



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 IV

GENERAL ASSEMBLY

OFFICIAL RECORDS: THIRTY - FIRST SESSION

SUPPLEMENT No. 23 (A/31/23/Rev.1)

UNITED NATIONS



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New York, 1977

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 XXV to XXXII;* volume I, chapters I-VI; volume II, chapters VII-XIV; and volume III, chapters XV-XXIV.

* The present version of chapters XXV to XXXII is a consolidation of the following documents as they appeared in provisional form: A/31/23/Add.9 (Parts I, II and III) of 14 October, 14 October and 18 October 1976 and A/31/23/Add.10 of 19 October 1976.

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CHAPTER XXV

ANTIGUA, DOMINICA, ST. KITTS-NEVIS, ANGUILLA, ST. LUCIA AND ST. VINCENT

A. CONSIDERATION BY THE SPECIAL COMMITTEE

1. The Special Committee considered the question of Antigua, Dominica, St. Kitts-Nevis, Anguilla, St. Lucia and St. Vincent at its 1054th meeting, on 10 September 1976.

2. In its consideration of the item, the Special Committee took into account the provisions of the relevant General Assembly resolutions, including in particular resolution 3481 (XXX) of 11 December 1975 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 11 of this 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-first session". The Committee also took into account the decision taken by the General Assembly on 8 December 1975 concerning the Territories. 1/

3. During its consideration of this 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 Territories.

B. DECISION OF THE SPECIAL COMMITTEE

4. At its 1054th meeting, on 10 September, following a statement by the Chairman (A/AC.109/PV.1054 and corrigendum), the Special Committee decided, without objection, to transmit to the General Assembly the working paper referred to in paragraph 3 above, in order to facilitate consideration of the item by the Fourth Committee and, subject to any directives which the General Assembly might give in that connexion at its thirty-first session, to consider the item at its next session.

1/ Official Records of the General Assembly, Thirtieth Session, Supplement No. 34 (A/10034, p. 120, item 23.

ANNEX*

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* Previously issued under the symbol A/AC.109/L.1125.

ANTIGUA, DOMINICA, ST. KITTS-NEVIS, ANGUILLA, a/
ST. LUCIA AND ST. VINCENT b/

1. GENERAL

1. Antigua, St. Kitts-Nevis and Anguilla form part of the Leeward Islands and lie mid-way in the arc of the West Indian Islands. Dominica, St. Lucia and St. Vincent form part of the Windward Islands. A number of smaller islands, called the Grenadines, form part of the Associated State of St. Vincent.

Area and population

	<u>Area</u> (square kilometres)	<u>Population</u> (1970 census)	<u>Mid-year 1974</u> (estimates)
Antigua (including Barbuda)	443	70 000	70 000
Dominica	750	70 302	74 000
St. Kitts-Nevis and Anguilla	401	50 957 ^{a/}	65 000
St. Lucia	616	101 000	107 000
St. Vincent (including the St. Vincent Grenadines)	389	89 632	14 000

^{a/} Includes estimates of 5,500 for Anguilla, which did not take part in the 1970 census.

2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

2. Following the dissolution of The Federation of the West Indies in 1962, negotiations concerning the future constitutional status of the Commonwealth Caribbean Territories were held between the Government of the United Kingdom of Great Britain and Northern Ireland and the territorial Governments. In 1965, a new constitutional device, associated statehood, was proposed and came into effect in 1967 in Antigua, Dominica, Grenada, c/ St. Kitts-Nevis-Anguilla and St. Lucia, and

^{a/} A separate Constitution for Anguilla came into effect in February 1976 (see paras. 8-14 below).

^{b/} The information contained in this paper has been derived from published reports.

^{c/} Grenada became independent in 1974.

in 1969 in St. Vincent. Under the West Indies Act 1967, d/ establishing the West Indies Associated States (WIAS), the administering Power retains responsibility for external affairs and defence and each Territory that becomes "a State in association with the United Kingdom" assumes full responsibility for all aspects of internal affairs.

3. Provisions are made under section 10 (1) of the Act for the termination of the association, at any time by any one of the Associated States, and the independence of any state which so wishes, provided that the enabling legislation is approved by a two-thirds vote in a referendum. If it is proposed to terminate the association in favour of association with an individual Caribbean country or federation, a referendum is not required. On the other hand, section 10 (2) of the Act provides that the United Kingdom Government may, at any time, terminate its association with an Associated State by an order-in-council.

4. The Constitution of each Territory provides for the establishment of a Parliament comprising the Queen, who is represented by a Governor, and a House of Representatives.

5. Antigua is the only member of the group which also has a Senate. In Antigua, the Senate consists of 10 senators, 7 of whom are appointed on the advice of the Premier and 3 after consultation with him. Whenever there is an opposition in the House of Representatives, it is given representation through one or more of the latter three members. The Senate is empowered to delay a money bill for up to one month and any other bill passed by the House of Representatives for up to two years.

6. Executive authority in each of the Associated States is exercised by the Governor, who is usually a national of the Territory in which he exercises such authority, and who acts in accordance with the advice of a Cabinet, composed of a Prime Minister and several other ministers. The Governor appoints as Prime Minister that member of the House of Representatives who, in his judgement, is most likely to receive the support of a majority of the members of the House. The other ministers are appointed by the Governor, on the advice of the Prime Minister. The Cabinet is responsible for general administration and control of the Government and is collectively responsible to Parliament.

7. There is a Supreme Court of Justice for all the Associated States, although its jurisdiction may extend to all interested Territories in the region. The Court has jurisdiction, among other matters, over constitutional issues, fundamental rights and freedoms and membership of the various parliaments. The parliament of each Associated State determines the jurisdiction of the Court in matters not specified in their respective constitutions.

d/ Official Records of the General Assembly, Twenty-second Session, Annexes, addendum to agenda item 23 (A/6700/Rev.1) (Part III), chap. XXIII, paras. 125-141.

A. Special situation in Anguilla

8. The events following demonstrations staged during 1967 in Anguilla in support of demands for secession from the Territory of St. Kitts-Nevis-Anguilla have been described in previous reports of the Special Committee. e/ Briefly, these demonstrations led to intervention by the United Kingdom and to protracted negotiations between the parties concerned. As a result, some degree of separation was effected by the enactment of the Anguilla Act, 1971, and the Anguilla (Administration) Order in Council, which was made on the basis of that Act on 28 July and came into effect on 4 August of that year. Under the Order, the administration of the island consists of a Commissioner, appointed by the Queen, who is assisted by a Council. Since late July 1972, the Council has consisted of seven elected members with Mr. Ronald Webster as the Leader of the Council. At that time, Mr. Webster said that one of the Council's main tasks would be to resume negotiations with the United Kingdom for an "absolute and final separation" from St. Kitts-Nevis. Replying to a letter from Mr. Webster concerning the status of Anguilla, the United Kingdom Government informed him during early 1973 that it would review the question in 1974, as previously promised.

9. A series of talks on the future constitutional status of Anguilla was held between representatives of the United Kingdom Government and Premier Robert Bradshaw in St. Kitts (September 1974), London (February 1975) and Barbados (May 1975). According to press reports the talks were inconclusive. Mr. Webster, Leader of the Council, held talks in Anguilla in September 1974 with Miss Joan Lester, Parliamentary Secretary of State for Foreign and Commonwealth Affairs, and visited London on 21 May 1975. According to a communiqué issued later that month, the United Kingdom Government decided to give Anguilla a greater measure of internal self-government.

10. In early December 1975, the Council agreed to a new constitution, which came into force in February 1976, ensuring legal separation from St. Kitts-Nevis. In a statement to the press, an official of the United Kingdom Government said that as long as the new Constitution of Anguilla was in force, the Constitution of the Associated State of St. Kitts-Nevis-Anguilla would not apply to Anguilla.

11. According to a statement released by the British Commissioner's office in Anguilla, it was reported that the main features of the new Constitution include:

(a) Protection of the fundamental rights and freedoms of Anguillans, enforceable through courts;

(b) Provision for a Commissioner appointed by the Queen, a Legislative Assembly of seven elected members, three ex officio members (Chief Secretary, Attorney General and Financial Secretary) and two nominated members;

(c) An Executive Council comprising the Chief Minister, two other ministers and two ex officio members (the Attorney General and the Financial Secretary). The Chief Secretary acts as Secretary to the Council;

e/ Ibid., Twenty-ninth Session, Supplement No. 23 (A/9623/Rev.1), vol. VI, chap. XXVIII, annex, paras. 130-133.

(d) A ministerial system of government with a Chief Minister and three ministers.

12. The Chief Minister will be the elected member commanding the support of a majority of elected members of the Legislative Assembly. The other ministers will be appointed on the approval of the Chief Minister from among the elected members of the Assembly. Together, they will be directly responsible for all government business except for the subjects explicitly reserved to the Commissioner, namely: defence, external affairs, internal security, including the police and the public service. Finance will be allocated to the Financial Secretary. An advisory Public Service Commission consisting of five members appointed by the Commission will also be established. Two of the members will be appointed after consultation with the public service associations.

13. The Constitution also provides for Anguilla to rejoin the West Indies Associated States Supreme Court, should it so desire; meanwhile, access to the United Kingdom High Court and Court of Appeals would continue. It was reported on 23 February 1976 that the Council of Anguilla had been dissolved earlier in the month and that elections would be held on 15 March. In the same report, it was stated that Premier Bradshaw, who had opposed secession from the Territory, had informed the United Kingdom Government of his displeasure over the separation of Anguilla.

14. Also in the same month, Mr. Webster declared that, at a later date, Anguilla would seek membership in the Caribbean Community (CARICOM) and the Caribbean Development Bank.

B. Future status of the Associated States

General

15. During the period under review, the Governments of four of the five Associated States (Antigua, St. Kitts-Nevis, St. Lucia and St. Vincent) indicated their willingness to seek independence from the administering Power. Mr. Patrick John, Premier of Dominica, has stated on a number of occasions that his Government's interest was not in seeking independence alone, but with the Leeward and Windward Islands. Following is an outline of recent developments.

16. In a statement to the press in November 1975, following an announcement by Premier Bradshaw of St. Kitts-Nevis-Anguilla regarding independence for his Territory, an official of the United Kingdom Government with responsibility for relations with the Associated States stated, among other things, that the United Kingdom would not prevent any of the Associated States from becoming independent, nor would it push them into independence. He noted that his Government had consistently stated in recent years that it was ready to discuss plans for moving on to full independence with any Associated State. He added, however, that the United Kingdom Government would carefully consider the timing of independence.

17. At meetings of the Heads of Governments of the Associated States and the Second Conference of Heads of Governments of CARICOM, both at Basseterre,

St. Kitts, in December 1975, two separate resolutions on the constitutional future of the Associated States were adopted.

18. The resolution of the Heads of Governments of the Associated States noted, among other things, that the status of association with the United Kingdom was a temporary measure; that the constitution of no other Commonwealth Caribbean country made a provision for a referendum as a prerequisite to independence and that the status of association could no longer serve the development and constitutional requirements and aspirations of the Governments and peoples of the Associated States. It was therefore resolved: "That the Governments of the Associated States approach the United Kingdom Government at the earliest possible date with a view to seeking the termination of the status of Association with the United Kingdom in accordance with the provisions of section 10 (2) of the West Indies Act, 1967." It was further resolved "that this resolution and any other supporting resolution or resolutions, be forwarded through the appropriate channels to Her Majesty's Government in the United Kingdom with a view to its earliest possible implementation."

19. The resolution adopted by the Second Conference of Heads of Government of CARICOM supported the desire of the Governments of WIAS to terminate the status of association and to proceed to full independence. It also urged the United Kingdom Government "to give effect to these wishes and to grant, within the shortest possible time, independence to the Associated States in accordance with section 10 (2) of the West Indies Act and subject only to the right of the respective Governments to fix the date for independence in accordance with their own programme."

20. In January 1976, in an address to the Second Annual Conference of the Caribbean Studies Association, Mr. John Compton, Premier of St. Lucia spoke of the quest by the non-independent Caribbean Territories for full nationhood, which he saw as being vital to their survival. Later in the same speech, he said, among other things, that the existence of non-independent Territories in CARICOM could introduce into the region a shadow of metropolitan presence which was no longer required. According to Mr. Compton, those Territories were at a severe disadvantage in the economic field because they were denied access to sources of aid available to the independent countries, and thus widened the gap between the more developed and less developed countries in the region. He added that should this state of affairs continue, stresses could be introduced into the community which might well result in its collapse. It therefore was imperative that all members of the community should have equal status as independents, removing all constraints to the full exercise of their sovereignty.

Antigua

21. In September 1975, in an address to the Ninth Annual Conference of the Antigua Workers' Union (AWU), Premier George Walter called on Antiguan to support his Government in its quest for full independence. He said that associated statehood was a period of preparation for independence which his Government would seek after the forthcoming general elections. He added that the Territory's present status prevented it from dealing directly with foreign countries and concerns. The then opposition Antigua Labour Party (ALP) stated at that time that

the question of full independence was not an election issue and that the decision should only be taken by a referendum.

22. Preliminary discussions between representatives of the United Kingdom and the Antigua Government, under the leadership of Mr. Walter, were held in December following the passing of two resolutions by CARICOM and WIAS (see paras. 17-19 above). Mr. Vere Bird, then leader of the opposition ALP, sent a telegram to the United Kingdom Secretary of State for Foreign and Commonwealth Affairs, in which he stated that no meaningful talks could be held until after the general elections. Mr. Bird also stated that, under the Constitution, a referendum must be held before the Territory could become independent. In reply, a spokesman for the United Kingdom Government said that representatives of the Antigua Government had gone to London for discussions on relations between the Territory and the United Kingdom. He gave assurances that no action would be taken inconsistent with established constitutional practice or in contravention of the West Indies Act.

23. Following the general elections of 28 February 1976, ALP won the majority of seats in the House of Assembly and its leader, Mr. Bird, was appointed Premier (see paras. 39-43 below). The issue of independence was superseded by national unity and the control of inflation. No further talks with the United Kingdom have been arranged.

St. Kitts-Nevis

24. Independence for the Territory became an election campaign issue in 1975 when Premier Bradshaw made such an announcement at the dissolution of the House of Assembly on 7 November and called for elections on 1 December. His party won seven of the nine seats contested and he was re-appointed Premier. In a national broadcast following the elections, Mr. Bradshaw stated that independence for the Territory was now a question of mechanics and of time. He added that the will of the people, as expressed during and immediately after the elections, was that the Territory should seek independence alone.

25. It was reported on 2 March 1976 that a delegation under the leadership of Mr. Paul Southwell, the Deputy Premier, had visited London to begin talks with the United Kingdom Government on the future constitutional status of the Territory.

St. Lucia

26. The Government of St. Lucia had been an ardent advocate of independence for the non-independent Caribbean Territories as a group rather than as separate units. It was a signatory to the Petit St. Vincent agreement in 1972 f/ which attempted unification with Grenada and St. Vincent and supported various other attempts at unification. The position of the Government was made clear on the independence issue during the 1974 general election campaign, when the ruling United Workers' Party (UWP), pledged to unite with one or more Associated States in order to become independent, but would "consider going it alone" if the attempt failed and if independence appeared to be in the best interest of the people.

f/ Ibid., Twenty-eighth Session, Supplement No. 23 (A/9023/Rev.1), vol. V, chap. XXVI, annex, paras. 13-18.

27. In his speech at the opening of the Third Session of the House of Assembly on 18 December 1975, the Governor said that, on numerous occasions, the Government had pledged its determination to remove whatever constitutional barriers stood in the way of independence and to exhaust all possibilities of reaching an understanding with other Governments of the Associated States for political unification as a means to independence. He added that, after nearly 10 years, the Government was convinced that it was highly unlikely for such an understanding to be reached in the foreseeable future. The Governor noted the agreement reached by the Governments of WIAS, with the support of the independent countries of CARICOM, to seek independence separately. In pursuance of that decision, the St. Lucia Government would make a formal request to the administering Power to terminate the status of St. Lucia as an Associated State at the earliest possible time.

28. According to the Governor, the Government would immediately consult the opposition Labour Party (LP) to determine the mechanics and timing of implementing this decision. After the talks, a constitutional commission would then be appointed and its recommendations debated in the House before a discussion was held with the United Kingdom Government. The Governor pointed out that, as St. Lucia's involvement in CARICOM deepened, it had become necessary for the Government to take, or participate in, decisions on foreign policy. He said that the actions of the Government were severely circumscribed and its decisions subjected to severe limitations under the present Constitution.

St. Vincent

29. The Government of St. Vincent has made a number of attempts towards independence by way of unification with neighbouring Territories. It was a signatory to the Petit St. Vincent agreement in 1972 (see para. 26 above). In 1974, the Governor of St. Vincent, on the advice of Mr. J. F. Mitchell, then Premier and Chairman of the Council of Ministers of WIAS, appointed a commission to investigate the possibility of forming a political union with WIAS and Montserrat. The St. Vincent Government favoured the idea of a strong central government for the Associated States and independence for St. Vincent within the framework of Caribbean unity.

30. The St. Vincent Labour Party (SVLP), which won the general election in December 1974 (see paras. 32-34 below), campaigned on the issue of full independence for the Territory during the next five years, either in unit with one or more Territories or alone. After his appointment as Premier, Mr. R. Milton Cato stated that he would attempt to take the Territory to independence within a regional grouping. The Governor, in his speech at the opening of the Territory's Legislative Council in January 1975 declared that the Government, acting on the clear and unmistakable mandate given to it by the people, would seek independence. In December 1975, the Government was a signatory to two resolutions which requested the administering Power to terminate the status of St. Vincent as an Associated State (see paras. 17-19 above).

C. General elections

31. General elections have been held in four of the Associated States since December 1974. St. Vincent held elections on 9 December 1974, followed by Dominica (24 March 1975), St. Kitts-Nevis (1 December 1975) and Antigua (18 February 1976). General elections will be held in St. Lucia in 1979.

St. Vincent

32. At the general elections held in 1972, the two major political parties, SVLP and the Peoples' Progressive Party (PPP), each won six seats in the House of Assembly and the other seat was won by Mr. Mitchell, as an independent. The Government was formed as the result of an alliance between PPP and Mr. Mitchell. A Government was formed in which Mr. Mitchell was appointed Chief Minister and Mr. Ebenezer T. Joshua, leader of PPP, was appointed Deputy Premier and Minister of Finance. On 2 September 1974, Mr. Joshua and his wife, also an elected representative, resigned from the Government and joined the leader of the opposition in co-sponsoring a motion of no-confidence against the Government, which was passed by the Legislative Council on 17 September. The Governor, on the advice of the Premier, dissolved Parliament on 24 September and elections were held on 9 December.

33. The elections of 9 December for the 13 elected seats in the House of Assembly was the second since the Territory became an Associated State and the second in which 18-year-old persons were allowed to vote. Five parties presented 31 candidates (no independent candidates contested the elections). The opposition SVLP won 10 seats, PPP won 2 seats and Mr. Mitchell, who campaigned as a member of a break-away faction of PPP, retained his seat in the Grenadine constituency. According to official figures, 28,574 out of an eligible 45,181 voters, or 63.2 per cent of the electorate, voted in the elections.

34. On 10 December, Mr. Cato was appointed Premier and Minister of Finance. Acting on the advice of the Premier, the Governor made the following appointments: Ebenezer Joshua, Minister of Trade and Agriculture; Hudson Tannis, Minister of Communications, Works and Labour; Randolph Russel, Minister of Health, Housing, Community Development and Local Government; St. Clair Dacon, Minister of Education and Youth Affairs; and Grafton Issaacs, Minister of Home Affairs and Tourism.

Dominica

35. General elections were held in Dominica on 24 March 1975, for 21 elected seats in the House of Assembly, increased from 11 since the last elections. Four political parties, including the Dominica Labour Party (DLP), which held 9 of the 11 elected seats and the Dominica Freedom Party (DFP) which held the other 2, together with 11 independent candidates contested the elections. DLP won 16 seats, DFP won 3 and independents won the remaining 2 seats.

36. Following the elections, Mr. Patrick R. John was re-appointed Premier and Minister of Trade, Development, Tourism, Local Government, Sports and Security. Five other ministers were appointed from the successful DLP candidates:

Henckle Christian, Deputy Premier and Minister of Education and Health; Victor Riviere, Minister of Finance and Consumer Protection; Michael Douglas, Minister of Agriculture, Fisheries and Co-operatives; Isial Thomas, Minister of Labour, Social Security and Youth Affairs; and Thomas Seraphin, Minister of Communications, Works and Housing.

St. Kitts-Nevis

37. On 1 December 1975, general elections were held in St. Kitts-Nevis for the elected seats in the House of Assembly. As a result of direct intervention by the administering Power, no elections were held in Anguilla (see paras. 8-14 above). Seventeen candidates representing the ruling Labour Party (LP), the People's Action Movement (PAM) and the Nevis Reformation Party (NRP) and three independents contested the elections. The main issues during the campaign were public ownership of the sugar estates; independence; and the threat of secession by Nevis.

38. As a result of the election, LP was returned to power, having won 9 of the 11 seats; the other 2 were won by NRP. Mr. Bradshaw was re-appointed Premier, Minister of Home Affairs and Minister of Finance. The other six ministers in the Government are as follows: Paul Southwell, Deputy Premier and Minister of Trade, Industry and Tourism; J. N. France, Minister without Portfolio; Lee Moore, Attorney General and Minister of Legal Affairs; Edmond St. John Payne, Minister of Agriculture, Lands, Housing and Labour; F. C. Bryant, Minister of Education, Health and Social Affairs; and Charles E. Mills, Minister of Communications, Works and Public Utilities.

Antigua

39. In November 1975, the Antigua House of Representatives passed two sets of legislation which: (a) allowed the Government to waive the setting up of a boundaries commission before the general election; and (b) increased the deposits of candidates from \$EC 96 g/ to \$EC 500 (the highest in the Associated States), while reducing the period of voter registration from three weeks to seven days.

40. General elections for the 17 elected seats in the Antigua House of Representatives were held on 18 February 1976. It was the first time that 18-year-old persons were allowed to vote. The ruling Progressive Labour Movement (PLM), led by Mr. Walters, and the opposition ALP led by Mr. Bird, together with a number of independents contested the elections. PLM campaigned on the issue of independence by mandate given at a general election and not by referendum. ALP pledged to revive the sugar industry, which the Walter Government had closed down and which, according to observers, had caused heavy unemployment; the abolition of income tax by stages over the next few years and the immediate removal of the high rate of surcharge on electricity consumers. He also pledged that there would be no independence without a referendum.

g/ The local currency is the East Caribbean dollar (\$EC); \$EC 4.80 is equivalent to one pound sterling. See also para. 57 below.

41. In the preliminary results, ALP won 10 seats, PLM 5, the Barbuda constituency was won by an independent and the other seat resulted in an unresolved tie between ALP and PLM candidates. Both contenders polled 497. It was reported that Mr. Reubin Harris, the ALP candidate, had presented an election petition to the High Court, on the grounds that six of his votes had been rejected by the constituency's returning officer because they were marked with a pen and not with a pencil provided by the polling station. Subsequently, the Supervisor of Elections ruled that a voter could use a pen or anything that could show a clear mark.

42. Following the elections, Mr. Bird was appointed Premier of Antigua. The other members of the Government are as follows: Lester Bird (son of the Premier), Deputy Premier and Minister of Economic Development; John St. Luce, Minister of Agriculture and Supplies; Ernest Williams, Minister of Public Works and Tourism; Cosmo Phillips, Attorney General; Adolphus Freeland, Minister of Home Affairs and Labour; John Myers, Minister of Education and Culture; Christopher O'Mard, Minister without Portfolio; and Lionel Hurst, Minister without Portfolio. Reubin Harris was subsequently appointed Minister of Finance, following a High Court ruling on the election results. Mr. Claude Francis of Barbuda, who was elected as an independent, was later appointed Minister for Barbudan Affairs.

43. As noted above, Antigua is the only Associated State with a second chamber, the Senate. Seven of the 10 members are appointed on the advice of the Premier and the other 3 after consultation with him. The parliamentary Opposition is represented from among the latter group. It was reported in February that the Government had officially named its seven members to the Senate and had nominated a Barbudan to take one of the three remaining seats. Premier Bird also announced plans to increase the number of seats in the Senate from 10 to 18. The seven Senators nominated by the Premier are as follows: Kerthly Heath, President; Bradley Carrott, Deputy President; Cosmos Phillips, Attorney General, with responsibility for State affairs; Lionel Hurst, Leader of Government Affairs (Minister without Portfolio); Hugh Marshall, Parliamentary Secretary, Ministry of Economic Development; Donald Sheppard and Bill Abbott.

Anguilla

44. Elections were last held in Anguilla in July 1972, when the People's Progressive Party (PPP), the only political organization, under the leadership of Mr. Ronald Webster, won six of the seven elected seats in the Island Council. Anguilla did not participate in general elections for St. Kitts-Nevis-Anguilla in December 1975 because of the special circumstances outlined above (see paras. 8-14 and 37 above).

45. A separate Constitution for Anguilla came into force in early February 1976 and the first general elections for the seven elected seats in the new legislature of Anguilla were held on 15 March. PPP was the only political organization to contest the elections, together with a number of independents. According to the election results, PPP won six seats and the other was won by an independent. Mr. Webster, who was later appointed Chief Minister, stated in a press interview that he would guarantee political and social stability, as well as tax concessions, so as to encourage investment in Anguilla.

D. Other political developments

Freedom of the press in Antigua

46. It will be recalled that in January 1972, h/ the Newspaper Registration Act and the Newspaper Surety Ordinance came into force; as a result the two opposition newspapers, the Workers' Voice and the Antigua Times ceased publication temporarily. By October, both newspapers had reappeared as free publications following the ruling of a High Court judge that the above legislation was unconstitutional. The Government appealed the ruling and, in mid-1975, the Judicial Committee of the Privy Council ruled in favour of the Government by declaring that the laws were not ultra vires the Constitution.

47. In July 1975, the House of Representatives amended the above legislation, which, in addition to imposing a licence fee of \$EC 600 and a deposit against libel of \$EC 10,000, enlarged the definition of a newspaper and required cabinet approval for the printing and publishing of a newspaper. It also imposed a fine of \$EC 15,000 and 12 months' imprisonment for contravention of the Act. It was reported that the amendments would prevent the publication of the Workers' Voice, an organ of ALP, and Outlet, an organ of the Afro-Caribbean Liberation Movement (ACLM) which had been able to continue because of certain loop-holes in the earlier legislation. All local newspapers ceased publication when the new law came into effect. The Workers' Voice reappeared in October and in December The Leader, an official organ of PLM, was launched. As far as it is known, these are the only two local newspapers now being published.

48. In a nation-wide broadcast on 23 February 1976, following his appointment as Premier, Mr. Bird said that the Government would take immediate steps to repeal the Newspaper Surety Ordinance introduced during the régime of the previous Government. He said that it would be given top priority in memory of the late Mr. John Rowan Henry, who had fought so courageously for the freedom of the press and the rights of the individual.

Internal security in Dominica

49. During 1974, a radical black power youth movement called the "Dreads" (from their braided "dread locks") was responsible for acts of violence in the Territory which ranged from burning crops and killing cattle to attacks on the police and foreigners, resulting in the death of two tourists. A limited state of emergency was declared in April; in November, new legislation was introduced which, among other things, outlawed any organization that preached racialism and violence, and gave the police powers to arrest any member of an unlawful organization including the Dreads (who were easily identified because of their distinct hairstyle and way of dress). The Corporal Punishment Abolition Act was amended to reintroduce such a punishment for attacks on law enforcement officers and visitors, as well as for kidnapping, rape, the possession of unlicensed firearms and damage or destruction

h/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 23 (A/9023/Rev.1), vol. V, chap. XXVI, annex, paras. 47-50.

of crops and livestock. A young militant, under a death sentence for the murder of a United States national in 1974, was reprieved in April 1976.

50. Following the general elections in March 1975, the Government continued its attempts to curb the activities of the Dreads by launching an island-wide campaign against them; in July, a second amnesty of 38 days was granted. (The first amnesty of 15 days had been granted in November 1974.) During the amnesty, a committee was appointed, comprising a member of Parliament and representatives of the clergy and local organizations. The purpose of the committee was to open lines of communication between the Government and the Dreads. It was also to investigate the origins and causes of Dreadism and make recommendations for a solution to the problem.

51. In November 1975, the House of Assembly approved the Defence Act, 1975, which converted the Dominica Defence Force from a part-time voluntary body to a permanent, salaried, full-time establishment of 50 regular officers, augmented by part-time volunteers. In presenting the bill before the House, the Premier stated, among other things, that the Defence Force would be dedicated to the preservation of law and order and would become a source of employment. He added that it was also the first step towards the establishment of a Dominica national service which would be purely voluntary. Opposition spokesmen expressed their criticism over the establishment of a full-time Defence Force and said that the motives behind it were "sinister". It was further referred to as "a wrong order of priorities" and "an insult to the nation".

Political disturbances in St. Lucia

52. In late January 1976, the St. Lucia House of Assembly deferred passage of the controversial Public Order Bill and appointed a committee to make a further study of the provisions of the act before it could be discussed in Parliament again. The decision to defer the bill came after a lengthy debate during which the opposition LP members bitterly criticized the bill. Opposition leaders Messrs. Allen Louissey and Kenneth Foster charged that the bill was offensive, oppressive and worse than a state of emergency. The bill outlaws incitement to violence or racial hatred at public meetings and marches and prohibits offensive conduct conducive to breaches of the peace. It also requires the permission of the Commissioner of Police to hold public meetings and marches and makes it an offence to participate in an unauthorized march.

53. In a nation-wide broadcast earlier in the month, Premier Compton said that the forces of law and order would be mobilized to crush the current wave of indiscipline in the Territory for which he blamed a fringe element of the opposition party. He called on the opposition leaders to speak out against or, by their silence, be associated with the violence. Recent incidents included a physical assault on the Commissioner of Police in May 1974, and attempts to set fire to his home; disturbances during the Commonwealth Caribbean Heads of Government Conference (July 1974) and the visit of the Duke of Edinburgh (May 1975); and fire-bomb attacks on the homes of three government ministers since January 1976.

3. ECONOMIC CONDITIONS i/

A. General

54. The economies of the West Indies Associated States are based largely on agricultural exports, construction, tourism and government expenditure, which in turn depend almost entirely on external aid to cover capital expenditure and recurrent budgetary deficits. The manufacturing and distribution sectors are small-scaled and there is an absence of commercial mineral deposits.

55. Increased prices of oil and other commodities resulted in higher import prices which were passed on to domestic consumers and were reflected in rising price indexes during 1974 and 1975. On the other hand, although the rate of economic expansion appears to have slowed down in real terms, exports have grown in value; some commodities have also increased in volume, and the growth of imports has been deliberately restrained in an effort to conserve scarce foreign reserves. The Governments of WIAS are taking action at both the national and regional levels to increase food production. The Government of St. Kitts-Nevis has acquired all of the land under sugar cultivation on St. Kitts in order to rationalize production. In February 1976, the Governments of WIAS considered the implications of a \$EC 40.0 million CARICOM Regional Food Plan aimed at reducing the region's food import bill, estimated at over \$EC 1.0 billion a year.

56. During the period under review, the Governments of WIAS entered into co-operation agreements with the Government of Venezuela in the fields of trade, tourism, agriculture, public works, education and health.

B. Money and credit

57. The Associated States continued their membership in the East Caribbean Currency Authority (ECCA), which has responsibility for the supply, distribution and control of the East Caribbean dollar. In October 1975, the Associated States, along with other members of ECCA, agreed to introduce legislation in their respective Territories which would empower ECCA to sever the link between the Eastern Caribbean dollar and the pound sterling. The decision was taken following the rapid decline of the pound sterling in the international market and the recent change-over in currencies by some of their trading partners in CARICOM.

58. The Caribbean Development Bank, established in 1970 as the major financial institution in the Commonwealth Caribbean, continued to be of special importance to the Associated States as a source of development capital and technical assistance. According to its 1974 Annual Report, the Bank approved a total of \$EC 82.4 million in loans during the year, of which \$EC 24.6 million (30 per cent) was allocated to the Associated States.

i/ This section contains information taken from Economic Activity - 1974 - Caribbean Community Countries, Report of the Economic Commission for Latin America, Office for the Caribbean, document ECLA/POS 75/4.

59. During 1975, increased emphasis was placed on project implementation because of the large backlog of approved but unimplemented projects. Net loan approvals in 1975 amounted to \$EC 47.4 million (\$EC 63.2 million in 1974). The high figure of approvals for 1974 was due to the infrastructural loans (\$EC 37.6 million) to the Associated States and other less-developed countries. However, disbursements during 1975 amounted to \$EC 44.6 million, compared with \$EC 14.0 million for the entire period 1970-1974.

60. The Caribbean Investment Corporation, an institution established within CARICOM to promote the industrial development of less-developed countries within CARICOM, was reported, in late 1975, to be facing financial difficulties. The corporation, which had approved over \$EC 1.4 million in investment loans for 15 projects since its inception in 1973 and was expected to disburse \$EC 5.0 million over the first five years, needed an estimated \$EC 5.0 million to become viable. One reason given for the present situation was the failure of the private sector in the CARICOM area to contribute to the corporation as had been expected, and the failure of the less-developed countries to make advance payments. As a result, the corporation appealed to the more-developed countries for greater financial assistance. It was further reported that the Government of Trinidad and Tobago had responded by advancing its equity payments for 1977 and 1978.

61. The Territories continued to receive aid and technical assistance from various Governments and organizations, both regional and international.

C. Agriculture

62. Agriculture remained the most important growth sector, mainly because of higher prices but also because of some increases in production and exports. During 1974, weather conditions were generally more favourable than those of the previous year. The contribution of agriculture to the combined gross domestic product of the Associated States, at current factor cost, was provisionally estimated at \$EC 75.0 million in 1973, an increase of 15 per cent over 1972. Preliminary projections for 1974 anticipated an increase of about 20 per cent for that year. Banana exports are becoming the dominant commodity foreign exchange earner, having risen in value per ton from \$EC 173 in 1972 to \$EC 375 during 1974. Production of root crops, fruits and vegetables has also risen since 1973 and has benefited from a policy of agricultural diversification. Exports of these products to the United Kingdom and CARICOM countries have increased in volume, and new outlets have been found in Canada, the United States of America and other Caribbean Territories. The cultivation of Sea Island cotton for export has also been expanded in the Associated States since the rise in the world market price.

63. St. Kitts-Nevis, the only member of the group producing and exporting sugar, benefited from the high sugar prices on the world market in 1974, although the outlook for 1976 is uncertain. In a decision taken by the CARICOM sugar producers in January, it was decided to maintain the price of sugar to non-producing members at £173 per ton, a rise of £18 since July 1975. The question of increased

prices which had caused some worry among the non-producing less-developed countries, was to be the subject of a detailed study and a decision would be taken later. The Governments of Antigua and St. Vincent have indicated that they would return to sugar production.

D. Tourism

64. Tourism in the Associated States as a whole was relatively unsatisfactory during 1973. This trend accelerated in 1974 and 1975, except in St. Lucia and St. Vincent, where there has been a general increase since 1972. Although the total number of visitors has decreased, the average length of stay of tourists has increased. This is explained by the fact that a large number of visitors are "residential tourists" and "repeaters". These visitors stay for longer periods than the average tourist and consequently the contribution of tourism to the gross domestic product will decrease more slowly than the number of visitors. Other more apparent reasons for the decline in tourism in 1974 were the recession in North America and the higher cost of air travel and hotel services.

65. In a study released in early 1976, the Chase Manhattan Bank (United States), which has branches in the Caribbean, predicted that the improving economic situation in North America and elsewhere should lead to a higher volume of tourism.

66. The Governments of the Associated States and organizations concerned with tourism continued to promote tourism by maintaining their membership and participation in the Caribbean Tourism Research Centre, the Caribbean Tourism Association and other national and regional organizations.

E. Industrial development

67. The manufacturing sector, which consists of small-scale enterprises, produces mainly for local consumption. Its contribution to the combined gross domestic product continued to be marginal, rising from an estimated 4.4 per cent in 1969 to 4.6 per cent in 1973. In 1974, the sector received technical and financial assistance from various sources, including the Caribbean Development Bank and the East Caribbean Common Market, (ECCM), an institution created to assist the Associated States. The Bank has financed the construction of factory buildings in Dominica, St. Lucia and St. Vincent and has provided \$US 1.0 million in small-industry loans to the Associated States and two other Territories. According to reports, the Bank plans to assist in the establishment of a number of industries, including textiles, metal products, electronic assembly and food processing, particularly in Antigua, St. Kitts-Nevis and St. Lucia. The Bank's Special Fund, from which small-industry loans are made, has been increased as a result of contributions from the Federal Republic of Germany and Venezuela.

68. At meetings of its Council of Ministers (Jamaica, July 1975) and Conference of Heads of Government (St. Kitts, December 1975), CARICOM adopted measures designed to accelerate industrial development in the less-developed countries, including the Associated States. Among the proposals adopted were the following:

(a) protection would be given by CARICOM to five new industries which are being established mainly in the Associated States; (b) the pre-investment unit of CARICOM should intensify its assistance to less-developed countries in the formulation of their development projects; and (c) the less-developed countries should be designated an approved area for investment. The Conference also directed the Council to pay particular attention to the fundamental problems of production and trade faced by the less-developed countries and in particular to strengthen and expand the operations of the Caribbean Investment Corporation and other development institutions in these countries. The Conference further reaffirmed the policy of the Board of Governors of the Caribbean Development Bank to ensure preferential access by the less-developed countries to the Bank's Special Development Fund. In February 1976, the Chief Official of ECCM stated that marked progress was being made among the Associated States in the establishment of the new industries allocated to them. In particular, he mentioned the paint industry in Antigua and the shoe factory in St. Kitts.

F. Infrastructure

69. The programme of infrastructural development in the Associated States continued during the period under review. Capital expenditure declined in 1973, largely as a result of the termination of some public projects. High interest rates and tight credit facilities, resulting in higher over-all costs, also had a limiting effect on development projects. Estimated capital expenditure for 1974, amounting to \$EC 75 million, was 30 per cent higher than in 1973 although a large part is attributable to higher factor costs.

70. According to reports, the Caribbean Development Bank is financing road construction projects in Dominica, St. Lucia and St. Vincent; deep-water port projects in Dominica, St. Kitts and St. Lucia; and the purchase of dredging equipment for Antigua. The development of airport facilities is under way in Dominica, St. Lucia and St. Vincent. Electrification and other programmes are also being financed by the Bank.

