December 1977 conference referred to above. The primary purpose of the forthcoming meeting would be two-fold: (a) to elaborate on the aid and economic development policies of the Department of State for the region; and (b) to determine what could best be accomplished in the way of including the United States Virgin Islands and Puerto Rico in the formulation and implementation of those policies in the future.

3. ECONOMIC CONDITIONS

A. General

87. In its report, the Visiting Mission noted that the economy of the United States Virgin Islands was mainly based on tourism and on light and heavy manufacturing, and that until recently, the construction industry had also constituted a vital economic sector. Notwithstanding the Territory's limited resources, the Mission considered that greater efforts must be made by the administering Power, together with the territorial Government, to create a viable and stable economy by various means including expansion of the industrial base, exploration of the agricultural potential of the Territory and investigation of the feasibility of establishing commercial fishing and processing ventures in the islands. The Mission observed that the concentration of economic power based outside the United States Virgin Islands could act as a constraint on and give rise to difficulties in the over-all development of the Territory. It therefore recommended that urgent and serious consideration be given to the introduction of measures to promote entrepreneurship among native United States Virgin Islanders. m/

88. The United States Virgin Islands experienced a long economic boom during the period 1960-1969, when per capita personal income grew at an average annual rate of 15.6 per cent. However, this upsurge was followed by a downward trend over the period 1970-1976, as indicated by the fact that the rate slowed to 10.5 per cent. After accounting for inflation, the rate of growth in per capita personal income for the latter period would be negative. This was borne out by the sharp increase in the rate of unemployment in the islands, from 1.3 per cent in 1969/70 to 10.8 per cent in 1975/76. The recent economic slowdown was primarily attributed to the decline in the number of tourists visiting the Territory, most of whom came from the United States. The principal causes of the decline were a recession in the United States economy and a major crime on St. Croix in 1972 that received widespread news coverage in the United States.

89. At a meeting of the Overseas Press Club held in Puerto Rico on 15 September 1977, the Commissioner of Commerce drew attention to a strong resurgence in the local economy due to gains in tourism and the light manufacturing sector. He pointed out that the 1976/77 tourist season had been "one of the most successful in the Virgin Islands history if not the most successful". Tourism had risen by 17 per cent during the 1976/77 winter season and the off-season business was believed to have been better than in previous years. He also pointed out that the territorial Government's efforts to promote industrial development had resulted in increased employment in the light manufacturing sector. As a result, unemployment had been reduced from 10.8 per cent in 1975/76 to about 8 per cent in September 1977.

m/ Ibid., paras. 372-374.

90. According to the Commissioner, a number of private and public construction projects currently being initiated would lead to a further decrease in the rate of unemployment in the Territory.

91. Nearly all local requirements are imported. In 1976, the last year for which figures are available, imports and exports totalled \$US 2.7 billion and \$US 2.01 billion respectively. Thus the Territory's adverse balance of trade widened to \$US 668.6 million, an all-time record. However, its net receipts on invisible account normally covered outlays on imported merchandise. The main items were economic and financial aid from the United States, the inflow of foreign investment capital and tourist spending. During the same year, there were no significant changes in the structure and direction of the external trade of the United States Virgin Islands.

92. The weakness of the Territory's trade position lies in the fact that its productive resources are insufficient to satisfy local needs. The inadequacy of such resources has also been the cause of persistent inflation. The Government reported that consumer prices in the Territory had risen by 8.1 per cent in 1977, with public transportation and food responsible for most of the increase. The over-all cost of living in the Territory is still much higher than that in the United States.

93. Both Mr. Roebuck and Mr. de Lugo commented unfavourably on the state of the economy. In his speech of 6 February 1978, Mr. Roebuck stated that in 1977, the Territory had continued to face "a stubborn unemployment rate, rising costs and limited revenues, and a severe water crisis". On 28 March, after announcing his intention to run for Governor, Mr. de Lugo called for creating: (a) a climate in which private enterprise could prosper and in which unemployment could be drastically reduced; and (b) a permanent state of fiscal health so that government might work in a planned and orderly fashion instead of drifting from "crisis to crisis".

94. In his recent message on the state of the Territory, Governor Luis referred to the following economic factors contributing to the current stable state of the Territory: (a) the "unqualified success" of the present tourist season; (b) the implementation of the "long awaited" expansion programme for the Harry S. Truman Airport, one of the Territory's two major airports; (c) steady progress on plans for construction of St. Croix's third port; (d) capital improvement projects to be financed by the issuance of the \$US 61 million in federally guaranteed bonds approved in August 1976; and (e) other construction projects planned with the conservation, matching and road funds (see para. 124 below).

95. The Governor remarked that among the foreseen advances were the following: (a) orderly expansion of business and industry; (b) creation of substantial new employment opportunities in the private sector; and (c) "a continued stable but expanding economy which will undoubtedly improve the Government's financial position".

96. Reviewing the water situation, Mr. Luis said that it was one of the Territory's "most vexing and long-term problems", adding, however, that his administration had taken "drastic and positive action toward a final and lasting solution". He pointed out that after discussions, the Federal Government had agreed to provide the Territory with the assistance needed to enable it to achieve that objective. Other steps taken by his administration included: (a) an allocation of \$US 500,000 for continued barging of water from Puerto Rico; (b) use of part of the proceeds of the federally guaranteed bonds (see para. 94 above) to purchase new desalination plants and to install a new water distribution system; and (c) establishment of a water conservation programme and an Inter-Agency Water Task Force.

B. Tourism

97. The dominance of the tourist industry has been an accepted fact of the territorial economy. As previously noted, n/ between 1968/69 (the peak year with 795,003 persons arriving by air) and 1975/76, only one year, 1972/73, showed a gain in total air arrivals over the previous year. In 1976/77, however, such arrivals rose by 7.5 per cent to 565,835, an indication of resumption of positive growth in air tourist arrivals. In the first nine months of 1977, there were 448,664 persons flying into the Territory, representing an increase of 11.5 per cent over the corresponding period in 1976.

98. Charlotte Amalie on St. Thomas has been included in nearly every Caribbean cruise itinerary, owing mainly to its free-port status. From 1968/69 to 1975/76, only one year, 1974/75, failed to show a gain in the number of cruise ship visitors. In 1976/77, the number of such visitors increased by 8 per cent to 503,145. In the first nine months of 1977, cruise ship arrivals increased by 4.6 per cent to 411,348.

99. The tourist trade reportedly continued to grow into early 1978. This was attributed primarily to: (a) reorganization of the offices maintained by the United States Virgin Islands Department of Commerce in the United States with a view to effectively promoting travel to the islands; (b) efforts made to accelerate development of tourist facilities, including the opening in December 1977 of the \$US 2.5 million Underwater Observatory and Marine Park at Coki Point on St. Thomas; (c) an increase in the number of conventions held in the large local hotels by business groups from the United States following the enactment of the federal Tax Reform Act of 1976 limiting business tax deductions for the holding of only two conventions in foreign countries in any one year; and (d) the signing by the President of the United States of the Omnibus Territories bill on 15 October 1977, allowing, inter alia, the territorial Legislature to lower the current 6 per cent ad valorem duty on products from developing countries which are imported into the continental United States duty-free.

n/ Ibid., paras. 70-78.

100. Two additional legislative measures, if approved by the United States Congress, would also have favourable effects on the Territory's tourist industry. The first bill dealing with customs matters was passed by the House of Representatives in October 1977 and was to be considered by the Senate some time in 1978. Under the bill, United States nationals and residents visiting the Territory or foreign countries would be permitted to bring back certain duty-free goods to the United States. The duty-free allowance would be increased to \$US 500 for the Territory and \$US 250 for foreign countries, thus maintaining the current two-to-one ratio. The bill would also cut in half the rate of duty on all goods above the duty-free allowance brought back by such visitors, with the proviso giving the Territory the same two-to-one advantage.

101. In February 1978, Mr. de Lugo was reported to have called on the House Ways and Means Committee to support a new amendment to the 1976 Tax Reform Act (see para. 99 (c) above) proposed by the Carter Administration. Under the proposed amendment, United States businessmen would not be allowed to write off the expenses of attending conventions in foreign countries, should they have no valid reason for holding such conventions.

C. Industrialization

102. The Territory has a number of industrial enterprises, the most important at present being an alumina plant and an oil refinery. Both are located on St. Croix and owned, respectively, by the Martin Marietta Corporation of the United States and the Hess Oil Corporation (a subsidiary of the Amerada Hess Corporation of the United States).

103. For the first time in 1977, all bauxite requirements of the Martin Marietta Corporation were supplied from its joint venture in Guinea. The company received about 1.6 million metric tons of bauxite in that year, with the quantity to rise to 1.9 million metric tons annually by 1980. The increased quantities will enable the company to carry out an 85,000-metric-ton expansion at the plant, which produced 500,000 metric tons of alumina in 1977.

104. On 30 January 1978, the Hess Oil Corporation announced that owing to a "continued lower demand for refined petroleum products", the company had decided to reduce the output of its refinery from 630,000 barrels to 340,000 barrels a day probably until the end of September.

105. On 5 August 1977, the late Governor signed into law a bill amending the agreement originally concluded in 1972 between the territorial Government and the Virgin Islands Refinery Corporation (VIRCO), which is controlled by United States interests. Under the amended agreement, VIRCO is required, inter alia, to start construction of a second oil refinery on St. Croix within 12 months.

106. Among other products manufactured in the islands are watches, jewellery, textiles, pharmaceuticals, glassware and scientific instruments. Their manufacturers utilize a special provision of the 1954 United States Tariff

Schedules, Headnote 3 (a), which allows them to import foreign parts or materials, add 50 per cent to the product value, and export the finished goods to the United States duty-free. This provision has been the cornerstone in the territorial Government's efforts to build a viable light manufacturing sector in the Territory.