G. External trade

71. The Associated States remain a net importer of manufactured goods and food-stuffs and an exporter of a limited range of agricultural products. Between 1969 and 1974, the value of exports increased faster than that of imports, and the aggregate trade deficit has decreased since 1971. In 1973, imports rose by nearly \$EC 43.0 million, or more than 4.4 per cent over 1972. Exports during the same period increased by more than \$EC 43.0 million, or over 46 per cent. According to some indications, a restrictive government policy combined with high commodity prices helped to limit imports while promoting exports in 1974. A negative factor was the earthquake which struck Antigua in October 1974 and retarded the export of petroleum products. On balance it was estimated that the

increase in imports and exports would be more nearly comparable in 1974 and the trade deficit slightly higher than in 1973. To some extent, these deficits would be offset by the inflow of foreign capital, tourist spending and financial aid from external sources.

H. Public finance

72. The revised data on gross domestic product at current factor cost indicate a public sector contribution for the Associated States of approximately \$EC 71 million in 1973 (\$EC 67 million in 1972), an increase of 6 per cent. Preliminary estimates for the public sector for 1974 amounted to \$EC 77 million, or an increase of 8 per cent over 1973.

73. Capital expenditure declined in 1973, largely as a result of the termination of major projects in some of the Territories. High interest rates and tight credit facilities during 1973 and 1974 also tended to restrict capital expenditure. Recurrent revenue for 1974 declined below expectations, partly because of a general slow-down in economic activity. With the exception of St. Lucia, the Associated States were among the Territories in the region that suffered the full impact of the international economic crisis, which resulted in inflation, fiscal stringencies and illiquidity of the banking system. Faced with shortfalls in recurrent revenue, the Associated States had to resort to drastic economies, and wherever they could, to heavy short-term borrowing from commercial banks. In most cases they went to the limit of their short-term treasury bill borrowing.

74. In December 1974, the Government of Trinidad and Tobago signed an agreement with the Caribbean Development Bank to create a special fund to assist the less-developed countries in meeting their counterpart funds required in connexion with the Bank's lending operations. At the Second Conference of Heads of Governments of CARICOM, in St. Kitts, in December 1975, it was agreed to act on the proposal for the establishment of a new money pool from which members could withdraw funds when necessary. A working party, consisting of officials from the central banks of the four independent countries and ECCA has been appointed.

75. For the period 1972-1976, the United Nations Development Programme (UNDP) assigned an undistributed indicative planning figure for the Caribbean area (including the Associated States). The country programmes 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 Associated States for 1974-1978 are estimated at \$US 3.02 million. Expenditure in 1974 amounted to \$US 746,700, while assistance budgeted for 1975 totalled \$US 1.3 million (of which \$US 572,193 had been spent by 30 September).

76. The Territories also benefit from regional and subregional projects in agriculture, investment, meteorology, communications and public health. Expenditure on such projects in 1974 amounted to \$US 9.3 million, and a further \$US 16.45 million was budgeted for 1975 (of which \$US 6.5 million was expended by 30 September).

4. SOCIAL CONDITIONS

A. Labour

77. High levels of unemployment, estimated to be around 15 to 20 per cent, remain a major source of concern among the Associated States. The situation is further aggravated as large numbers of school-leavers join the ranks of the unemployed. The creation of local employment is insufficient to absorb the ever-growing labour force. The overseas employment of nationals has therefore been looked upon by the Governments of the Associated States as serving a dual purpose: easing the local job market and providing, through remittances, much needed foreign exchange. This source of employment has been systematically reduced with the introduction of new immigration regulations in the United Kingdom, Canada and the United States. Recently, emigration to the British Virgin Islands, the United States Virgin Islands and the United States under seasonal agricultural work schemes has provided the major source of overseas employment. The Government of Canada extended its Caribbean Seasonal Workers Programme in early 1976 to include the Associated States.

78. Following the change of immigration regulations by the United States Government in late 1975, the Second Conference of Heads of Governments of CARICOM (see paras. 17 and 74 above) adopted a resolution which called on the United States Government to revise its policy of limiting nationals from CARICOM countries entering the United States Virgin Islands. The resolution noted the significant contribution made by CARICOM nationals to the Territory's economy and the hardships being experienced by those who had lost their jobs and their entitlement to United States social security benefits, to which they had contributed for many years.

79. It also noted that the decision taken at a recent meeting between representatives of the CARICOM Governments and the Government of the United States Virgin Islands to institute a screening procedure for Caribbean nationals had not been implemented.

B. Public health

80. The Ministers of Health of CARICOM countries met on a number of occasions during the period under review to adopt measures dealing with public health care. Recent programmes adopted include: (a) a comprehensive plan to upgrade maternal health and child care; and (b) the recruitment and training of community health auxiliaries. It was reported in June 1975 that a grant of \$US 549,200 had been provided by UNDP to meet part of the cost of a regional project (estimated to cost \$US 2.55 million) for the education and training of paramedical personnel. Seventeen countries, including the Associated States, will participate in the programme, which was expected to be completed in two years.

5. EDUCATIONAL CONDITIONS

81. The Caribbean Examinations Council, which was established as an associate institution of CARICOM, awarded grades for the first time in 1975 after marking examinations in the General Certificate of Education. Previously, the examinations had been marked and graded by a United Kingdom university.

82. In September 1975, the University of the West Indies, which serves the CARICOM countries, received a loan of \$US 8.5 million from the United States Agency for International Development (AID). It was reported that part of the funds would be used to assist less-developed countries including the Associated States, which would receive 75 scholarships over the following three years. Member Governments of the Associated States were reported earlier to have been experiencing difficulties in meeting their contributions to the University.

CHAPTER XXVI

BELIZE

A. CONSIDERATION BY THE SPECIAL COMMITTEE

1. The Special Committee considered the question of Belize at its 1054th meeting, on 10 September 1976.
2. In its consideration of the item, the Special Committee took into account the provisions of the relevant General Assembly resolutions, including in particular resolution 3481 (XXX) of 11 December 1975 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 11 of this 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-first session". The Committee also took into account General Assembly resolution 3432 (XXX) of 8 December 1975 concerning Belize, by paragraph 7 of which the Assembly requested the Special Committee to continue its examination of the question.
3. 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 Territory.
4. 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.

B. DECISION OF THE SPECIAL COMMITTEE

5. At its 1054th meeting, on 10 September, following a statement by the Chairman (A/AC.109/PV.1054 and corrigendum), the Special Committee decided, without objection, to transmit to the General Assembly the working paper referred to in paragraph 3 above, in order to facilitate consideration of the item by the Fourth Committee and, subject to any directives which the General Assembly might give in that connexion at its thirty-first session, to consider the item at its next session.

ANNEX*

WORKING PAPER PREPARED BY THE SECRETARIAT

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* Previously issued under the symbol A/AC.109/L.1120.

1. GENERAL

1. Belize (formerly known as British Honduras) is situated on the eastern or Caribbean coast of Central America, bounded on the north and north-west by Mexico, and on the west and south by Guatemala. Its land area is about 22,963 square kilometres, which includes a number of islets (cays) lying off the coast.

2. At the last census, taken in 1970, the total population of the Territory was 119,863, of whom 39,332 lived in Belize City. Belmopan, the capital, had approximately 3,000 inhabitants in 1972. The population in mid-1974 was estimated to be 136,000, consisting mainly of Creoles, American Indians (Mayas) and Caribs.

2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

A. Constitution

3. An outline of the constitutional arrangements set out in the British Honduras Constitution Ordinance, 1963, as amended in 1973 and 1974, appears in the report of the Special Committee to the General Assembly at its twenty-ninth session. b/ Briefly, the Constitution of Belize provides for a Governor appointed by the Queen, a Cabinet and a bicameral National Assembly consisting of a Senate and a House of Representatives. Of the eight members of the Senate, five are appointed by the Governor (Mr. Peter McEntee) on the advice of the Premier (Mr. George Price), two on the advice of the Leader of the Opposition (Mr. Dean Lindo) and one after such consultations as the Governor considers appropriate. The House of Representatives has 18 members elected by universal adult suffrage for a period of five years. At the last general elections, which took place on 30 October 1974, the People's United Party (PUP) secured 12 seats, the lowest total in 20 years, and the remaining seats went to the coalition called the United Democratic Party (UDP). Since the elections, a member of UDP has joined PUP, which now has 13 seats.

4. The Governor retains responsibility for defence, external affairs, internal security (including the armed forces) and the public service. Under the Belize Letters Patent, 1964 to 1974, the Governor, acting in accordance with the advice of the Premier, may assign to the Premier or any other minister responsibility 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 5 June 1975, for the year ending 31 December 1974.

b/ Official Records of the General Assembly, Twenty-ninth Session, Supplement No. 23 (A/9623/Rev.1), vol. VI, chap. XXVII, annex, paras. 3-4 and 10-14.

any business of the Government, not otherwise delegated, as well as the department of the Attorney-General. The Governor may also, under conditions imposed by him, delegate to a minister chosen after consultation with the Premier, responsibility for matters relating to external affairs. Delegation of this authority is subject to the prior approval of the United Kingdom Secretary of State for Foreign and Commonwealth Affairs.

5. The Cabinet consists of the Premier and other ministers (10 at present).

B. Positions of the major political parties concerning the future of the Territory

6. As previously noted, c/ the two major political parties which contested the 1974 general election differed sharply in respect of the timing of the Territory's independence. Both parties co-operated and presented a joint position at the thirtieth session of the General Assembly, although their views on the timing and conditions for independence continued to differ in some respects. In its "Manifesto for the Independent Belize", PUP declared as its objectives the speedy granting of independence, coupled with suitable security arrangements to safeguard it; international recognition and support for independence; and harmonious co-operation with other countries.

7. On the other hand, UDP reportedly believed that Belize was not yet ready for independence. According to the party's manifesto and election declaration issued on 6 October 1974, one of its basic objectives was the promotion of an equitable settlement of the Guatemalan claim to Belize. In a statement published by The Reporter, a local newspaper, on 8 February 1976, UDP made certain changes in its position with regard to the question of independence, among which were the following:

(a) The party would strive to obtain a "preparation period" before independence and would only accept a date for independence subject to the following conditions: (i) a modest Belizean army and an efficient coast guard; (ii) reasonable economic conditions; and (iii) effective removal of the Guatemalan "threat";

(b) The party would only negotiate with Guatemala subject to the following conditions: (i) that Guatemala and the rest of Latin America would allow Belize to be a truly independent State; and (ii) that the Territory of Belize would remain intact.

C. Consideration by the General Assembly

8. Between February and July 1975, the Governments of Guatemala and the United Kingdom and representatives of the territorial Government held talks on the future

c/ Ibid., para. 8.

of Belize, but no agreement was reached. Later, at the thirtieth session of the General Assembly, the representatives of the parties involved presented their respective views on the matter, which are summarized below.

United Kingdom

9. The Permanent Representative of the United Kingdom to the United Nations made two statements on the question of Belize, one before the General Assembly at its 2372nd meeting, on 2 October 1975, and the other before the Fourth Committee at its 2162nd meeting on 7 November 1975. The main points contained in these statements were as follows:

(a) Guatemala's claim to the Territory of Belize was "anachronistic and devoid of any legal foundation".

(b) The principal differences between Guatemala and the United Kingdom in regard to their respective positions on Belize were:

(i) Guatemala "accepted that it had at no time physically occupied the Territory now called Belize, nor had it ever exercised any direct authority over the Territory since the foundation of the Republic of Guatemala in 1821. Nor indeed had Spain, the previous imperial Power, effectively occupied the Territory for many years before that".

(ii) In 1859, Guatemala and the United Kingdom had signed a boundary treaty which constituted a clear recognition by Guatemala of the pre-existing frontier and a pre-existing British sovereignty over Belize. In 1863, the two sides had signed a convention to build a road provided for in the treaty, but the convention had never been ratified. In 1939, and again in 1946, "Guatemala had suddenly produced its claim to Belize on the grounds that the 1859 treaty had been breached, that the treaty itself was invalid and, therefore, that the United Kingdom had no sovereignty over the Territory".

(c) For many years, the Governments of Guatemala and the United Kingdom had been seeking to resolve the question through negotiations. "The difficulty was that, although many possible solutions had been explored, Guatemala had always made demands which the Governments of neither the United Kingdom nor Belize could accept."

(d) So far as the Government and the people of Belize were concerned, the question at issue was the denial of their right to self-determination and independence. The Territory had had full internal self-government since 1964. According to the United Kingdom Government's normal practice, it would have proceeded to independence within a few years. The United Kingdom was prepared to grant independence whenever the Government and the people of Belize so requested. Their stand had received unanimous support in 1975, both at the Conference of the Heads of Government of the Commonwealth held at Jamaica and at the Conference of Ministers for Foreign Affairs of Non-Aligned Countries held at Lima (see A/10217 and Corr.1, annex). The sole obstacle to the independence of Belize was

"Guatemala's continuing desire to assert its control for the first time over a people whose history, culture and way of life are, and have always been quite different from its own".

(e) A draft resolution before the Fourth Committee, d/ co-sponsored by the United Kingdom and 61 other States, called on the Government of the United Kingdom, acting in close consultation with the Government of Belize, and on the Government of Guatemala to pursue urgently their negotiations for the earliest possible resolution of their differences of opinion concerning the future of Belize, in order to remove such obstacles as had hitherto prevented the people of Belize from exercising freely and without fear their inalienable right to self-determination and independence. It was hoped that after the current session of the General Assembly, negotiations would be resumed between the United Kingdom and Guatemala with the participation of Belizean representatives.

(f) In September and October 1975, the Guatemalan armed forces in the area near the Belizean border had been reinforced by troops brought in from other parts of the country. This activity had taken place against the background of statements by the Guatemalan ministers declaring their intention and desire to incorporate Belize into Guatemala. In the face of those military movements, the United Kingdom Government, with the full support of the Government of Belize, had reluctantly decided to strengthen the United Kingdom forces available for the defence of the Territory by augmenting the army garrison in Belize and by providing more effective and comprehensive air cover. However, the additional forces would be withdrawn as soon as their presence was no longer required. e/

(g) The economy of Belize was viable and would have developed much more rapidly if it had not been for the shadow cast by Guatemala. It was believed that the Belize Government sincerely desired to expand its economic links with Guatemala and with other Central American countries and that it would be perfectly willing to enter into negotiations to that effect. But any such arrangements would have to be predicated upon a basis of independence and sovereign equality of States. f/

10. In a letter dated 24 November 1975, addressed to the Secretary-General, the Permanent Representative of the United Kingdom stated that his Government did not

d/ For the sponsors and the text of the draft resolution, see Official Records of the General Assembly, Thirtieth Session, Annexes, agenda item 23, document A/10427, paras. 39 and 72, draft resolution IX. See also para. 19 below.

e/ Following the adoption by the General Assembly of resolution 3432 (XXX) on 8 December 1975 and the announcement made at about that time that the United Kingdom and Guatemala would resume negotiations on the Territory's future, the United Kingdom began to withdraw its reinforcements from Belize (see also chap. V of the present report, annex III, paras. 3-5 (A/31/23/Rev.1, vol. I)).

f/ Official Records of the General Assembly, Thirtieth Session, Plenary Meetings, 2372nd meeting; and ibid., Fourth Committee, 2162nd meeting.

accept the statements made by the Permanent Representative of Guatemala (see para. 14 below) in so far as they disputed the sovereignty of the United Kingdom over Belize, over which his Government formally reserved its rights (see appendix III below).

Belize

11. After expressing his full agreement with the views of the Permanent Representative of the United Kingdom on the question under consideration (see para. 9 above), the Premier of Belize commented further on the situation when he addressed the Fourth Committee at its 2162nd meeting, on 7 November 1975, at the invitation of its Chairman. Among the points he made were the following:

(a) Despite 12 years of full internal self-government, Belize remained a colony and only one obstacle remained in the way of the exercise of its right to independence: "the fear for its survival after independence, a fear engendered by the unfounded and unjust claim of Guatemala to the Territory of Belize and its thinly veiled threats to pursue that claim by force if necessary".

(b) In pre-Colombian times Belize had been part of the Mayan civilization, which also included Guatemala, south-eastern Mexico and north-western Honduras. If Guatemala set itself up as the only legitimate heir to the Mayan empire, it would logically lay claim to parts of Mexico and Honduras as well, which was obviously preposterous.

(c) More than 95 per cent of the present population of Belize had been born in the country. "Throughout the centuries people of diverse origins had come together as one with their own way of life; they realized that the absorption of Belize by Guatemala would amount to the extinction of Belizean society and the denial of the human rights of a people defined by a unique national identity ... That was why Belizeans were united in their resistance to Guatemala's unfounded claim."

(d) An independent Belize could contribute to the establishment of the new international economic order in Central America, especially through its membership in the Caribbean Community (CARICOM). By contrast, a non-independent Belize, whose people would be resentful and antagonistic and could be suppressed only by overwhelming force, would be "a thorn in the side of Guatemala".

(e) Belize desired a peaceful resolution of the differences between the United Kingdom and Guatemala which had been impeding its progress to nationhood. It had co-operated with the United Kingdom in all attempts to reach a settlement on only two non-negotiable conditions: no erosion of Belize's sovereignty or independence and preservation of its territorial integrity. In accordance with established United Nations practice, the principle of territorial integrity was applied in cases "where an existing State was confronted with a secession of part of its territory which was, or had been, under its control". Belize was "a land with people who constituted a nation". The principle, correctly applied in this situation, would guarantee and protect the sovereignty of Belize.

(7) After so many years of patient endeavour, the people of Belize were convinced that only a categorical affirmation by the United Nations of their rights to self-determination and territorial integrity would break the deadlock and permit Belize to attain a secure independence. The people of Belize took note of a draft resolution before the Fourth Committee (see also para. 9 (e) above), whereby the General Assembly would give effect to the above-mentioned proposal and would call for negotiations between the United Kingdom and Guatemala for the resolution of their differences of opinion concerning the future of Belize. In endorsing the call for negotiations, Belizeans recognized that a negotiated settlement which fully respected their inalienable rights was the best solution to the situation. g/

Guatemala

12. In his statements to the General Assembly at its 2372nd meeting, on 2 October 1975, the Minister for Foreign Affairs of Guatemala made the following main points:

(a) His Government regarded the Territory of Belize as an integral part of Guatemala, bearing in mind that their "historic ties ... go back to times before Columbus when Guatemala and Belize were part of the ancient Maya Empire" and that these ties "continue to exist today in spite of the territorial usurpation of the last century".

(b) Upon attaining its independence in 1821, Guatemala had succeeded to the "rights" of Spain "over Belize" under the uti possidetis principle. In 1859, Guatemala and the United Kingdom had signed a Convention, which contained the word "limits" in its title, but which entailed "the ceding of territory under coercion". In 1946, Guatemala had declared the Convention invalid because of "the failure of Great Britain to fulfil the compensatory obligation it had contracted", namely, to build a road considered then to be of vital importance for Guatemala. As a result, the two parties "never reached agreement on the demarcation of the territory in dispute".

(c) During the negotiations previously held between the parties involved, various formulas for a settlement had been explored. Apart from the territorial dispute itself, these formulas took careful account of the "interests" of the people of Belize. "The mutual gravitation of both population groups and their complementary interests indicate that the only viable path for their future development lies through economic and political integration". Despite the failure of the efforts made so far, the parties had continued to seek a negotiated solution which would "reconcile the interests involved" and put an end to the dispute.

(d) Legally speaking, Guatemala's claim to the Territory of Belize "that has been maintained uninterruptedly for over a century cannot be qualified as

g/ Ibid., Fourth Committee, 2162nd meeting.

anachronistic, particularly when it is based on just titles and legitimate rights" (see also para. 9 above). The problem of Belize could only be settled "peacefully and permanently through the legal means provided for under international law".

(e) The principle of self-determination "cannot be applied to what is considered part of our Guatemala's national territory". Notwithstanding the statements of its ruling party, the desire of Belize to be independent was questioned, inasmuch as there is "a percentage of the population of Belize which is of Guatemalan origin and therefore considers itself bound to our country ...". The Conference of Ministers for Foreign Affairs of Non-Aligned Countries, held at Lima in August 1975, would not have adopted a declaration (see A/10217 and Corr.1, annex, para. 86) giving support to the stand of Belize for independence, if Guatemala had been heard at the Conference. h/

13. In a note verbale dated 4 November 1975, addressed to the Secretary-General, the Permanent Representative of Guatemala to the United Nations drew the attention of the General Assembly to the Joint Declaration of the Heads of State of the Central American Isthmus issued in October 1975 (see appendix I below). In the Declaration, the Heads of State, among other things, expressed their support for the negotiations being undertaken by Guatemala in the dispute on its claim to Belize, and requested the Governments of the American States and other nations to support a draft resolution on the Territory submitted to the Fourth Committee of the General Assembly at its thirtieth session by a large group of Latin American States. i/

14. In a note verbale dated 5 November 1975, addressed to the Secretary-General, transmitted through a letter of the same date, the Permanent Representative of Guatemala referred particularly to the information on Belize supplied to the Special Committee under Article 73 e of the Charter of the United Nations despite the formal reservations of his Government (see appendix II below). He stated that Belize had "never been a colony" but was "a Territory illegally occupied" by the United Kingdom on the basis of no right other than that of usufruct limited to a small area which, however, had later been extended illegally to areas affecting "the national territorial, geographical and economic integrity of Guatemala and Central America". In his letter of the same date, the Permanent Representative of Guatemala formally expressed the reservations of his Government about the competence of the General Assembly and the Fourth Committee to consider the question of Belize or to seek to resolve politically a complex legal problem which, he said, should be settled between the parties by peaceful means laid down in the Charter.

15. Addressing the Fourth Committee at its 2162nd and 2163rd meetings, on 7 and 10 November 1975, the representative of Guatemala maintained the above-mentioned

h/ Ibid., Plenary Meetings, 2372nd meeting.

i/ For the sponsors and the text of the draft resolution, see Official Records of the General Assembly, Thirtieth Session, Annexes, agenda item 23, document A/10427, paras. 38 and 44. See also para. 18 below.

position of his Government which, he said, was supported by the Heads of State of the Central American countries and the Organization of American States (OAS). After giving a comprehensive account of the origins and subsequent development of the territorial dispute between Guatemala and the United Kingdom, he made a full review of the negotiations conducted by them especially since 1957, with the participation of Belize. He stated that the negotiations had often been interrupted by United Kingdom actions.

16. The representative of Guatemala pointed out that the Territory not only was situated in Central America but also existed within the American regional system. He said that this system, which was recognized by the United Nations Charter, had long been studying the life and problems of the American Republics in a spirit of solidarity and co-operation, and had taken a number of decisions concerning the need to bring to an end colonialism in America and "the occupation of American territories by extracontinental countries". In this connexion, he referred to a recent communication from the Permanent Representative of Guatemala addressed to the Chairman of the Permanent Council of OAS contending that "since 4 November 1975 the Government of an extracontinental Power, the United Kingdom of Great Britain and Northern Ireland, has been waging an intensive campaign of intimidation and armed threats against my country, and has landed in the Guatemalan territory of Belize, which it holds without justification, a large number of troops of all kinds and weapons and munitions for air, sea and air forces...". The communication further contended that an "effort has been made to justify the intimidatory action and armed threats by falsely asserting that Guatemala is preparing to invade Belize, when in fact these so-called preparations consist of routine movements of Guatemalan troops within Guatemalan territory in 10 regular trucks, with a view to changing the garrison at a military fort in Poptún, a town situated 120 kilometres from Belize"; and that "it is the United Kingdom which is seeking to conceal its intention to consummate the depredation of Guatemalan territory by arranging, unilaterally and behind Guatemala's back, for the independence of that territory, arbitrarily usurped by England".

17. The representative of Guatemala went on to say that his "Government had constantly and repeatedly warned that it would tolerate no unilateral change in the status of Belize or any other change made behind Guatemala's back". Recalling that for many years, Guatemala had rejected all pressure and intimidation, he confirmed and reiterated its position that the United Kingdom would be "totally, completely and absolutely responsible for any breach of the peace in the area of Belize and Central America". He drew particular attention to the statements recently made by Guatemala's Minister for Foreign Affairs (see para. 12 above), and said that his Government was prepared to negotiate and to seek peaceful means of settling the dispute. He added, however, that his Government would not accept any form of coercion or "the validity of acts and resolutions which were not solidly grounded in law but based on ideological criteria". He further stated that Guatemala was concerned about a new economic turn in the Territory, and "the defensive action was currently being pursued by the establishment of economic institutions which seemed to be - were undoubtedly designed to - defend the economic interests of the privileged classes". He said that efforts were currently being made to "replace the former exploitation of forests by the traditional and already outdated plantation system, which would serve as a link with economic interests outside America". j/

j/ Official Records of the General Assembly, Thirtieth Session, Fourth Committee, 2162nd and 2163rd meetings.

Decisions

18. At the conclusion of its consideration of the question of Belize, the Fourth Committee took action on the two draft resolutions referred to above. The first (see para. 13 above), sponsored by 13 members, including Guatemala, was later revised by its sponsors. On 21 November 1975, the Committee rejected the revised draft resolution by a roll-call vote of 62 to 22, with 41 abstentions.

19. On the same day, the Fourth Committee rejected, by a recorded vote of 108 to 11, with 8 abstentions, a motion submitted by Guatemala, calling for a decision on the competence of the Committee to adopt the proposals contained in the second draft resolution (see para. 9 (e) above) sponsored by 62 members, including the United Kingdom. Subsequently, the Committee approved the second draft resolution by a recorded vote of 103 to 12, with 13 abstentions. On 8 December 1975, the General Assembly adopted the resolution recommended by the Fourth Committee by a roll-call vote of 110 to 9, with 16 abstentions. k/ Guatemala did not participate in the vote in the General Assembly.

D. Talks between the Governments concerned

20. Talks on the question of Belize were resumed on 26 April 1976 at New Orleans (Louisiana) between representatives of the Governments of the United Kingdom and Guatemala, with the participation of Belizean representatives. The delegations of the United Kingdom and Guatemala were headed respectively by Mr. Edward Rowlands, then Parliamentary Under-Secretary for Foreign and Commonwealth Affairs, and Mr. Adolfo Molina Orantes, Minister for Foreign Affairs. Premier George Price led a four-member Belizean delegation, including Mr. Dean Lindo, Leader of the Opposition. On 6 May, The Financial Times of London reported that Mr. Molina Orantes had stated after the talks that "there are possibilities of an accord, although fundamental differences still persist". According to an official announcement made in the following month, "British, Guatemalan and Belizean officials met at New York from 15 to 17 June to carry forward the talks begun at New Orleans on 26 April". A further meeting was held at New York from 3 to 5 August. The purpose of both meetings was to prepare for a future ministerial meeting.

3. ECONOMIC CONDITIONS

A. General

21. The Territory's economy was once based almost entirely on the export of forest products. Since the mid-1950s, however, agriculture has become the dominant sector as a result of the depletion of forest resources. This sector

k/ Resolution 3432 (XXX).

provides the main thrust for growth, the most important export products being sugar and citrus. The production of these two export crops was largely handled by extensive foreign-owned and managed estates, but since 1972 local farmers have bought some sugar estates and have been acquiring citrus farms. Other agricultural activities, particularly the development of bananas and rice, are showing potential for expansion; and although much farming remains at a subsistence level, there is a growing number of efficient medium-sized farms run on modern lines. The Territory is also beginning to develop a tobacco industry.

22. Forestry, although no longer playing the leading role in the economy, has been recovering steadily, stimulated by the high demand for timber in the world market and the Government's policy of control, sustained yield and regeneration of the forests. The principal manufacturing industries, also largely owned by foreign interests, are those concerned with the Territory's major export products, sugar refining, citrus canning and sawmilling. Further industrial and agricultural development has been actively encouraged by the Government. The manufacture of garments has been growing in importance as evidenced by a substantial rise in export sales over recent years. Belize also has a number of smaller firms producing many other manufactured goods for the local market. The Government has been promoting the development of tourism, with the objective of enabling Belizeans to maintain control and ownership of the industry. Finally, there are opportunities for further exploitation of Belize's natural resources: fish, livestock and possibly petroleum.

23. The Territory relies heavily on external sources for most of its capital development and on imports for the majority of manufactured and other goods. According to the trade statistics for 1974 provided by the Government, imports increased by 33 per cent to \$BZE 110.2 million ^{1/} and exports by 50 per cent to \$BZE 99.7 million. The Territory's unfavourable balance of trade was thus reduced to \$BZE 10.5 million (\$BZE 30.2 million in 1973). As in the past, trade was mainly conducted with the United States of America and the United Kingdom.

24. Having examined Belize's trade position and the domestic and international monetary developments in recent years, the Government on 11 May 1976 announced its decision to protect the Territory's interests by severing the link between the Belize dollar and the pound sterling, and by fixing the rate of the Belize dollar against the United States dollar at \$BZE 1 to \$US 0.50. In making this announcement, the Government drew particular attention to: (a) the continuation of foreign currency fluctuations; (b) the fact that Belizean imports come primarily from the United States and the resulting need to stop the floating of the Belize dollar vis-à-vis the United States dollar; and (c) the recent further deterioration of the sterling exchange rate.

^{1/} The monetary unit is the Belize dollar (\$BZE). Until 11 May 1976, \$BZE 4 equalled approximately one pound sterling. For further information on the currency, see para. 24 below.

25. At the thirtieth session of the General Assembly, the representatives of the United Kingdom, Belize and Guatemala stated their respective positions on matters relating to the Belizean economy, which have been outlined in the preceding section (see paras. 9 (g), 11 (d) and 17 above).

26. In his budget speech delivered to the House of Representatives on 28 November 1975, Premier Price, who is also responsible for finance, gave the following account of the general economic situation during 1975. The Territory had been adversely affected by the abnormal drought and by international problems, including in particular inflation, recession, unemployment and dislocation of the world's money and capital markets. As a result, it was anticipated that the growth rate of the local economy, if any, would be negligible (or the slowest since 1971).

27. Mr. Price also gave information on the principal commodities produced in 1974 and 1975, a summary of which is given in the following table:

Belize: principal commodities, 1974-1975

<u>Commodity</u>	<u>Quantity</u> (millicns)		<u>Export sales</u> (million Belize dollars)	
	<u>1974</u>	<u>1975^{a/}</u>	<u>1974</u>	<u>1975</u> (estimate)
Sugar (metric tons)	80.6 ^{b/}	75.2 ^{b/}	59.0	75.2
Citrus (boxes)	1.5	1.3	...	...
Rice (kilograms) ^{c/}	3.9	5.4	-	-
Corn (kilograms)	12.7	10.4	-	-
Red kidney beans (kilograms)	0.9	0.9	-	-
Mangoes (metric tons)	0.7 ^{b/}	0.8 ^{b/}	-	-
Fish	...	...	3.6	4.0
Livestock (kilograms)	0.9	0.7	-	-
Timber (board metres)	3.0	4.0	...	...
Clothing	...	...	7.6	7.1
Cigarettes (packages of 20)	4.8	4.8	-	-
Beer (litres)	3.2	4.5	-	-
Flour (kilograms) ^{d/}	-	6.5	-	-

a/ Estimates except for sugar and citrus.

b/ Quantity in thousands.

c/ Production of Big Falls Ranch from its irrigated fields only. Production by local farmers in 1975 was expected to be under 1.4 million kilograms, well below the average over the past few years, mainly because of the abnormal drought and infestation of army worms.

d/ With the opening of a flour mill in early 1975, imports of wheat for milling were expected to replace all imports of flour by the end of that year.

28. Despite severe inflationary pressures, preliminary indications suggested that industrial output rose during the first nine months of 1975. Apart from the newly established flour mill, a number of existing manufacturing industries expanded their operations in that year, notably garments, fertilizer and paper. The tourist trade continued to expand with several hotels under construction. The drilling of exploratory wells in search of petroleum went on during the first three quarters of the year; preparatory work in the southern areas progressed. A mineral licence was issued to prospect for minerals other than petroleum. In addition, the Government implemented programmes for economic and social development, with emphasis on the expansion of basic facilities.

29. Mr. Price indicated that the outlook for the local economy in 1976 would be clouded by the world economic situation and the effects of the excessive drought. With the anticipated decline in the production of sugar and its prices, the industry's gross income could drop by approximately 60 per cent to \$BZE 30 million. Citrus was considered unlikely to improve its position. It was believed, however, that bananas, rice, livestock, fisheries, timber and tourism should all continue to increase their contribution to the economy, and that the manufacturing sector should have another good year.

B. Economic policies

30. In his recent budget speech, Mr. Price made a series of proposals for stimulating economic development in the Territory, which are summarized below.

31. Greater efforts should be directed towards: (a) increasing grain production; (b) establishing more industries to manufacture import substitutes and finished products; and (c) expanding the tourist trade, including the provision of a 100-room hotel and a small hotel in Belmopan. To attract more industries and expand agricultural production, the Government should continue to grant tax concessions; develop the economic and social infrastructure required; and intensify efforts to promote investments.

32. The Government should curtail the inflationary spiral by holding down its own recurrent expenditures, consistent with the maintenance of efficient services, by keeping price increases to a minimum and by limiting salary and wage increases to productivity gains. Although there was need for great restraint in meeting salary and wage demands, the lower-income groups should register a more rapid rate of increase in incomes than the higher-income groups.

33. Much more of the Government's combined efforts in respect of credit, extension work, marketing arrangements, transport facilities and consumer prices should be given to programmes geared to improve the production of rice, corn, vegetables, livestock and timber for local consumption and export. In this connexion, the Government should stress the need for more individual and corporate savings for investment, the creation of more job opportunities and the exercise of greater control by Belizeans over the assets of the economy.

34. The Government should seek to improve the capabilities of Belizeans to enlarge their contribution to owning and managing the economy. In order to achieve this objective, the Government proposed to make the educational system more meaningful in terms of Belize's needs and its particular circumstances, and to provide Belizeans with better housing facilities and medical services.

C. New economic plan

35. In its "Manifesto for the Independent Belize" issued during the 1974 election campaign (see para. 6 above), PUP stated that the party's new economic plan would have as its primary objective the continued and accelerated growth of the Belizean economy. Under the plan, the Government would continue to provide the economic infrastructure and institutions and stimulate the private sector. Foreign investment and technology were welcome and needed in the development of the Territory, with particular emphasis on an increase in Belizean participation in business activity, wherever possible.

36. Towards the end of 1974, a new Ministry of Economic Planning was created to replace a similar unit within the Ministry of Finance and Economic Development. The new ministry's basic functions are development planning, advising on economic matters, making studies as bases for policy recommendations, compiling and interpreting economic data and co-ordinating the activities and programmes of all other ministries.

37. In his recent budget speech, Premier Price said that additional measures being taken to implement the above-mentioned plan included the following:
(a) improvement of the communications and transport systems; (b) expansion of electric power capacity; (c) creation of marketing opportunities under preferential arrangements (CARICOM and the European Economic Community (EEC)); (d) granting of concessions attractive to industry; (e) adoption of a liberal protection policy; (f) establishment of a tariff structure geared to promote economic development; and (g) provision of investment credit for the private sector through the government-owned Development Finance Corporation (DFC), set up in 1972, and the Caribbean Development Bank (which had approved loans totalling \$BZE 1.1 million for private enterprises).

38. Mr. Price stated that DFC, the most important source of medium-term and long-term capital for small and medium investors, had continued to expand and diversify its activities. Its resources had increased by 33 per cent to some \$BZE 11.5 million during the 12 months ending November 1975; up to September of that year, it had made loans totalling over \$BZE 9.0 million to such sectors as agriculture, tourism, manufacturing, fishing and forestry. Furthermore, DFC was in the process of forming an investment company intended to participate in desirable economic activities by way of direct investments in the form of equity. An arrangement had been concluded with Belize Sugar Industries, Ltd., for the purchase of \$BZE 1.0 million worth of shares in that company, half of which would be available for purchase by Belizeans.

39. Mr. Price also stressed the importance of making optimum use of the benefits from private investment. He said that the Government recognized that there had to be a total national commitment to encourage worthwhile private investment projects, and that harmonious relations and co-operation had to be developed among all participating groups in the development enterprises. Although continuing its policy of giving preference to Belizeans, the Government realized that a number of areas of investment required private foreign capital to supplement the country's limited capital resources and to provide the essential technology, expert knowledge, management and export markets needed for the establishment of desirable industries. The Government would provide the seed capital for essential agricultural and industrial activities not supported by private enterprise. Budgetary provisions would be made to ensure meaningful participation and involvement by the Belizeans in the development of the Territory.

D. Public finance

40. The budget estimates for 1976 envisage an expenditure of \$BZE 61.6 million (\$BZE 49.5 million in 1975), of which \$BZE 31.2 million is on recurrent and \$BZE 30.4 million on capital account. This expenditure is to be financed as follows: territorial revenue, \$BZE 38.9 million; development aid funds, \$BZE 16.4 million; and loans, \$BZE 6.3 million.

41. In introducing the budget estimates in the House of Representatives, Mr. Price said that appropriations for defence measures were being proposed for the first time "in the light of recent developments". He stated that in allocating funds for its current operations, the Government had taken into account the great need to check the level of current expenditure on goods and services so that a surplus could be secured for the financing of capital programmes. The Government had also provided larger allocations to take account of inflationary pressures, but was not in a position to meet requests for additional funds.

42. The capital budget was divided into two parts. The first provided an expenditure of \$BZE 7.7 million, to be covered by territorial revenues. Of this sum, \$BZE 1.5 million would be used to implement defence measures; most of the remainder was to be spent on development financing, land purchase, reforestation, industrial parks, vehicles, plants and equipment, housing, malaria eradication, environmental sanitation and training. The requirements for financing the second part of the capital budget (\$BZE 22.7 million) were expected to be met partly by development aid funds (mainly from the United Kingdom and Canada) and partly by loans from the Caribbean Development Bank (see also para. 40 above). The United Nations Development Programme (UNDP) also furnished some assistance to the Territory. The funds would be allocated as follows: roads and bridges, \$BZE 6.4 million; agriculture, \$BZE 3.1 million; public utilities, \$BZE 2.2 million; education, \$BZE 1.9 million; airfields and ports, \$BZE 1.7 million; housing, \$BZE 1.5 million; defence, \$BZE 1.5 million; forestry, \$BZE 700,000; and health, \$BZE 300,000.

43. Finally, Premier Price stated that in order to make some provisions for defence measures, the Government proposed to increase: customs duties on imported cigarettes and spirits; excise duties on locally produced beer and cigarettes; corporation income taxes; and postal rates.

4. SOCIAL AND EDUCATIONAL CONDITIONS

44. In his budget speech of 28 November 1975, Premier Price stated that, in formulating its current economic policies and programmes, the Government had taken into account "the fairly unsatisfactory rate of unemployment". He stressed that the Government was committed to the provision of improved housing facilities and medical services, and that efforts had to be intensified to improve the educational system so as to better prepare young people for productive employment in line with the labour demands of the economy.

45. Education is compulsory for children between the ages of 6 and 14 years. In 1974, there were 10 government (9 in 1973) and 163 government-aided (162 in 1973) primary schools providing free education to 31,610 pupils (32,508 in 1973). In addition, there were 1,018 children (1,600 in 1973) attending 13 private fee-paying primary schools (data for 1973 not available). All except 10 of the primary schools were managed by missions.

46. Most of the secondary-school pupils take a four or five-years course leading to the ordinary level examination of the Cambridge University General Certificate of Education, or the examination of the Royal Society of Arts. An increasing number of students are doing sixth-form work. In 1974, 5,025 students (5,170 in 1973) were enrolled in 21 secondary schools (22 in 1973) and were served by 315 teachers (296 in 1973). Of these schools, 4 were run by the Government (2 were tuition-free), 15 by missions and the remaining 2 by private persons. The secondary-school students included 333 government-scholarship holders (355 in 1973). The Belize Technical College, one of four government institutions, had 370 pupils (365 in 1973).

47. Belize Teachers' College had a total enrolment of 120 in 1974 (unchanged from 1973). There are no institutions of higher education in the Territory, but extramural courses are available through the University of the West Indies. Suitably qualified students have the opportunity to undertake courses at universities and other institutions overseas. In 1974, 224 Belizeans (unchanged from 1973) were following such courses on scholarships. DFC administers a student loan programme on behalf of the Government. Under this programme, 16 students were granted loans in 1975 to pursue further training abroad.

48. The Government has expressed its support for the church-state educational system. It is now seeking to upgrade this system so that the capabilities of Belizeans, especially young people, can be improved (see also paras. 34 and 44 above). To this end, the Government has continued to expand the educational facilities and adapt curricula to the special needs of the Territory.

49. Government expenditure on education for 1976 is estimated at \$BZE 8.3 million. Actual expenditure in 1975 totalled \$BZE 6.6 million.

APPENDIX I*

Note verbale dated 4 November 1975 from the Permanent Representative of Guatemala to the United Nations addressed to the Secretary-General

The Permanent Representative of Guatemala to the United Nations presents his compliments to the Secretary-General of the United Nations and requests him to have the Joint Declaration of the Heads of State of the Central American Isthmus issued on 31 October 1975 at Guatemala City, the text of which is annexed to this note, distributed as an official document of the General Assembly, since it is a public document of great importance and should be brought to the notice of delegations.

* Previously issued under the symbol A/C.4/795.

Joint Declaration of the Heads of State of the Central American Isthmus

The Heads of State of the Central American Isthmus, loyal to the links of solidarity between them in the defence of the sovereignty and territorial integrity of their countries, convinced of the historical necessity of eliminating colonial enclaves in the territory of the Central American Isthmus and recognizing that the settlement of the problems of Belize and the Panama Canal is of interest not only to Guatemala and Panama, but to all Central America,

Proclaim the firm determination of their Governments to remain united in support of the negotiations being undertaken by the Republic of Guatemala in the dispute on the claim to the territory of Belize;

Request the Governments of the American States and other friendly nations to support the draft resolution on Belize submitted to the Fourth Committee of the United Nations General Assembly at its thirtieth session by a large group of Latin American States; a/

Take note of the repeatedly expressed willingness of the Republic of Panama and the United States of America to continue the negotiations with a view to concluding a settlement of the Canal problem, an issue which Central America and all Latin America regard as their own and as urgently requiring solution. They likewise express their confidence that the new treaty will embody the legitimate aspirations of the Panamanian nation for its Canal.

Done at Guatemala City on 31 October 1975.

General Kjell Eugenio Laugerud García
President of Guatemala

Colonel Arturo Armando Molina
President of the Republic of El Salvador

Colonel Juan Alberto Melgar Castro
Head of State of the Republic of Honduras

General Anastasio Somoza Debayle
President of the Republic of Nicaragua

Daniel Oduber Quirós
President of the Republic of Costa Rica

General Omar Torrijos Herrera
Commander-in-Chief of the National Guard and Head of Government
of the Republic of Panama

a/ A/C.4/L.1094/Rev.1.

APPENDIX II*

Letter dated 5 November 1975 from the Permanent Representative of Guatemala to the United Nations addressed to the Secretary-General

On instructions from my Government, I have the honour to transmit to you with this letter a note verbale addressed to you containing some of my Government's fundamental observations on the situation in the Territory of Belize.

It will be observed from this note that my Government believes that the question of Belize is within the competence of neither the Fourth Committee nor the General Assembly in so far as the possible adoption of a resolution or recommendation on decolonization is concerned, because that would violate the United Nations Charter, resolution 1514 (XV) of 14 December 1960 and resolution 2625 (XXV) of 24 October 1970, among others. Over Guatemala's reservation and protest, reports and documents have been submitted to the Fourth Committee concerning Belize, which forms part of the territorial integrity and national unity of the Republic of Guatemala.

I request the Secretary-General to have the attached communication distributed as an official document of the General Assembly and to take note, for the appropriate purposes, that my Government formally expresses its reservations about the competence of the General Assembly and the Fourth Committee to consider the subject or to seek to resolve politically a complex legal problem, which should be settled between the parties by the peaceful means laid down in the United Nations Charter.

(Signed) Alejandro MALDONADO-AGUIRRE
Permanent Representative

* Previously issued under the symbol A/C.4/796.

Note verbale dated 5 November 1975 from the Permanent Representative of Guatemala to the United Nations addressed to the Secretary-General

The Permanent Representative of Guatemala to the United Nations presents his compliments to the Secretary-General and has the honour to refer to the 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 and in particular to the information which, in accordance with Article 73 e of the Charter of the United Nations, has been supplied to the Committee on the Territory of Belize despite the repeated formal reservations of my Government, since Belize has never been a colony but is a Territory illegally occupied by the United Kingdom of Great Britain and Northern Ireland on the basis of no right other than the prece^{ss}us right of usufruct limited to the cutting of timber in a small area, which, however, was subsequently extended illegally to areas that affect the national territorial, geographical and economic integrity of Guatemala and Central America.

The Government of Guatemala has sought repeatedly for many years and continues to seek the peaceful settlement of this dispute with the United Kingdom by various means and, this year, through direct negotiations. Paragraph 23 of the working paper prepared by the Secretariat for this session, contained in document A/10023/Add.8 (Part III), a/ makes the following explicit reference to those negotiations:

"23. On 21 February 1975 the following joint communiqué was issued by the Ministries for Foreign Affairs of Guatemala and the United Kingdom:

'The United Kingdom and Guatemala have agreed to resume discussion on the question of Belize. Exploratory talks were held this week in New York between the delegations of both countries. The two sides agreed to maintain contact on this question.'

The Ministry of Foreign Affairs of Guatemala declared on 28 February 1975 that it had participated in those negotiations with the intention of finding a speedy, peaceful and constructive solution to the problem, which was no longer a mere territorial dispute between the United Kingdom and Guatemala and that consequently formulae had been explored which, while allowing for the territorial rights of Guatemala, had taken into account the interests of the people of Belize, where leaders of the local government and parts of the population were seeking to exercise the right to self-determination. Those formulae took account of all those facts and covered a range of possible solutions, from unconditional restoration of territory to submitting the issue to the International Court of Justice, to arbitration or to new mediation, in addition to other proposals based on federated, confederated or community arrangements, joint development and commercial and cultural integration with Belize.

a/ For the final text, see Official Records of the General Assembly, Thirtieth Session, Supplement No. 23 (A/10023/Rev.1), vol. IV, chap. XXX, annex, para. 23.

The Government of Guatemala has maintained clearly and categorically in the United Nations ever since its foundation in San Francisco in 1945, in connexion with the Chapter of the Charter on the international trusteeship system and in all other proceedings of the General Assembly in which rules governing the process of decolonization were created, that Belize is not and has never been a colony subject to that process of decolonization and that the attempt to make it so is an attempt to breach the territorial integrity of my country and therefore entirely incompatible with the purposes and principles of the United Nations Charter, as is very clearly established in paragraph 6 of General Assembly resolution 1514 (XV) of 14 December 1960. Similarly, every State, whether acting individually or collectively, must refrain from any action aimed at the partial or total disruption of the national unity and territorial integrity of another State or country (General Assembly resolution 2625 (XXV) of 24 October 1970). Self-determination is limited by the requirement that it does not authorize or promote in any way action directed at breaching or undermining, totally or partially, the territorial integrity of sovereign and independent States.

The delegation of Guatemala has been officially notified of the draft resolution of the United Kingdom of Great Britain and Northern Ireland and other countries to the effect that the Fourth Committee and thereafter the General Assembly should declare the right to independence of Belize, which is part of our national unity.

In the view of the Government of Guatemala, neither the Fourth Committee nor the General Assembly is competent to take such action, and those who propose that they should may cause the General Assembly to exercise its power arbitrarily by acting in a matter which is the subject of negotiations between the parties and the solution of which has complex legal and other implications that cannot be solved by a political declaration of the General Assembly; far from providing a speedy, peaceful and effective solution to the problem, they will undoubtedly create a permanent source of disturbance in the area.

Accordingly, any resolution which the General Assembly may adopt in which it exceeds the bounds of its competence or interferes illegitimately in the ongoing normal procedure for resolving the territorial dispute by the peaceful means established in the Charter will be neither complied with nor obeyed by my Government.

APPENDIX III*

Letter dated 24 November 1975 from the Permanent Representative of the United Kingdom of Great Britain and Northern Ireland to the United Nations addressed to the Secretary-General

I have the honour to refer to the letter to Your Excellency dated 5 November 1975 from the distinguished representative of Guatemala, circulated as document A/C.4/796, a/ in which reference was made to Belize. —

My Government has instructed me to inform Your Excellency that it does not accept the statements in the distinguished representative's letter and its annex in so far as they dispute the sovereignty of the United Kingdom over Belize. I shall not deal here with the historical and legal aspects of these statements, which are correct neither in fact nor in law. My Government has no doubt as to its sovereignty over the Territory of Belize and I wish formally to reserve the rights of my Government on this question.

The United Kingdom has for many years sought to resolve its differences with Guatemala with regard to the future of Belize and its policy remains to continue to seek a solution by means of negotiation with Guatemala.

I should be grateful if this letter could be circulated as a document of the Fourth Committee.

(Signed) Ivor RICHARD

* Previously issued under the symbol A/C.4/806.

a/ See appendix II above.

CHAPTER XXVII

BERMUDA

A. CONSIDERATION BY THE SPECIAL COMMITTEE

1. At its 1027th meeting, on 18 February 1976, the Special Committee, by approving the seventy-eighth report of the Working Group (A/AC.109/L.1066) 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 1042nd and 1043rd meetings, on 19 and 20 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 3481 (XXX) of 11 December 1975 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 11 of this 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-first session". The Committee also took into account General Assembly resolution 3427 (XXX) of 8 December 1975 concerning four Territories, including Bermuda, by paragraph 9 of which 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 1042nd meeting, on 19 August, the Rapporteur of the Sub-Committee on Small Territories, in a statement to the Special Committee (A/AC.109/PV.1042 and corrigendum), introduced the report of that Sub-Committee (A/AC.109/L.1111 and Corr.1), containing an account of its consideration of the Territory.
7. At the 1043rd meeting, on 20 August, following a statement by the representative of China (A/AC.109/PV.1043), 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), it being understood that the reservation made by a member would be reflected in the record of the meeting.

8. On 23 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

9. The text of the conclusions and recommendations adopted by the Special Committee at its 1043rd meeting, on 20 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 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 those 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. In this connexion, the administering Power should continue to seek, in consultation with the people of Bermuda and the Special Committee, a constructive approach towards solving the problems of the Territory.

(3) The Special Committee again welcomes the increased co-operation given by the United Kingdom of Great Britain and Northern Ireland, both by participating in the work of the Committee and by permitting the access of visiting missions to small Territories under its administration.

(4) The Special Committee also welcomes the statement by the representative of the administering Power that his Government will not stand in the way of independence for any of the Territories under its administration, including Bermuda, should that be the wish of the majority of their people, and that the policy of the United Kingdom is to encourage the growth of healthy local political institutions. It firmly believes 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 accordance with resolution 1514 (XV), and that all the options available to them for their political development are explained.

(5) The Special Committee notes from the statement by the representative of the administering Power that Bermuda's democratic political institutions have been developed to a point where there is little constitutional advance now possible for the Territory short of independence.

(6) The Special Committee expresses its concern at the existing electoral system, and urges the administering Power, in consultation with the local authorities, to take appropriate measures to introduce electoral reform in Bermuda, particularly revision of that part of its Constitution relating to the expatriate vote, if necessary, in order to ensure that the expatriate vote does not influence decisively the question of the future status of the Territory.

(7) The Special Committee reiterates its recommendation concerning the need to encourage leading representatives of the parties to present to the Sub-Committee on Small Territories their respective positions in regard to questions relating to independence and the franchise. In this connexion, it reiterates its view of the importance of a United Nations visiting mission having access to Bermuda in order to enable the Committee 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.

(8) The Special Committee also notes that the general election which took place in May 1976 provided an opportunity for full discussion of the issues relating to the future political status of the Territory. The Committee expresses the hope that the administering Power, together with the territorial Government, will continue to take all the necessary measures to ensure that the people of Bermuda will be able freely to determine their future political status in accordance with the provisions of resolution 1514 (XV). The Committee regrets, however, that it is not in a position fully to assess the results of this general election without having had the benefit of either participation in its work by leading representatives of the Bermudian people or the report of a visiting mission.

(9) The Special Committee recalls that during March 1975, the then Premier of Bermuda announced in the House of Assembly that the Governor would delegate some of his constitutional powers in respect of the police to a member of the Cabinet, who would be responsible for "bermudianization" of the police force, recruitment and public relations. It considers that this proposal should be implemented without further delay, bearing in mind the increasing support, expressed by the Territory's two political parties in the Legislative Council during June 1974, for the eventual transfer of the control of the police to the Bermuda Government.

(10) The Special Committee expresses the hope that the presence of foreign military bases in Bermuda will not constitute an inhibiting factor in permitting the people of the Territory to exercise their right to self-determination.

(11) Having been informed by the administering Power that a bill to extend the municipal franchise to all taxpayers in the city of Hamilton has been introduced in the legislature, the Special Committee expresses the view that the municipal government should be responsive to the wishes of all those Bermudians who reach the voting age and reside in the municipality. It considers that any proposal less than full adult suffrage is unjustifiable and in contradiction to resolution 1514 (XV).

(12) The Special Committee considers that it is the responsibility of the administering Power, in consultation with the local government, to develop a system of government whereby the Bermudians themselves will be able to participate fully in the development of their Territory at all levels of government, both central and local.

(13) The Special Committee once again emphasizes the importance of diversifying the Bermudian economy, thus reducing its dependence mainly on tourism and financial servicing, and calls upon the administering Power, in consultation with the local authorities, to take the necessary steps in this regard.

(14) The Special Committee notes that, in his report tabled in the House of Assembly during February 1975, the Government's economic adviser did not support the introduction of large-scale manufacturing for various reasons. The Committee believes, however, that in addition to light manufacturing, alternatives could be found in agriculture, mariculture and fishing. The Committee encourages Bermuda to explore the possibility of developing wider resources within its ocean space jurisdiction to expand the economy.

(15) From the information provided by the administering Power, the Special Committee notes that, out of a working population of 27,319 in 1970, 4,585 persons were engaged in professional, technical and administrative occupations, and that the level of unemployment in 1975 was relatively low. The Committee is of the opinion that the existence of wide differences in wages is a continuing problem in the Territory and that economic and social development can only be considered as satisfactory if a significant improvement in the standards of living of the majority of the local people is brought about through the introduction of effective measures aimed at a more equitable distribution of the national income.

(16) The Special Committee notes that of the 4,585 well-trained workers (see above), 1,924 were Bermudians by birth and the remaining 2,661 were foreign born (many of them with Bermudian status). It considers that continuous and self-sustained economic growth on any significant scale is impossible without a broad base of skilled manpower, and that the dissemination of a wider range of managerial, administrative and technical skills among the local people is therefore a condition for such growth.

(17) The Special Committee calls upon the administering Power, in consultation with the local authorities, to ensure that any new arrangements for the financing of the two hospitals in Bermuda should not prejudice the health services which are now available to the population at large but should lead to further improvement of these services, especially for the unemployed and those at the lower-income level.

ANNEX*

WORKING PAPER PREPARED BY THE SECRETARIAT

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* Previously issued under the symbol A/AC.109/L.1071.

BERMUDA^{a/}

1. GENERAL

1. The Bermuda or Somers Islands are an isolated group of about 150 small islands in the Western Atlantic Ocean, 570 nautical miles east of the North Carolina coast of the United States of America. The 10 principal islands are connected by bridges or causeways and are about 35.4 kilometres long with an average width of between 0.8 and 1.6 kilometres. The Territory has a total area of 53.3 square kilometres, of which 5.9 square kilometres are at present leased to the United States Government for military bases. The largest island, about 22.53 kilometres long with a maximum width of 3.2 kilometres, lies approximately at the centre of the group and covers an area of about 3642.1 hectares.

2. According to 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). In mid-1974, the resident civil population was estimated to be 55,000.

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 the report of the Special Committee to the General Assembly at its twenty-eighth session. b/ 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. Of the 11 members of the Legislative Council, 5 are appointed by the Governor (Sir Edwin Leather) at his discretion, 4 on the advice of the Premier (Mr. J. H. Sharpe, former Minister of Finance, who replaced Sir Edward Richards on 29 December 1975, when the latter resigned for health reasons) and 2 on the advice of the Opposition Leader (Mr. Walter Robinson). The House of Assembly has 40 members elected by universal adult suffrage for a term of five years. The Territory is divided into 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;

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 6 August 1975, for the year ending 31 December 1974.

b/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 23 (A/9023/Rev.1), vol. V, chap, XXIII, annex, paras. 5-14 and 22-25.

(b) either possess Bermudian status or have been ordinarily resident in the Territory throughout the immediately preceding period of three years; and (c) be ordinarily resident in that constituency. At the last general election, which took place on 7 June 1972, the United Bermuda Party (UBP) regained the same 30 seats it had held previously. The Progressive Labour Party (PLP) also retained the 10 seats it had previously held.

4. According to the administering Power, Bermuda has internal self-government; the Governor retains responsibility 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.

5. The Governor's Council consists of the Governor as Chairman, the Premier and not less than two nor more than three other ministers (two in 1975) appointed by the Governor after consultation with the Premier. During a debate on the budget for 1975/76 held in the House of Assembly on 10 March 1975, Sir Edward Richards, then Premier, revealed that the Governor would delegate some of his constitutional powers in respect of the police to a member of the Cabinet, who would be responsible for "bermudianization" of the police force, recruitment and public relations.

6. The Cabinet consists of the Premier and at least six 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. Until the end of December 1975, the Cabinet consisted of the Premier and 11 members, each responsible for the administration of one of the following ministries: education, finance, health and social services, labour and immigration, marine and air services, organization, planning, tourism, transport, works and agriculture and youth and sport. On 31 December, Premier Sharpe announced that the Governor had agreed to reorganize the Cabinet by: (a) transferring the portfolio of youth and sport to the Ministry of Education and that of organization to the Ministry of Finance; and (b) creating a new post of Government Spokesman in the Legislative Council.

B. Local government

7. 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.

8. In a speech at the opening of the legislature, on 7 November 1975, the Governor said that during the past year, consultations had taken place between the Government and the two municipal corporations on the extension of the franchise in municipal elections and that a bill on the subject would be introduced shortly. In

moving the second reading of the bill in the House of Assembly on 12 December, Mr. E. W. P. Vesey, then Minister of Planning, stated that under the new proposals, voting "syndicates" would be abolished; that only owners and/or occupiers of properties would be allowed to vote; and that elections would be held every three years instead of every year. In reply, Mr. Robinson, of PLP, the Opposition Leader, stated that, in its present form, the bill took no account of the ordinary people living within the two municipalities and, in fact, took the vote away from residents. He added that most businesses were run by whites, and that, inasmuch as most owners of business premises would be eligible to vote, the power of the white community would be increased. Mr. Robinson, who was supported in his views by three members of UBP, expressed the hope that the Minister would reconsider the bill, and affirmed his opposition to any legislation which would "further promote white power in this community". Two other PLP members believed that the vote should be based on people 21 years or over residing in the two urban areas, rather than the property owners. In reply, Mr. Vesey said that the bill had been proposed on the recommendation of the municipalities. It was decided to defer consideration of the proposed legislation until comments on the progress report to be prepared by the Minister had been obtained.

C. Future status of the Territory

General

9. In April 1975, government sources were reported to have stated that a delegation from Bermuda would soon leave for London to seek changes in the Territory's status. The aim was "to get some form of associated status with the United Kingdom, although there are some who favour complete independence for Bermuda". Most Bermudians believed that the Territory should be allowed to "deal directly with other Governments on matters affecting its domestic economy". Subsequently, a government spokesman said that Sir Edward and Mr. Sharpe had had "wide-ranging and informal exploratory discussions on constitutional questions with officials of the Foreign and Commonwealth Office" during the week ending 14 June; and that these discussions had also involved matters relating to civil aviation and shipping.

10. In a statement issued on 13 June, PLP said that "any matters affecting the Constitution of Bermuda are the concern of the country as a whole", and that "that includes the opposition party". It stressed that no matters concerning the Constitution should be discussed by an individual, and that any constitutional changes must not be considered unless representatives of the Opposition were present. In its statement, PLP also claimed that the Premier "does not speak for the entire community".

11. The Premier's trip to London, from which he returned on 18 June, gave rise to sharply worded exchanges between Mr. Sharpe and representatives of PLP. The PLP subsequently issued a statement indicating that, in its attempts to bring about independence for Bermuda, PLP would "assure the rights and liberty of each and every individual ... The wide gap between the haves and the have-nots must be reduced".

12. Following an announcement in July, by Mr. C. V. Woolridge, Minister of Labour and Immigration, that changes might be made in the present Constitution, PLP commented that no consultations had been held with any members of the opposition party, and that "major decisions affecting the lives of all Bermudians are being made by a mere handful at Cabinet level". It pointed out that every action previously taken by the Government had proved that it intended "to pursue a course designed to safeguard and improve the standards of living of a chosen few". Believing that the present Constitution "cannot in any way be regarded as a just and democratic document", it suggested that "an entirely new constitution be drawn up which will more truly represent the wishes of the people".

13. According to press reports, Bermuda's labourers have shown a marked degree of political awareness. On 27 August, the Bermuda Industrial Union (BIU), the largest single labour organization in the Territory, staged a march to protest employment conditions of Bermudians working at the United States Naval Air Station (see also para. 65 below). The march was led by Mr. O. A. Simmons, the president of BIU, who is also a PLP member of the Legislative Council. Many marchers wore "Independence for Bermuda" T-shirts, while others carried banners reading: "Our Country, Our Workers" and "Who Rules Bermuda, the People or Foreign Money?".

14. At a public meeting held on 28 August, two of the PLP delegates who had attended the 1966 Constitutional Conference in London (Mr. Robinson and Mrs. Dorothy Thompson, former PLP parliamentarian) stressed the need for constitutional reform.

15. Mrs. Thompson recalled that, at that conference, Lord Martonmere, the former Governor, had advised six members of PLP to "sit down, don't rock the boat and don't try to go too fast". c/ She said that "the fact is we did not want to sit down and we did not think it was possible to go any slower". Noting that the white merchant community was still determined not to let non-whites control the Territory's wealth, she considered it necessary to hold a new conference in London on the revision of the Territory's Constitution.

16. In reply to questions raised during the subsequent panel discussion, Mr. Robinson expressed the view that there was no reason why Bermuda, as an independent country, could not function economically. Commenting on reports that associated statehood might be offered as a plank of the ruling UBP in the next general election, he said that: "It will be exchanging one yoke for another. The few white merchants who hold all the wealth need someone from abroad to hold them in their position".

c/ An account of the events leading to the 1966 Constitutional Conference and a summary of its report appears in Official Records of the General Assembly, Twenty-second Session, Annexes, addendum to agenda item 23 (part III), chap. XXVIII, paras. 425-467.

17. Subsequently, the participants in the public meeting unanimously adopted a resolution by which the Executive Committee of PLP was authorized "to make representations to and call upon Her Majesty's principal Secretary of State for Foreign Affairs to hold a constitutional conference at an early date for the purpose of devising a constitution for Bermuda which, among other things, will enable these islands to become an independent country".

18. At a youth forum, "Viewpoint 75", sponsored by UBP, held on the same day, a panel of six government r...ers replied to questions. On a question relating to independence, Mr. Sharpe said that the Territory was not economically dependent on the United Kingdom and was politically dependent only to a limited extent (see para. 4 above). He added that "UBP has not closed the door to independence but we have not taken any final steps towards it". Asked whether Bermuda should apply for associated statehood, Mr. Sharpe said that: "It does have a good deal of merit to it. It increases our responsibility while reserving our position". Mr. Q. L. Edness, Minister of Marine and Air Services, stated that the matter was being actively investigated.

19. In his statement to the Fourth Committee of the General Assembly on 13 November, d/ the representative of the United Kingdom said that the Government of Bermuda had been in control of its own economic and financial affairs for a number of years, and that the differing views of the two main parties on the question of independence would doubtless be tested in the general election to be held in 1976.

Reform of the electoral system

20. It will be recalled e/ that at the 1972 general election, PLP called for the reform of the electoral system as a first step towards the attainment of independence for Bermuda. During 1974, it sought to keep Commonwealth citizens without Bermudian status from influencing the election process and to lower the voting age from 21 to 18 years. On the other hand, UBP opposed any change in the electoral laws which would deprive such citizens of the right to vote and also objected to lowering the voting age to 18 years. The two parties also differed concerning the impact of the expatriate vote on the 1972 election. The PLP claimed that a different Government would have gained power if expatriates had not been allowed to participate in the 1972 election, an allegation denied by UBP. In late 1975, the two parties reaffirmed their respective positions and each presented a new set of figures on the effect of the expatriate vote on the 1972 election.

d/ Official Records of the General Assembly, Thirtieth Session, Fourth Committee, 2166th meeting.

e/ Ibid., Supplement No. 23 (A/10023/Rev.1), vol. IV, chap. XXV, annex, paras. 13-17.

21. A significant development which occurred during late July and early August was the spread of an anti-alien movement in the Territory. Both BIU and a new group known as "Bermuda for Bermudians", formed by local students, pressed for a change in the voting laws.

22. In a memorandum submitted to the United Kingdom Government, through a Labour Member of Parliament, BIU asked, inter alia, for revision of that part of the Territory's Constitution dealing with the expatriate vote. It contended that "even accepting the most conservative possible construction of statistics, it is very clear that any nationalist opposition party is made totally ineffective by this large block of imported votes". In addition, it criticized the provision of the Constitution which bans certain classes of workers, particularly government employees, from becoming legislators and accused the territorial Government of "gerrymandering" electoral districts. It also said that the current situation in Bermuda "will make inevitable a serious confrontation between the workers and those who oppose their interests" (see also paras. 13 above and 59 below).

23. Bermuda for Bermudians reportedly presented a petition containing 3,000 signatures to the Premier, demanding new legislation to deprive expatriates of the right to vote. In two statements to the press, the group said that "Bermudians and only Bermudians should determine Bermuda's destiny", and that "if the UBP fails to eliminate the voting privilege extended to non-Bermudian British subjects, then the winds of nationalism stirring on the horizon may well develop into a hurricane". It added that unless the party adopted a stronger "bermudianization" policy and introduced constitutional reform, "an increasingly aware electorate will express its disgust at the poll".

24. In a speech towards the end of August, Mr. Robinson of PLP reiterated the request of PLP, originally voiced at the 1966 Constitutional Conference in London, that all votes should have an equal value. He further stated that:

"True democracy cannot be said to exist in Bermuda when the four parishes that contain three quarters of the population elect half the parliamentarians. f/ We were sold out by what I like to call the vagabonds of Front Street / the Territory's commercial and financial centre located in Hamilton / because the whites were afraid of what the coloured people would do with their vote. The present Constitution was rigged to keep a certain clique in power through the creation of electoral ghettos."

D. Military installations

United States military bases

25. The two United States military bases (the Naval Air Station and King's Point Naval Station) occupy about one tenth of the total area of the Territory. As

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

previously noted, g/ in May 1973, Mr. Donald McCue, the United States Consul General in Bermuda, denied a report that the eastern side of the King's Point Naval Station was being prepared for return to the Territory, but did not rule out the possibility of discussions on the subject in the future. In the September 1975 issue of the magazine The Bermudian, Mr. McCue revealed that informal talks had taken place between the Governments of Bermuda and the United States over the possible return to the Territory of unused areas of land at the two bases. He said that the talks would continue and expressed the hope that a decision on the matter would be made in 1976.

26. The Special Committee also noted a housing project being undertaken at the Naval Air Station by the Kemmons Wilson Construction Company of the United States at an estimated cost of \$B 9 million. h/ In August 1975, members of BIU staged a protest to draw attention to its dispute with the company (see para. 65 below).

United Kingdom West Indies Station

27. The United Kingdom maintains the West Indies Station on Ireland Island under the command of the Senior Naval Officer, West Indies, whose responsibilities include Territories under United Kingdom administration in the Caribbean region. In a statement in Parliament on United Kingdom defence estimates for 1975, i/ the Secretary of State for Defence said that in March 1974, the Government had "initiated a review of current defence commitments and capabilities against the resources that, given the economic prospects of the country, we could afford to devote to defence". As a result of this review, he added, the Government had decided that the North Atlantic Treaty Organization (NATO), "the linchpin of British security - should remain the first and overriding charge on the resources available for defence", and that "our commitments outside the Alliance should be reduced as far as possible to avoid overstressing our forces". Following this decision, the Government announced that the permanent deployment of two frigates to the West Indies would cease in 1976, and that the Senior Naval Officer, West Indies, would be withdrawn.

28. In a public statement made in Hamilton on 23 September 1975, Lieutenant-Commander Robert Godfrey, Resident Naval Officer, said that although the United Kingdom Government would be pulling out the two frigates referred to above, the Royal Navy would continue to be represented in Bermuda. This representation would take the form of a Senior Resident Naval Officer and "a very much reduced" ship's company in HMS Malabar. He was also quoted as saying that: "Bermuda remains a most valuable base in the NATO area, and Her Majesty's ships, together with those of our Allies, will continue to make use of the dockyard facilities /on Ireland Island/. The NATO Island Command Headquarters will remain". He went on to say that the actual date of the withdrawal would be 31 March 1976.

g/ Official Records of the General Assembly, Thirtieth Session, Supplement No. 23 (A/10023/Rev.1), vol. I, chap. VI, annex, appendix IV, para. 6.

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

i/ Statement on the Defence Estimates, 1975, Cmnd.5976 (London, HM Stationery Office, March 1975).

3. ECONOMIC CONDITIONS

A. General

29. As previously noted j/ Bermuda enjoyed a rapid economic expansion over the period from 1966 to 1971, followed by a decline in 1972 and 1973, largely because the Government could not effectively curtail the inflationary spiral. In 1973, the two main economic supports, tourism and international business, made further progress, but there was a slowdown in the pace of total economic activity. The United States dollar, to which the local currency is pegged, was freed from its fixed rate during March of that year. Since then, Bermuda has faced uncertainties in the international monetary situation.

30. In a budget speech delivered to the House of Assembly on 28 February 1975, Mr. Sharpe, then Minister of Finance, gave the following account of the general economic situation.

31. In 1974, the leading industrial countries were confronted with rapid inflation, deepening recession and the difficulties threatening international monetary stability. Bermuda had been adversely affected by these problems, but suffered less than most countries, owing to the relatively good performance of its economy. With the retail price index showing a 15.1 per cent increase between December 1973 and December 1974, Bermuda had fared reasonably well, especially when compared with some other Caribbean countries.

32. In 1974, the Territory had continued to import goods at inflated prices, the total cost of which could rise by \$B 23 million to \$B 150 million. Because of the sharp increase in unit values, there had been a decline in the volume of imports. The main reductions appeared to be in building materials, capital equipment and consumer durables. The value of clothing and food imports had climbed steeply. On the invisible account, income from the tourist industry had remained buoyant, because the number of visitors had increased by approximately 9 per cent over the previous year. Further formations of exempt companies suggested continued growth of the international finance sector. Bermuda residents were repatriating a larger proportion of their foreign earned income than in previous years, but there had been a significant expansion of personal remittance outflows. Considering the difficulties encountered in 1974, the Territory's balance-of-payments experience had not been unsatisfactory.

33. On the subject of balance of payments, the Bermuda Monetary Authority (BMA) stated in its annual report for 1974 (published in August 1975) that, despite the expected foreign trade deficit as a result of higher import prices, particularly for oil, the current account had been roughly in balance, compared with a small deficit in 1973. BMA attributed this reversal to an apparent improvement in invisible receipts (the tourist sector being the most important contributor), which it pointed out had more than offset the increase in invisible payments.

j/ Official Records of the General Assembly, Thirtieth Session, Supplement No. 23 (A/10023/Rev.1), vol. IV, chap. XXV, annex, paras. 23-28.

34. In his speech to the legislature on 7 November 1975, the Governor drew particular attention to two major international problems which were being acutely felt in Bermuda: the economic recession and inflation. He stated that the recession in the United States, the worst since the 1930s, had been reflected in the Territory by fewer tourists (see para. 37 below) and less spending which, in turn, had affected local incomes with a resulting decline in business. According to the Governor, there were grounds for optimism that the United States was emerging from its recession, although its pace of recovery was still uncertain. He therefore stressed that continued patience, caution and restraint would have to be exercised by everyone.

35. According to the Minister of Finance, who spoke in the House on the same day, a pattern of slow recovery in the United States economy throughout 1976 would help to improve the economic situation in Bermuda. Mr. Sharpe noted that the rise in prices in Bermuda had moderated considerably during 1975, reflecting improved stability in prices for imported food-stuffs and many basic services. During the 12 months ending September 1975, the retail price index had shown an increase of only 4.5 per cent. He considered that if the rate of inflation in the United States remained at 7 per cent during 1976, as had been predicted in that country, the problem in Bermuda could be kept within manageable proportions.

B. Policies and programmes

36. In his speech (see para. 34 above), the Governor stated that the Government was keeping a tight rein on expenditure and was determined that - except as necessary to meet the recently concluded salary negotiations with its own employees - total expenditure for the current financial year would not exceed the total amount already budgeted. Capital spending was being kept to a minimum, and construction of the new Hotel Training College and a bus garage would be deferred (see also para. 49 below). The Government's proposals to deal with the sitting of the college, which had aroused some public concern, would be announced in a ministerial statement when the House of Assembly resumed. Legislation would be introduced to modernize the Stamp Duties Act of 1917 and 1919. Additional proposals made by the Governor concerning various segments of the economy appear in the relevant subsections below.

C. Tourism

37. The tourist industry, the mainstay of the Bermudian economy, continued to improve in 1974, with an increase of 9 per cent in the number of visitors. During most of 1975, the recession in the United States (the origin of the majority of the tourists) had an adverse effect on the industry. However, the situation began to improve in October and the decrease from the previous year was narrowed to 4.4 per cent following a rise in the number of visitors to the Territory in November, the highest in history for that month. Government figures for November showed a total of 41,195 visitors (including 8,648 cruise visitors),

representing a 13.4 per cent gain over November 1974 (36,331, including 6,770 cruise visitors). Data compiled by the Bermuda Hotel Association reflected a similar trend, the occupancy rate for November 1975 amounting to 67.9 per cent, the highest for that month since 1968.

38. The dramatic upsurge in tourism during the fourth quarter of 1975 was attributed to two contributing factors: (a) the promotion schemes undertaken by the Department of Tourism, the Hotel Association and two major commercial airlines; and (b) the recovery in the United States economy. The tourist industry was worth about \$B 144 million to Bermuda in that year. According to the Minister of Tourism, the immediate outlook for the industry appears to be favourable.

39. During the debate on the Governor's speech (see para. 34 above), the Minister of Tourism expressed his concern about the absence of improved training for Bermudians and the hope that construction of the Hotel Training College would not be postponed indefinitely.

D. Financial developments, money and credit

40. The Bermuda Monetary Authority (BMA), among other things, issues and redeems local currency, supervises banks and other financial institutions, administers exchange control on behalf of the Government and advises it on banking and monetary matters. The Deposit Companies Act, which came into operation on 1 October 1974, substantially extends the role of BMA in its exercise of supervisory powers over such companies (see also para. 43 below).

41. The local banks provide a variety of services for the international companies operating in Bermuda. The activities of these companies include fund administration, insurance, investment, shipping, trading and unit trust management. In 1975, their total number was 3,271 (2,852 in 1974), of which 2,639 were exempted companies. In his recent speech, the Governor said that the legislature would be invited to consider new measures affecting international business.

42. As previously noted, k/ the two largest banks in the Territory (the Bank of Bermuda, Ltd. and the Bank of N. T. Butterfield and Son, Ltd.), which are mainly controlled by Bermudians, reported limited growth in their total resources during 1973/74. According to the annual report of the Bank of Bermuda, Ltd., for 1974/75, its total resources increased by \$B 21.5 million to \$B 519.7 million and its income by \$B 444,500 to \$B 2.3 million. The Bank expressed satisfaction with the results, "taking into consideration the sharp decline in interest rates abroad during the first half of 1975 and continued high operational costs". The Bank did not foresee any substantial expansion of banking and other sectors of the Bermudian economy in the months to come. During 1973/74 and 1974/75, the Bank of N. T. Butterfield and Son, Ltd., expanded its total resources from \$B 363.6 million to \$B 375.9 million and its income from \$B 10.0 million to \$B 11.2 million. In its report for 1974/75, the Bank stated that the principal features benefiting

k/ Ibid., para. 34.

income during the year had included the large returns on funds employed in the international money markets, conservative asset management and a steady increase in all types of business. It further stated that the Territory might reasonably expect to benefit from a sustained but slow recovery in the United States economy.