107. By 1967, 1,513 persons, or 77 per cent of those employed in manufacturing in the Territory, were involved in the manufacture of Headnote 3 (a) products. By the mid-1970s, however, as a consequence of world-wide inflation and the devaluation of the United States dollar, the 50 per cent "value added" requirement became increasingly difficult to meet. In 1974 and 1975, there was a major decline in watch assembly operations and other Headnote 3 (a) manufacturing. In August 1975, the provision in question was amended to allow watches to contain 70 per cent foreign materials as part of the total value. By the end of 1976, the watch industry employed 1,007 workers, an increase of 19 per cent over the previous year. While this industry has enjoyed a recovery, other Headnote 3 (a) manufacturers have suffered a sharp set-back.

108. Another important factor hampering the development of light manufacturing in the Territory is the creation by the Federal Government of the Generalized System of Preferences in January 1975. Under this system, over 90 less developed countries are permitted to import a wide variety of items into the United States duty-free. Because the Territory has been restricted by United States law to manufacturing only certain "import sensitive" articles (e.g., textiles, watches, etc.) specifically exempted under the Generalized System of Preferences, most of which require high-cost advanced components, the 50 per cent value added requirement has become increasingly difficult to meet. Moreover, quotas have been imposed by the Federal Government on all such articles.

109. In June 1977, it was reported that after taking into account the situation described above and the concern expressed by competing industries in the United States, Mr. de Lugo had introduced in the United States House of Representatives a bill to further amend Headnote 3 (a). Under the bill, which was still being considered by the House Ways and Means Committee in April 1978, local manufacturers would be allowed to ship duty-free into the United States any product specified in the federal tariff schedules up to a maximum value of \$US 25 million provided that it contains no more than 70 per cent foreign parts or materials.

110. In late February, the Commissioner of Commerce announced that it was planned to utilize a federal grant of \$US 600,000 to finance a study by an internationally renowned firm aimed at identifying specific types of industry best suited to the Territory.

D. Construction industry

111. Information on the construction industry prior to 1976 is contained in the previous report of the Special Committee. o/ In brief, construction activity

o/ Ibid., paras. 92-95.

showed a sharp increase during the 1950s and 1960s, owing mainly to the rapid growth of tourism. This boom peaked in 1972 and the industry experienced a substantial decline in the next four years, with the value of construction reaching a low of \$US 12.8 million on St. Thomas and St. John for the year ending November 1976 and \$US 8.9 million (excluding expenditures by the Hess Oil Corporation on its refinery) on St. Croix for the year ending September 1976. By the end of the second quarter of 1977, the totals for the two districts had risen to \$US 16.6 million and \$US 17.5 million respectively. The territorial Government expected the industry to show further improvement as a result of initiation of certain private and public construction projects. It also believed that if VIRCO's oil refinery and expansion possibilities at the Martin Marietta Corporation's alumina plant were realized, the two projects should affect the construction industry on St. Croix significantly.

E. Agriculture, livestock and fisheries

112. Agriculture (once the main economic sector, dominated by sugar-cane), livestock and fisheries contribute only marginally to the economy. According to an article published by the territorial Department of Commerce in the Economic Review for the second quarter of 1977, the Territory is heavily dependent on external sources for its most basic commodity, food. Over the years, certain policies have led to the eventual displacement of agriculture. Yet this sector has to play a vital and dynamic role in the development of a sound economy. Tourism, manufacturing and agriculture must function in harmony so that each would be supportive of the others. The annual importation of a large quantity of agriculture products reveals that the Territory has a guaranteed market for an increase in local output of these products. Any substantial expansion of domestic food production would lower the amount imported, and would thus have a reductional impact on the Territory's high inflation rate.

113. The article suggests that in order to overcome the difficulties encountered by the farming community, the territorial Government should consider taking the following steps: (a) educating the public on the vital role of the agricultural sector in the economy; (b) assisting in developing relevant entrepreneurial skills; (c) providing technical aid in the form of irrigation, pesticide control, etc.; (d) disseminating as widely as possible the results of agricultural research; (e) establishing improved marketing facilities; and (f) offering incentives to farmers in addition to certain tax benefits now being enjoyed by them. Finally, the view is expressed that the Territory could not expect to become self-supporting in agricultural products but should move in this direction as far as possible.

114. On 15 November, Mr. Luis, then Acting Governor, announced that a federal grant of \$US 525,000 had been awarded to the local Agricultural and Experimental Station (maintained by the College of the Virgin Islands since 1974) to enable it to continue research on the production of various food crops and sorghum (used for livestock feeding), as well as on the development of local Senapol cattle and a fresh-water fish, tilapia.

115. This grant was preceded by another totalling \$US 12,000, which was being used by the Caribbean Fishery Management Council (on which the Territory is represented)

in the development of its management plans for fishing in the new 200-nautical-mile zone of the United States under the provisions of a federal law which came into effect on 1 March 1977.

F. Development policies and programmes

116. During the period under review, two legislative measures for economic development were adopted. The first was a bill establishing an industrial park development corporation, on which the late Governor's veto was overridden by the Legislature on 9 June 1977. p/

117. On 27 February 1978, Governor Luis signed into law a revised version of a bill creating a government development bank in the Territory. The amended legislation incorporated all the suggestions made by the Governor when he vetoed the earlier version in his capacity of Acting Governor in October 1977.

118. Among the changes made at Mr. Luis' request was the expansion of the Bank's board of directors from seven to nine members, with the additional two members to be representatives of the territorial Government to protect its interest.

119. Under the terms of the amended legislation, the bank's mandate is "to accelerate the economic development of the Virgin Islands by providing loan guarantees and medium- and long-term credit for enterprises needing such guarantees and credit that have qualified for investment incentives under the Industrial Development Program of the Virgin Islands, and that cannot independently obtain such medium- and/or long-term credit from private sources ...". The bank's capital will consist of common stock purchased by the Government for \$US 2 million and 15-year bonds issued by the bank in the amount of \$US 8 million. The repayment of such bonds will be guaranteed by the Government.

120. In signing the measure, Governor Luis pointed out that the bank would not be set up until the Legislature had identified the government funds required for that purpose.

121. The Governor's Economic Policy Council has prepared a set of economic development policy guidelines designed to promote orderly and productive development of the local economy. In doing so, the Council took into account all relevant information contained in the present paper. In releasing the draft guidelines on 26 January 1978, Mr. Rimpel, Commissioner of Commerce, who is also the Council's Chairman, told reporters that the Council would invite such groups as the Legislature, the Governor's Economic Advisory Board and the public at large, to give their views on the present draft within the next three months. Upon receipt of such views, a final draft of the policy guidelines would be drawn up. Mr. Rimpel expressed confidence that the guidelines would be endorsed by Governor Luis and would serve as "guideposts for the future".

p/ Ibid., para. 89.

122. The present draft, among other things, provides background information on 10 major areas of concern as well as general and specific recommendations for dealing with these problems. The 10 principal problem areas are: growth management; diversification of the economy; employment and unemployment; public infrastructure development; human resources; public sector employment; geographic balance; import substitution; tourism development; and the budgetary process.

G. Public finance

123. According to the report of the Visiting Mission, q/ in recent years, the territorial Government had found itself faced with difficulty in balancing its budget. While recognizing the need to maintain the same level of services to the community, the Mission considered that the Government should seek to effect savings throughout the governmental establishment.

124. On 13 July 1977, the late Governor announced his decision to allow the appropriations bills passed by the Legislature to become law without his signature. The bills would provide funds totalling approximately \$US 200.0 million (including \$US 30.8 million in federal aid) to cover operating and capital outlays for 1977/78. The latter would be met mainly from federal grants, the Internal Revenue Matching Fund r/ and the Road Fund. According to the approved operating budget for that fiscal year, local revenue would amount to an estimated \$US 131.0 million and operating expenditure to \$US 136.2 million, \$US 900,000 less than the sum requested by the late Governor.

125. The total estimated local revenue for 1977/78 would be chiefly derived from the following sources: income tax, \$US 61.0 million; gross receipts tax, \$US 14.2 million; reimbursement by the Federal Government of tax loss as specified in the Omnibus Territories Bill (see para. 99 above), \$US 14.0 million; real property tax, \$US 8.0 million; trade and excise tax, \$US 5.7 million; customs duties, \$US 5.5 million; water service charges, \$US 2.5 million; licence fees and permits, \$US 2.2 million; and contributions from other sources such as the Internal Revenue Matching Fund, \$US 15.0 million.

126. The total estimated operating expenditure for that fiscal year would be allocated as follows: education, \$US 34.6 million; public works, \$US 21.1 million; health, \$US 19.6 million; public safety, \$US 10.5 million; social welfare, \$US 7.1 million; finance, \$US 5.2 million; commerce, \$US 4.8 million; the College of the Virgin Islands, \$US 4.3 million; conservation and cultural affairs,

q/ Ibid., para. 376.

r/ Federal excise taxes on imports from the United States Virgin Islands are collected in the United States and returned to the Territory as matching funds. To receive such funds, the Territory is required to raise, through local taxes, money which matches in size the excise taxes to be returned. It is also required to use the funds only for financing development projects.

\$US 3.2 million; Bureau of Corrections, \$US 2.5 million; law, \$US 1.8 million; agriculture, \$US 1.8 million.

127. On 4 April 1978, Mr. Justin Moorhead, the Budget Director, said that the Federal Government had agreed to provide the Territory with \$US 14.0 million to cover tax losses, but that it remained uncertain whether that sum would be received before the end of 1977/78. During the year, he added, the territorial Government had planned to reduce total spending from the \$US 136.2 million appropriated by the Legislature to \$US 132.0 million. Nevertheless, there would still be a possible \$US 7.0 million to \$US 8.0 million gap between planned spending and projected revenue. Although the Government could not legally operate at a deficit, the Revised Organic Act permitted a "casual deficit" if the gap between expenditure and revenue was not anticipated at the time the budget was approved. At present, the Government was considering various proposals to deal with its budgetary difficulties.