43. The Bermuda Provident Bank, Ltd. (BPB), the smallest in the Territory, is 32 per cent owned by Barclays Bank International, Ltd., of the United Kingdom and 31 per cent by the Provident Investment and Holdings Company, Ltd. (PIH). It will be recalled that between late 1974 and early 1975, various proposals were made to solve the financial problems encountered by PIH. ^{1/} One of the proposals was adopted and BMA was appointed temporary administrator of PIH under a bill which came into effect in early May. During this interim period, which is expected to last five years, BMA will attempt to marshall and protect the assets of PIH and to obtain maximum earnings on its investment with the hope that realization of the assets will eventually produce sufficient funds to cover PIH's indebtedness to depositors and creditors. In its annual report for 1975, published on 15 December, BPB stated that it had suffered a small loss because of its association with PIH, but that it had resolved any doubts on the part of shareholders and the public concerning the intermingling of its affairs with those of PIH and was therefore looking forward to playing a much larger part in the development of Bermuda.

E. Economic diversification

Manufacturing

44. On 28 February 1975, Mr. Sharpe, the Minister of Finance, drew the attention of the House of Assembly to an annex to his budget statement, prepared by Mr. Philip Marr, the Government's economic adviser, concerning the development of manufacturing industries in Bermuda. According to Mr. Marr, it was essential to strike a balance between diversification of the economy and concentrating on activities in which Bermuda had a comparative advantage over other countries, primarily those in the service sector. The Territory had a number of industrial firms, but their contribution to its gross domestic product was so small compared with tourism and international business that even the most vigorous policy measures could only cause minor changes in the relative importance of local manufacturing. Among the factors cited by Mr. Marr as obstructing large-scale manufacturing operations were the restricted scope of the local market, the paucity of basic materials, the shortage of land and cheap labour and the inadequacy of power and water supplies. He said that under the present fiscal structure, there were few ways of offering significant tax advantages to industrialists. Customs duties concessions remained the main form of government assistance. If other countries were able to produce a commodity much cheaper than could be made locally, the related factors (employment, environment and foreign exchange) would have to be very strong indeed to counterbalance the cost disadvantages.

45. Mr. Sharpe informed the House of Assembly that the Government was looking into the advantages and disadvantages of establishing new manufacturing industries

^{1/} Ibid., para. 35.

in general and a brewery in particular, for which it had received an application. In its investigation, it would take into account the points made by Mr. Marr. The Government was aware that some local manufacturers, especially of carbonated soft drink beverages, were experiencing financial difficulties resulting from high overhead and operating costs and foreign competition. Mr. Sharpe suggested, however, that different policies might have to be considered for established businesses on the one hand and "pioneer" industries on the other, although, within the framework of a broad policy, cases would have to be studied on their respective merits.

Farming and fishing

46. In the same budget statement, Mr. Sharpe said that the Government was actively trying to help both individuals and organizations involved in the Territory's two primary industries: farming and fishing.

47. Fisheries are the responsibility of the Minister of Works and Agriculture with the assistance of a Fisheries Advisory Committee under the administration of the Department of Agriculture. On 7 August 1975, Mr. J. A. Pearman, a member of UBP and Chairman of the Fisheries Advisory Committee, said at a public meeting that lack of funds was holding back development of the industry. It was hoped that in 1976, the Government would "give the neglected area a boost" by making available the \$B 100,000 requested by the Committee. This sum, he pointed out, would be used to: (a) start a pilot marketing wharf for fishermen near the headquarters of the Department of Marine and Ports; (b) purchase a research boat; and (c) computerize statistics about fishing in Bermuda. He noted that the Government had decided on a policy aimed at giving the industry "a measure of support", and that two experts from the United Nations had recently been sent to the Territory to help prepare a formal request for assistance from that organization.

F. Communications and other basic facilities

48. In 1975, the Government continued to give special attention to the road and traffic systems, civil aviation affairs, the international shipping business and water resources.

49. In late 1972, m/ the Government published a report of a survey of the Territory's roads and traffic problems. Among the steps taken on the basis of this report was a proposal to improve the bus system and complete a central bus terminal. As noted in paragraph 36 above, construction of the bus garage has been deferred for economic reasons. A report is being prepared containing proposals for different penalties in an effort to curb speeding and other traffic offences which are reported to be jeopardizing Bermuda's amenities and creating an increased danger to life.

m/ Ibid., Twenty-eighth Session, Supplement No. 23 (A/9023/Rev.1), vol. V, chap. XXIII, annex, para. 46.

50. In 1974, n/ the civil aviation regulations were amended to empower the local authority to grant certain licences. During the debate on the Governor's speech, Mr. Edness, Minister of Marine and Air Services, told the House of Assembly that legislation was now being drafted on air transport licensing, air navigation and airport management. The new legislation would represent a complete review of all air legislation affecting the Territory, in view of rapid changes in the industry, and would contain certain provisions relating to modern group charter flights and indirect carriers, such as freight forwarders.

51. During the course of the same debate, the Premier announced that formal discussions with the United Kingdom Government were in progress on problems associated with the formation of a shipping register in connexion with the development of an international shipping business. One of the more important points under discussion was revision of the present law requiring senior officers to be nationals of the United Kingdom, should a Bermuda-registered ship want to call in Bermuda, the United Kingdom or other Commonwealth ports.

52. In 1975, Bermuda was consuming its water reserves at an annual rate of 100 million gallons and, at this rate, could use up water from the Devonshire natural reservoirs within 20 years. Faced with this and other environmental threats, the legislature early in that year passed a bill to control the extraction of water contained in the Devonshire and four other natural reservoirs covering an area of 991.5 hectares. In his speech, the Governor stated that regulations made thereunder would be introduced and that a new bill to control the supply and distribution of water to the public would be placed before the legislature for consideration (see also para. 53 below).

G. Public finance

53. In his speech of 28 February 1975 (see para. 44 above), the Minister of Finance stated that the budget estimates for 1975/76 envisaged an expenditure of \$B 62.4 million (\$B 460,000 less than the revised estimates for 1974/75), of which \$B 59.5 million was on recurrent and \$B 2.9 million on capital account. The total estimated recurrent expenditure would include the following allocations: education, \$B 11.2 million; health and social services (including hospitals), \$B 9.8 million; public works, \$B 6.3 million; police, \$B 5.5 million; tourism, \$B 4.9 million; public debt, \$B 2.3 million; public transportation, \$B 2.6 million; prisons, \$B 2.2 million; and agriculture and fisheries, \$B 2.1 million. During 1975/76, capital expenditure was to be generally restricted to the completion of necessary work started in the previous year, the improvement of substandard housing owned by the Government and the strengthening of certain basic facilities, including the continued exploration and development of water supplies and the protection of the environment. There would be only nominal amounts for two important future projects - the new Hotel Training College and a bus garage, since it seemed unlikely that plans could be drawn and approved in the current financial year.

n/ Ibid., Thirtieth Session, Supplement No. 23 (A/10023/Rev.1), vol. IV, chap. XXV, annex, para. 52.

54. Mr. Sharpe also said that, without taking into account new fiscal measures proposed by the Government, revenue would continue to be derived mainly from customs duties, taxes on business organizations and the land tax. Revenue was expected to amount to \$B 60.9 million, leaving a shortfall of \$B 1.6 million. This shortfall was to be met by the imposition of new or higher taxes, having regard to the fact that times were uncertain and further public debt undesirable. The proposed fiscal measures included: (a) a 5 per cent charge on the purchase of foreign currency by a resident for investment abroad; (b) a 5 per cent tax on off-track betting and football pools; and (c) an increase in stamp duties and customs duties on boats, cigarettes, petrol and spirits.

55. Mr. Sharpe concluded by reiterating the Government's desire to produce a balanced budget for 1975/76 without harsh increases in taxation. Furthermore, it had decided to: (a) reduce expenses without placing at risk necessary services or policies; (b) avoid undue aggravation of local inflation; and (c) introduce measures to encourage retention of Bermudian funds for the needs of the Territory.

56. During the budget debate in the House of Assembly, UBP members spoke in support of Mr. Sharpe's proposals. Moreover, Mr. Sharpe expressed satisfaction with "the lack of any cogent criticism" by the Opposition PLP. After the conclusion of the debate on 17 March, the House passed the appropriation bills to bring the budget into effect.

57. In a statement to the House of Assembly made on 7 November 1975 concerning the Government's current financial position (see also para. 35 above), Mr. Sharpe said that public revenue would decrease by some \$B 2.5 million in 1975/76, a reflection of the deterioration of the Territory's economic situation. Unless compensating action were taken, a deficit in excess of \$B 3.0 million could be expected during the year. He therefore proposed to raise additional revenue by increasing customs duties on most imports, in particular cigarettes, petrol and some spirits.

58. During the debate on the Governor's speech, the Opposition PLP criticized the Government for perpetuating the recession by reducing or restricting its own expenditure. In the party's view, the cumulative effect of this fiscal policy would be that Bermuda's tax base would rapidly disappear. Any recession would significantly reduce revenue derived from customs duties and fees, on which the policy was mainly based. Replying, Mr. Sharpe admitted that "revenue, particularly from customs, was falling short", but asserted that "the alternatives were to accept the deficit or raise revenue". He believed that the proposed fiscal measures would be "of substantial benefit to the community as a whole".

59. In the memorandum submitted to the United Kingdom Government in August 1975 (see para. 22 above), BIU had accused the territorial Government of imposing a heavy tax burden on the lower income groups and called for the establishment of a direct and progressive system of taxation in Bermuda.

4. SOCIAL CONDITIONS

A. Labour

60. According to the administering Power, approximately 500 persons were unemployed in 1974 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, 4,533 workers; Government, 3,000; exempted companies, 2,737; construction, 450; and miscellaneous occupations, 16,280. During the debate on the Governor's speech in the House of Assembly, the Premier stated that in mid-November 1975, 283 persons had been registered as unemployed out of a labour force of approximately 26,000. Commenting on this statement, the Opposition PLP stressed the need to: (a) initiate a scheme to deal with unemployment; (b) establish institutions to train Bermudians with the objective of enabling them to take over the higher income positions from non-Bermudians; and (c) compile more accurate and meaningful unemployment statistics. In reply, the Minister of Education said that despite its decision to postpone work on the new Hotel Training College, the Government was undertaking a training programme for hotel employees (see para. 77 below).

61. Towards the end of November, the Minister of Labour and Immigration announced the creation of a government committee under the chairmanship of the Labour Relations Officer to study the extent of unemployment in the Territory. He added that the number of persons on work permits had been reduced to an estimated 8,500 (about 9,000 in mid-1974), consisting mainly of civil servants, hotel workers, exempted company personnel, nurses, police officers and teachers.

62. Wage differences, largely based on skill, existed throughout all industries and even within single industries. The working week continued to vary considerably according to occupation. There were seven trade unions consisting of three associations of employers, two of employees primarily in private employment, one of government workers and one of teachers. The total membership on the rolls was 7,626, of whom 5,777 were members of BIU. The number of work stoppages increased from 1 in 1973 (involving 494 workers and resulting in 3,613 man-days lost) to 5 in 1974 (involving 556 workers and resulting in 8,444 man-days lost).

63. On 3 and 24 March 1975 respectively, the House of Assembly and the Legislative Council passed a bill entitled The Labour Relations Act, 1975, despite strong objections raised by the Opposition PLP. The most important innovation contained in the Act is the establishment of a permanent arbitration tribunal to deal with disputes in essential services and with those referred to it by the Minister of Labour and Immigration with the consent of the parties involved. The list of essential services is to be extended to 13, by the addition of the following: (a) port and dock services including pilotage, tug and line boat operation (not connected with cruise ships); (b) lighthouses; (c) air and marine traffic control; (d) the refueling and maintenance of aircraft "to the extent that this is necessary to maintain the essential services"; (e) the loading and unloading of mail, medical supplies, food-stuffs, cattle and chicken feed and all supplies

needed to maintain any of the specified essential services; (f) transport and transport maintenance necessary to sustain any essential service; and (g) telephone, telegraph and overseas telecommunication.

64. Under the Act, 21 days' notice must be given of intention to strike an essential service, but the notice must also specify "the industrial action to be taken, whether this be a lock-out, strike or irregular industrial action short of a strike". The Act outlaws a strike, lock-out or irregular industrial action in an essential service unless the dispute has been reported to the Labour Relations Officer and has not been referred to the tribunal by the Minister before expiration of the notice period. The Minister is empowered to refer such a dispute to the tribunal for compulsory arbitration.

65. Following the passage of the Act, a number of labour disputes occurred, two of which remained unsettled at the end of December. As a result of one dispute, some 400 representatives of BIU, headed by their president, staged a protest march from Hamilton to the United States Naval Air Station, demanding recognition for their union and holiday, sickness and pension rights for Bermudians employed by the Kemmons Wilson Construction Company. The march resulted in the intervention of the Governments of Bermuda and the United States and in protracted negotiations, but, up to the end of December, no settlement had been reached. The BIU was also involved in a dispute with the Public Transportation Board. The Board rejected BIU's demand for reinstating four workers who had been dismissed for disciplinary reasons. This action led to a territory-wide strike of bus employees on 21 November. In late December, BIU made certain proposals for the settlement of the dispute, which involved the reinstatement of the workers dismissed, but the Board refused to take them back before completion of mediation or grievance procedures.

B. Housing

66. The Bermuda Housing Corporation (BHC), a statutory body brought into operation in 1974, is charged with solving the Territory's housing shortage. It is administered by a nine-member Board of Directors with Commander Geoffrey Kitson as Chairman.

67. On 8 October 1975, a local newspaper published BHC's first annual report, covering the period from appointment of the Board on 1 January 1974 to the end of the first full financial year on 31 March 1975. According to the Chairman of the Board of Directors, the accumulated shortage of rental accommodations would be largely taken care of by the 250 homes currently under construction at the United States Naval Air Station and the 60 homes scheduled to be built at Daniel's Head in Somerset for Canadian servicemen.

68. In the report it was stated that, initially, BHC would concentrate its efforts on the provision of new housing for private home ownership. A major step in this direction had already been taken by the Government with the erection of some 150 units at Prospect and Cedar Park, all of which had been sold on 99-year leases with 25-year mortgages. The BHC planned to continue to support this method

of financing private homes (provided they met its criteria and subject to the limitations of its funding) which would offer up to 85 per cent of the value of the property in question on a first mortgage for between 15 and 25 years. The Government has allocated \$B 500,000 to BHC plus a small amount of income from the Prospect and Cedar Park housing which had been transferred to it. The BHC had used all of its funds in the provision of long-term first mortgages for people who were constructing their own homes (49 in all). After consultation with the Minister of Finance, BHC had decided to borrow funds from year to year to meet its estimated needs at the best interest rates obtainable.

69. According to the Minister of Finance, BHC raised \$B 3.5 million in late 1975, basically to provide housing for the lower middle-income group.

C. Public health

70. There are two hospitals in Bermuda: (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. Medical care is also provided by private practitioners and three government health clinics. Fees are charged to hospital patients but those unable to pay the full rates receive assistance, mainly from government subsidies and insurance schemes.

71. It will be recalled o/ that in December 1974, the Minister of Finance told the House of Assembly that the Government was studying means to finance operating costs to determine whether it was feasible to finance the hospitals without a public subsidy, possibly through employer-employee insurance contributions, which would have to be adjusted to meet rising costs.

72. On 25 July 1975, a White Paper was issued containing the Government's conclusions on a report prepared by its consultant, Mr. Austin Page, concerning a programme of social insurance, particularly hospital care. In considering the methods of financing such care, Mr. Page made a comparative study of three alternative contribution systems:

(a) A standard insurance premium paid by the working population, supplemented by a flat levy to cover persons currently receiving government subsidies;

(b) A standard premium supplemented by a wage and salary related percentage contribution paid by the working population to cover persons now covered by government subsidy;

(c) A contribution related to wages and salaries, based on a straight percentage applicable to all wages and salaries between \$B 1,300 and \$B 15,000 a year.

Mr. Page believed that the third alternative would equitably distribute the burden in relationship to wage and salary levels without placing an undue burden on any

o/ Ibid., para. 72.

level. Among other things, he recommended that the employee and employer should each pay 2.5 per cent of the employee's salary in hospital insurance contributions, as should the self-employed worker. The Government saw considerable merit in Mr. Page's recommendations, and agreed that non-residents should be surcharged for hospital services.

73. In his report, Mr. Page also made recommendations on certain other matters, including workmen's compensation, pensions, medical care, pharmacies, social assistance and custodial care. In a general comment on the report, the Government stated that all of Mr. Page's recommendations except that concerning hospital care "should be regarded as a part of a long-term programme, which will continue to be studied", and that the primary objective was to establish "an economically self-adjusting, self-funding social insurance programme".

74. In his recent speech the Governor said that the White Paper had resulted in considerable community debate, serving both to clarify the intent of the recommendations contained in Mr. Page's report and to crystallize public attitudes on the proposed programme. Taking all the circumstances into consideration, a bill was being prepared and would soon be placed before the legislature to extend and modify the provisions of current hospital insurance legislation. The arrangements to be proposed would include an extension to all adult residents of the payment of a standard hospital premium and the introduction of supplementary wage-related levy, payable by all those in employment. The Government would continue to meet standard hospital costs of children. The Governor also said that legislation to regulate pharmacies, pharmacists and pharmaceuticals would be introduced shortly.

75. In June 1975, the United Nations Development Programme (UNDP) provided \$US 549,200 to meet part of the cost of a regional project for the education and training of allied health (paramedical) personnel in the Commonwealth Caribbean; this project, which will cost a total of \$US 2.55 million, the difference to be paid by the 17 participating countries (including Bermuda), is expected to be completed within two years.

5. EDUCATIONAL CONDITIONS

76. Education is free and compulsory for all children between the ages of 5 and 16 years. The majority of schools in the Territory are maintained by the Government. At the end of 1974, primary education, covering the first seven years of schooling, was being provided by 18 government and 4 private schools, with an enrolment of over 7,000 pupils. There were 9 government and 5 private secondary schools, with an enrolment of over 5,000 pupils. The teacher/pupil ratios in the government primary and secondary schools were 1 to 25 and 1 to 15 respectively. Specialized institutions included 10 government-run pre-school nurseries, with 500 four-year-olds; 5 special schools providing training for 220 children between the ages of 5 and 18 years; and a day-training centre and an opportunity workshop for handicapped children between the ages of 5 and 21 years.

77. Facilities for higher education are limited. The Bermuda College has three departments (academic studies, commerce and technology and hotel technology) and offers education at the tertiary level. In 1974, there were 460 students attending courses at the college. Owing to a lack of funds, construction of the new Hotel Training College has been deferred. During the debate on the Governor's speech in the House of Assembly, Mrs. Gloria McPhee, the Minister for Education, opposed an indefinite postponement of the project, stressing the urgent need for basic training from the lowest level to middle management and beyond. She gave an assurance that in-house training was already being given in conjunction with summer programmes under way at Bermuda College. She also announced that the Government would provide opportunities for qualified Bermudian students to take a three-year training course in managerial skills at Cornell University in the United States. According to the Minister, it would cost an estimated \$B 500,000 to send 20 students annually to the University; a tuition-paying college to be established in the Territory for 250 students would cost less.

78. Teacher-training facilities are unavailable in Bermuda, but the Government provides 75 teacher-training scholarships (\$B 2,000 a year for a maximum of three years) for students training abroad. The Government also provides over \$B 400,000 annually in scholarships and loans for students receiving post-secondary education abroad. Scholarships are awarded to those applicants with the highest academic qualifications. At the suggestion of Bermuda for Bermudians, however, the Government will also take into account the financial needs of those wishing to undertake courses at universities as from mid-1976.

79. During 1975, the Minister for Education announced the introduction of reforms in the educational system. The main proposals are designed to: (a) increase the efficiency and accountability of the Department of Education; (b) improve children's behaviour and strengthen discipline in schools; (c) provide courses in Bermuda's history, Government and economy in the secondary schools; and (d) make further progress towards integration of the Territory's school system, a process begun in 1971.

80. Total government expenditure on education in 1975/76 was estimated at \$B 11.2 million, representing an increase of 7.5 per cent over the previous year.

CHAPTER XXVIII
(A/31/23/Add.9 (Part II))
BRITISH VIRGIN ISLANDS

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CHAPTER XXVIII

BRITISH VIRGIN ISLANDS

A. CONSIDERATION BY THE SPECIAL COMMITTEE

1. At its 1027th meeting, on 18 February 1976, the Special Committee, by approving the seventy-eighth report of the Working Group (A/AC.109/L.1066) 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 item at its 1025th, 1029th and 1054th to 1056th meetings, between 10 February and 17 September.

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 3481 (XXX) of 11 December 1975 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 11 of this resolution, the Assembly, inter alia, requested the Special Committee "to continue to seek suitable means for the immediate and full implementation of 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-first session". The Committee also took into account General Assembly resolution 3427 (XXX) of 8 December 1975 concerning four Territories, including the British Virgin Islands, by paragraph 9 of which the Assembly requested the Committee "to continue to seek the best ways and means for the implementation of the Declaration with respect to ... the British Virgin Islands ..., including the possible dispatch of visiting missions in consultation with the administering Power".

4. At the 1025th meeting, on 10 February, the Chairman informed the Special Committee that, further to his consultations with the Permanent Representative of the United Kingdom of Great Britain and Northern Ireland to the United Nations concerning the question of sending visiting missions to Territories (see chap. III of the present report (A/31/23/Rev.1, vol. I)), the Government of the United Kingdom had invited the Committee to send a three-member visiting mission to the British Virgin Islands.

5. At the 1029th meeting, on 1 April, the Chairman announced that the Permanent Representative of Sierra Leone to the United Nations would lead the mission. At the same meeting, the Special Committee decided to request the Chairman to hold the necessary consultations with a view to the designation of the other members of the mission and its early dispatch to the British Virgin Islands.

6. In accordance with the decision taken at the 1029th meeting, the Chairman subsequently announced that the Visiting Mission would be composed of the representatives of Sierra Leone, the Syrian Arab Republic and Fiji.

7. The representative of the United Kingdom, as the administering Power concerned participated in the work of the Committee during its consideration of the item.
8. At its 1054th meeting, on 10 September, in the light of consultations undertaken by its Chairman, the Special Committee took up the question of the British Virgin Islands directly in plenary meeting, on the basis of a decision taken by the Sub-Committee on Small Territories at its 246th meeting, on 24 March.
9. At the same meeting, the representative of Sierra Leone, in his capacity as Chairman of the Visiting Mission, introduced the report of the Mission (see annex to the present chapter). At the same meeting, the Chairman welcomed Mr. W. W. Wallace, the Governor, and Mr. Willard Wheatley, the Chief Minister of the British Virgin Islands. Statements were made by the representative of the United Kingdom, by Mr. Wheatley and by the Chairman (A/AC.109/PV.1054 and corrigendum).
10. At the 1055th meeting, on 13 September, statements were made by the representatives of the Syrian Arab Republic and Fiji, as members of the Visiting Mission, and by the representative of Indonesia (A/AC.109/PV.1055 and corrigendum).
11. At the 1056th meeting, on 17 September, the representative of Australia introduced a draft resolution (A/AC.109/L.1134) which was sponsored by Australia, Ethiopia, Fiji, India, Indonesia, Sierra Leone, the Syrian Arab Republic, Trinidad and Tobago and the United Republic of Tanzania.
12. At the same meeting, the Special Committee adopted the draft resolution (A/AC.109/L.1134) without objection (see para. 14 below).
13. On 23 September, the text of the resolution (A/AC.109/542) 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

14. The text of the resolution (A/AC.109/542) adopted by the Special Committee at its 1056th meeting, on 17 September, to which reference is made in paragraph 12 above, is reproduced below:

The Special Committee,

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

Having examined the report of the United Nations Visiting Mission which was dispatched to the Territory in May 1976 1/ at the invitation of the

1/ See annex to the present chapter.

administering Power, the United Kingdom of Great Britain and Northern Ireland, and having heard the statement of the Chairman of the Visiting Mission, 2/

Having also heard the statements 3/ of the administering Power and of the Chief Minister of the British Virgin Islands.

Welcoming the continuing participation of the administering Power in the work of the Special Committee related to Territories under United Kingdom administration and the readiness of the administering Power to permit access by United Nations visiting missions to the Territories under its administration.

1. Approves the report of the United Nations Visiting Mission to the British Virgin Islands, 1976, and the conclusions and recommendations contained therein;
2. Expresses its appreciation to the members of the Visiting Mission for the constructive work accomplished and to the administering Power and the Government of the British Virgin Islands for the close co-operation and assistance extended to the Mission;
3. Reaffirms the inalienable right of the people of the British Virgin Islands to self-determination and independence in accordance with the Declaration on the Granting of Independence to Colonial Countries and Peoples;
4. Requests the administering Power to continue to take all necessary measures 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;
5. Notes that the amended Constitution of the British Virgin Islands, which will come into force later this year, marks an important step in the achievement of the decolonization process;
6. Expresses the hope that the experience gained in the next constitutional stage will point the way towards ever-increasing participation of the islanders in the central organs of government and towards the speedy attainment of the objectives of the Declaration contained in General Assembly resolution 1514 (XV) of 14 December 1960;
7. Endorses the view of the Visiting Mission that measures to promote the economic development of the British Virgin Islands are an important element in the process of self-determination, and expresses the hope that the administering Power will continue to intensify and expand its programme of budgetary and development aid;

2/ A/AC.109/PV.1054 and corrigendum.

3/ Ibid.

8. Requests the administering Power, in the light of the conclusions and recommendations of the Visiting Mission, to continue to enlist the assistance of the specialized agencies and the organizations within the United Nations system in the development and strengthening of the economy of the Territory, and requests the specialized agencies and other organizations to respond appropriately to the development needs of the British Virgin Islands;

9. Further requests the administering Power, in consultation with the Government of the British Virgin Islands, to pay particular attention to the training of local qualified personnel;

10. Decides, subject to any directives which the General Assembly might give in this regard at its thirty-first session, to continue the full examination of this question at its next session in the light of the findings of the Visiting Mission, including the possible dispatch of a further visiting mission at an appropriate time, in consultation with the administering Power.

ANNEX*

REPORT OF THE UNITED NATIONS VISITING MISSION TO
THE BRITISH VIRGIN ISLANDS, 1976

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* Previously issued under the symbol A/AC.109/L.1129.

INTRODUCTION

1. Terms of reference

1. At its thirtieth session, the General Assembly adopted resolution 3427 (XXX) of 8 December 1975, concerning four Caribbean Territories (including the British Virgin Islands), which reads in part:

"Bearing in mind the constructive results achieved as a consequence of previous visiting missions to colonial Territories and reiterating its conviction that the dispatch of such missions is essential for securing adequate and first-hand information in regard to the political, economic and social conditions in those Territories and to the views, wishes and aspirations of the people therein,

...

"7. Welcomes the positive attitude of the administering Power with respect to the receiving of United Nations Visiting Missions in the Territories under its administration and requests the Chairman of the Special Committee to continue his consultations with a view to the dispatch of such missions, as appropriate;"

2. At the 1025th meeting of the Special Committee, on 10 February 1976, the Chairman announced that on the basis of preliminary consultations with the administering Powers concerned (including the Government of the United Kingdom of Great Britain and Northern Ireland) the Committee should envisage sending a visiting mission to the British Virgin Islands (A/AC.109/PV.1025).

3. At the 1029th meeting, on 1 April, the Chairman announced that Mr. Edward Wilmot Blyden III, the Permanent Representative of Sierra Leone to the United Nations, had agreed to head the Mission to the British Virgin Islands. Following the conclusion of the relevant consultations, the other two members of the Mission were named in accordance with the decisions taken by the Committee at its 1025th meeting (A/AC.109/PV.1029).

2. Composition of the Mission

4. The Mission was composed as follows:

Mr. Edward W. Blyden III	Sierra Leone (Chairman)
Mr. Sami Glayel	Syrian Arab Republic
Mr. Aryoday Lal	Fiji

5. The following staff members of the United Nations Secretariat accompanied the Mission: Mr. A. Z. Nsilo Swai, Principal Secretary; Mr. Kenneth N. Jordan, Political/Administrative Officer; and Mrs. Daphne Thomson, Secretary.

6. Mr. Thomas L. Richardson, First Secretary of the Permanent Mission of the United Kingdom to the United Nations, also accompanied the Mission to the islands and gave invaluable assistance.

3. Itinerary

7. The Mission arrived in Road Town, the capital, on 2 May 1976 and remained in the Territory until 9 May. During the course of its stay, the Mission visited the islands of Tortola, Anegada, Virgin Gorda and Jost Van Dyke. After its return to New York, the Mission visited London from 16 to 19 May for consultations with the United Kingdom Government. The Mission's itinerary is set out in appendix 1 to the present report.

4. Acknowledgements

8. The Mission wishes to place on record its deep appreciation of the courtesies extended to it by the United Kingdom Government as well as the close co-operation and assistance enjoyed during the consultations in London.

9. The members of the Mission also wish to express their profound gratitude to the Government and people of the British Virgin Islands for the co-operation and warm hospitality extended to them during their stay in the Territory.

10. The Mission wishes in particular to convey its appreciation to Mr. W. W. Wallace, the Governor, Mr. Willard Wheatley, the Chief Minister, and his colleagues in the Executive and Legislative Councils, for facilitating the work of the Mission.

A. INFORMATION ON THE TERRITORY

1. General description

11. The British Virgin Islands comprise about 36 islands and islets, of which only 16 are inhabited. They cover a total of 152.8 square kilometres and lie about 96 kilometres east of Puerto Rico and 225 kilometres north-west of St. Kitts. The most important islands are Tortola (54 square kilometres), the largest island in the group, Anegada, Beef Island, Virgin Gorda, Jost Van Dyke, Peter Island and Cooper Island (see map).

12. With the exception of Anegada, which is flat and consists of limestone, the islands are very hilly, rise sheer from the ocean and are of volcanic origin. Tortola, for example, has a long chain of hills which are uninterrupted by any transverse valley or pass. Consequently, although no part of the island is more than about 5 kilometres wide it is impossible to cross from shore to shore without ascending almost 365 metres. The highest point is Sage Mountain, 525 metres. Jost Van Dyke and Virgin Gorda are geologically and topographically similar to Tortola.

13. The islands lie within the Trade Wind Belt and have a subtropical climate. Soils are rocky, stony and scanty; there is very little surface water and no permanent streams.

14. According to information supplied by the administering Power, the final result of the census taken in 1970 showed a population of 10,484, the majority of whom were of African descent. At that time, 49.7 per cent of the population was under 20 years of age and 38 per cent was between 20 to 54 years of age. Some 8,676 lived on Tortola (3,500 in Road Town), 904 on Virgin Gorda, 269 on Anegada, 123 on Jost Van Dyke and the remainder on other islands. In mid-1974, the population was estimated to be about 11,000 persons.

2. Constitutional and political developments

Constitution

15. The Virgin Islands (Constitution) Order, 1967, was amended in 1970 and 1971. Briefly, the Constitution provides for a Governor, appointed by the Queen, an Executive Council and a Legislative Council. The Governor is responsible for defence and internal security, external affairs, the civil service, administration of the courts and finance. He also holds reserve legislative powers, necessary in the exercise of his special responsibilities. On other matters he is normally required to act in accordance with the advice of the Executive Council. The Executive Council consists of the Governor, who is its Chairman, the Chief Minister, two other government ministers and two ex officio members (the Attorney General and the Financial Secretary). The Legislative Council consists of a Speaker, chosen from outside the Council, two ex officio members (the Attorney General and the

Financial Secretary), one nominated member appointed by the Governor after consultation with the Chief Minister and seven elected members returned from single-member constituencies.

Recent constitutional developments

16. Information concerning constitutional developments prior to and including November 1975 is contained in the last report of the Special Committee to the General Assembly. a/ In response to a request from the Legislative Council, the United Kingdom Secretary of State for Foreign and Commonwealth Affairs appointed a commission in November 1973 to examine possible future constitutional evolution for the British Virgin Islands, taking into account the wishes of the people and the local situation. The two-member Commission visited the Territory between 13 and 30 November 1973. In its report, which was submitted to the Secretary of State on 20 December, the Commission made a series of recommendations based on its belief that the majority of the Territory's citizens did not consider that the time was appropriate for full internal self-government. However, the three government ministers and an elected member of the Legislative Council had submitted to the Commission a memorandum seeking full internal self-government.

17. At a meeting held on 24 July 1975, the Legislative Council passed a resolution containing proposals to achieve full internal self-government. The vote was 4 (the signatories to the memorandum) to 3 (all opposition members) with 3 abstentions (the Attorney General, the Financial Secretary and the nominated member). It was reported in the following month that the Virgin Islands Party (VIP) had lodged a protest with the Governor against the resolution and had asked that the letter be forwarded to the United Kingdom Secretary of State.

18. On 31 May 1975, the Island Sun, a local newspaper, published a report by the territorial Government on proposals for constitutional advancement. According to the report, the Governments of the British Virgin Islands and the United Kingdom had exchanged views on the proposed changes to be made in the Virgin Islands (Constitution) Order, 1967, as amended. At the outset of the exchanges, the United Kingdom Government had stated that, depending on the wishes of the Government and people of the Territory, the following options were open to it:

(a) Maintenance of the status quo;

(b) A degree of constitutional advancement, short of full internal self-government;

(c) Full internal self-government in the context of an agreed programme and time-table leading to the termination of dependent territory status.

19. The territorial Government chose option (b) as the most appropriate to the current financial and political situation in the Territory and the opinion expressed by the public to the Commission.

a/ Official Records of the General Assembly, Thirtieth Session, Supplement No. 23 (A/10023/Rev.1), vol. IV, chap. XXVII, annex, sect. A, paras. 5-14.

20. At a meeting on 30 April 1976, the Legislative Council unanimously passed a motion which had been introduced by the Chief Minister. The main constitutional features of the motion were: (a) that finance would be the responsibility of an elected minister; and (b) that the Governor would be required to consult the Chief Minister in the exercise of his reserve powers (see appendix II to the present report).

21. During consultations held at London on 17 May 1976, the Mission was informed by representatives of the administering Power that the new constitutional arrangements, outlined above, would come into force later in the year and would be expected to continue until 1980 when the next elections were scheduled to be held. The Mission was further informed that full internal self-government, the next logical constitutional stage, would be followed by independence after a period of 12 to 18 months. Hence, full internal self-government was the penultimate step and it was not thought prudent for a Territory to maintain this status for longer than 18 months before attaining independence.

Political parties and elections

22. At the elections held in June 1971, the Democratic Party (DP), headed by Mr. Q. William Osborne, won three seats; VIP, headed by Mr. H. Lavity Stoutt, won two; and the United Party (UP), headed by Mr. Conrad Maduro, won one. The seventh seat was secured by Mr. Willard Wheatley, standing as an independent candidate, who was then invited to join a coalition with DP and became the Chief Minister. A new coalition Government was formed, in April 1972, when Mr. Maduro (UP) was appointed a minister in place of Mr. Osborne (DP).

23. At the last general elections, held on 1 September 1975, only two parties were active in the Territory: the ruling UP and the Opposition VIP. Both parties contested the general elections for the third Legislative Council and three persons ran as independent candidates.

24. UP based its election campaign primarily on its recent achievements, including acceleration of economic development, restoration of investors' confidence in the Government and the provision of increased opportunities for young people to take courses at institutions of higher learning abroad. The party also said that it would seek to substantially increase foreign investments in the Territory, improve its relations with the United States Virgin Islands and defend a democratic government.

25. As part of its election campaign, VIP claimed that the present Government had merely carried out the plans made by the previous Government with Mr. Stoutt as its Chief Minister, and pledged to increase participation by British Virgin Islanders in all phases of economic development and to create justice and equality among the local population. In announcing his candidacy as an independent, Mr. Ralph O'Neal, who later won the election in his own district, stated that he stood for further progress in the various fields of development. In particular, he stressed the need for early action to: (a) encourage the establishment of off-shore companies in the Territory; and (b) make the Territory a financial centre. He also suggested that elected representatives of the people should assume responsibility for the civil service, finance and home affairs.

26. In the final results of the elections, the two parties each won three seats, with the other seat going to Mr. O'Neal. On 3 September, the Governor announced the formation of a coalition Government composed of members of UP and VIP, and reappointed Mr. Wheatley (UP) Chief Minister. Two other ministers were appointed to the Executive Council from among the members of VIP: Mr. 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 switched from UP to VIP. Mr. Henley (UP), was later appointed Leader of the Opposition. Mr. Oliver Cills and Mr. O'Neal (both independents), stated that they were not in opposition to the Government.

Relations with the United States Virgin Islands

27. Following the decline of the plantation system and, more recently, since the Second World War, large numbers of young British Virgin Islanders migrated to the United States Virgin Islands, mainly to St. Thomas, where employment opportunities were readily available as a result of the development taking place there. In view of this trend and the importance of St. Thomas as an entrepôt port and a shopping and tourism centre, the economy of the British Virgin Islands has been, and still is, closely bound to that of its neighbour. The United States Virgin Islands remain a major source of trade and employment for the British Virgin Islands (for recent developments concerning the latter, see paras. 75-80 below).

28. The first British Virgin Islands-United States Virgin Islands Friendship Day was celebrated on 21 October 1972, when the Governor of the United States Virgin Islands, political leaders, government officials and representatives of various organizations were entertained in the British Virgin Islands by their counterparts. Celebrations are held in each Territory on alternate years.

29. The Fourth Annual Friendship Day was celebrated on 25 October 1975; members of the British Virgin Islands Legislature, together with representatives of other organizations, visited St. Thomas, in the United States Virgin Islands. During the course of the day, a resolution (No. 769 B.11 6879) which had been recently passed by the United States Virgin Islands Legislature, was read and presented to the Chief Minister of the British Virgin Islands. The resolution, in the spirit of previous pronouncements, pledged, among other things, continued friendship and co-operation between the two Territories.

Civil service

30. It will be recalled b/ that, in 1973, the United Kingdom Government appointed Mr. Harold Waller to carry out a review of salaries and other working conditions in the civil service. As a result of his recommendations, the civil service received modest increases in salaries retroactive to July 1973. The report also recommended that the Government undertake a staff inspection to establish the need for the present size, complement and gradings of the service. It was reported that some

b/ Ibid., para. 63.

delay had been encountered in finding a suitable appointee who could undertake the inspection on a regional basis.

31. At the end of 1974, there were 469 persons in the civil service, of whom 108 were expatriates. Of the 19 senior positions, 10 were occupied by expatriate staff. In 1975, there were 488 persons in the civil service, of whom 116 were expatriates. Recent constitutional proposals made provision for the Chief Minister to be consulted before the appointment of certain senior officials in the civil service.

32. On 1 January 1975, the Governor designated the administrative secretaries in the three ministries of the Government as permanent secretaries. Additionally, he approved changes in the following titles:

<u>From</u>	<u>To</u>
Administrative Secretary, Chief Secretary's Office	Deputy Chief Secretary
Administrative Secretary, Finance Department	Deputy Finance Secretary
Administrative Secretary, Inland Revenue Department	Commissioner of Inland Revenue

3. Economic conditions

General

33. The economy of the British Virgin Islands depends primarily on tourism and such tourist-related activities as construction and real estate development. Agriculture, livestock and fishing, together with manufacturing and mining, remain relatively under-developed. Attempts are being made by the Government to diversify the economy, mainly through improvements to agricultural and livestock production.