128. In a letter to Mr. Roebuck, President of the Legislature, published by a local newspaper on 18 April, Governor Luis outlined the following principal features of the 1978/79 budget, including requests for General Fund operating expenses of \$US 148.9 million, road construction and repair funding of \$US 3.0 million and various expenditures from the Matching and Conservation Funds of \$US 26.7 million. The nominal increases in expenditures proposed for 1978/79 reflected basic staffing needs and the impact of inflation on operating expenses.

129. The Governor stated that in determining adequate revenue to fund proposed expenditures, increases in current taxes had been considered only after it was apparent that despite the resurgence of economic activity, improved enforcement of current tax statutes and more effective management of government funds, a possible \$US 16 million shortfall still existed. He recommended that measures be taken to increase slightly certain direct and indirect taxes as well as to institute a hotel room tax.

130. The Governor also said that "in an attempt to eliminate most of the recommended revenue measures, I have petitioned the Federal Government to make available to the Territory a recurring \$US 20.0 million grant". The request had been made on the grounds that the territorial Government had "a rightful claim to the excise taxes paid in the continental United States for gasoline refined in the Territory but retained by the Federal Government; and that the sizable population growth in the Territory during recent years resulting from federally controlled immigration policies had "seriously strained the capabilities of this Government to provide the scope and quality of services required by the community" (see also paras. 38 and 45 above). However, at its 335th meeting, on 16 June 1978, the Sub-Committee on Small Territories was informed by the representative of the United States that it was his understanding that "no request has yet been made".

131. Finally, the Governor stated that:

"The spending program outlined for the fiscal year 1979 realistically addresses the needs of the Territory within the constraints of available funding. This budget does not contain the solution to all of our problems;

these problems have been a long time in the making. In the long run there is only one solution to the continuing fiscal difficulties of the Territory. We must encourage a growing consciousness on the part of the community and the Government that government has its limits ... The Government is already severely underfunded for the task it must perform. In addition, strides must be made to establish a sound revenue base upon which future growth can occur. I invite the Legislature to give careful consideration to the expenditure and revenue proposals here submitted. Together, between now and 30 June 1978, we can formulate a realistic and balanced budget ...".

132. According to Mr. Roebuck, the Legislature intended to meet on 19 April to receive the Governor's proposed operating budget for 1978/79. Subsequently, it was reported that government spending for the current fiscal year would total \$US 209.0 million, of which \$US 148.9 million would be devoted to the operation of the three branches of government. Revenue would include: federal grants, \$US 29.0 million; the Internal Revenue Matching Fund, \$US 24.0 million; and the Health Revolving Fund, \$US 4.5 million.

4. SOCIAL CONDITIONS

A. Labour

133. In its report, the Visiting Mission noted that the Territory was beset with rising unemployment, owing primarily to a slack in the demand for construction. Although the Mission welcomed the public works projects being envisaged to reverse the slump in construction activity, it considered that the administering Power, together with the territorial Government, must undertake such measures as would ensure a steady growth in jobs of all types so as to encourage the United States Virgin Islander to remain and build his country. s/

134. In 1976/77, the labour force of the Territory rose by about 2 per cent to 44,270, with total employment increasing by 4.7 per cent to 40,507. Employment by major industrial groups (with the comparable figures for 1975/76 given in parentheses) was as follows: government, 11,022 (10,622); retail trade, 5,600 (5,415); construction, 5,430 (5,065); hotels, 2,880 (2,550); manufacturing, 2,875 (2,650); personal and business services, 2,550 (2,475); transportation, 2,200 (2,160); finance, insurance, etc., 1,475 (1,475); wholesale trade, 535 (525); agriculture and mining, 200 (200); and self-employed, domestic and other, 5,740 (5,540). On the basis of these figures, the growth of jobs in the private sector was faster than in the public sector. Hotels showed the biggest percentage increase followed by manufacturing, construction and government.

135. The Territory's unemployment was officially estimated to have dropped from an all-time high of 10.8 per cent in 1975/76 to 8.5 per cent in 1976/77. In June 1977, the Federal Government provided the Territory with aid amounting to \$US 7 million to create public service jobs for the long-term unemployed. On 29 November, Mr. Luis, then Acting Governor, signed into law a bill intended to enable the Territory to participate in the Federal Unemployment Insurance Program. Subsequently, the Federal Government approved the Territory's affiliation with the programme which, among other things, would offer substantially increased benefits to unemployed local workers with effect from 1 January 1978. The territorial Government has continued other programmes for the alleviation of unemployment which were described in the previous report of the Special Committee. t/

136. As has been indicated in the preceding section of the present paper, the economy generally and the sectors of tourism, light manufacturing and construction in particular were stronger in early 1978, with the expansion of employment expected to continue. In March, however, over 600 employees of the subcontractors

s/ Official Records of the General Assembly, Thirty-second Session, Supplement No. 23 (A/32/23/Rev.1), vol. III, chap. XXVII, annex, para. 377.

t/ Ibid., para. 143.

of the Hess Oil Corporation and about 130 others at its refinery were laid off, owing to a continued lower demand for the company's refined petroleum products (see para. 104 above). As a result, the Territory was having difficulty in improving the unemployment situation. In his recent message on the state of the Territory, Governor Luis indicated his awareness of this problem, and called upon the Legislature to work with him in the future "so that we will be remembered as the Administration and the Legislature which declared all-out war on ... unemployment" (see also para. 59 above).

B. Housing

137. As previously noted, u/ the residential construction activity increased slightly in the year ending June 1976. In the calendar year 1976, the Territory had 30,000 dwelling units compared with 26,914 in 1973. The territorial Government's chief economist estimated that the value of residential construction would total at least \$US 15 million annually in the Territory, at least for the years 1976/77-1980/81.

138. The territorial Government has continued to promote public housing development. The Virgin Islands Housing Authority (VIHA) is a public corporation established under the Federal Housing Act of 1949, as amended, to develop low-cost housing projects. It relies on rents and federal subsidies for income. According to VIHA, there was a 73 per cent increase in the number of residents of public housing units during the period 1970-1976 (from 9,638 to 16,663) which was attributed to "immigration patterns". During the same period, the total number of units occupied rose from 2,255 to 4,013. At the end of this period, the average gross income of the VIHA households was around \$US 4,400: a gain of \$US 100 over 1975.

139. On 2 August 1977, the late Governor was reported to have signed an agreement with the United States Department of Housing and Urban Development (HUD) for the Territory to receive \$US 2.7 million in Community Development Block Grant funds for 1977/78. The funds were earmarked for several projects involving land acquisition, recreation and neighbourhood facilities, housing rehabilitation, beautification, community redevelopment and water facilities. On 23 March 1978, it was reported that Governor Luis had submitted to the Legislature a bill which would approve those projects, at a total cost of \$US 1.8 million. On 25 April, VIHA announced that HUD had allocated a total of \$US 5.4 million for renovating, replacing and improving 15 public housing projects in the Territory.

C. Public health

140. In its report, the Visiting Mission, stated that the administering Power should provide the public health authorities of the Territory, who were anxious to modernize the health care system, with the assistance needed to enable them to achieve that objective. Noting with satisfaction the further expansion and

u/ Ibid., paras. 152-153.

improvement, undertaken and planned, of medical facilities on the three main islands, the Mission urged the administering Power, in co-operation with the territorial Government, to continue that development. It also expressed the hope that every effort would be made to train an adequate number of qualified local medical personnel, particularly physicians and nurses, and to encourage them to work in the Territory. v/

141. In 1977, the territorial Department of Health administered four medical institutions in the Territory: two general hospitals (Knud-Hansen Memorial Hospital (201 beds) on St. Thomas and Charles Harwood Memorial Hospital (102 beds) on St. Croix) and two clinics (Ingeborg Nesbitt Clinic (23 beds) on St. Croix and Morris F. de Castro Clinic on St. John). Both clinics were satellites of the hospitals with all the attending back-up and support services. The ratio of physicians to population was 1:1,500.

142. In his recent message on the state of the Territory, Governor Luis said that there was no room for second-class health care services in the United States Virgin Islands; nor was there any room for denying to any of the local people the benefits of modern medicine. He added that good health care was the product of well-trained personnel working in modern and well-equipped hospital facilities. He went on to say that positive action on the part of the Federal and territorial Governments would soon make possible the expenditure of more than \$US 40 million for construction of modern medical facilities for the three main islands; and that 13 health care positions had recently been filled with qualified professionals, including nuclear medicine administrator, territorial infectious disease control officer, consultant in cardiology and a chief of family planning, among others.

143. The Governor also drew attention to the following additional accomplishments in the health care field: (a) accreditation received for the two general hospitals and Ingeborg Nesbitt Clinic; (b) a \$US 588,000 project, financed by federal aid and designed to transform the Old Frederiksted Hospital into a modern outpatient facility; (c) acquisition of radioisotope and other equipment for installation at the Knud-Hansen Memorial Hospital; (d) resumption of renovations at the Charles Harwood Memorial Hospital; (e) establishment of a part-time nursing programme to reduce dependence on the Nurses Registry; (f) relocation of the Division of Environmental Health to a new office on St. John; (g) institution of "Employee-of-the-Month Program" to honour outstanding personnel of the Department of Health; and (h) re-establishment of an awards programme for employees having been with the Department for 5 to 35 years.

v/ Ibid., para. 380.

5. EDUCATIONAL CONDITIONS

144. In its report, the Visiting Mission recommended that the administering Power, in consultation with the territorial Government, should give prompt consideration to the possibility of building additional schools from funds which should be allocated by the Federal Government to offset the effects of high rates of migration to the Territory in the 1960s under federal immigration laws. Constant attention should also be given to the nature of the Territory's educational system so as to provide its people with the skills necessary to manage all sectors of the national economy. Every effort must also be made to ensure that companies operating in the Territory conduct appropriate training programmes for United States Virgin Islanders designed to localize their staff. w/

145. Education is compulsory between the ages of 5 1/2 and 16 years. Public, private and church schools provide kindergarten, primary, junior, secondary and vocational education. On St. John, the only government schools are kindergartens, primary and junior schools. During the 1976/77 academic year, 25,036 pupils were enrolled in the public schools, of whom 15,516 were in primary schools and the remainder in secondary schools. According to press reports, some 26,000 children attended the public schools in the following year.