34. The present structure of the economy dates back to the early 1960s, when priority was given to the exploitation of the tourist industry so that ultimately the budget of the Territory could be balanced without recourse to grants-in-aid from the United Kingdom Government. An economic boom which had started in the Territory with the development of a \$US 7 million c/ resort at Little Dix, on Virgin Gorda, continued until the late 1960s. This was followed by a decline between 1970 and 1972. An upward trend began during the second half of 1973 and continued in 1974 and 1975.

c/ The local currency is the United States dollar (see also para. 63 below).

35. In his 1976 budget speech to the Legislative Council on 29 December 1975, Chief Minister Wheatley stated that, according to the economic indicators, the economy of the Territory had progressed during 1975: tourist spending in the first half of 1975 had shown an increase over the same period in 1974; employment had stabilized at the 1974 level; and inflation had been reduced to under 6 per cent, down from 16 per cent in 1974.

Tourism

36. Tourism, the mainstay of the economy, continued to show a steady growth, at a time when it appeared to be slowing down in other Caribbean areas. In addition to conventional tourism, a new charter boat industry which was started about five years ago, continued to thrive and to offer many benefits to the economy in terms of employment and revenue. Sport fishing has become a major tourist attraction. In 1974, the majority of tourists came from North America (68 per cent) and the Caribbean (27 per cent), with a small percentage (3 per cent in 1974) coming from Europe.

37. Tourist arrivals were up in the first six months in 1975 and the average length of stay had also increased. During the same period, expenditure by tourists amounted to \$US 6.6 million, 16 per cent higher than the same period in 1974. Total tourist expenditure in 1974 was \$US 9.3 million (\$US 7.9 million in 1973). During 1974, it was estimated that approximately 600 persons were employed in the tourist industry and received about \$US 2.6 million in earnings and benefits.

38. In a speech to the Legislative Council in October 1975, the Governor outlined the Government's policies and plans for 1976. He stated that the Government would continue its support for tourism by: (a) granting a substantial increase in the Tourist Board's budget for local and external promotion; and (b) obtaining aid from international agencies to boost training in the tourist industry.

39. A survey to determine the value of tourism to the British Virgin Islands economy was carried out over the period February-August 1975. d/ The survey states:

"It achieved an 18 per cent and 23 per cent in-season sample coverage ratio of hotel and charter boat tourists respectively, with 16 per cent and 9 per cent off-season.

"Expenditure rates per person per day were averaged out to be \$66.50 and \$38.80 in-season with \$47.80 and \$33.30 off-season. For back projected figures, visitor expenditure within the British Virgin Islands was estimated to have been \$10 million in 1974, of which 51 per cent was contributed by hotels and 38 per cent was by charter boats. Some \$4.5 million of the total went directly into the national income of the British Virgin Islands and this approximated to 26 per cent of the total national income. Tourism was

d/ British Virgin Islands Visitor Expenditure Survey February to August, 1975, Statistics Office Finance Department.

estimated to have been responsible for 30 per cent of government revenue collection under the heads of customs, excise, taxes and licences. Finally, tourism was accredited with financing 67 per cent of the total external flow of money in and out of the British Virgin Islands. Its contribution to the British Virgin Islands economy is deemed to be very substantial in the light of these figures.

"Another interesting figure produced was that out of every one dollar spent by a visitor within the British Virgin Islands, some 45 cents were found eventually to reach the gross domestic product or national income of the British Virgin Islands.

"These figures are particularly encouraging and although the British Virgin Islands is endeavouring to bring in some light industry, the islands must remain dependent on tourism for their livelihood in the long term."

Land development

40. Although substantial investments were made in land development during the 1960s, the trend has slowed down since 1970, mainly because of tight credit and the high cost of imported building materials. However, major land purchases and construction projects, mainly hotels, continued on Peter Island, Virgin Gorda and Tortola.

41. The total land area of the Territory is estimated at 15,260 hectares. Private ownership accounts for 9,140 hectares and 6,120 hectares are owned by the Crown. The Government uses 185 hectares of Crown land and rents or otherwise grants for occupation, some 1,914 hectares to British Virgin Islanders, 104 hectares to non-indigenous Commonwealth citizens and 307 hectares to aliens; the remaining hectares are not in use. Current government policy on land development includes measures for the more efficient management and use of land. The price of land in the Territory varies from \$US 3,000 to \$US 7,000 per acre (\$US 1,214 to \$US 2,833 per hectare) for undeveloped land and from \$US 10,000 to \$US 20,000 per acre (\$US 4,047 to \$US 8,094 per hectare) for land within a development estate.

42. In his recent speech (see para. 38 above), the Governor stated that 23 per cent of privately owned land belonged to aliens and it was considered appropriate that the Alien Land Holding Regulation Act should be amended to control more effectively the further alienation of land.

Agriculture

43. The agricultural sector remains largely under-developed. In general, the soils of the islands are light and the terrain is hilly. The most fertile land in the Territory is situated on the islands of Tortola, Jost Van Dyke and the valley area of Virgin Gorda. Farming is done on a small scale with the average holding being about 7 hectares. Crops currently produced include sugar cane (used locally for the production of rum), limes, bananas, coconuts, fruits, vegetables and root crops. Food-stuffs remain the largest item of the import bill, amounting to \$US 3.4 million in 1974 (\$US 2.6 million in 1973), while agricultural exports totalled \$US 49,902

(\$US 51,241 in 1973). In his speech at the opening of the Legislative Council on 11 September 1974, the Governor stated that there was a large domestic market for all agricultural and livestock production.

44. Problems facing the development of agriculture are a combination of factors, including the limited credit facilities available to farmers; climatic, topographical and soil conditions; and the high cost of labour. In its attempt to revitalize the agricultural sector in recent years, the Government has adopted an agricultural plan designed to provide, among other things, for: (a) the construction of dams in three areas and two new wells at the Paraquita Bay Agricultural Station; and (b) the purchase of tractors and irrigation equipment. In addition, the Government maintains two small nurseries, where a wide range of vegetable and fruit seedlings and other planting material are produced for research and for distribution to farmers and home gardeners. Grants and technical assistance from the United Kingdom and loans from the Caribbean Development Bank provide sources of credit finance to farmers. To overcome some of these problems, the Government is establishing a Marketing Corporation and a Development Bank.

Livestock

45. Once the major export item, livestock exports declined in value from \$US 127,000 in 1960 to \$US 6,000 in 1971. A severe drought in 1972 decimated the cattle population, and resulted in livestock being removed from the export list and expanding imports of fresh beef. For the first six months of 1974, beef imports amounted to \$US 127,392, compared with \$US 86,617 for the same period in 1973.

46. The Government stepped up its programme of promoting livestock production because of the high cost of imported beef, an expanding domestic and export market and the suitability of topography and climate. As a result of these factors, many farmers who had given up livestock production returned to it during 1974. The main types of cattle raised continue to be Red Poll/Braham crosses, which combine the qualities of beef production and the ability to withstand the harsh tropical conditions. Small stock (sheep and goats) and poultry production are also increasing.

47. To improve and expand local supply, the Government has undertaken the following: (a) maintenance of a 28-hectare government livestock farm at Paraquita Bay for the purpose of producing breeding stock (Red Poll and Senepol cattle, Barbados Black Belly and Tortola White sheep) for distribution to farmers; and (b) development of pastures of Pangola, guinea and elephant grass for use on the government livestock farm and for distribution to farmers in the dry season. Proposals for the construction of an abattoir have been made to the United Kingdom Government.

48. The coastal waters of the Territory abound with various species of fish which provide one of the largest sources of protein in the local diet and the largest food export item. The chief fishing centres are off Anegada, Peter and Salt islands, West End (Tortola) and Jost Van Dyke. Local fishermen tend to own and operate small crafts along the reefs, while deep-sea fishing, mainly for the hotel

industry, is done by a group of expatriates, using larger boats and better equipment. The marketing of fish continued to be disorganized, with fish being sold directly by fishermen to consumers.

49. The Government provides assistance through the Fish Credit Scheme, which was introduced to assist with the purchase of boats and equipment. The Government has under consideration a fisheries development project which would be financed by the United Nations Development Programme (UNDP) and the Caribbean Development Bank. A request was also made to the British Development Division in the Caribbean for advice on the development of the fishing industry.

Anegada and Wickhams Cay developments

50. The development of the island of Anegada and the Wickhams Cay portion of Tortola as tourist, residential and commercial complexes has featured as an active policy of Government since 1971. In 1973 the Sterling Bank and Trust Company, Ltd., of the Cayman Islands, established a subsidiary on Tortola (the Anegada Development Corporation, Ltd.) to undertake the development of Anegada. A feasibility study was completed by the corporation and its findings reported to the Government in early 1974. In its report on the proposed project, published in June 1974, the Government stated that a total investment of about \$US 145 million would be spread over a period of 15 to 20 years, of which an estimated \$US 2.9 million would be spent in the Territory each year. Later in that year it was reported that the parent company of the Anegada Development Corporation, Ltd., had gone into voluntary liquidation; eventually the corporation ceased to function and plans for the development of Anegada were shelved.

51. In his recent speech, the Governor stated that the Anegada Hotel, which had been acquired by the Government as part of the assets of the Anegada Development Corporation, Ltd., would soon be released. He also said that a comprehensive study of Anegada was being carried out by the Island Resources Foundation. It was hoped that recommendations from the study would lead to the development of the island in its best interest and that of the Territory.

52. The development of Wickhams Cay proceeded far more steadily than that of Anegada. In June 1972, the Government accepted the report of the consultant engaged under United Kingdom technical assistance auspices, as a working document forming a sound basis for the planning and development of Wickhams Cay, a 28 hectare reclaimed site adjacent to Road Town. The consultant proposed, inter alia: (a) to develop the Cay as the nucleus of shopping, commercial and entertainment activities; (b) to make land available in a variety of plot sizes for development projects; and (c) to spend a substantial sum of money on infrastructural development.

53. In March 1975, the Legislative Council passed a bill which provided for the establishment of the Wickhams Cay Development Authority. The Chief Minister who introduced the bill stated, among other things, that the \$US 5.8 million which had been borrowed from the United Kingdom Government in 1971 to acquire Wickhams Cay and part of Anegada from a United Kingdom land developer, would be repaid from the

assets of Wickhams Cay and not from the tax receipts. He added that development on Wickhams Cay was proceeding satisfactorily.

54. By August 1975, the beautification programme was under way and tenders had been invited for drainage and other sewage works. Contracts between the Government and private investors for development projects had been signed, some projects had already been completed and others were at various stages of completion. The projects included the reclamation of land to extend the facilities of the Treasure Isle Hotel; a furniture factory; a construction company; and a development complex of commercial, hotel and residential buildings, as well as the largest marina in the Caribbean. According to the Wickhams Cay project manager, sites were available for various projects, including light industry. The three major banks in the Territory have branches in operation on Wickhams Cay.

Industrial development

55. The industrial sector does not contribute much to the economy. In 1971, it comprised seven rum distilleries, eight concrete block-making plants, two soft drink factories, an ice plant and local handicraft enterprises. The Shell Petroleum Company has a number of storage tanks in the Territory. Government policy continues to be the attraction of labour-intensive light industries to the Territory. Several new trade licences were issued and others were renewed, mostly for textiles, amusement centres and food industries. One furniture factory was established in 1974. Investors continued to avail themselves of the concessions offered under the Pioneer Services and Enterprises Ordinance and the Encouragement of Industries Ordinance.

Mining

56. As a result of an increased number of applications for licences for exploration for oil and gas in territorial waters, the Government secured the services of a technical expert, whose recommendations have been made in a report entitled "A Petroleum Code for the British Virgin Islands". In his recent speech to the Legislative Council, the Governor stated that, in addition, the Government had been considering the applications of several companies which were interested in prospecting for copper on Virgin Gorda and dredging sand from the sea-bed, and that the Government would amend existing legislation to include sand as a mineral and to introduce new legislation for the effective management of the Territory's natural resources.

Oil

57. In January 1975, it was reported that a private company, Horseshoe Explorations, Ltd., had been incorporated in the Territory to undertake oil explorations off Anegada. The company later announced that, according to the findings of its consultants, the Territory was situated near an off-shore oil formation known as the Caribbean Hydrocarbon Horseshoe. A spokesman for the

company said that the initial financing of explorations (estimated at \$US 1.0 million) would be raised locally. In his invitation to local investors, he cautioned that oil exploration was highly speculative and added that the venture, if successful, would have a great impact on the future economy of the Territory, including the creation of jobs on Anegada.

Communications and other basic facilities

58. The Government continued its programme of expanding and improving the Territory's infrastructural base as a means of fostering economic and social development; the road programme included the provision of a complete route around the island of Tortola and improvement of the road systems on Virgin Gorda and Jost Van Dyke and the secondary road system throughout the Territory.

59. The Beef Island Airport, with a runway of 1,097 metres, is the Territory's main airport. There are airstrips on Virgin Gorda (963 metres) and on Anegada (914 metres). Scheduled air services to the Eastern Caribbean, Puerto Rico and the United States Virgin Islands are operated by the Air B.V.I. and Prinair. In addition, there are a number of air taxis and charter aircraft.

60. Port Purcell is the principal port of entry and provides deep-water berths for use of ocean-going vessels for services to the United States of America, Canada and Europe.

61. Cable and Wireless (West Indies), Ltd. continues to operate the telephone service and external telecommunications system to all parts of the world, with direct links to the United States, Canada and the United Kingdom. The radio station (ZBVI) is privately owned and a feasibility study has been commissioned on the establishment of cable television.

62. The Territory's water supply comes mainly from wells and from roof catchments. Road Town has piped water, which is chlorinated. The development and expansion of the water system and the first phase of the Road Town sewage scheme were continued in 1975. As a result of the electric power development programme, electric power now extends to all of Tortola, Virgin Gorda, Anegada and some other islands. The purchase of a new electric power generator, at a cost of \$US 316,000, was the major item of capital expenditure on infrastructure during 1976.

Currency and banking

63. The United States dollar has been the legal tender in the Territory since 1959. By special arrangements with the Bank of England, the conversion of sterling to dollars or dollar assets for development purposes, free of investment dollar premiums, led to a land development and construction boom in the Territory. Since the recent exclusion of the Territory from the sterling area, the investment prospects of the Territory for the holders of sterling funds have been greatly reduced. In 1973 and 1974, the Territory issued its own coins of the same value and denominations as the United States coins, and in 1975 a new \$US 100 gold coin was

issued. The issues were primarily for the benefit of numismatists, and the Territory earned considerable revenue from this source during those years - \$US 200,000 in 1973 and \$US 450,000 in 1975.

64. Six financial institutions were in operation in the Territory in 1974, namely: the Virgin Islands National Bank (established in 1961); Barclays Bank International, Ltd. (1965); the Bank of Nova Scotia (1969); the Chase Manhattan Bank (1968); the Commercial Bank of Tortola, Ltd. (1972); and the Provident Trust Company (Tortola), Ltd. (1969). These institutions provide world-wide banking facilities and mortgage loans. Interest rates are normally geared to New York prime rates.

65. The Territory continued its membership in the Caribbean Development Bank. During 1974, the Legislative Council passed the Development Bank of the Virgin Islands Ordinance, 1974, which provided for the creation of a development bank in the Territory.

66. The objectives of the Bank would be to acquire funds to promote the agricultural, industrial and economic development of the Territory.

Public finance

67. The Territory continued to receive both development and budgetary aid from the United Kingdom (see appendices III and IV to the present report). Although the Government recognizes that complete independence from this assistance will not be achieved in the next few years, its stated policy is to reduce and finally eliminate budgetary aid as soon as possible. Consequently, the Government continued to stimulate investment, review policies with regard to the raising and collection of local revenue and at the same time maintain strict control over expenditure. In his 1975 budget speech, the Chief Minister noted that budgetary grants-in-aid as a percentage of recurrent expenditure decreased from 24 per cent in 1971 to 10 per cent in 1975.

68. In introducing the draft budget estimates for 1976 in the Legislative Council, on 29 December 1975, the Chief Minister stated that draft recurrent revenue (\$US 5.9 million) was 11 per cent higher than the 1975 estimates and expenditure (\$US 6.6 million) had increased by 10 per cent. Over 50 per cent of the increase, or \$US 380,000, represented a cost-of-living allowance payable to government workers in 1976. According to the Chief Minister, the estimated deficit of \$US 734,148 would not necessarily be covered by a grant-in-aid; although the matter was under consideration by the United Kingdom Government. The options open to the Government were: (a) to approach the administering Power for an increase in the grant-in-aid, which would run counter to the policy of the Government and that of its predecessor to reduce dependence on grants-in-aid; or (b) to introduce appropriate tax measures to meet the additional expenditure.

69. The Government decided to adopt option (b) and increased the employment tax from 3 to 5 per cent and the company tax from 12 to 15 per cent on the basis of capacity to pay and the belief that it would cause the least hardship. Passenger

tax had been increased during 1975. It was estimated that the combined tax measures would produce an additional \$US 339,000 during 1976.

70. Capital expenditure was estimated at \$US 2.6 million (\$US 2.3 million of which was expected to be financed by the United Kingdom Government) and included the following: infrastructure, \$US 904,000; education and health, \$US 545,000; natural resources, \$US 26,000; and administration and miscellaneous, \$US 100,000.

71. Summary figures for the recurrent budget for 1971-1976 are as follows:

	<u>Revenue</u>	<u>Expenditure</u>	<u>Deficit</u>	<u>Grant-in-aid</u>
	(thousand United States dollars)			
1971	3,047	4,024	977	1,113
1972	3,576	4,641	1,065	1,175
1973	4,605	4,968	363	956
1974	5,017	5,999	982	725
1975	5,374	6,023	650 <u>a/</u>	650 <u>a/</u>
1976	5,900	6,600	734 <u>a/</u>	...

Source: Information provided by administering Power.

a/ Provisional.

External trade

72. The Territory continued to import substantially more than it exported (see appendix V to the present report). The bulk of imports, mainly food-stuffs and building materials, came from the United States, Puerto Rico, the United States Virgin Islands and the United Kingdom (see appendix VI to the present report). Trade with other Commonwealth countries, although moderate, was increasing as shipping services improved. Imports increased both in price and volume during 1973 and 1974. In 1975, the volume of imports decreased by 20 per cent from that of 1974, but higher commodity prices were expected to reduce the impact on value.

73. Exports, consisting mainly of fresh fish, fruits and vegetables, together with re-exports have increased in recent years. The export of gravel and sand, a major export item, has been deliberately reduced as a result of government policy (see appendix V to the present report).

74. The adverse balance of trade, which was \$US 11.2 million in 1974 (\$US 9.0 million in 1973), is normally offset by foreign exchange resulting from financial aid, tourist spending and the inflow of capital investment and remittances from abroad (see appendix VII to the present report).

4. Social conditions

Labour

75. Prior to the Second World War, the labour force of the Territory was traditionally agricultural. After the war, the demand for labour in the neighbouring United States Virgin Islands for the construction of military installations and later for the tourist industry resulted in the emigration of large numbers of young British Virgin Islanders. As a result, agricultural and livestock production declined. In the 1960s, when the Territory experienced a construction boom, workers from the Eastern Carribean were allowed in to augment the depleted local labour force. According to information provided by the administering Power, the downward trend in the local labour force came to a halt in 1973, rose in 1974 and was stabilized in 1975 (see appendices VIII-IX to the present report).

76. In this regard, the Governor stated in his recent speech that the Government considered that restrictions were necessary on the admittance of non-British Virgin Islanders, to protect the business and employment opportunities of the local population and to discourage the growth of a large element of dependants without adequate means of support.

77. As stated above, the United States Virgin Islands are a major source of employment for British Virgin Islanders. An amendment to the United States immigration laws was proposed in August 1974, whereby visits of aliens to the United States Virgin Islands and Puerto Rico would be limited to the holders of non-immigrant visas.

78. During a visit to Washington, D.C., in the following month, Chief Minister Wheatley held discussions with two senior officials of the United States Government concerning the possibility of exempting British Virgin Islanders from the proposed requirements, taking into consideration the close relations between the Territory and the United States Virgin Islands.

79. In early September 1975, it was announced that new immigration regulations pertaining to aliens entering the United States Virgin Islands would come into operation on 7 October. Under the regulations, those entering from countries other than the British Virgin Islands would be required to have in their possession valid non-immigrant visas, proof that they hold valid indefinite labour certificates, or proof of being the dependants of such aliens. Native-born citizens of the British Virgin Islands travelling to the United States Virgin Islands would only be required to carry with them a United Kingdom passport and an identification card issued by the British Virgin Islands Government. However, all aliens, including British Virgin Islanders travelling to Puerto Rico, would be obliged to possess a valid non-immigrant visa when applying for admission.

80. In the following month, the Governor stated that he was pleased with the results of the representations made by the British Virgin Islands in having visa requirements waived for entry into the United States Virgin Islands. However, further representation to the United States State Department with a view to securing

a waiver of the visa requirement for Puerto Rico would be made. Meanwhile, the Government would continue to press for a United States consular official to visit the Territory periodically, in order to ease the burden on those who must now obtain visas to travel to St. Thomas and Puerto Rico.

Public health

81. Public health, medical and sanitation services are administered by the Chief Medical Officer and his staff of 66 persons. The Territory is served by the Peebles Hospital (34 beds plus a maximum of 4 beds for isolation cases) on Tortola and clinics are maintained on the other islands. The clinics are staffed by registered nurses and visited by a medical officer once a month. On Virgin Gorda, the services of a doctor have been provided by a voluntary organization, the Medical Committee of Virgin Gorda. The Government provides the clinic, transportation and quarters.

82. A project for the renovation and extension of Peebles Hospital has been considered by the British Development Division and its recommendations have been submitted to the United Kingdom Government.

83. During the Mission's visit in May 1976, the government architect explained that if approved, construction work would be carried out in three phases, in order that the hospital operations would not be interrupted. When completed, the hospital would accommodate 50 patients and would have a modern out-patient clinic, dental clinic, X-ray department and dispensary. A new operating room, kitchen and laundry would be built, and better accommodation would be provided for geriatric and mental patients.

84. Public health continued to improve and the Aedes aegypti eradication campaign is near completion. After eight cycles of treatment, the Aedes index was reduced from 47 to 0.6. It is hoped that two more cycles would complete the programme. Garbage collection has improved and an allocation of \$US 300,000 has been made in the 1976 budget for the construction of a new pumping station and treatment plant for sewage disposal in the East Road Town area.

5. Educational conditions

85. There are 22 primary and post-primary schools in the Territory, of which 11 are run by the Government, 8 are independent and 3 are government aided. In 1974, there were 2,181 pupils attending secondary schools with a teacher-pupil ratio of 1:20.

86. Secondary education, which is provided by the British Virgin Islands High School, is based on the comprehensive school model. Academic subjects are offered at the General Certificate of Education level (see appendix X to the present report), and vocational courses provide training in metal and woodwork, automobile mechanics, electronics, home economics and secretarial subjects. The school issues a high school diploma to successful pupils. In 1974, the school had an enrolment of 796 pupils, with a teacher-pupil ratio of 1:17.

87. Adult education is provided during the evening throughout the year at the British Virgin Islands High School, which offers courses in general education and prepares students for various external examinations.

88. At the end of 1974, 46 British Virgin Islanders were attending colleges and universities abroad, as follows: West Indies, 35; United States and United States Virgin Islands, 5; the United Kingdom, 5; and Canada, 1.

89. Education remains under the portfolio of the Chief Minister. In addition to a Chief Education Officer and two education officers (for training and administration), he is assisted by the following three advisory bodies:

(a) The Board of Education, which meets twice a year and of which he is Chairman.

(b) The British Virgin Islands High School Committee, of which the Chief Education Officer is chairman. Membership includes four parents from different areas in the Territory, who are able to speak on behalf of the community and to advise the school principal on matters affecting the work and the welfare of the school. Meetings are held three times a year.

(c) The Primary Schools Commission. In 1974, the Commission held six meetings under the chairmanship of the Chief Education Officer. The Commission deals with staff management and disciplinary matters in 14 primary schools, 11 of which are now government schools.

90. The Territory is a member of the Caribbean Examinations Council.

91. The Government has under consideration a draft education bill which seeks to provide for a unified teaching service under an independent service commission, that would be responsible for the appointment, control and discipline of all teachers in primary and secondary schools in the Territory.

92. There was an increase of about 20 per cent in the provision for education within the recurrent budget for 1974, owing largely to a revision of salaries; expenditure for 1974 amounted to \$US 938,685, representing some 17 per cent of the Territory's budget compared with \$US 777,650 in 1973. In 1974 the recurrent cost per pupil per annum at the British Virgin Islands High School was \$US 477, and the cost per pupil in the primary schools was \$US 224. A total of \$US 31,583 from development aid funds was also spent on education during the year.

B. PROGRAMME OF VISITS AND MEETINGS

93. During its visit to the Territory, between 2 and 9 May, the Mission held discussions with the Governor and the members of the Executive and Legislative Councils and heard the views of the general public at public meetings on Tortola, Anegada, Virgin Gorda and Jost Van Dyke.

1. Discussions with the Governor

94. On 3 May 1976, the Governor welcomed the Mission, and the Chairman, on behalf of the Mission, responded to the welcome. In the course of the discussions, the Governor gave a general geographical and economic account of the Territory as well as a description of the civil service.

95. He said that the British Virgin Islands and the United State Virgin Islands co-operated in such areas as the control of human and cattle diseases. Immigration seemed to be stable. The total work force was 3,000, of which 30 per cent was from other Caribbean islands; the non-British Virgin Islanders were attracted to the Territory because the wages were comparatively higher. The Government had concentrated on the development of tourism, although the local feeling was that the rate of expansion should be controlled. If the industry grew too fast, it would have to rely on staff coming from outside the country and it was felt that, in the long run, that would not be to the over-all advantage of the country. This attitude applied to other large-scale developments as well. Tourism had grown at the rate of 11 per cent in 1975; 60,000 tourists had visited the Territory, which had a population of 11,000. He said the country knew "no better natural resources than the sand and sun".

96. The Governor said that the debate in the Legislative Council on further constitutional developments had been concluded the previous Friday (30 April) and a motion had been passed unanimously which approved various constitutional proposals. Among these were the assumption by an elected minister of the responsibility for finance and an increase in the number of elected seats in the Legislative Council, from seven to nine, in time for the next elections. The localization of the civil service was under way, although the lack of graduates and the quality of education at the British Virgin Islands High School had caused a shortage of candidates.

2. Discussions with the members of the Executive Council

97. After welcoming the Mission, the Chief Minister said that the people of the Territory were moving ahead gradually and looking forward to the day when the Territory would no longer need grants-in-aid from the United Kingdom Government. He did not know when the Territory would be in a position to take another constitutional step forward.

98. The Minister of Natural Resources and Public Health said that the people of the Territory had minds of their own and would not be forced by anybody

to do anything they were not ready to do. He said the Mission would be able to see something characteristic of the British Virgin Islands, which was the gem of the world.

99. The Minister of Communications and Works and Industry said that in the Territory, developments were based on United Kingdom grants-in-aid. The Government did not intend to go too fast at the expense of sacrificing stability. He welcomed the visit of the Mission which would be able to discuss with British Virgin Islanders their problems and development, as well as their hopes and plans for the future.

100. The Financial Secretary said that with the devaluation of the pound sterling, there had been an erosion of the value of the development grants-in-aid, which were paid in pounds sterling. The Government was trying to work out sensible revenue measures which would improve the situation.

101. The Governor remarked that the 1975 grant-in-aid was below 10 per cent of the recurrent budget, which was an improvement compared with previous years.

102. It was stated that no aid had accrued to the country through regional projects.

3. Views of the elected ministers

103. The Chief Minister expressed the consensus of his colleagues by saying that the public was satisfied with the debate in the Legislative Council on the constitutional amendments motion. What they were looking forward to was the greatest measure of internal self-government and, once they had achieved that, they would start looking into the question of independence or other options, such as union or association with another Caribbean Territory or the United Kingdom. The new status to be attained towards the end of this year would fall short of full internal self-government but would give elected ministers control and responsibility over a wider area of internal affairs, including public finance. Furthermore, in the exercise of his reserve powers, the Governor would have to consult the Chief Minister. With the other changes envisaged, there appeared to be general satisfaction on the constitutional front.

104. According to the Chief Minister, grants-in-aid should not be necessary after the next four to five years, by which time he expected the Territory to take or to have taken a further constitutional step, thus increasing further the responsibilities of the elected representatives.

105. General dissatisfaction was expressed on the procedure of administering the grants-in-aid. The elected ministers stated that the problem was the inability of the territorial Government to budget for a surplus, either by placing unexpected revenues in a reserve fund or by seeking non-taxation means of raising revenue, such as a lottery. For example, in 1975, when the territorial Government had issued \$US 100 gold coins, thereby increasing revenue by \$US 450,000 (see para. 63 above), the anticipated grant-in-aid had been reduced by \$US 450,000. That made it difficult to provide good financial management and psychologically made the territorial ministers feel they were not fully in control of the local situation.

The elected ministers gave a further example: the Committee on Civil Servants Salaries Review was expected to present its recommendations early in 1977. Meanwhile, the territorial Government could not act to prepare for any increase the Committee might recommend; if taxation were to be increased in order to provide for the salary increases, there would be an equivalent reduction in budgetary aid. It was stated that the question of the procedure for budgetary aid was under review by the United Kingdom Government.

106. More aid was required for development of the infrastructure of the country - roads, communications, schools, housing, power and water - in order to accelerate economic and social development. The Government was encouraging the development of agriculture, especially the growing of vegetables and fruit trees, as well as livestock. The potential for the further development and expansion of the fishing industry was highlighted. Financial resources and technical assistance were needed to modernize the equipment and techniques for the fishing, preservation and marketing industries. In an attempt to solve some of the problems encountered in the agricultural, fishing and marketing sectors, among others, the Government was setting up a development bank and a marketing board.

107. Good neighbourly relations between the United States Virgin Islands and the British Virgin Islands would be maintained although there had been no indications of a political mood to forge a closer union. Although the British Virgin Islands was a member of the Caribbean Development Bank, it had not become a member of the Caribbean Community (CARICOM). Since the dissolution of The Federation of the West Indies in 1962, the Territory had avoided attempts at closer regional co-operation. It had deemed that its future lay with its neighbours to the west rather than those to the east.

108. In the area of political education, the elected members expressed the view that government and political leaders would benefit from attending certain meetings of the United Nations as part of the United Kingdom delegation and from visiting Territories and countries with similar geographical, economic and social conditions.

109. The elected government representatives expressed a strong determination to develop local manpower by further training in order to localize the civil service. They realized that localization should not only be aimed at the higher echelons of the service but that local skills should also be developed to man the middle-grade levels. For example, it was pointed out that about 50 per cent of the teachers at the British Virgin Islands High School were expatriates as were many officers in such fields as finance; customs and excise, accounting and audit, statistics and public works.

110. Apart from the civil service, it was also felt that local people needed to be actively involved in the administration and management of establishments in the private sector in order to derive more benefit from foreign investments, especially in tourism. In order to provide suitable candidates for training in the skills required to run the public and private sectors of the country, considerable improvement was needed in the British Virgin Islands High School, both in the number of graduates and in the quality of education. It was also hoped that local people would participate more actively in the economic life of the country through the ownership of means of production and distribution.

111. Several oil companies had indicated an interest in off-shore prospecting. The Government was awaiting legal advice on framing appropriate legislation to control, guide and direct the prospecting and exploitation of off-shore oil and gas resources.

112. At the end of the Mission, the Chief Minister's concluding words were:

"You have heard us and we have heard you. I feel much happier than last week. For here is a United Nations Mission which will take back to the United Nations the views of our little island. We mean to push this little Territory ahead. We have things to push. We are aiming to reach the top. We will rid this country of the grant-in-aid within five years and within that time we shall have a constitution which will give the people's representatives more say in the affairs of the country. It is our intention that the people's representatives will move forward while the Queen's representative moves backwards. It is our hope that many of the things that are being done by the Queen's representative will be done by the elected representatives of the people."

4. Discussions with members of the Legislative Council

113. On 6 May 1976, the Mission met with the following members of the Legislative Council: Mr. R. T. O'Neal, Mr. A. Henley and Mr. L. Smith. During the course of the discussions, the following points emerged:

114. One member expressed disappointment that the report of the Constitutional Commission did not contain a recommendation for the ministerial representation of Virgin Gorda. He felt that because it was the second largest island in the Territory, it deserved ministerial representation. Commenting on the motion amending the British Virgin Islands Order (Constitution), he said that although the right to vote would be granted only to persons born in the British Virgin Islands and "belongers", 75 per cent of the workers in the Territory, especially those in low and middle-income jobs, were expatriates. He questioned whether the Westminster model, with a cabinet system and the entrenchment of the Leader of the Opposition, would work in a small country with 11,000 persons. He would like to see a system of government more suitable to the British Virgin Islands, and to have more control of public finance by means of an Exchequer and Audit Act.

115. Another member said that the party system was most vigorous during election periods; otherwise it was not very active.

116. The third member said that the people of the Territory did not want independence at present, nor could they afford it. The British Virgin Islands was not planning to form an association with the United States Virgin Islands, although an association with the United Kingdom or Canada had been suggested.

5. Public meetings

Anegada

117. On 5 May, the Mission arrived on the island of Anegada, where it visited the Anegada primary school and participated in a public meeting at the Community Centre.

118. The Chief Minister introduced the members of the Mission. The Chairman made a statement in which he explained the purpose of the Mission, and invited the people of Anegada to speak freely and frankly to its members.

119. A member of the audience read a prepared statement (see appendix XI to the present report), in which she stated that conditions in Anegada were precarious since the people of Anegada depended on fishing for their living; the boats were inadequate and the markets uncertain. Migration in the last few years had depleted the population from approximately 400 to 165. According to the speaker, the solution to the problems of Anegada depended on capital investment to provide economic development and thereby create local employment and also a ready market for local products.

Virgin Gorda

120. On the same day, a public meeting was held on Virgin Gorda at the Ocean View Hotel. Mr. R. O'Neal, the elected representative for Virgin Gorda, acted as chairman of the meeting.

121. In his introductory statement, Mr. O'Neal noted that Virgin Gordans were a proud people who had been forced to wrestle with the soil and the sea to earn a living. They had carried out many self-help projects, such as construction of a health clinic, a community centre and a library, and had requested aid only when necessary. They did not wish to move from colonial status to tyranny. He noted that the Little Dix Hotel had brought many benefits to Virgin Gorda, in terms of employment and other sources of revenue. The greatest needs of Virgin Gorda, at the present time, were for a junior secondary school and for the improvement of roads. He hoped that more Virgin Gordans would continue to share in the development of the island. Two hotels were now owned and managed by Virgin Gordans - Ocean View Hotel and Fischers' Cove Beach Hotel.

122. In his reply, the Chairman of the Mission thanked Mr. O'Neal for his comprehensive statement and commented on the spirit of self-help and self-determination present on Virgin Gorda.

123. Local participants addressed themselves, among other things, to the question of independence for the Territory and further development for Virgin Gorda. One speaker was of the opinion that improvement was needed in the fishing industry.

124. In closing the meeting, the Chairman stated that the future of Virgin Gorda and of the Territory, as a whole, remained in the hands of the people and that it was for them to decide. He said that he would like to see a British Virgin Islander on the delegation of the United Kingdom to the United Nations.

Tortola

125. That evening, the Mission held a public meeting at Road Town, the Territory's capital. Mr. H. R. Penn, former Speaker of the Legislative Council, was chairman of the meeting.

126. The Chairman of the Visiting Mission explained that the purpose of the Mission was to gather first-hand information on conditions in the Territory and to ascertain the views and wishes of the people with regard to their right to self-determination and independence. He added that the Mission had held discussions with the Governor, the elected representatives and with many members of the public on an informal basis. However, the meeting provided an opportunity for members of the public to make their individual contributions. He then invited the audience to come forward and express their views freely.

127. A lively discussion followed, in which various speakers participated. Among the issues discussed were matters relating to the future constitutional status of the Territory, the grant-in-aid, training with a view to reducing the number of expatriates working in the Territory and general economic development.

128. Regarding constitutional status, the view was expressed that existing forms of colonial status such as associate statehood, commonwealth status and that of Surinam and Guadeloupe, under various administering Powers, had proved to be unsatisfactory.

129. It was felt that the future of the Territory lay in reducing its dependence on aid and expatriate skills, increasing the productive capacity of the economy and moving towards a greater measure of self-determination and independence.

130. A number of speakers expressed the opinion that the Territory should not align itself with its Eastern Caribbean neighbours, and should associate in a very loose form with the United States Virgin Islands. The presence of a significant expatriate group was also a matter of concern to some speakers, who clearly felt that as a matter of policy local people should be trained to replace expatriates in key positions. Objection was voiced at the high degree of incentive available to some wealthy foreign investors, especially in the form of hotel aid and tax holidays.

131. Before closing the meeting, the Chairman of the Mission invited Mr. Richardson, the United Kingdom liaison officer, to answer some of the questions raised by the audience. Mr. Richardson explained that although he was not involved in the day-to-day work related to the administration of the Territory, he was sure that the United Kingdom Government would respect the wishes and aspirations of the people on the question of constitutional advancement. The United Kingdom would

give them what they wanted. He outlined the constitutional problems facing the 17 small Territories in the Caribbean and the Pacific Ocean and the various attempts made at solving them. He added that the United Kingdom Government had continued to provide grant-in-aid to former Territories. He also referred to the situation of New Zealand and its former dependency, Western Samoa. In conclusion, he said that the United Kingdom Government would continue to take an interest in the British Virgin Islands.

Jost Van Dyke

132. On 7 May, the Mission visited the island of Jost Van Dyke and, after touring the settlement, the primary school and the health clinic, it held a public meeting at the school.

133. Mr. Stoutt, the elected representative for Jost Van Dyke and Minister for Natural Resources and Public Health, welcomed the Mission, the Governor and other government officials to the island and briefly outlined the areas of self-help and other projects being carried out on Jost Van Dyke, including a clean-up programme of the beaches to enhance tourism, the construction of a dam to increase the island's water supply and assistance to livestock owners. The elected representative then called on the public to speak openly and freely to the Mission.

134. The Chairman and members of the Mission addressed the meeting on the purpose of the Mission and encouraged the audience to inform the Mission of their wishes and aspirations.