146. Between August 1977 and February 1978, the territorial Government was awarded federal grants totalling \$US 855,236 to continue various educational programmes. On 10 April 1978, it was announced that the Education and Labor Committee of the United States House of Representatives had adopted an amendment to a bill revising the federal educational laws submitted by Mr. de Lugo, the Territory's non-voting delegate to the House. Under his amendment, the Federal Government would make available \$US 2 million a year to finance the Territorial Teacher Training Program. Federal grants would also be increased to cover the rising costs of administering the educational programmes in which the Territory was participating. In addition, the bill would include a provision to waive federal regulations which had in the past slowed the flow of federal education funds to the islands.

147. Higher education is provided at the College of the Virgin Islands (CVI) on St. Thomas, which has an extension centre on St. Croix. In September 1977, the College had 674 full-time and 1,445 part-time students (620 and 1,502 in 1976), including 58 students (42 in 1976) undertaking graduate courses in education. In October 1977, CVI received a federal grant of \$US 350,000 under the United States Higher Education Act of 1965 aimed at strengthening developing institutions of higher learning suffering financial hardship. In late November, Mr. de Lugo announced that the House had passed and sent to the President of the United States a bill entitled "The Agricultural Act of 1977". The bill would waive the dollar-for-dollar matching requirement for 1978 and 1979 under a programme to promote

w/ Ibid., para. 378.

subjects relating to agriculture, home economics and mechanics. Thus, approximately \$US 600,000 in extra federal funds would be available to CVI in these two years.

148. In announcing his candidacy for governorship in March 1978, Mr. de Lugo particularly criticized the Territory's educational system. He said that "our schools release into the community each year hundreds of uneducated and virtually unemployable young men and women" and that "despite spending larger sums on education each year, there is still a steady decline in scholastic achievement".

149. In his recent message on the state of the Territory, Governor Luis stated that "Education is the principal instrument in awakening the child to cultural values, in preparing him for later professional training, in helping him to adjust normally to his environment and in preparing him for the performance of his most basic responsibilities. Education is, then, the single most critical function our Government performs. For that reason, this Administration intends to make education a top priority in the months ahead".

150. The Governor then cited his administration's accomplishments, including in particular: (a) appointment of deputy commissioners of curriculum and instruction and for business and management; (b) qualification by the Territory for increased federal funds for education; (c) development of improved reading skills with federal assistance; (d) implementation of an after-school mathematics tutorial programme; (e) opening of an elementary and a junior high school on St. Croix; (f) groundbreaking for an additional elementary school on St. Croix and a junior high school on St. Thomas; (g) expansion of the existing educational facilities such as classrooms, etc., on the three main islands; (h) completion of an occupational skills centre and other facilities for adults; (i) signing of co-operative training programmes with the Hess Oil Corporation and the Martin Marietta Corporation; and (j) introduction into the schools of a local film series on culture, history, government and economy of the Territory. Finally, Mr. Luis drew special attention to certain major educational projects such as construction of two elementary and two junior high schools for 4,800 pupils.

151. The proposed constitution of the United States Virgin Islands (see paras. 24-33 above), among other things, would provide for:

(a) Establishment of a system of elementary, secondary and higher education, including programmes responsive to the needs, interests and abilities of the people of the United States Virgin Islands;

(b) Compulsory elementary and secondary education for all children within school-age limits prescribed by law and free education in the public elementary and secondary schools;