135. The Mission was asked by one of the school children for its first impressions of the Territory to which members of the Mission replied. The senior teacher at the school asked the Mission how the Territory would manage after independence. The Chairman invited Mr. Richardson to reply to the question.

136. A young man, who had been away from the island for a period of nine years and had served in the United States Army, asked whether the people could elect their own Governor and what effects that would have on the Territory. The Governor, who was present, stated in his reply that the people had to decide the type of constitution they wanted before attaining independence. The elected representative explained in greater detail the stages of constitutional advancement that the Territory had passed through. He went on to comment on the public spiritedness of the young man, who was largely responsible for the clean-up programme and other self-help projects.

137. Two local farmers explained their difficulties in marketing cattle. Mr. Stoutt stated that the Government, as part of its policy on livestock production, had purchased 15 head of cattle from the local farmers in Jost Van Dyke and was building an abattoir. In addition, a dam was under construction to assist the farmers.

138. The Mission and the accompanying group were later shown some of the local handicrafts. The Mission later took leave of the people of Jost Van Dyke and returned to Road Town, after visiting Cane Garden Bay.

6. Meeting at the Foreign and Commonwealth Office, London

139. On 17 May 1976, Mr. E. N. Larmour, Deputy Under-Secretary of State for Foreign and Commonwealth Affairs, welcomed the Mission and invited the Mission to express their impressions of their visit to the British Virgin Islands.

140. The Chairman on behalf of the Mission explained the over-all impressions formed while there. He played a tape recording containing the speech of the Chief Minister at the final meeting held with him (see para. 112 above). The Chairman emphasized the Chief Minister's words:

"... For here is a United Nations Mission which will take back to the United Nations the views of our little island. We mean to push this little Territory ahead. We have things to push. We are aiming to reach the top ... we shall have a constitution which will give the people's representatives more say in the affairs of the country. It is our intention that the people's representatives will move forward while the Queen's representative moves backwards. It is our hope that many of the things that are being done by the Queen's representative will be done by the elected representatives of the people."

141. The Chairman also gave an example of a question asked by a young man on the island of Jost Van Dyke as to when the people of the British Virgin Islands would elect their own Governor (see para. 136 above). He also read an editorial on the Mission's visit published in the Island Sun on 8 May (see appendix XII to the present report).

142. In summary, he observed that the islanders were keenly alert and interested in the future development of their country.

143. The Chairman said that the Mission would like to know the United Kingdom's thinking on the future of the British Virgin Islands and in particular whether the amended Constitution, which would enter into force later in 1976, was likely to be the last before internal self-government.

144. Mr. Larmour replied that it remained the policy of the United Kingdom that if the majority of the inhabitants of a dependent Territory of the United Kingdom wished to become independent, the United Kingdom would not stand in the way. Equally, the United Kingdom would respect the wishes of the people of a dependent Territory if they felt independence was either inappropriate or premature.

145. Mr. Larmour added that the amended Constitution had been agreed to unanimously by the local legislature. The Constitution required the Governor to consult with the Chief Minister on major matters before exercising his reserve powers under section 17 of the Constitution. So long as the Secretary of State for Foreign and Commonwealth Affairs retained his responsibility for the good government of United Kingdom Territories, he must retain the power to appoint the Governor.

146. Regarding the longer-term future of the British Virgin Islands, Mr. Larmour

said this was fundamentally for the Government and the people of the Territory to decide. The United Kingdom respected the Territory's right to self-determination. The question was what form of self-determination would be most appropriate to the British Virgin Islands. Some countries in the Caribbean had chosen associated statehood with the United Kingdom. Under these arrangements, the United Kingdom retained responsibility for external affairs and defence, although the Associated States were free to choose independence at any time in the ways set out in the West Indies Act, 1967. Other possibilities might be integration with the United Kingdom or with a third country; or a treaty relationship between two independent States, for which there were precedents in the Pacific Ocean area, whereby the United Kingdom would manage certain matters on the other Government's behalf. Mr. Larmour explained to the Mission that the United Kingdom's policy was to treat internal self-government as a brief, final stage before full independence, a stage which should last for a maximum of 18 months. British Virgin Islands legislators were free to seek further constitutional progress in due course, but if that took the form of full internal self-government, the United Kingdom would need to be assured that the Territory wished to move to independence shortly thereafter.

147. Turning to economic and social questions, the Chairman pointed out that the territorial Government was concerned with the conditions governing the granting of budgetary aid and would also like to receive more development aid for infrastructure, in order to facilitate the economic and social development of the country and expand the fishing industry. The territorial Government had also expressed a strong wish to localize the civil service by training and promoting British Virgin Islanders.

148. The Chairman explained that the main reason the British Virgin Islands Government was dissatisfied with the current procedure for granting budgetary aid was that if actual revenue was higher than that originally estimated, the surplus flowed back to the United Kingdom, in that the grant-in-aid was reduced by the amount of the surplus. If the British Virgin Islands Government made an effort to raise revenue through means other than taxation, the grant-in-aid was reduced accordingly. For example, the Chairman referred to the situation which had arisen from the sale of \$US 100 gold coins (see paras. 63 and 105 above). The territorial Government felt that such surplus funds should be placed in a reserve account. The Chairman also referred to fears, which had been voiced to the Mission, that United Kingdom budgetary aid would cease if the Territory became independent.

149. The United Kingdom representatives subsequently submitted to the Mission a note on the present policy of the administering Power on budgetary aid (see appendix XIII to the present report). In brief, it was hoped to make arrangements whereby a Territory achieving a surplus within a financial year would be allowed to retain a part of the surplus for agreed additional expenditure. An amendment to the procedure had been made whereby dependent Territories in the Caribbean would be given indicative maximum aid figures for three years in advance, in order to assist Territories in planning ahead. So far as increasing the amount of development aid was concerned, there was a limit to the absorptive capacity of many Territories to undertake further projects. If, however, it were demonstrated that more capital aid was required and could be effectively used, the case for a further allocation would be considered.

150. The United Kingdom representatives said that the fact that a country was in receipt of budgetary aid was not in itself a bar to independence. The United Kingdom had in the past supported the recurrent budget of independent countries for a period following independence. As it would not be appropriate for an independent country to be dependent on budgetary aid for too long, arrangements had been devised whereby, in the year preceding independence, a joint economic survey was mounted to assess the revenue and expenditure prospects for the country in question for the next four or five years, and figures for budgetary aid were agreed to with that country. Malawi and Malta were cited as examples of this type of arrangement. It was also added that the United Kingdom Government had no objection to dependent Territories receiving bilateral or multilateral aid from other donors.

151. On the question of localization of the civil service, the United Kingdom representatives explained that, generally speaking, it was British policy to localize posts held by expatriates as quickly as possible, provided that the local candidates had the necessary skills. There were exceptions, however, including senior posts in the financial sector of Governments in receipt of budgetary aid. In many cases, funds were available for technical training overseas.

7. Meeting with representatives of the Commonwealth Secretariat

152. The Mission paid a courtesy call on the Commonwealth Secretariat on 17 May 1976 during its visit to London and held talks with Mr. A. Tasker, the Assistant Secretary-General; Mr. J. Syson, Special Assistant to the Secretary-General; Mr. J. Cannell, Chief Executive Officer; Mr. J. S. Renwick, Assistant Director (International Affairs); and Mr. D. Sankey, Research Officer.

153. The discussions explored the role of the Commonwealth in the process of decolonization. The Chairman noted that the British Virgin Islands had not received much assistance through the Commonwealth Fund for Technical Co-operation and requested a status report. The Assistant Secretary-General stated that the Secretariat had two projects under review: one for the provision of a chairman of a team of experts to review secondary education and the other for the services of a legal expert to draft legislation in connexion with oil exploration. He added that further assistance could be given if it was formally requested.

C. OBSERVATIONS, CONCLUSIONS AND RECOMMENDATIONS

154. The Mission had an opportunity to learn the views of the local population on each of the four islands it visited, both at public meetings and on informal occasions. Members of the Legislative Council and/or the Executive Council were almost always present. Most of the following views have been reflected elsewhere in the present report.

1. Political and constitutional conditions

155. On 30 June 1976, two days before the arrival of the Mission at Road Town, the Legislative Council had unanimously passed a resolution to amend the Constitution. The new constitutional status to be attained towards the end of 1976 will fall short of full internal self-government. However, it will give elected ministers responsibility and control over a wider area of the internal affairs of the country, including public finance, and the present practice whereby the Governor consults with the Chief Minister in the exercise of his reserve powers should be written into the new Constitution.

156. The Mission was informed that the territorial Government intended to continue the life of the present legislature under the new Constitution, for its normal duration, unless previously dissolved. At the first general election to be held under the new Constitution, the membership of the Legislative Council would be changed in accordance with the provisions of the new Constitution.

157. During its consultations at London with representatives of the United Kingdom Government, the Mission was told that after a country had attained full internal self-government, it had been found politically advisable and desirable for the country to remain at that status for not more than 18 months before acceding to full and complete independence. Hence, the decision by a dependent Territory to seek full internal self-government should be taken almost simultaneously with the decision to proceed thereafter to independence.

158. The Mission was reassured that as a matter of principle the United Kingdom Government was ready at any time to grant independence to the British Virgin Islands if the majority of its inhabitants so desired.

159. However, the Mission learnt from the territorial Government and others of the financial and economic constraints which circumscribed the political thinking of the leaders. The leaders felt that as a matter of priority the country should rid itself of the need for budgetary aid. The Government hoped that it would be able to balance its budget, at least on current account, by 1980. It was also hoped that by that time a substantial amount of infrastructure would have been built to facilitate the economic and social development of the country. The Government had taken no decision as yet about a time-table for achieving its ultimate objective.

160. The Mission notes that the amended Constitution of the British Virgin Islands, which will come into force later this year, requires the Governor to consult the Chief Minister in the exercise of his remaining reserve powers, including external

relations. The Mission commends the United Kingdom Government and the Governor for having already shown signs of moving in this direction, bearing in mind the reported negotiations recently conducted by the Chief Minister on behalf of the British Virgin Islands both in Washington, D.C. and in parts of Europe.

161. On the question of political education, the Mission takes note of the view expressed by members of the territorial Government that government and political leaders would benefit by attachment to the United Kingdom delegation to the United Nations on specific occasions and by visits to Territories and countries with similar geographical, economic and social conditions. The Mission considers that the participation by the representative of the Territory in the work of the Special Committee and the Fourth Committee is of great importance and urges the administering Power, in consultation with the territorial Government, to facilitate and encourage such participation. It also recognizes the importance of the proposed visits by local leaders, which would enable them to examine economic and social developments in other Territories and countries similar to their own and to compare and select the best examples of solutions for possible application in the British Virgin Islands. Believing that such visits constitute positive steps in the field of political education, the Mission recommends that the administering Power make every effort in this regard.

162. The Mission recommends that by virtue of its mature political and constitutional development, the British Virgin Islands be afforded every facility and encouragement to enable it to qualify, at a suitable date, for associate membership status in the International Labour Organisation (ILO), the Food and Agriculture Organization of the United Nations (FAO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the World Health Organization (WHO) and the International Civil Aviation Organization (ICAO), in the first instance, as part of the over-all strategy of aiding, assisting and accelerating the decolonization process. The Mission hopes that the United Kingdom Government will not be averse to giving effect to this recommendation.

2. Budgetary aid

163. As reflected in paragraph 159 above and elsewhere in the present report, the Mission found a genuine preoccupation among the leaders of the Territory with the question of budgetary aid. The Mission was informed while at London that the fact that a country's budget was grant-aided should not deter it from proceeding to independence if it so wished. If it decided to go ahead, arrangements could be made to continue the aid for a period of approximately four years, at the end of which time a review of the situation would be undertaken. The country would also qualify to continue receiving development aid.

164. The Mission recommends that this assurance from the United Kingdom Government be conveyed to the Government and people of the British Virgin Islands.

3. Economic development and development aid

165. Development aid has been given in the form of grants and has been used to construct roads, harbours, schools, hospitals, etc. More aid is needed to help diversify the economy which predominantly depends on tourism. The topography and other physical characteristics of the Territory conspire against the development of agriculture on a large scale, although there is potential for increased agricultural production, especially fruit and vegetables, as well as for livestock farming. The territorial Government has been encouraging farmers by supplying them with seedlings, good pasture, seed material and a suitable breed of cattle. The fishing industry appears to have an important potential, although substantial investments and technical assistance are needed. An improved output from farming and fishing would find a ready local and export market, as well as help decrease the food import bill.

166. The Mission strongly recommends the enlisting of more assistance from the United Nations, the specialized agencies and other organizations within the United Nations system in the development and strengthening of the economy of the Territory.

4. Localization of the civil service and the private sector

167. The territorial Government expressed a strong determination to localize the civil service, especially its high echelons. It believed that with an accelerated training programme, local civil servants could be prepared to replace expatriate officers, as appropriate. e/

168. To benefit more from foreign investments, especially in tourism, local people should be more actively involved in at least the administration and management of private establishments. This would require appropriate and relevant training.

169. The output of the British Virgin Islands High School must be considerably improved both in the number of graduates and the quality of education, in order to provide suitable candidates for training in the private and public sectors of the country.

170. The Mission recommends that a survey of skills needed in all sectors of the economy should be undertaken, to be used as a basis for the preparation and implementation of a manpower development plan.

e/ In 1974, out of 469 government employees 108 (23 per cent) were expatriates. The expatriates are employed in such fields as financial control, customs and excise, accounting and audit, statistics, public works, cadastral survey and land registration.

Appendix I

Itinerary of the United Nations Visiting Mission
to the British Virgin Islands, 1976

1. The Mission arrived in the Territory on 2 May 1976 and was met by Mr. W. W. Wallace, the Governor, and Mr. Willard Wheatley, the Chief Minister.

A. Tortola, 3 May 1976

2. At 9 a.m., the Mission held discussions with the Governor and at 10 a.m. with the following members of the Executive Council: Mr. Wheatley, Chief Minister; Mr. A. U. Anthony, Minister of Communications, Works and Industry; Mr. Lavitty Stoutt, Minister of Natural Resources and Public Health; Miss Paula Beaubrun, Attorney General; and Mr. J. Anthony Frost, Financial Secretary.

3. At 11.30 a.m., the Mission visited Peebles Hospital and held discussions with Dr. Thomas, the Acting Chief Medical Officer; Dr. Tattersal, Chief Surgeon; Mrs. G. Norman, the Matron; and other members of the hospital staff. Plans for the renovation and expansion of the hospital were explained by Mr. Ira Smith, the Project Manager and Government Architect. Mr. Stoutt was also present.

4. At 2.15 p.m., the Mission held discussions with the Chief Minister, the Minister of Natural Resources and Public Health and the Minister of Communications, Works and Industry. Dr. Q. W. Osborne, an elected member of the Legislative Council, was also present.

5. At 3.30 p.m., the Mission visited the Tourist Board and held discussions with Mr. Ralph T. O'Neal, the Chairman; and Mrs. Eileene Parsons, Executive Secretary.

6. At 6.30 p.m., the Mission attended a reception given by the Governor.

B. Tortola, 4 May 1976

7. At 9 a.m., the Mission visited the Handicraft Centre at Road Town, accompanied by the Chief Minister and Mr. E. Georges, the Permanent Secretary in the Chief Minister's office. The Mission saw a display of local handicrafts and visited the Centre's workshop.

8. The Mission then travelled by car to the new Belle Vue Primary School and the British Virgin Islands High School. The Chief Minister, who holds the portfolio for education, his Permanent Secretary and Miss Enid Scatcliffe, the Chief Education Officer, accompanied the Mission on both occasions. The Mission met the Headmistress of the primary school and the Principal of the high school, as well as the staff and pupils of both schools.

9. At 2 p.m., the Mission visited the Agricultural Experimental Station and Government Livestock Farm at Paraquita Bay. Discussions on matters relating to agriculture and livestock development were held with the Minister of Natural Resources and Public Health, who also holds the portfolio for agriculture; Mr. Noel Vanterpool, the Chief Agricultural Officer; and Mr. D. Smith, Livestock Adviser (on technical assistance assignment from the United Kingdom of Great Britain and Northern Ireland).

10. The Mission visited and toured the Caribbean Sailing Yacht Marina. Discussions were held with the manager on the charter boat industry. At 3.30 p.m., the Mission visited the Wickhams Cay Development project, where discussions were held with Mr. C. Sears, the Project Manager (on technical assistance assignment from the United Kingdom).

11. At 4 p.m., the Mission toured the Prospect Reef Resort, which, when completed, will cost \$US 7 million.

C. Anegada, 5 May 1976

12. At 9 a.m., the Mission travelled by air to the island of Anegada, where it was met by Captain Smith, the Government Agent for Anegada. The Mission visited the Anegada Primary School and participated in a public meeting at the Community Centre.

D. Virgin Gorda, 5 May 1976

13. The Mission arrived on Virgin Gorda on the same morning, where it was met by Mr. Ralph O'Neal, a member of the Legislative Council for Virgin Gorda. A public meeting was held at the Ocean View Hotel, after which the Mission visited Fischer's Cove Hotel, the Virgin Gorda Primary School and the Little Dix Hotel. The Mission left Virgin Gorda by boat for Road Town. The Chief Minister accompanied the Mission throughout its visits to Anegada and Virgin Gorda.

E. Tortola, 5 May 1976

14. On the evening of the same day, the Mission held a public meeting at the Methodist Church Hall, Road Town, Tortola.

F. Tortola, 6 May 1976

15. During the morning, the Mission held separate discussions with the Chief Minister, the Minister of Communications, Works and Industry and the Minister of Natural Resources and Public Health.

16. In the afternoon, discussions were held with Mr. Frost, the Financial Secretary, and Mr. Douglas Wheatley, the Deputy Financial Secretary on economic and financial matters.

17. Discussions were also held with the following members of the Legislative Council: Mr. R. T. O'Neal (Independent); Mr. A. Henley (United Party (UP)) and Leader of the Opposition; and Mr. L. Smith, nominated member.

18. At 7.45 p.m., the Mission attended a buffet dinner at the Governor's residence.

G. Jost Van Dyke/Tortola, 7 May 1976

19. The Mission travelled by police launch to the island of Jost Van Dyke, arriving at 9 a.m. It was accompanied by the Governor, the Minister of Natural Resources and Public Health (who is the member of the Legislative Council for the Second District, which includes Jost Van Dyke), the Attorney General and the Financial Secretary. The Mission visited the health clinic, the primary school and later held a public meeting at the primary school.

20. At 12.30 p.m., on its return from Jost Van Dyke, the Mission took official leave of the Governor at Cane Garden Bay. The Mission toured the Cane Garden Bay area, accompanied by Mr. A. Henley, the elected representative for the district.

21. In the afternoon, final discussions were held with the Chief Minister and the Ministers of Natural Resources and Public Health and of Communications, Works and Industry.

22. The Mission visited a self-help project involving the construction of a youth centre.

23. In the evening, the Mission attended a play entitled "African Sling Shot", at the British Virgin Islands High School, and a reception given by the Guild of Graduates.

24. The Mission returned to New York on 9 May.

H. London, 17 May 1976

25. Subsequently, the Mission visited London, where it held discussions with the following officials at the Foreign and Commonwealth Office: Mr. E. N. Larmour, Deputy Under-Secretary for Foreign and Commonwealth Affairs; Mr. Stickeles, Ministry of Overseas Development; Mr. Wilson, West Indian and Atlantic Department; and Mr. Bowie, United Nations Department.

Appendix II

Motion to amend the Virgin Islands (Constitution) Order, 1967, as amended,
adopted by the Legislative Council on 30 April 1976

Be it resolved that this House approves the following proposed amendments to the Virgin Islands (Constitution) Order, 1967, as amended:

- (i) Responsibility for finance to be assumed by the elected minister, as a consequence of which the Financial Secretary should cease to be a member of the Executive Council and the Legislative Council;
- (ii) In the exercise of his remaining reserve powers, the Governor to be required to consult with the Chief Minister;
- (iii) In the exercise of the power of pardon etc., the Governor should consult the Advisory Committee consisting of the Attorney General, the Chief Medical Officer and four other members appointed by the Governor after consultation with the Chief Minister;
- (iv) The title of the post of Chief Secretary to be changed to that of Deputy Governor;
- (v) The Chief Minister to be appointed by the Governor on the recommendation of the elected members of the majority party in the Legislative Council. If there is no majority party, the Governor will appoint the member who in his judgement is best able to command a majority;
- (vi) Provision to be made for the appointment of a minister to the post of Deputy Chief Minister; and for the appointment of an Acting Chief Minister whenever the Chief Minister is absent from the Virgin Islands or is otherwise absent from duty for a period of 48 hours or more;
- (vii) As from the next general election, the number of elected members of the Legislative Council to be increased from seven to nine, to be elected from nine single member constituencies; and, at the same election, the present provision for a nominated member to be removed;
- (viii) Elected membership of the Legislative Council to be restricted to British Virgin Islanders, including belongers;
- (ix) The right to vote to be restricted to British Virgin Islanders, including belongers, although other persons who may be registered as voters at the date of coming into force of the new Constitution should retain their right to vote;

- (x) The age at which a person may become entitled to be registered as a voter to be lowered from 21 to 18 years;
- (xi) Persons domiciled in the British Virgin Islands but resident in the United States Virgin Islands to be entitled to be registered as voters (provided they are otherwise qualified) without regard to the period of time which they may have been resident in the United States Virgin Islands;
- (xii) The Speaker (and Deputy Speaker) may be removed from office if six or more elected members of the Legislative Council vote in favour of a resolution calling for his removal;
- (xiii) In consideration of appointments in the public service, the Chief Minister should be consulted before an appointment is made to the office of Permanent Secretary or head of department;
- (xiv) Provision to be made for the appointment of a Leader of the Opposition;

and formally invites Her Majesty's Government in the United Kingdom to give effect to these changes as soon as possible.

Appendix III

British Virgin Islands: Government revenue and expenditure, 1900-1974

<u>Year</u>	<u>Recurrent revenue</u>	<u>Recurrent expenditure</u>	<u>Capital expenditure</u>
		(pounds sterling)	
1900	2 117	2 197	...
1910	5 566	5 486	...
1920	11 715	9 816	...
1930	5 707	7 027	...
1940	6 516	7 362	...
1950	26 291	54 759	...
		(thousand United States dollars)	
1960	186	634	237
1961	269	793	171
1962	344	896	237
1963	580	846	177
1964	652	861	284
1965	671	963	1 024
1966	974	1 306	389
1967	1 220	1 418	657
1968	1 357	1 625	1 221
1969	2 189	2 567	1 229
1970	3 141	3 449	3 336
1971	3 047	4 024	2 302
1972	3 576	4 641	1 364
1973	4 605	4 968	1 433
1974	5 017	5 999	768

Source: Statistical Abstract of the British Virgin Islands, 1974, issued by the territorial Department of Finance.

Appendix IV

British Virgin Islands: summary of aid from
the administering Power, 1970-1975

(thousand pounds sterling)

	<u>Budgetary aid</u>	<u>Project aid</u>	<u>Technical assistance</u>	<u>Total</u>
1970	-	569	67	636
1971	208	563	162	933
1972	720	355	80	1 155
1973	394	496	56	946
1974	327	195	181	703
1975	442	532	89	1 063

Source: Information supplied by the administering Power.

Appendix V

British Virgin Islands: composition and value of
domestic exports, 1960-1974
(thousand United States dollars)

<u>Year</u>	<u>Live animals</u>	<u>Coconuts</u>	<u>Fresh fish</u>	<u>Bananas</u>	<u>Other fresh fruit</u>	<u>Fresh vegetables</u>	<u>Gravel and sand</u>	<u>Rum</u>	<u>Charcoal</u>	<u>Other</u>	<u>Total</u>
1960	127.8	2.1	13.4	8.7	3.4	9.2	3.7	6.2	3.0	4.9	182.4
1961	103.6	2.5	13.2	3.1	2.7	4.2	3.5	3.0	4.0	2.8	142.7
1962	91.6	2.7	14.4	2.5	4.5	8.0	1.5	1.6	3.1	5.9	135.7
1963	89.9	3.2	20.1	1.7	3.7	2.7	1.1	0.5	2.5	9.1	134.6
1964	73.9	3.4	11.3	0.3	2.1	1.9	0.3	1.8	2.5	8.6	106.0
1965	69.5	2.6	15.2	1.0	2.5	1.4	0.3	-	2.0	4.4	98.8
1966	18.8	6.9	2.9	1.6	10.4	2.8	-	0.4	0.4	26.2	70.5
1967	29.8	4.5	32.6	2.1	4.8	0.6	0.3	0.3	0.7	11.5	87.8
1968	45.5	3.0	78.0	1.3	3.5	1.2	-	-	0.8	11.6	144.9
1969	7.6	1.7	18.4	1.0	2.7	0.6	-	-	0.2	17.3	49.8
1970	6.1	2.0	21.6	3.4	1.2	1.9	-	-	0.4	6.2	42.6
1971	6.3	3.7	38.5	5.5	3.8	3.5	40.9	-	1.0	0.5	103.8
1972	-	4.3	29.0	6.9	3.0	4.7	22.2	-	1.6	0.1	71.8
1973	-	3.2	39.8	3.9	2.4	1.9	43.5	-	1.9	1.7	98.4
1974	-	2.3	28.5	-	7.6	4.5	4.5	-	2.2	3.3	52.9

Source: Statistical Abstract of the British Virgin Islands, 1974.

Appendix VI

British Virgin Islands: direction of imports, 1971-1974
(thousand United States dollars)

<u>Country of origin</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974^{a/}</u>
United States of America	2 163	2 043	2 284	2 984
Puerto Rico	1 249	1 222	1 800	2 421
United States Virgin Islands	850	892	1 416	1 990
United Kingdom of Great Britain and Northern Ireland	2 184	1 707	1 548	1 689
Trinidad and Tobago	483	494	723	1 300
Netherlands	268	225	240	238
Denmark	113	112	163	144
France	113	112	163	107
Norway	419	64	158	102
Canada	111	107	115	99
Germany, Federal Republic of	135	140	170	78
Barbados	37	46	60	70
Venezuela	83	33	1	45
Italy	27	47	93	44
Brazil	-	20	7	34
New Zealand	11	26	20	33
Japan	49	54	63	32
Spain	4	11	16	19
Belgium	14	6	3	19
St. Kitts-Nevis-Anguilla	19	36	26	18
Hong Kong	7	26	9	18
Guyana	19	20	16	16
Sweden	31	17	13	14
Australia	34	23	35	10
Jamaica	65	6	16	8
Mexico	-	4	16	8

<u>Country of origin</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974^{a/}</u>
Argentina	14	4	2	6
Curaçao	7	10	3	2
Honduras	3	58	150	1
Surinam	11	16	17	1
Finland	31	-	3	1
Switzerland	13	4	2	1
Bahamas	9	11	36	-
Colombia	38	44	32	-
Other	54	42	75	54
	<u>8 661</u>	<u>7 652</u>	<u>9 467</u>	<u>11 606</u>

a/ Eight months at c.i.f. valuation.

Source: Statistical Abstract of the British Virgin Islands, 1974.

Appendix VII

British Virgin Islands: balance of trade, 1960-1974
(thousand United States dollars)

<u>Year</u>	<u>Imports</u>	<u>Domestic exports</u>	<u>Re-exports</u>	<u>Total exports</u>	<u>Balance of trade deficit</u>
1960	856.6	182.4	8.8	191.2	665.4
1961	1 325.1	142.7	11.4	154.0	1 171.1
1962	1 980.8	135.7	15.0	150.7	1 830.1
1963	2 291.3	134.6	21.1	155.7	2 135.6
1964	2 436.1	106.0	5.6	111.6	2 324.6
1965	2 960.8	98.8	3.8	102.6	2 858.2
1966	4 178.3	70.5	86.5	157.0	4 021.3
1967	3 890.0	87.8	12.1	99.9	3 790.1
1968	6 207.4	144.9	8.7	153.6	6 053.8
1969	8 099.2	49.8	12.8	62.5	8 036.7
1970	10 223.6	42.6	22.7	65.3	10 158.2
1971	8 849.6	103.8	266.8	370.5	8 479.0
1972	7 652.1	71.8	97.8	169.6	7 482.5
1973	9 467.4	98.4	343.0	441.4	9 026.0
1974	11 606.1 ^{a/}	52.9	371.8	424.6	11 181.5

Source: Statistical Abstract of the British Virgin Islands, 1974.

a/ Eight months at c.i.f. valuation.

Appendix VIII

British Virgin Islands: number of employees by nationality
and industry, June 1973 and June 1974

<u>Industry</u>	<u>June 1973</u>			<u>June 1974</u>			<u>Percentage of change</u>		
	<u>British Virgin Islanders</u>	<u>Foreign nationals</u>	<u>Total</u>	<u>British Virgin Islanders</u>	<u>Foreign nationals</u>	<u>Total</u>	<u>British Virgin Islanders</u>	<u>Foreign nationals</u>	<u>Total</u>
Manufacturing	88	62	150	109	73	182	24	18	21
Motor repair	22	20	42	16	34	50	-38	70	19
Construction	256	132	388	321	175	496	25	33	28
Retail	119	62	181	126	81	207	6	31	14
Banking	64	36	100	87	38	125	36	6	25
Transport	105	99	204	86	96	182	-22	-3	-10
Government	326	125	451	361	108	469	11	-16	-
Professional	43	48	91	46	44	90	7	-9	-1
Hotel	322	168	490	378	194	572	17	15	17
Other	19	20	39	26	28	54	37	40	38
<u>Total</u>	<u>1 364</u>	<u>772</u>	<u>2 136</u>	<u>1 556</u>	<u>871</u>	<u>2 427</u>	<u>14</u>	<u>13</u>	<u>14</u>

Source: Statistical Abstract of the British Virgin Islands, 1974.

Appendix IX

British Virgin Islands: estimated average earnings of employees by industry, June 1973 and June 1974

(thousand United States dollars)

<u>Industry</u>	<u>June 1973</u>			<u>June 1974</u>			<u>Percentage of change</u>		
	<u>Number of employees</u>	<u>Average annual earnings</u>	<u>Wages and salaries</u>	<u>Number of employees</u>	<u>Average annual earnings</u>	<u>Wages and salaries</u>	<u>Number of employees</u>	<u>Wages and salaries</u>	<u>Annual earnings</u>
Manufacturing	150	3.5	520	182	4.3	784	21	51	25
Motor repair	42	3.1	128	50	3.5	174	19	36	15
Construction	388	4.2	1 605	496	4.4	2 152	28	34	5
Retail	181	3.2	566	207	3.6	731	14	29	13
Banking	100	5.7	569	125	5.8	728	25	30	2
Transport	204	3.9	800	182	4.0	717	-12	-12	1
Government	451	3.8	1 714	469	4.4	2 047	4	19	14
Professional	91	4.8	431	90	5.1	456	- 1	6	6
Hotels	490	3.2	1 559	572	3.4	1 926	17	24	5
Other	39	3.4	131	54	3.2	173	38	32	-5
<u>Total</u>	<u>2 136</u>	<u>3.8</u>	<u>8 023</u>	<u>2 427</u>	<u>4.1</u>	<u>9 888</u>	<u>14</u>	<u>23</u>	<u>8</u>

Source: Statistical Abstract of the British Virgin Islands, 1974.

Appendix X

British Virgin Islands: General Certificate of Education (GCE):
'O' level (Cambridge) examination results, 1965-1974

<u>Year</u>	<u>Number of candidates entered</u>	<u>Number of subjects passed</u>					<u>Total number of subjects passed</u>	<u>Total number of candidates passed</u>	<u>Average number of passes per successful candidate</u>
		<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4 or 5 more</u>			
1965	37	7	13	11	4	2	55	30	1.8
1966	30	7	10	8	3	-	47	23	2.0
1967	29	9	8	8	3	-	40	20	2.0
1968	29	5	12	6	3	3	45	24	1.9
1969	51	23	11	8	6	2	58	28	2.1
1970	41	16	14	8	2	1	40	25	1.6
1971	42	19	15	3	5	-	36	23	1.6
1972	34	5	13	7	4	4	60	29	2.1
1973	64	32	16	9	6	-	57	32	1.8
1974	47	6	22	12	2	3	75	41	1.8

Source: Statistical Abstract of the British Virgin Islands, 1974.

Appendix XI

Memorandum submitted to the Mission by Mrs. Faulkner of Anegada

Anegada is in a very precarious condition. The masses depend on the sea for a living and while fishing is lucrative, the marketing conditions are uncertain. The market for livestock is equally uncertain and the small fishing boats are inadequate for transportation. Migration in the last few years has reduced our population from approximately 400 to 165. If present conditions remain unchanged, in the next 10 years there will be no public school as the birthrate is "nil". The solution to our problem lies in investors coming in, and every effort should be made to encourage this potential possibility, as therein lies our only hope of employment for the rising generation, a ready market for local products, and an increase in population.

Appendix XII

Editorial published in the Island Sun (British Virgin Islands) of 8 May 1976

CLEARING THE AIR

The visit of the United Nations Mission to the British Virgin Islands, from 2 to 9 May, should clear the air for both the Territory and the United Nations Anti-Colonial Committee which the Mission represents.

Firstly, the Mission, under the able leadership of His Excellency Mr. Edward W. Blyden, Ambassador and Sierra Leone Permanent Representative to the United Nations, has made it convincingly known that the interest of the Anti-Colonial Committee is not to force independence on any country whose wishes are to the contrary, and the Mission's purpose in these islands is to ascertain the views of the people regarding their present and future status, with the aim of lending assistance in attaining the desirable goal, that of independence. All this is commendable and in keeping with the high ideals of the United Nations Charter on human rights.

Secondly, and on the other hand, it seems to us that the Mission has received a true picture of the position of the British Virgin Islands on the subject matter, namely, that the people do not desire independence at this time and wish to give all their efforts to the social and economic advancement of the Territory, leaving political matters, such as independence, in abeyance.

We listened very carefully to the eloquent address of His Excellency Mr. Edward W. Blyden at the opening of the public meeting on Wednesday evening of this week, in which the leader of the Mission said, among other things, that the Mission wants to know of the people if their wish is for independence now, 5, 10 or 20 years from now, or if not at all. On this only one thing could be evident, and was evident as the meeting proceeded: as of now, the wish of the people is not for independence; and, as to the future, not even a mind reader can tell. However, as we see it, this should not rule out the possibility that circumstances in the future may be such as to welcome independence. But now, it is hardly more than a moot question.

As experienced and highly knowledgeable men, the Mission will understand why the people of the British Virgin Islands do not favour independence at this time: the Territory enjoys a great measure of freedom, there is no oppression nor denial of justice and, while the Territory is in need of economic assistance, there is no soul rendering poverty; and, also of note is the fact that Government in these islands is stable and productive. This can hardly be said of many other small dependencies which have clamoured for, and attained, the status of independence, only to find (speaking for the people) that their well-being has not improved, but on the contrary, deteriorated. We venture to say that this may have come about as the result of putting political ambition ahead of common sense at a time when common sense ought to have played the major

role. It seems to us that on the question of independence, common sense is at work in the British Virgin Islands.

With regard to the British Government's policy, we are aware that independence is free and for the asking, and because the offer is open, these islands do not need to rush into an acceptance before ample time in weighing all facts and circumstances that would have a future bearing. In this we may be called "cunning", which is far better than being political "simpletons."

The interest and work of the United Nations Anti-Colonial Committee is most praise-worthy and has achieved many goals, which may not have been otherwise possible, for peoples in determining their own destiny, and we are sure that the United Nations Mission to these islands was not in vain, although it may have been more timely had it been at an earlier period. Now that it has come, the British Virgin Islands is nonetheless appreciative since the Mission has, apparently, done a lot to clear the air.

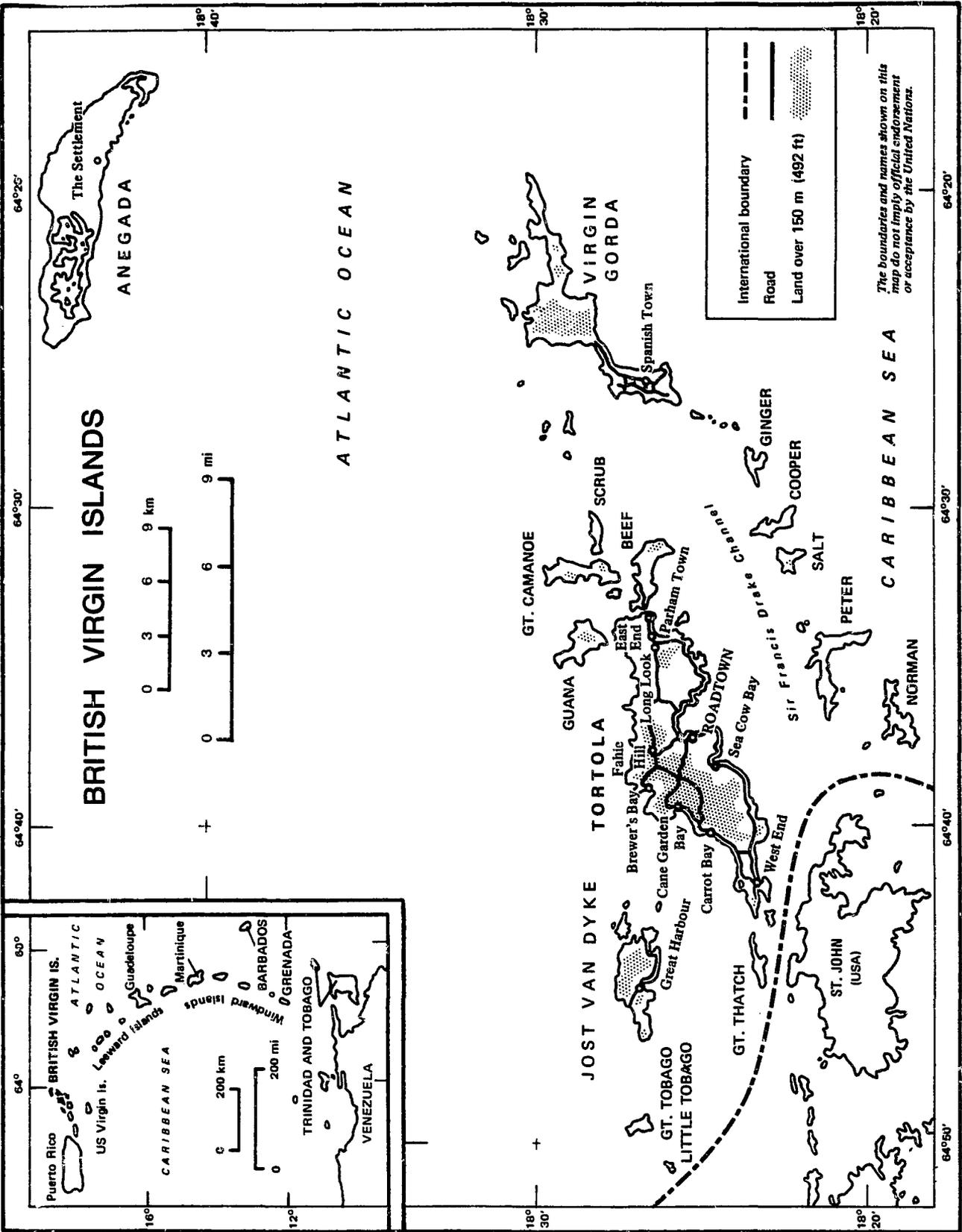
Appendix XIII

Note on budgetary aid submitted to the Mission by the administering Power

1. Her Majesty's Government is willing to consider providing budgetary aid (sometimes called Her Majesty's Government grant-in-aid) to one of its dependent Territories where the Government of such a Territory, in preparing its recurrent budget, finds that essential expenditure cannot be covered fully by local revenue and anticipates that such imbalance is likely to be a continuing feature for several years ahead, and there are no surplus funds on which it can call. Her Majesty's Government may then be ready to bridge the gap between revenue and essential recurrent expenditure. Such aid should not be confused with capital (or development) aid which is concentrated on capital projects outside the recurrent budget.
2. In considering a request for budgetary aid, Her Majesty's Government would require to see recurrent estimates of both revenue and expenditure:
 - (a) To ensure that local revenue has been maximized, for example, that no areas of possible revenue remain untapped and that rates of tax are assessed at reasonable rates;
 - (b) To ensure that no unessential expenditure is proposed.
3. Following such a review, figures would be agreed to for acceptable levels of revenue and expenditure, the negative balance representing an agreed deficit and the level of budgetary aid. The country in question would be expected to adhere to these levels, but should it during the year wish to vire expenditure from one subheading to another and is able to do so without exceeding the expenditure limit and agreed deficit, then Her Majesty's Government would consider any such request.
4. Up to this year, if any country in receipt of budgetary aid managed to raise a surplus on the year, either by under-expenditure or additional revenue, the procedures governing budgetary aid required that the surplus be deducted from future budgetary aid, budgetary aid being assessed to meet only an unavoidable gap after maximum revenue and essential expenditure have been taken into account. Consideration is now being given to a suggested amendment to the procedures whereby, should a country manage to achieve a surplus on the year, it should be allowed to retain some of it for agreed additional expenditure.
5. A further amendment agreed to this year is that budgetary aided dependencies in the Caribbean area should, on the advice of the Development Division following discussions with Governments, be given indicative maximum figures for budgetary aid for three years ahead. It is believed that this will enable countries to plan ahead more effectively than at present.

6. There would seem to be some belief that a dependency in receipt of budgetary aid is not able to move to independence without forfeiting the right to such aid or, put another way, that budgetary aid is a bar to independence. This is not so, the Seychelles being an example. On the other hand, it would not be appropriate for an independent country responsible for its own affairs to be dependent on budgetary aid for too long. To meet such circumstances, a system has been devised whereby, in the year preceding independence, a joint economic survey is mounted to assess the country's prospects for both revenue and expenditure over the following few - say four to five - years. On the basis of this survey, taking into account other avenues of finance which are open to a country on independence, a run of figures is agreed with the country concerned. These figures are expressed as maxima and will taper to the time when budgetary aid is no longer required.

Ministry of Overseas Development
July 1976



CHAPTERS XXIX-XXXI

(A/31/23/Add.9 (Part III))

CAYMAN ISLANDS, MONTserrat, TURKS AND CAICOS ISLANDS, FALKLAND ISLANDS (MALVINAS) AND UNITED STATES VIRGIN ISLANDS

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CHAPTER XXIX

CAYMAN ISLANDS, MONTSERRAT AND TURKS AND CAICOS ISLANDS

A. CONSIDERATION BY THE SPECIAL COMMITTEE

1. At its 1027th meeting, on 18 February 1976, the Special Committee, by approving the seventy-eighth report of the Working Group (A/AC.109/L.1066) decided, inter alia, to refer the Cayman Islands, Montserrat and the Turks and Caicos Islands to the Sub-Committee on Small Territories for consideration and report.
2. The Special Committee considered the item at its 1042nd and 1043rd meetings, on 19 and 20 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 3481 (XXX) of 11 December 1975 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 11 of this resolution, the Assembly requested the Special Committee "to continue to seek suitable means for the immediate and full implementation of 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-first session". The Committee also took into account General Assembly resolution 3427 (XXX) of 8 December 1975 concerning four Territories, including the Cayman Islands and the Turks and Caicos Islands. By paragraph 9 of this resolution, the Assembly requested the Committee "to continue to seek the best ways and means for the implementation of the Declaration with respect to ... Cayman Islands and Turks and Caicos Islands, including the possible dispatch of visiting missions in consultation with the administering Power ...". In addition, the Committee took into account General Assembly resolution 3425 (XXX), of the same date, concerning Montserrat, by paragraph 6 of which the Assembly requested the Committee "to continue the full examination of this question at its 1976 session in the light of the findings of the visiting mission, including the possible dispatch of a further visiting mission to Montserrat at an appropriate time, in consultation with the administering Power ...".
4. During its consideration of the Territories, the Special Committee had before it working papers prepared by the Secretariat (see annex to the present chapter) containing information on developments concerning the Territories.
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 1042nd meeting, on 19 August, in a statement to the Special Committee (A/AC.109/PV.1042 and corrigendum), the Rapporteur of the Sub-Committee on Small Territories introduced the report of that Sub-Committee (A/AC.109/L.1112), containing an account of its consideration of the Territories referred to above.

7. At the 1043rd meeting, on 20 August, following a statement by the representative of China (A/AC.109/PV.1043), 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), it being understood that the reservations made by a member would be reflected in the record of the meeting.

8. On 23 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

9. The text of the conclusions and recommendations adopted by the Special Committee at its 1043rd meeting, on 20 August, to which reference is made in paragraph 7 above, is reproduced below:

General

(1) The Special Committee reaffirms the inalienable right of the peoples of the Cayman Islands, Montserrat and 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) Fully aware of the special circumstances of those Territories, owing to such factors as their 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 three Territories.

(3) The Special Committee once again welcomes the increased co-operation given by the United Kingdom of Great Britain and Northern Ireland, both by participating actively in the work of the Committee and by permitting the access of visiting missions to small Territories under its administration. Considering that the report of the 1975 United Nations Visiting Mission to Montserrat ^{1/} serves as an eloquent testimony of the value of this practice, the Special Committee expresses the hope that the administering Power will continue its consultations with the Committee in order to make arrangements for missions to visit the Territories concerned at an appropriate time.

(4) Bearing in mind that representatives from the three Territories mentioned above have not so far participated in its work, the Special Committee considers the participation by the representatives of these Territories in the relevant discussions to be of great importance, and urges the administering Power, in consultation with the local authorities, to facilitate and encourage such participation by these representatives. In the absence of such participation so far, the Committee believes that the report of the United Nations Visiting Mission has provided a useful link between the Committee and the peoples of these Territories which has not previously been available, and has also helped to break down the stereotype of the problems existing in small Caribbean Territories by identifying the particular circumstances and problems of each Territory.

(5) The Special Committee is pleased to note from the statement by the representative of the administering Power that it remains the policy of the United Kingdom Government towards the three Territories concerned to grant independence to their peoples should they so wish. In this connexion, the Committee firmly believes that it is the responsibility of the administering Power to provide conditions under which the wishes of the peoples of these Territories with regard to their future status can be freely ascertained. It

^{1/} Official Records of the General Assembly, Thirtieth Session, Supplement No. 23 (A/10023/Rev.1), vol. IV, chap. XXVIII, annex.

considers that this commitment of the administering Power has additional relevance when studied in the light of the conclusions and recommendations of the 1975 Visiting Mission to Montserrat concerning that Territory's political future. In its conclusions, the Mission stated that association with the United Kingdom was not regarded by any responsible person in that Territory as being either realistic or feasible. Association with neighbouring countries was, however, regarded as desirable in principle, but would first have to be demonstrated in practice as being in the interests of the people of Montserrat. While independence, a natural and legitimate aspiration, was attainable as a political goal, it was realized at the same time that the small island of Montserrat with its limited resources could not be totally independent economically. The dilemma facing Montserrat applied to other small dependent island Territories. The Committee endorses the Mission's view that this problem merits careful examination within the United Nations system.

(6) The Special Committee notes from the information presented to it that there has been a lack of significant constitutional progress towards the full implementation of the provisions of resolution 1514 (XV) with respect to the Territories concerned. It requests the administering Power to continue to take measures to expedite the process of decolonization in these Territories in accordance with the relevant resolutions of the General Assembly and the observations of the 1975 Visiting Mission to Montserrat, as well as with the expressed wishes of the peoples concerned.

(7) The Special Committee, aware of the gravely serious economic difficulties confronting the three Territories, owing mainly to their common dependence on fluctuating economic activities such as tourism, property development and international finance, reiterates its deep concern in regard to their economic position. It urges the administering Power to take all possible steps to strengthen the economies of the Territories through diversification, so as to reduce their dependence on the above-mentioned activities, and to guarantee, safeguard and ensure the right of their peoples to their natural resources and their right to dispose of them, as well as to establish and increase control over their economic development.

(8) The Special Committee takes note of a number of projects which continue to be carried out in the Territories under the auspices of the United Nations and its specialized agencies. It maintains that such assistance is useful for the economic and social development of the Territories and expresses the hope that it will be further increased. The Committee particularly expresses the hope that the United Nations Educational, Scientific and Cultural Organization (UNESCO) will be able to give assistance and provide educational facilities to all colonial peoples and Territories.

Cayman Islands

(9) The Special Committee notes that during early 1974, the then Governor of the Cayman Islands further extended the responsibilities of the elected members of the Executive Council, and it considers that this represents an additional step towards the achievement of full internal self government by the Territory.

(10) The Special Committee notes from the statement by the representative of the administering Power that elections will be held in the Cayman Islands during late 1976, and that although there is talk of constitutional development, pressure for it from the islanders themselves is not strong. The Committee believes that there is an urgent need for measures to be taken by the administering Power aimed at developing and encouraging the political awareness of the Caymanians so as to enable them to exercise their inalienable rights in accordance with the Declaration contained in resolution 1514 (XV).

(11) The Special Committee expresses satisfaction at the economic and social conditions prevailing in the Cayman Islands. In this connexion, it notes that between the late 1960s and 1974, the Territory experienced an economic boom based largely on tourism, construction and international finance, and that although the economy was adversely affected by the external recession during 1975, the Caymanians suffered less than others. Since the economic activities referred to above are highly vulnerable to fluctuations in the international economic situation, the Committee notes with approval that the territorial Government is seeking to develop a diversified economy, particularly through expansion of such sectors as agriculture, livestock and fisheries.

(12) The Special Committee notes with interest that a draft development plan for the period 1975-1990, prepared by experts (including some from the United Nations), has been the subject of a thorough and comprehensive public debate and will be laid before the Legislative Assembly for decision.

(13) The Special Committee notes that owing to its economic progress, the Territory is no longer entitled to United Kingdom capital grants-in-aid, and that development aid made available by the United Kingdom to the Cayman Islands on soft loan terms for 1976-1978 totals £600,000. It expresses the view that the administering Power should continue to provide financial assistance to the Territory, thus enabling it to accelerate the rate of its economic and social development.

Montserrat

(14) The Special Committee urges the administering Power to take concrete measures aimed at providing the people of the Territory with an opportunity to consider freely all the options available to them for the realization of their aspirations for the political future of their Territory, with the objective of full, speedy and effective implementation of the relevant provisions of the Charter of the United Nations and the Declaration contained in resolution 1514 (XV).

(15) The Special Committee recalls that the 1975 Visiting Mission to Montserrat made the following two suggestions concerning constitutional development: (a) the granting to the Territory of full internal self-government in law since that was the present de facto situation; and (b) the attendance of the Attorney General and the Financial Secretary at meetings of the Executive Council only as advisers and not as full members. In connexion with suggestion (a), the Committee urges the administering Power to take effective steps towards the attainment by the Territory of the full legal status of internal self-government. The Committee considers that suggestion (b) should be implemented if it is in accordance with the wishes of the Montserrat Government.

(16) The Special Committee notes that the Territory is faced with several pressing economic problems, including a scarcity of natural resources, unfavourable terms of trade, a high level of unemployment, under-development of the Territory's infrastructure and manpower resources and inadequate development finance. Among the measures being taken by the territorial Government to cope with these problems are: (a) institution of a programme of agrarian reform to encourage greater participation by local people in agricultural activities; (b) development of a viable tourist and handicrafts industry, as well as a small-scale manufacturing sector; and (c) planned improvements to the communications infrastructure. Considering that these measures are indications of the seriousness with which the Government and people of Montserrat view their development, the Committee urges the administering Power to continue to assist the Territory in solving its economic problems as far and as quickly as possible.

(17) The Special Committee takes note of the fact that the United Kingdom's programme of budgetary and development aid for Montserrat showed a substantial rise between 1967 and 1975 (from \$EC 1.4 million to \$EC 5.5 million), 2/ and suggests that the administering Power should maintain its development aid to the Territory as one means of helping it to achieve its development goals. However, despite such an increase in development aid and the efforts being made by the local government, some of the problems referred to in paragraph (16) above, which impede the economic development of the Territory, remain unresolved. In this connexion, the Committee urges the administering Power further to increase its development aid to the Territory with a view to solving these problems and improving economic conditions. The Committee also stresses the need for the United Nations and its specialized agencies to continue making more development assistance available to the Territory, in accordance with the recommendations contained in paragraph 122 of the report of the 1975 United Nations Visiting Mission.

Turks and Caicos Islands

(18) The Special Committee notes from the statement by the representative of the administering Power that after long discussion and careful preparation, the necessary constitutional instruments are being drawn up to implement the

2/ The local currency is the East Caribbean dollar (\$EC). In 1975, one pound sterling was equivalent to \$EC 4.80.

changes aimed at ensuring wider participation by the islanders in the central organs of government, but that a date for the new Constitution to go into force has not yet been fixed. The Committee hopes that the administering Power will keep it fully informed of the progress made, and that the experience gained at the next constitutional stage will point the way towards ever-increasing participation of the islanders in the central organs of government and towards the speedy attainment of the objectives of the Declaration contained in resolution 1514 (XV).

(19) The Special Committee takes note of the fact that, owing to the meagreness of its economic resources and very limited private investment, the Territory is heavily dependent on the administering Power for budgetary and development aid. The Committee welcomes the assistance already provided by the administering Power and hopes that the administering Power will continue to increase its meaningful and substantial development aid so that the Territory can implement at the earliest opportunity the programmes to improve communications, social welfare facilities, education and training, which were contained in the outline development plan accepted by the State Council in 1971.

(20) The Special Committee expresses the hope that the presence of foreign military bases in the Turks and Caicos Islands will not be an inhibiting factor in permitting the people of the Territory to exercise their right to self-determination.

(21) The Special Committee notes with approval that in order to improve the economic and social situation in the islands, the territorial Government has taken several significant measures such as the establishment of the Development Board, and has also proposed to develop tourism as a viable section of the economy as well as certain other industries, particularly agriculture, fishing and handicrafts. The Committee further notes that increased attention is being directed towards strengthening the fishing industry. It believes that the Territory could achieve better and fuller utilization of its fishery resources, bearing in mind that there exist such suitable conditions as the proximity of the islands to export markets and the availability of experienced local fishermen.

(22) The Special Committee considers that there is still an urgent need for the administering Power to assist the territorial Government in taking effective action in the fields of economic development and labour, one of the main objectives of which is to expand the opportunities for local labourers to have full, remunerative and productive employment with a view to ensuring their economic and social advancement and discouraging them from steadily migrating abroad to work.

ANNEX

WORKING PAPER PREPARED BY THE SECRETARIAT

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A. CAYMAN ISLANDS*

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* Previously issued under the symbol A/AC.109/L.1076.

CAYMAN ISLANDS a/

1. GENERAL

1. The Territory of the Cayman Islands consists of Grand Cayman, Cayman Brac and Little Cayman. The latter two are also known as the Lesser Caymans. The total area of the Territory is about 260 square kilometres. Grand Cayman, the principal island, is located about 290 kilometres west-north-west of the westernmost point of Jamaica and 240 kilometres south of Cuba. Cayman Brac lies 143 kilometres east-north-east of Grand Cayman and Little Cayman lies about 8 kilometres west of Cayman Brac. George Town, the capital of the Territory, is located on Grand Cayman.

2. At the last census, taken in 1970, the population of the Territory totalled 10,460, as follows: Grand Cayman, 9,151; Cayman Brac, 1,289; and Little Cayman, 20. Sixty per cent of the population was of mixed origin, 20 per cent was African and 20 per cent was European. In 1974, the population was officially estimated at 11,363.

2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

A. Constitution

3. 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. b/ Briefly, the Government's structure consists of a Governor appointed by the Queen, an Executive Council and a Legislative Assembly. The Governor is responsible for defence, external affairs, internal security, the police and the public service and has reserve 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. 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 Attorney General and the Financial Secretary) and four others selected by the elected members of the Legislative Assembly from among their number. The Governor is given discretion to charge any member of the Council with responsibility for any subject or department of the Government (other than the subjects exclusively reserved to him).

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 6 August 1975, for the year ending 31 December 1974.

b/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 23 (A/9023/Rev.1), vol. V, chap. XXIV, annex, sect. B, paras. 5-13.

4. The Legislative Assembly consists of: (a) the Governor, or when there is a person holding the office of Speaker, the Speaker; (b) three official members appointed by the Governor (the Chief Secretary and Leader of Government Business, the Attorney General and the Financial Secretary); and (c) 12 directly elected members. The first general election under the present Constitution was held on 22 November 1972 and was not contested on a party basis. An important election issue was that relating to internal self-government. Taking this into account, Mr. Kenneth R. Crook, then Governor, announced in February 1974 that he had further extended the responsibilities of the elected members of the Executive Council. They have since been responsible for the administration of the following departments of the Government: communications, works and public transport; tourism, lands, natural resources, mosquito research and control and surveys; education, medical services, social services and labour; and interisland co-ordination and information.

B. Public service

5. Owing to the rising cost of living and the pressure of demand for labour in the private sector, the Government increased the salaries of its employees three times between August 1972 and January 1975.

6. In his budget address, delivered to the Legislative Assembly on 17 November 1975, Mr. V. G. Johnson, the Financial Secretary, said that the cost-of-living index published by the Government indicated a downward trend in the first half of 1975, which would probably show no significant change in the remaining months of that year. He therefore recommended that no salary adjustments should be made in 1976. He also said that at present, salaries (excluding pensions and gratuities) averaged 51 per cent of total recurrent expenditure. Because of this, the United Kingdom Government had been asked to assist the Territory in conducting a survey, possibly in early 1976, with the objective of determining the optimum size of its civil service.

3. ECONOMIC CONDITIONS

A. General

7. Until recently, remittances from Caymanians serving on foreign ships largely supported the economy. The late 1960s witnessed the beginning of an economic boom based mainly on tourism, construction and international finance. As a result, the level of local income and the standard of living rose substantially. The Territory's gross domestic product was officially estimated to have risen from \$CI 10.3 million in 1970 c/ to \$CI 28.0 million in 1974. These figures indicate that

c/ The local currency is the Cayman Islands dollar (\$CI). In early 1974, it was linked with the United States dollar and revalued. Under its current rate of exchange, \$CI 1.00 is equivalent to \$US 1.20.

the Territory has become one of the richest countries in the Caribbean. Under the impact of the recession in the leading industrial countries, however, the upsurge in the economy was followed by a decline in 1975.

8. Agriculture, fishing, forestry and manufacturing play a minor role in the economic life of the Cayman Islands. There are no minerals of commercial significance. Although the Territory is an exporter of turtle products, it is markedly dependent on imports of food-stuffs and other goods. The value of imports increased from \$CI 15.5 million in 1973 to \$CI 22.0 million in 1974, while that of exports decreased from \$CI 650,000 to \$CI 286,699 during this period. Trade was principally conducted with the United States of America. The major economic problems for the Cayman Islands are persistent inflation, a chronic trade deficit, the paucity of productive resources, the scarcity of local capital and the inadequacy of certain basic facilities.

9. In his budget address (see para. 6 above), Mr. Johnson gave the following account of the general economic situation. Since January 1975, the local economy had been adversely affected by the recession in the leading industrial countries, especially those in North America, not only because the Territory was dependent on that area for a large portion of its business, but also because tourism and international finance, its two most important but unstable industries, had been unable to escape the effects produced by that recession. Nevertheless, the international finance industry was holding its own quite well. By the end of the year, the tourist trade was expected to show some improvement. The Government had continued to promote economic diversification, particularly through expansion of agricultural production. It was also pursuing a fiscal policy aimed at providing reasonable employment for local people, bearing in mind the slackening pace of economic activity in the private sector. Earlier in the year, the rise in prices in the Cayman Islands had moderated considerably, a trend which would probably continue. The rate of local inflation was slightly above that of imported inflation, currently estimated at 5 per cent. The Government believed that inflation could not be curtailed by the imposition of price controls, but by co-operation between consumers and traders. Despite the current recession, the Territory had suffered less than had been feared. Its immediate economic outlook was still uncertain, although there were now grounds for optimism.

B. Draft development plan

10. In his speech at the opening of the Legislative Assembly on 18 March 1975, Mr. Thomas Russell, the Governor, said that the most important event of the year was the production of a draft development plan for the period 1975-1990. He said that, following the publication of the draft plan in early April, the public would have an opportunity to submit any objections to the plan to an independent tribunal, in accordance with the Development and Planning Law, 1971. He hoped that, based on the findings of the tribunal, the Assembly would be able to debate the draft plan with a clear indication by the public as to whether it was suited to the Territory's needs.

11. The draft plan was prepared by a team of experts (including those from the United Nations) under the auspices of the Central Planning Authority (CPA), a statutory body established by the 1971 law (see also para. 28 below). The team decided to select a target of moderate growth for the Cayman Islands, based on the view that a too rapid rate of growth would offer only short-term benefits and would threaten racial harmony, cause inflationary pressures, squander the Territory's natural assets and outstrip its capacity to provide essential services.

12. According to the team, its basic objective was to outline a pattern of land use, taking into consideration present physical and economic realities. In pursuance of this objective, it defined the sites of roads, buildings, public works, airfields, parks, pleasure grounds, nature reserves and other open spaces. It also proposed to allocate areas of land for agricultural, industrial, residential and other purposes.

13. It further proposed that efforts should be particularly directed towards: (a) preserving political stability by preventing the ratio between Caymanians and foreigners in the Territory from falling below 3:2; (b) controlling future tourism development to ensure an orderly growth and provide high quality services; (c) maintaining high standards for international business; (d) protecting land buyers against unsatisfactory development of residential property; (e) promoting agricultural development in order to broaden the economy and reduce imports; (f) encouraging those wishing to invest in the economic sectors that would most assist diversification; (g) establishing a comprehensive water and sewerage development scheme; and (h) providing housing for low-income Caymanians as well as medical and educational services for all.

14. With regard to the Lesser Caymans, the team stated that although the Government should seek to encourage the economic development of the two islands, the future growth of Cayman Brac would continue at a slower pace than that of Grand Cayman, owing to Cayman Brac's smaller size, scale and economic base. The team's main recommendations for the island concerned promotion of tourism and residential development, expansion of commercial and industrial activities and reservation of agricultural areas and woodland. Two development plans were drawn up for Little Cayman, depending on whether the oil terminal project proposed by United States investors would materialize. In both plans, limited tourism development combined with a high degree of conservation was recommended.

15. Soon after publication of the draft development plan (see paras. 10-14 above), certain groups of local people, especially those on Cayman Brac, expressed strong opposition to it. Most of the people on the island feared that the proposed plan would retard its economic growth, threaten personal freedom and land values and further depopulate the Lesser Caymans. In particular, they complained about the land-zoning proposals whereby at least three quarters of the island was to be set aside for agriculture and forestry. On 24 April 1975, following discussions, representatives of the team and of the population of Cayman Brac were reported to have agreed on new guidelines for the island. At its first emergency session, held on 1 May, the Legislative Assembly approved Mr. Johnson's proposal that the deadline for the public to submit objections to the draft plan should be extended to the end

of that month. He gave an assurance that the plan would not deprive people of their rights and would not be pushed through without adequate public consultation.

16. Also on 1 May, it was reported that the territorial Chamber of Commerce had called for new development proposals for Cayman Brac. That organization considered that "the total zoning of the islands for specific usage at this time is inappropriate", and that proposals for agricultural development, though desirable, were "unattainable in view of the poor quality and small quantity of good agricultural acreage for economic commercial farming". It expressed the hope that the population would increase and the economy would expand to a greater extent than that envisaged in the draft plan. It criticized the team for forecasting an allowable ratio between tourists and local residents at a stage when the tourist industry had yet to reach its full potential. Finally, it urged CPA "to prepare an alternative plan for increased development in the central and eastern regions of Grand Cayman as well as for Little Cayman".

17. In his budget address before the Legislative Assembly on 17 November, Mr. Johnson explained that the Government had been unable to submit the proposed plan in mid-1975, owing largely to the difficulty of finding a chairman for the tribunal which was to examine public objections to the plan (see para. 10 above), but that the plan might be submitted early in 1976. He went on to say that although no one in the Government wished to destroy the Territory's economic growth, it was his belief that no appreciable foreign investment and development would take place in the islands until a reasonable and acceptable development plan had been drawn up. On 22 November, Mr. Kenneth Wright, the Government's development adviser, met with the inhabitants of Cayman Brac to discuss a report containing the proposals referred to in paragraph 16 above, about which the islanders were to be further consulted before its publication.

C. Financial developments

18. An international financial community has developed in the Territory because of its status as a tax haven, its accessibility and its stability. This community includes commercial banks and other financial institutions, which provide a wide variety of services to international clients. As noted in paragraph 7 above, it has become one of the more important sectors of the economy.

19. It will be recalled d/ that the industry suffered its first serious setback in late 1974, when two banks in the Interbank House Group (the Sterling Bank and Trust Company, Ltd., and the International Bank) went into liquidation because of their inability to meet withdrawals. Their licences (together with that of a third bank in the Group, the Cayman Mortgage Bank, Ltd.) were subsequently suspended by the Governor in Council. The collapse of the Group, which had been formed by Mr. Jean Yves Doucet in 1968, resulted in the loss of an important source of employment and left a number of local companies temporarily without

d/ Official Records of the General Assembly, Thirtieth Session, Supplement No. 23 (A/10023/Rev.1), vol. IV, chap. XXVII, annex, sect. B, paras. 14-16

economic backing. Fears that the incident would have an adverse effect on the Territory's reputation abroad as a tax haven proved unfounded, however (see below).

20. In May 1975, Mr. Doucet, who had left the Cayman Islands after the failure of the Group, was apprehended in Monaco and extradited to the Territory in August to stand trial on charges linked to the liquidation of the two banks. In December, following his trial, Mr. Doucet was sentenced to nine months' imprisonment. He denied all charges and gave notice of appeal.

21. In his budget address, Mr. Johnson provided the following information on the international financial community (see also para. 9 above). There were a few failures beginning in late 1974, but confidence in the Cayman Islands remained strong. The Government's bank inspection service had been strengthened in mid-1975 by the appointment of a bank inspector. At the end of September, there were 6,516 international companies (6,087 at the end of 1974) and 200 banks and trust companies (188 at the end of 1974) registered in the Territory. Under an agreement recently concluded among the banks, the local financial interbank market was expected to expand.

D. Tourism

22. According to the administering Power, great progress was made in the promotion of tourism, following the establishment of a Tourist Board under the chairmanship of Mr. Eric J. Bergstrom in 1966. Mr. Bergstrom was appointed the Director of Tourism in late 1973 and was placed in charge of the Department of Tourism in early 1974. The Department pursues a policy of controlled growth, geared to quality rather than quantity, and aimed at meeting the needs of the Territory without placing an excessive burden on the infrastructure and the local labour force, or affecting the environment. Legislation has been passed providing for substantial local participation in the development of tourism.

23. Between 1966 and 1973, tourism was one of the two mainstays of the economy and grew at an average annual rate of more than 56 per cent. This was reflected in the increase in the number of visitors which rose from 8,244 to 45,751 during this period. During 1974, a total of 53,104 persons visited the Territory, a 16 per cent gain over the previous year. Tourist spending (approximately \$US 12 million) was essentially the same as in 1973, however, owing to the deterioration of the economic situation in North America, the origin of the majority of the tourists.

24. According to the administering Power, tourist facilities were further expanded when 67 new apartments became available in 1974. There were 16 hotels (the largest being the Grand Caymanian Holiday Inn with 183 rooms) and an undisclosed number of cottages and apartments for rent to visitors. About 1,690 beds were available.

25. As indicated in Mr. Johnson's budget address, the number of tourists for the first seven months of 1975 declined by 4.3 per cent from that for the same period in 1974. Nevertheless, a large part of this decrease took place during the first four months of 1975. Thereafter, the position returned to normal, with prospects of an over-all improvement by the end of the year. In July, hotel occupancies began

to increase, but at a slower rate than arrivals, largely due to the shortened average length of stay. Cruise ship passenger arrivals were expected to increase to approximately 24,500 in 1975 (2,513 in 1974). The Cayman Islands Reservation Service, instituted in October 1974, had helped to secure business valued at about \$CI 500,000 for the industry by January 1976.

E. Property development

26. In the late 1960s, there was a rapid expansion of construction activity, spurred primarily by the demand for hotel accommodations, apartments, houses, new banks and offices, with a concomitant steep rise in the price of land. The boom continued until 1975, when the commercial and residential sectors of the construction industry experienced a recession. In his budget address, Mr. Johnson said that the Government was preparing a new five-year capital development programme, to be put into effect following completion of the programme for 1970-1975, which included construction of the Legislative Assembly, court and administration buildings, police headquarters and prison, and a broadcasting station.

27. The collapse of the Interbank House Group in late 1974 (see paras. 19 and 20 above) affected several development projects financed wholly or partly with Interbank funds. Many of these projects reportedly found new sources of financing shortly thereafter, but work on one of the more important, Mitchell's Creek Gardens (a luxury home project), was suspended in October 1974 at the request of the liquidators of the Group. In February 1975, the liquidators were reported to have agreed to enter into a partnership with Mr. Dwight Crator of North Carolina (United States). Under the agreement, the latter's new company, De Talma Enterprises (Cayman), Ltd., would provide the management and financing for the project. Subject to the Government's approval, work on the project could be resumed later in the year.

28. The CPA is responsible for approving or rejecting proposals for specific development projects and providing general guidance, with the assistance of a United Nations physical planning adviser. In his budget address, Mr. Johnson said that until the Legislative Assembly approved the draft development plan (see paras. 10-17 above), an interim development plan, authorized under the Development and Planning Law, 1971, was being used by CPA as a guide in dealing with land and land use in physical planning matters.

29. In 1973, the Government appointed a cadastral survey team to ensure orderly growth in the real estate industry. By the end of 1974, the team had completed the surveying, recording and registration of 5,200 parcels of land, covering 6,075 hectares on Grand Cayman and Cayman Brac.

F. Agriculture, livestock and fishing

30. Among the important factors hampering agricultural development in the Cayman Islands are the scarcity of suitable farmland (at present limited to 1,500 hectares

out of a total land area of 25,920 hectares); the shortage of skilled agricultural labour; and the inadequacy of access roads to rural areas. In order to overcome these obstacles, the Government is attempting to accelerate the rate of agricultural growth.

31. The leading agricultural producers are Bothwell's Poultry and Beef Farm and Caledonian Farms, a diversified company. The latter company decided to close down the dairy side of its operations in November 1975 because it was unable to meet competition from importers of milk products. In announcing the decision, the company said that it would concentrate on cattle, fruit and vegetable production, for which there was a greater demand in the Territory. Two other agricultural enterprises, established in 1974, are Sunburst Products, Ltd., and Hydroponics (Cayman), Ltd., both of which base their operations on water culture rather than soil.

32. According to Mr. Johnson, the Government advocates an agricultural policy primarily aimed at: (a) substituting local products for imports; (b) diversifying the economy by allowing farming to be a prominent part of it; (c) utilizing products currently available in good supply and being wasted; and (d) producing agricultural goods for export.

33. In February 1975, Mariculture, Ltd., owner of the Green Turtle Farm, was no longer financially viable and the financing of its operations was taken over by the Commonwealth Development Finance Company, Ltd., and the First National City Bank of New York (now Citibank), with assistance from a European consortium. In May, in an effort to continue the turtle-farming operations, the bank exercised its rights under a debenture and appointed a receiver. It was reported that the Commonwealth Development Finance Company, Ltd. and the consortium planned to form a new company to purchase all the assets of Mariculture, Ltd.

G. Communications and other basic facilities

34. In his budget address, Mr. Johnson stated that all the items in the capital development programme for 1970-1975 (see para. 26 above) except work on the water and sewerage systems had either been completed or were being implemented. A study on the two systems had just been concluded by a team from Richards and Dumbleton International, a firm of consulting engineers appointed in October 1974 by the United Kingdom Government e/ and the Government was examining its recommendations.

35. Mr. Johnson drew particular attention to the following important developments: (a) an allocation of \$CI 225,000 to be made by the Government for the paving of 12.9 kilometres of roads in 1976, thus bringing the total to 45 kilometres, as specified in the roads programme; (b) the approval in 1975 by the Caribbean Development Bank of loans totalling \$CI 2.2 million to cover part of the cost for improved port facilities at George Town, a project which could cost up to \$CI 4.0 million (the difference to be paid by the Government) and which was scheduled for

e/ Ibid., para. 31.

completion by the end of 1976; (c) the inability of the Caribbean Development Bank to provide the Territory with funds for the second phase of the Owen Roberts airport project, consisting of construction of a new terminal building and enlargement of the apron and parking area; and (d) the impending rehabilitation of the Cayman Brac airfield financed by a capital grant-in-aid from the United Kingdom (see also para. 38 below).

H. Public finance

36. Revised estimated revenue for 1975 amounted to \$CI 9.0 million and revised estimated expenditure (excluding United Kingdom capital grants-in-aid and loans) to \$CI 11.2 million. In his budget address (see para. 6 above), Mr. Johnson said that, owing to the deterioration of the economic situation in the Territory, customs receipts had fallen below the original estimates, thus giving rise to a shortfall in revenue of about \$CI 150,000. According to Mr. Johnson, revenue for 1976 was estimated at \$CI 10.6 million (including the \$CI 750,000 to be brought forward from the Capital Projects Fund Reserve as part of the local revenue contribution to the George Town port project).

37. Estimated expenditure, comprising recurrent expenditure, new services and capital expenditure financed from local revenue, totalled \$CI 11.6 million. As a result, a budget deficit of \$CI 1.1 million (including the 1975 shortfall) was expected to occur. In order to balance the budget, the Government proposed to raise additional revenue by increasing a number of taxes, fees and charges for certain services rendered by the Government, and by imposing new fees such as those on ordinary companies designated non-resident for exchange control purposes, as well as on cruise ship passengers arriving in the Territory. There were no plans to introduce a land or property tax. Recurrent expenditure (\$CI 10.4 million) showed increases distributed throughout government departments except public works. This department was to be given support, if funds became available during 1976. On the other hand, spending on education rose by more than 26 per cent. Expenditure for new services (\$CI 84,492) was much less than the amount originally requested by the various departments, owing to the lack of funds.

38. Other expenditures consisted of a United Kingdom capital grant-in-aid project (\$CI 35,591) and projects financed by loans (\$CI 2.4 million), bringing the total estimated expenditure to \$CI 14.0 million. On 31 March 1974, the Cayman Islands was disqualified for United Kingdom capital grants-in-aid. Projects financed by such grants had been completed with the exception of the reconstruction of the Cayman Brac airfield. On 1 April, the United Kingdom began to provide aid in the form of interest-free loans repayable over 25 years with a six-year moratorium. Capital estimates for 1976 include such major projects as road construction, port development and expansion of educational facilities.

39. 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 1967-1974 amount to \$US 553,178, while assistance budgeted for 1975 totalled \$US 179,251 (of which \$US 138,684 had been expended by 30 September).

40. In June 1975, UNDP made an allocation of \$US 272,500 for the extension of a regional project, originally approved in June 1971, for assistance in physical planning in nine Caribbean countries (including the Cayman Islands, whose territorial plans had been completed during the first phase of the project). The second phase of the project is to be completed within one year. During the same month, UNDP also provided \$US 549,200 to meet part of the cost of another regional project for the education and training of allied health (paramedical) personnel in the Commonwealth Caribbean. This project, which will cost a total of \$US 2.6 million, the difference to be paid by 17 participating countries (including the Cayman Islands), is expected to be completed within two years.

41. In October, UNDP approved a third regional project for organization and development of the postal services in 16 Caribbean countries (including the Cayman Islands). The project, to be financed partly by UNDP (\$US 328,000) and partly by the Governments of the participating countries (\$US 80,390), is scheduled for completion within 26 months. Also in October, UNDP announced the approval of a fourth regional project. The project is the second phase of a regional educational programme for animal health assistants in 19 Caribbean countries (including the Cayman Islands). The first phase of the programme, approved in July 1974, has been successfully completed. The project, which will be financed partly by UNDP (\$US 1.2 million) and partly by the Governments of the participating countries (\$US 3.1 million) is expected to be completed within five years.

4. SOCIAL CONDITIONS

A. Labour

42. All immigrant labour is controlled by the Caymanian Protection Law of 1971, under which the Caymanian Protection Board issues gainful occupation licences in addition to being responsible for the control of immigration and the granting of trade and business licences.

43. In the draft development plan for the period 1975-1990 (see paras. 10-17 above), CPA stated that the Territory's emergence as a tourist resort and tax haven had reduced emigration by Caymanians, and had encouraged others to return home. In addition, the number of immigrants had increased to 2,935 in the years 1971-1973. Moreover, the need for immigrant workers had been aggravated by the lack of adequate local training facilities - not only for more sophisticated skills, but also for many which could be taught in the Territory. Inflated wages paid for low-level skills had obscured the need for Caymanians to obtain school qualifications. In the view of CPA, the lack of manpower had made it necessary to permit the immigration of all categories of skills and to create an expatriate work force comprising some 45 per cent of the total work force. In the light of

recent economic developments, CPA concluded that "shortages of materials and manpower are not necessarily solved by permitting the numbers of persons entering the country to increase indiscriminately". Expressing concern over the problem of aliens, CPA proposed that the ratio between Caymanians and foreigners in the Territory should be prevented from falling below 3:2 (see also para. 13 above).