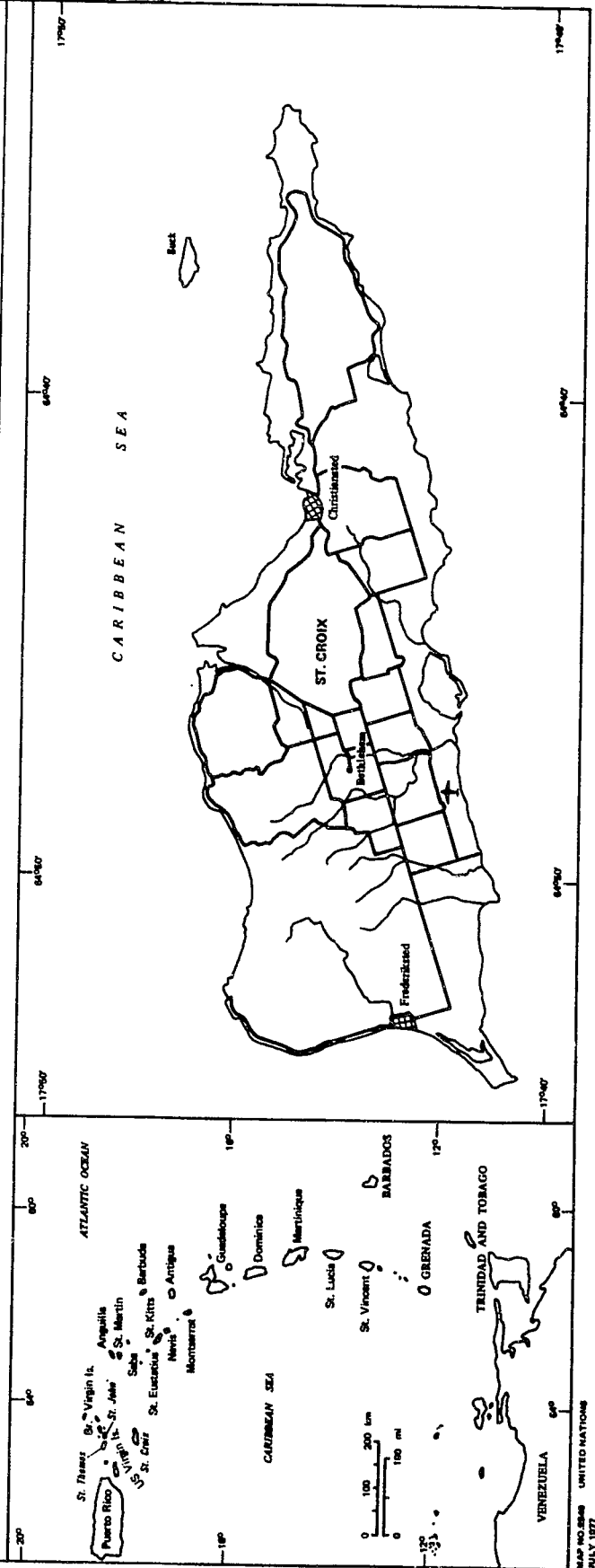
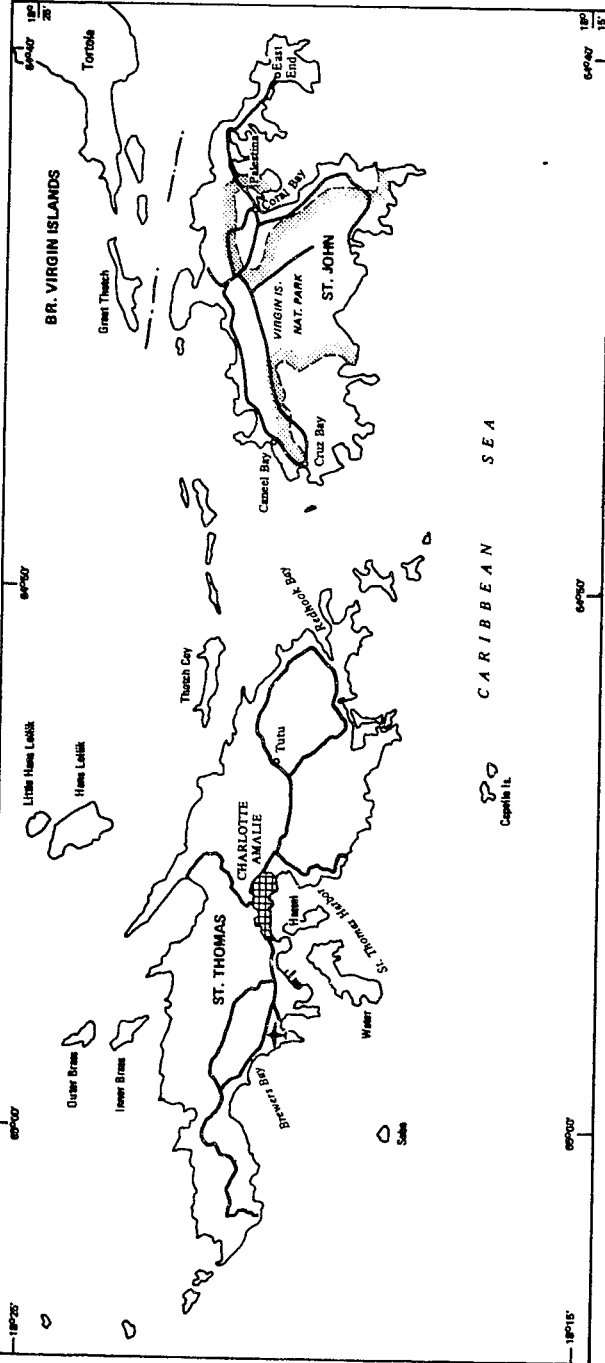
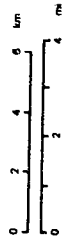
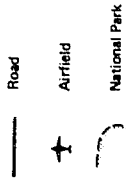
(c) Creation of a Board of Education to set educational policies and to have other powers and duties as might be provided by law;

(d) Election of members of the Board for terms of four years from St. Croix and St. Thomas/St. John, provided that at least one member must be a resident of St. John;

(e) Determination by law of the number, apportionment and qualifications of Board members;

(f) Authorization for the Governor, with the advice and consent of the Legislature, to appoint every five years an Education Commission of not less than three nor more than seven members to review the performance of the educational system and to submit, within two years of its appointment, to the Governor and the Legislature a public report of its findings and recommendations.

UNITED STATES VIRGIN ISLANDS



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