B. Public health

44. The Government has continued to give special attention to the development of medical facilities. Two important developments during the period under review were: (a) completion of a dispensary and renovation of certain facilities (at a cost of \$CI 561,089) at the government hospital on Grand Cayman; and (b) the opening of a new clinic in the North Side district. In his budget address, Mr. Johnson (see para. 6 above) stated that the first phase of the proposed hospital reconstruction programme had been completed and that the second phase would be undertaken as soon as finances could be arranged.

45. In the draft development plan, CPA proposed that the Government should aim to provide one first-class hospital with specialist equipment and professional skills available to the entire community and should emphasize the decentralization of government medical services through the use of district clinics, with the co-operation of private medical practitioners.

C. Social services

46. According to the administering Power, the development of the Cayman Islands has been accompanied by a greater need for social service because of the change in life patterns and the gradual loosening of family ties. In January 1975, the Government established a National Council of Social Service to integrate and co-ordinate the work of all voluntary government agencies in an effort to ensure the proper selection of priorities and to avoid duplication.

47. According to the Financial Secretary, since its inception, the National Council has carried out surveys in all districts to assess major needs. Revenue from fees, donations and fund-raising activities has been used to meet community needs, and this programme has been expanded considerably.

5. EDUCATIONAL CONDITIONS

48. The educational system of the Territory is under the direction of an Education Council, which is responsible for the formulation of educational policy and for regulating the management of government schools. Education is compulsory for all children between the ages of 5 and 15 years.

49. In 1974, there were nine government and five private primary schools with a total enrolment of 1,897. Two of the private schools also had secondary departments

with a total enrolment of 156 students. In addition, there were two government secondary schools, with 1,319 students. The International College of the Cayman Islands, a private institution which had an enrolment of 115 students in 1974, including an undisclosed number of part-time students and 50 others from abroad, offers a United States liberal arts programme culminating in the award of a college diploma. Apart from those studying in the Territory, eight Caymanians were attending courses at the University of the West Indies, to which the territorial Government contributes, and six were at institutions of higher education in Canada, the United Kingdom and the United States, with government assistance in the form of grants or scholarships.

50. In his budget address, Mr. Johnson said that the educational programme was apparently going well. The government primary schools were fully staffed with qualified teachers and the Cayman Islands High School (comprehensive) was making steady progress under a new principal appointed in late 1974. The newly established Community College, designed to offer adult education, was also off to a good start.

51. Government expenditure on education in that year represented the second largest appropriation in the territorial budget. Although growth in the primary and secondary school staff appeared to be reaching its peak under the current educational programme, improvement in the quality of education would require further expenditures for equipment and other materials. In this connexion, the United Kingdom Government was helping to finance the building programme, which included extensions to a primary school at West Bay and the two secondary schools.

52. The Financial Secretary also drew attention to the introduction in 1975 of a student loan scheme to be financed by an initial credit of \$CI 50,000 from the Caribbean Development Bank. Under supporting legislation, the Government would be authorized, through the Education Council, to grant students low-interest loans for the purpose of following approved courses of higher or technical education at institutions in countries associated with the Bank.

B. MONTSERRAT*

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* Previously issued under the symbol A/AC.10^o/L.1073.

MONTSERRAT a/

1. GENERAL

1. Montserrat lies 43.4 kilometres south-west of Antigua and some 64.4 kilometres north-west of Guadeloupe. It has a maximum length of 17.7 kilometres and a maximum width of 11.3 kilometres and covers a total area of 102.6 square kilometres.

2. At the last census, taken in April 1970, the total population of the Territory was 12,300, mainly of African and mixed descent. In 1972, the population was officially estimated to be about 13,000. There is a resident expatriate community of some 500 persons.

3. In response to an invitation from the Government of the United Kingdom, a United Nations mission visited the Territory in May 1975. b/ On 19 August, the Special Committee adopted a resolution concerning the Territory in which it requested the administering Power to continue to take all necessary measures 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; endorsed the view of the Visiting Mission that measures to promote the economic development of Montserrat, within a framework of regional co-operation, were an important element in the process of self-determination; and expressed the hope that the administering Power would continue to intensify and expand its programme of budgetary and development aid. c/

2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

A. Constitution

4. The present Constitution of the Territory, which was 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

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 9 June 1975 for the year ending 31 December 1974.

b/ The report of the Visiting Mission is contained in Official Records of the General Assembly, Thirtieth Session, Supplement No. 23 (A/10023/Rev.1), vol. IV, chap. XXVIII, annex.

c/ Ibid., chap. XXVIII, para. 10.

(c) the Legislative Council, which comprises a Speaker (who was elected on 2 October 1975 to replace the Governor as its President), 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.

5. At the last general election, held on 20 September 1973, only one political party, the Progressive Democratic Party (PDP), and nine independent candidates contested the election. In the final results, five seats were taken by PDP and the other two were won by independent candidates. Mr. P. Austin Bramble, leader of PDP, was reappointed Chief Minister.

B. Recent constitutional developments

6. During its visit to the Territory, the United Nations Mission was informed that the administering Power had assented to an ordinance which allowed for the election of a Speaker from outside the Legislative Council and for the provision of a second nominated member. d/

7. On 2 October 1975, Mr. H. A. Fergus, a national of Montserrat and resident tutor of the Extra-Mural Department of the University of West Indies, was appointed the first Speaker of the Territory's Legislative Council. On that occasion, the Chief Minister stated that the change-over was a step forward in constitutional development and added that it was essential for the people to aspire to total self-determination, but in a spirit of reasoned, dispassionate and thoughtful realization and understanding of their situation.

8. The Mission noted the harmonious working of the present constitutional arrangements and noted also that, in the exercise of his reserve powers, the Governor consulted the Chief Minister, who also represented the Territory in external affairs of a regional nature. The Mission observed that, for all practical purposes, the territorial Government functioned as a self-governing entity. Nevertheless, Montserrat had not attained full internal self-government, and the Mission considered that, as a first step, the present de facto situation might be made de jure.

9. The Mission also suggested that the Attorney General and the Financial Secretary should attend meetings of the Executive Council in their capacities as advisers and not as full members, because the Governor was responsible for law and order and the Chief Minister held the portfolio of finance.

d/ Ibid., annex, paras. 26-27.

C. Future status

10. The Mission held discussions on the future status of the Territory with officials of the administering Power in London and with elected representatives in the Territory. e/ 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. The Mission reported that the elected representatives were aware of the various options open to the Territory, including independence. During his discussions with members of the Mission, the Chief Minister said that he would favour any workable arrangement which would improve the standard of living of the people. The general view of the elected representatives 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.

3. ECONOMIC CONDITIONS

A. General

11. The economy of the Territory depends mainly on agricultural production, tourism and construction. The manufacturing and industrial sectors are still relatively under-developed. The Visiting Mission observed that the Government was intensely preoccupied with the Territory's economic problems, which include a scarcity of natural resources, unfavourable terms of trade, a high level of unemployment, under-development of the Territory's infrastructure and manpower resources and inadequate development finance.

12. Between September 1975 and February 1976, the Government of Venezuela sent four missions to Montserrat to promote co-operation between the two countries in the areas of trade, tourism, agriculture, education and health.

B. Land

13. The total land area of the Territory is estimated to be 9,454 hectares, of which approximately one third is of no agricultural use and one third is suitable for tree crops and forestry development; the remaining third is suited to some form of intensive agricultural development. Of the 2,835 hectares of prime agricultural land, fewer than 405 hectares are under some form of intensive agricultural production. Large tracts of arable land along the east and west coasts of the island have been alienated for real estate development.

14. Among the measures being taken pursuant to recent government policy are the acquisition of unutilized and under-utilized land for distribution among farmers and for housing; prohibition of further alienation of land; and a review of land

e/ Ibid., paras. 102-104 and 123.

legislation. During 1975, the Government acquired eight estates including the Lees Estate, consisting of 121.5 hectares, which it purchased from the Montserrat Roman Catholic Church for \$EC 90,000. f/ The British Development Division in the Caribbean financed the purchase and provided a further \$EC 200,000 for developing the infrastructure of the area. In August, the Director of Agriculture told newsmen that the Government was seeking to obtain 24 hectares of land from the Farms Estate to help farmers to increase land area under the cultivation of cotton.

C. Real estate development

15. In October 1975, it was announced that work would begin in November on a 74-unit condominium project to be built at an estimated cost of \$EC 6.0 million. Mr. William Carrol, a retired Canadian businessman, announced that he had purchased 11 acres of land for the units and all the shares of Montserrat Condominiums, Ltd., a local company which would be responsible for the project.

D. Tourism

16. The development of tourism in the Territory has been hampered by the lack of regular air service between Montserrat and the main sources of tourists. In June 1975, it was reported that the summer occupancy rate of the hotel industry had reached its lowest known level; as a result the Emerald Isle Hotel had been closed.

17. In an address at the eighth annual meeting of the Eastern Caribbean Tourist Association (ECTA), held on Montserrat in September, the Chief Minister stated that tourism was an important source of foreign and general income and that its development and expansion was one of the few options open to members of ECTA. He called on the meeting to pass a resolution requesting officials of ECTA and Leeward Islands Air Transport (LIAT) to conduct an in-depth study of various aspects of the operations of LIAT and to make proposals for government action (see also para. 29 below).

18. In a statement issued on 12 September, Mr. Ivan Browne, the Executive Director of Tourism, outlined a tourism development programme for 1975-1976 whose main features include: (a) promotion of tourism in Europe and North America; (b) improvements to existing tourist facilities in the Territory; (c) the establishment of a health resort by a Canadian concern; and (d) the promotion of local handicraft sales.

E. Agriculture

19. The Territory's economy is based largely on agricultural production, which is the major contributor to the economy in terms of the gross national product and

f/ The local currency is the East Caribbean dollar (\$EC). One pound sterling is equivalent to \$EC 4.80 (see also para. 40 below).

employment. The chief crops are cotton, citrus fruits and a wide range of vegetable and root crops. The development of this sector forms a major part of government policy and in this regard, the Agricultural Development Plan, 1975-1977, was approved by the Government early in 1975.

20. The Development, Finance and Marketing Corporation (DFMC) is the sole exporter of agricultural products (mainly vegetables, fruit and cotton), which make up the major part of total exports. In May, Mr. Grey Waller, manager of DFMC, announced that, for the first five months in 1975, vegetable exports had amounted to 153 metric tons (including 108 metric tons of white potatoes), compared with 80 metric tons for the whole of 1974. It was subsequently announced that DFMC would soon become the sole importer of beer, malt and stout; DFMC would thus be in a position to use this arrangement as a bargaining lever to persuade members of the Caribbean Community (CARICOM) which produce those commodities to purchase corresponding quantities of the Territory's agricultural products. It was also disclosed that, under a reciprocal arrangement in the final stages of completion, the Government of Montserrat would purchase beer and other beverages from, and sell agricultural products to, the Government of Trinidad and Tobago. In 1974, the Territory imported 303,765 litres of beer, valued at \$EC 369,109, from the Netherlands and other European countries.

21. Between March and July 1975 a crisis developed over the supply of sugar to the Territory, following the decision of its traditional supplier, the Government of St. Kitts-Nevis-Anguilla, to continue to sell sugar at the United Kingdom market price of £260 a ton instead of £151 a ton, a price agreed to at a meeting of CARICOM regional producers in March. Protracted negotiations between the two Governments failed to resolve the matter. In June, the Government of Trinidad and Tobago agreed to supply sugar to the Territory for one month at £151 a ton. It was reported in July that the Government of St. Kitts-Nevis-Anguilla had agreed to reduce its price to £225 a ton.

F. Industry

22. The industrial sector is relatively small-scaled and produces mainly for the local market; only one factory (tire retreads) produces for export. Details of the government programme are set out in the report of the Visiting Mission. g/ Developments since the Mission's visit include the following.

23. The British Development Division in the Caribbean has commissioned a refrigeration firm with headquarters in Barbados to undertake a feasibility study of the ice and cold storage plant, following the decision of the proprietor, who had leased it six years ago, to sell the equipment he had installed and the remainder of the lease for a price exceeding \$EC 200,000. The DFMC had approached the British Development Division for funds to purchase the plant.

g/ Official Records of the General Assembly, Thirtieth Session, Supplement No. 23 (A/10023/Rev.1), vol. IV, chap. XXVIII, annex, paras. 65-73.

24. In early September, the construction industry suffered a serious setback when a ship bringing 10,000 bags of cement from Trinidad and Tobago sank, after colliding with another ship. An emergency shipment of 9,500 bags arrived in the Territory later that month and another shipment was expected shortly thereafter.

25. In October, a spokesman for the Chief Minister's office announced that work would soon start on the construction of two factory buildings in the Government's industrial park in anticipation of the arrival of prospective Canadian investors.

26. In the same month, it was announced that the Government was considering plans to put the leathercraft programme on a commercial footing. A spokesman said that fiscal incentives could be introduced if certain leather goods of a high quality could be produced in adequate quantities at competitive prices.

G. Communications and other basic facilities

27. The Territory has over 240 kilometres of roads, most of which are all-weather roads. The Government has expressed the view that with certain exceptions, the basic road system is adequate for development needs and that, apart from the exceptions, future road improvements would be paid for out of revenue raised from vehicle registration fees. The major item of expenditure in the 1975 road programme (\$EC 153,000) was for new roads connecting the harbour and port to the main road. The number of licensed vehicles increased from 1,239 in 1972 to 1,297 in 1974.

28. Blackburne, the only airport in the Territory, has a runway of 1,035 metres, which is considered inadequate for most types of aircraft, although satisfactory for the service offered by LIAT. In order to attract additional air service, the Government has requested technical assistance from the United Kingdom in the planning of an extension to the runway. It was expected that the report would be ready within the year. In June 1975, it was announced that the Government of Canada would finance improvements to the air terminal, including the construction of a lounge for visiting Heads of State and other distinguished visitors.

29. Passenger traffic through Blackburne Airport increased in 1973, with 17,823 arrivals and 17,973 departures (17,436 and 16,841 respectively in 1972). Since the liquidation of the parent company of LIAT, air service to most East Caribbean Territories, including Montserrat, has deteriorated and attempts are being made at the regional level to restore or otherwise improve the service (see para. 17 above).

30. Planned improvements to Plymouth harbour are proceeding satisfactorily. Work on the land reclamation project, financed by loans from the Caribbean Development Bank, continued in 1975. In October, a spokesman for the Ministry of Communications and Works disclosed that plans for extending a jetty were in their final stages and that a tender would soon be put out. He added that the Government of Canada would provide funds estimated at \$EC 700,000 for port equipment and a warehouse.

31. Cable and Wireless (West Indies), Ltd., continues to operate the Territory's telephone system. In a statement issued in September 1975, the manager of the company stated that if extension work (at an estimated cost of \$EC 86,000) was completed on schedule, 500 new lines would be added to the existing 1,044 telephone lines, by the end of the year. It is estimated that expenditure for expansion during the period 1976-1978 will exceed \$EC 113,000.

32. The Montserrat Electricity Services, Ltd., owned jointly by the Government and the Commonwealth Development Corporation (CDC), provided 7.0 million kWh in 1974 (6.8 million kWh in 1973); gross revenue amounted to \$EC 1.1 million and net profits to \$EC 4,569 (\$EC 710 in 1973). The manager of the company said that additional equipment would not be necessary because generating capacity was 3,786 kW and the current maximum load was 1,500 kW.

33. The Territory's water supply is managed by the Water Authority, which was established in 1972. According to a press report in June 1975, the Water Development Programme, financed by a grant of \$EC 6 million from the Government of Canada would be completed at the end of 1975. The Territory would have 95 kilometres of water lines and 18 new steel reservoirs ranging from capacities of almost 100,000 litres to 1.4 million litres. In September, a water resources expert from the United Nations Development Programme (UNDP) estimated that approximately 604,500 litres of fresh water a day could be drawn from springs on the island. A further source of highly mineralized water was available but it was considered to be too costly to process. He recommended, among other things, that all drinking water should be chlorinated and that new houses should be built with roof catchment systems for collecting rain water.

H. Public finance

34. Details of the approved budget estimates for 1975 are contained in the report of the United Nations Visiting Mission. h/ Briefly, provisions were made for a total recurrent expenditure of \$EC 8.1 million against local revenue of \$EC 5.8 million. Development expenditure amounted to \$EC 6.5 million and aid from the United Kingdom Government was estimated at \$EC 5.5 million (\$EC 1.9 million in budgetary aid and \$EC 3.6 million in development grants).

35. In its report, the Mission noted the objections of the Chief Minister to certain budgetary constraints imposed by the administering Power. i/ The Mission expressed the view that external financial control on the budget approved by the local legislature was not in keeping with the substantial measures of internal autonomy already enjoyed by the territorial Government in other areas. The Mission was pleased to learn that the matter was being urgently considered by the administering Power.

h/ Ibid., paras. 86-89.

i/ Ibid., para. 115.

36. The Mission had also called on the administering Power to continue to increase its aid to the Territory. In a press conference in September, the Chief Minister stated that he welcomed the Mission's report, particularly its suggestion that the United Kingdom Government should continue to increase its aid to the Territory, which had to cope with a number of factors that tended to impede its economic development.

37. In a statement to the Fourth Committee of the General Assembly on 13 November 1975, the representative of the United Kingdom stated that "we have also been able to respond to the wishes of the Chief Minister by providing the Montserrat Government with an agreed figure for next year's budgetary deficit before the local estimates are prepared. We hope that this will help the Montserrat Government in its forward planning". j/

38. For the period 1972-1976, UNDP assigned an undistributed indicative planning figure for the Caribbean area (including Montserrat). 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 1967-1974 amounted to \$US 366,100, while assistance budgeted for 1975 totalled \$US 145,598 (of which \$US 73,560 was expended by 30 September).

39. In June 1975, UNDP provided \$US 549,200 to meet part of the cost of a regional project for the education and training of allied health (paramedical) personnel in the Commonwealth Caribbean: this project, which will cost a total of \$US 2.6 million, the difference to be paid by the 17 participating countries (including Montserrat), is expected to be completed within two years. In October, UNDP made a further allocation of \$US 155,500 for a second regional project for a seminar and training course on the transfer of technology through transnational corporations in 12 countries of the English-speaking Caribbean region (including Montserrat). The project is scheduled for completion within one year.

40. It was reported in late October that, after taking into consideration the rapid decline of the pound sterling in the international market and the recent conversion in the currencies of some of its trading partners in CARICOM, the Government of Montserrat was willing to join other members of the East Caribbean Currency Authority (ECCA) in severing the linkage between the East Caribbean dollar and the pound sterling.

4. SOCIAL CONDITIONS

A. Labour

41. In September, the Canadian Government announced that, on 1 January 1976, the Caribbean Seasonal Workers Programme would be extended to include Grenada, the Associated States and Montserrat. Under the programme, workers are recruited for

j/ Ibid., Fourth Committee, 2166th meeting.

temporary employment in Canada to plant and harvest crops and to work in food processing plants. The Canadian Department of Manpower and Immigration ensures that these workers are paid at prevailing wage levels and that housing and work conditions are satisfactory. The programme has been in operation since 1966.

B. Public health

42. The Territory continues to receive good public health care under the administration of the Chief Medical Officer, the Chief Public Health Inspector and their staff. It was reported that work on the new 67-bed Glendon Hospital was continuing.

5. EDUCATIONAL CONDITIONS

43. In 1974, there were 14 government schools (1 infant, 6 primary, 5 primary and secondary, 1 junior secondary and 1 senior secondary) and 4 non-government schools (2 grant-aided and 2 private) with a total enrolment of 3,139. In addition, there were 10 government supported nursery schools with over 300 children. Education is compulsory and is free at all government schools. Until the end of the 1975 academic year, the senior secondary school had charged a nominal fee of \$EC 45 annually.

C. TURKS AND CAICOS ISLANDS*

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* Previously issued under the symbol A/AC.109/L.1070.

TURKS AND CAICOS ISLANDS a/

1. GENERAL

1. The Turks and Caicos Islands lie to the south-east of the Bahamas Islands and about 144.8 kilometres north of the Dominican Republic. They consist of two groups of islands separated by a deep-water channel, approximately 35.4 kilometres wide, known as the Turks Islands Passage; the Turks Islands lie to the east of the passage and the Caicos Islands to the west. The Turks group comprises two inhabited islands, Grand Turk and Salt Cay, six uninhabited cays and a large number of rocks. The principal islands in the Caicos group are South Caicos, East Caicos, Middle (or Grand) Caicos, North Caicos, Providenciales (known locally as Blue Hills) and West Caicos; East and West Caicos now have no settlements. The total land area is estimated to be 499.9 square kilometres; in addition, there are large areas of lagoons and salinas which could be reclaimed.

2. At the last census, held in 1970, the population of the Territory numbered 5,675, of whom the majority was of African descent, the remainder being of mixed or European origin. Approximately 2,300 people live in Cockburn Town, on Grand Turk, where the seat of Government is located. In mid-1975, the population was estimated at 7,000. In addition, some 6,000 to 8,000 Turks and Caicos Islanders are estimated to be living abroad, mostly in the Bahamas, although a number have returned to the Territory in recent years. Emigration and a relatively high child mortality rate have offset the rapid rate of natural increase during the last decade, leaving the number of inhabitants of the Territory practically unchanged.

2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

A. Constitution

3. An outline of the constitutional arrangements set out in the Turks and Caicos Islands (Constitution) Order, 1969, as amended in 1973, appears in the report of the Special Committee to the General Assembly at its twenty-eighth session. b/ Briefly, the Government structure consists of a Governor appointed by the Queen and a State Council with both executive and legislative powers.

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 11 July 1975, for the year ending 31 December 1974.

b/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 23 (A/9023/Rev.1), vol. V, chap. XXIV, annex, sect. D, paras. 8-11.

4. The Governor (Mr. A. C. Watson, who replaced Mr. A. G. Mitchell in May 1975 on the expiration of the latter's term of office) may enact laws with the advice and consent of the State Council, subject to the retention by the Crown of the power to disallow or refuse consent. Except in extraordinary cases, the Governor must consult with the Council on the formulation of policy and in the exercise of functions conferred upon him, but he is empowered to act otherwise than in accordance with its advice at his discretion. Matters on which the Governor is not required to consult with the Council include those relating to defence, external affairs, internal security, the police and public service. The Governor may establish committees of the Council to deal with certain subjects, except those for which he is responsible. The Governor also has certain powers of financial control for the purpose of securing compliance with a condition attached to financial assistance provided by the United Kingdom Government or of balancing its annual budget or otherwise.

5. The Council consists of a Speaker, three official members (the Chief Secretary, the Financial Secretary and the Legal Adviser), two or three nominated members and nine other members elected by universal adult suffrage for a maximum term of five years. At the general election held on 9 August 1972, the Turks and Caicos Labour Party (TCLP) won four of the nine elected seats in the Council and the remaining five seats went to independent candidates.

B. Recent constitutional developments

6. Information on constitutional developments prior to January 1975 is contained in the last report of the Special Committee. c/

7. It will be recalled that the Earl of Oxford and Asquith was appointed Constitutional Commissioner in 1973 in response to the request of the State Council for a report on the various paths of constitutional evolution open to the Territory within the context of the local situation and the wishes of the local population. d/

8. Lord Oxford's report e/ recommended essentially a return to a two-body system of government: an Executive Council and a Legislative Assembly. The Executive Council would consist of three official members appointed by the Government and four elected members. The Legislative Assembly would be composed

c/ Ibid., Thirtieth Session, Supplement No. 23 (A/10023/Rev.1), vol. IV, chap. XXVII, annex, sect. C, paras. 4-19.

d/ A detailed account of Lord Oxford's visit and his recommendation appears in Official Records of the General Assembly, Thirtieth Session, Supplement No. 23 (A/10023/Rev.1), vol. IV, chap. XXVII, annex, sect. C, paras. 4-16.

e/ Turks and Caicos Islands, Proposals for Constitutional Advance, Report by the Constitutional Commissioner the Rt. Hon. the Earl of Oxford and Asquith, KCMG (London, HM Stationery Office, October 1974).

of a Speaker elected from among its members; three official members; 10 elected members and four members appointed or nominated, from among persons qualified to be elected members, by agreement between the Governor and a majority of elected members of the Legislative Assembly. No significant alteration was proposed in the powers of the Governor except that he keep the Executive Council informed of matters that might involve the economic or financial interests of the Territory or the enactment of laws.

9. Lord Oxford also recommended changes in the constitutional qualifications for election to public office: (a) residence in the islands for 12 of the preceding 24 months; (b) a reduction in the required period of residence before British subjects could become "belongers" f/ (to conform to the requirement for foreigners); (c) the substitution of "father or mother" for "father and mother"; and (d) a reduction in the voting age to 19 years.

10. At the invitation of the State Council, Mr. William Herbert, Barrister to the Supreme Court of the Associated States, made an analysis of Lord Oxford's proposals to determine whether their execution would provide the constitutional framework desired by the Turks and Caicos Islanders. g/

11. Among his principal recommendations were the following: (a) inclusion of a section on fundamental individual rights in the new Constitution; (b) establishment of a ministerial system of government; (c) clear delimitation of the Governor's powers; (d) a limit of four years on the life of the proposed Legislative Assembly; (e) avoidance of the concept of "belonging" in judging qualification for election to public office; and (f) a minimum voting age of 18 years. His recommendations concerning the composition of the Legislative Assembly generally paralleled those of Lord Oxford, although he proposed that there be 11 rather than 10 elected members and three rather than four appointed members.

12. During the same year, there were two other important developments in the constitutional field. The first was an announcement by Mr. Michael Jannings, the Legal Adviser, that in March the Government would begin to compile a list of the people likely to be eligible to vote at a forthcoming general election. Mr. Jannings pointed out that the list would probably be significantly different from that used at the last general election because of the return of a number of emigrants from the Bahamas and also because of the probable new voting qualifications: (a) a minimum voting age of 18 years; (b) residence in the Territory on the date of the election for 12 of the 24 months preceding the election; and (c) a British subject born in the Territory or having a father or mother who was born there or resident in the Territory for five of the seven years preceding the election.

f/ A "belonger" is a British subject either born in the Territory or whose father and mother were born in the Territory.

g/ A more detailed account of Mr. Herbert's study is contained in Official Records of the General Assembly, Thirtieth Session, Supplement No. 23 (A/10023/Rev.1), vol. IV, chap. XXVII, annex, sect. C.

13. Mr. Jannings emphasized the importance of the preliminary list of potential voters because the new Constitution would apparently provide for a Legislative Assembly consisting of 11 elected members (two more than in the present State Council). (Subsequently, the two additional seats were allocated to Grand Turk and South Caicos.)

14. Mr. Jannings stated that since the publication of Lord Oxford's report on constitutional advance, the State Council had held a series of discussions with a view to enabling its elected members to formulate their opinion on the form which a new constitution should take, and that more recently, Mr. Herbert had given assistance to them. Mr. Jannings believed that the Government of the United Kingdom would concur with the members on all but a very small number of important points.

15. The second important development occurred towards the end of 1975, when the United Kingdom Government accepted the proposals put forward by the State Council h/ for the establishment of a ministerial system of government and began working on their implementation. Under the proposed system, there would be a Chief Minister and three other ministers. On the recommendation of the new Legislative Assembly, the Governor would appoint the Chief Minister, who in turn would nominate the three other ministers. A member of the State Council was reported to have said that as a result of this significant development, it might take six to eight months before the new Constitution could come into effect. It was also reported that there was a feeling among the people of the Territory that their elected representatives would not be able to assume ministerial responsibility in such areas as defence and finance, as long as the Territory depended on the United Kingdom Government for national security and grants-in-aid.

16. In his statement to the Fourth Committee of the General Assembly on 13 November 1975, i/ the representative of the United Kingdom, referring to the future of the Territories under his Government's administration, stated that his country stood for the principle of self-determination and, should the majority of the people so wish, the independence of the Territories. He further stated that constitutional arrangements for the Turks and Caicos Islands were still under discussion, and that, owing to the meagreness of economic resources and the very limited private investment, the Territory was heavily dependent on the United Kingdom for budgetary and development aid (see also para. 29 below).

C. Disturbances in the Territory

17. During recent years, economic development in the Territory has lagged behind its needs. As a result, many people, especially the new entrants into the labour force, have been unable to find employment and recently have made complaints against expatriates occupying higher income positions.

h/ Ibid., para. 19.

i/ Ibid., Thirtieth Session, Fourth Committee, 2166th meeting.

18. Between September 1974 and May 1975, the discontent of some sections of the local population resulted in several incidents of arson, assault and intimidation, which were followed by an outbreak of violence early in June. The arson, reportedly committed by a small group of young islanders, involved two airport terminal buildings, the Magistrate's office, the police barracks and two private homes (including that of the Chief Secretary).

19. On his arrival on Grand Turk in early May 1975, Governor Watson was reportedly greeted by about 30 pro-independence demonstrators, who also called for the handing over to local people of jobs held by expatriates.

20. At the request of the territorial Government, the United Kingdom Government sent the frigate, HMS Minerva, to Grand Turk in late May with 21 policemen from the British Virgin Islands and Montserrat, who were to assist the under-manned local force in its task of maintaining law and order. In early June, violence occurred when two of the newly arrived policemen on patrol outside the Junkanoo Club requested reinforcements following an incident. Members of the club fired shots, striking and wounding two police officers, while another was injured with a rock. A police inspector from the British Virgin Islands, together with a newspaper publisher from the United Kingdom and a member of the United States Navy stationed on the island, were temporarily detained inside the club. After lengthy negotiations, it was agreed that the territorial Government would repatriate the foreign constables and would set up a judicial commission of inquiry to investigate the incident. With the departure of these constables on 10 June, a number of foreign teachers, who had requested but not received, government guarantees for their safety, also left the Territory. Following these developments, the situation on Grand Turk was reported to be quiet.

21. The Judicial Commission of Inquiry, presided over by Justice Small of Jamaica, began its work in mid-September. Besides hearing witnesses directly connected with the case, it took evidence on oath from individuals and officers of organizations as to the cause of the Junkanoo Club incident and possible solutions. One of the witnesses attributed the incident to the shortage of trained islanders on the Police Force and in the teaching profession and the lack of opportunities for school-leavers. Another witness, the President of the Women's Federation suggested the initiation of a low-cost housing scheme; establishment of a community centre; and the appointment of a truant officer, a welfare officer and a probation officer. The Commissioner's report is not yet available.

22. The territorial Government has taken additional steps to tackle the problems of crime and unemployment, including: (a) strengthening of the Royal Turks and Caicos Islands Police Force by forming a new school to train local recruits (numbering 10 in October), with financial assistance from the United Kingdom; and (b) expansion of employment opportunities by expediting public works projects.

D. Military bases

23. The Government of the United States of America maintains a Coast Guard station on South Caicos. It also maintains a naval facility, an air force base and a telemetry station on Grand Turk covering an area of 232.7 hectares, which has been

leased from the territorial Government. The Governments of the United States, the United Kingdom and the Turks and Caicos Islands continue to keep under observation the operation of the agreement concerning the three United States bases, which is due to expire on 31 December 1977. It is understood that the Government of the Turks and Caicos Islands will be associated with the review of the agreement which will take place before that date, and with any consideration of the renewal of the agreement. Among the matters reportedly discussed in recent years is access to duty-free establishments on the bases by off-base personnel, which certain businessmen on Grand Turk claimed would adversely affect their business.

24. As indicated above, some sections of the local population have recently expressed opposition to the presence of foreigners in the Territory, usually owing to economic and social factors. Anti-foreign feeling reached a high point in early June 1975, when the Junkanoo Club incident took place (see para. 20 above).

3. ECONOMIC CONDITIONS

A. General

25. According to the administering Power, recent economic development has failed to keep pace with the Territory's needs, owing to the paucity of economic resources and the scarcity of private investment. Foreign investors have directed their efforts towards the expansion of real estate development and tourism, the main economic sectors and commercial fishing. Other sectors such as farming and manufacturing have remained relatively under-developed. There are no forests or minerals.

26. Agriculture is practically non-existent on the Turks Islands and South Caicos, but a limited amount of subsistence farming is carried out on the other Caicos Islands, the principal crop being corn. The major problems affecting agriculture are the saline condition of the soil, irregular rainfall, prolonged periods of drought and the risk of hurricane damage. The Government is seeking to promote agricultural development by providing the necessary irrigation to expand market gardening in Kew on North Caicos, by importing seeds and fertilizer for sale at cost and by exempting customs duties on imported farming equipment. Livestock, mainly pigs and poultry, is raised in most settlements to supplement food supplies. In late 1975, the Deputy Chairman of the Resources and Industries Committee of the State Council proposed the introduction of community allotments for market gardening in suitable areas selected by the Government as a means of increasing food production and reducing the cost of living. He recommended a development scheme along these lines on Middle Caicos, North Caicos and Providenciales, and suggested that the areas so utilized should be limited to a maximum of 20.2 hectares of arable land and 52.6 hectares of pastoral land.

27. 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 production of the handicrafts. Salt is still produced on Salt Cay, but its extraction is heavily subsidized by the Government in order to give employment

to local inhabitants. As previously noted, j/ in 1972, talks were held between representatives of the State Council, the United Kingdom and the territorial Government and representatives of ESSO Inter-America regarding the establishment of an oil refinery on the uninhabited island of West Caicos. Despite the payment by ESSO to the territorial Government in 1973 of \$US 100,000 to offset costs in planning the refinery and another \$US 200,000 for an option on land on West Caicos, valid until 30 June 1976, the company has not yet taken a final decision on the matter.

28. In recent years, the Territory has been an exporter of fish, but depends heavily on imported goods to meet local requirements. The value of imports has always exceeded that of exports. However, the adverse balance of trade has normally been offset by financial aid from the United Kingdom, tourist spending, the purchase of real estate by foreigners, local expenditure by the personnel of the United States military bases and the inflow of capital and remittances from abroad.

29. The Territory's principal source of revenue is government expenditure, which is largely financed by the United Kingdom. According to the revised budget estimates for 1974, local revenue, derived mainly from customs duties, amounted to \$US 1.8 million k/ and government expenditure to \$US 4.3 million (\$US 1.4 million and \$US 4.1 million, respectively, in 1973). During this period, United Kingdom grant-in-aid increased from \$US 1.2 million to \$US 1.5 million, while capital aid decreased from \$US 1.5 million to \$US 960,000.

30. 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 infrastructures envisaged in the plan. Although the plan emphasized tourist development it also called for measures to promote alternate forms of economic growth in order to avoid total dependence on tourism. The Government recognized the need to avoid the undesirable consequences of an unplanned and rapid rate of land development. It also intended to place increasing emphasis on the improvement of communications, social welfare facilities, education and training.

31. In 1972, the Encouragement of Development Ordinance l/ was enacted to encourage both local and foreign investment, and the State Council agreed to establish a statutory Development Corporation to handle soft loan funds from the Caribbean Development Bank. Subsequently, in 1974,

j/ Ibid., Thirtieth Session, Supplement No. 23 (A/10023/Rev.1), vol. IV, chap. XXVII, annex, sect. C, paras. 37-40.

k/ On 1 August 1973, the legal currency of the Territory was changed from the Jamaican dollar to the United States dollar.

l/ Official Records of the General Assembly, Twenty-ninth Session, Supplement No. 23 (A/9623/Rev.1), vol. VI, chap. XXV, annex, sect. D, para. 33.

a bill was passed to establish a development corporation, and a Development Board was constituted, comprising five members appointed by the Government (including Mr. Astwood, Sr., the Chairman, and two State Councillors) and one ex officio member (the Financial Secretary). Up to 10 June 1975, no loans had yet been approved.

32. In this connexion, it will also be recalled m/ that in 1974, the elected members of the State Council presented a petition to the United Kingdom Secretary of State for Foreign and Commonwealth Affairs in which it was stated that, under the present relationship, the generous financial aid provided by the United Kingdom was not enough to meet the needs and development of the Turks and Caicos Islands, and that it was the intention and ambition of the people of the Territory to develop the Islands to make them independent of such aid. The authors claimed that the petition reflected the feelings of the vast majority of the local population. According to some reports, the recent acts of violence referred to in paragraph 18 above are believed to reflect the discontent of some sections of the local population who resented the slow pace of economic development in the Territory.

33. 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, 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 1967-1974 amounted to \$US 181,460, while assistance envisaged for 1975-1978 totalled \$US 262,400,

34. In June 1975, UNDP provided \$US 549,200 to meet part of the cost of a regional project for the education and training of allied health (paramedical) personnel in the Commonwealth Caribbean; this project, which will cost a total of \$US 2.6 million, the difference to be paid by the 17 participating countries (including the Turks and Caicos Islands), is expected to be completed within two years. During the same month, UNDP made a further allocation of \$US 272,500 for extension of another regional project, originally approved in June 1971, for assistance in physical planning in nine Caribbean countries (including the Turks and Caicos Islands). The second phase of the project is to be completed within one year. In October, UNDP approved a third regional project for organization and development of postal services in 16 Caribbean countries (including the Turks and Caicos Islands). The project, to be financed partly by UNDP (\$US 328,000) and partly by the Governments of the participating countries (\$US 80,390) is scheduled for completion within 26 months.

B. Real estate development and tourism

35. The majority of the land in the Territory is Crown land, the remainder for the most part being freehold. The policy in respect of Crown land is to retain

m/ Ibid., paras. 13-14.

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.

36. Among the previously noted land and tourist development projects are those being undertaken on Crown land by two companies on North Caicos and Salt Cay (607 and 40.5 hectares respectively). The first is a project of Seven Keys, Ltd., which has completed a hotel, a marina and other basic facilities, including 25.8 kilometres of roads, in the Whitby area. Work carried out in 1975 included the enlargement of the hotel from 10 to 25 bedrooms, the erection of a shopping complex and the initiation of a scheme for the development of Whitby Haven, which would provide 180 home sites, many of them with direct access to the beach or waterfront. During the same year, Sunshine Development Company, Turks, Ltd., began construction of a 50-bedroom hotel complex on Salt Cay. An additional important development occurred in December 1974, when the State Council agreed in principle to proposals by a Canadian firm for the development of Hotel Beach on Grand Turk, which would include a 100-bedroom hotel complex. Upon completion of these projects, tourist facilities, including hotel beds (numbering 287 in 1974), will be expanded considerably.

37. In 1974, some 8,000 tourists (5,800 in the previous year) visited the Territory and their spending was estimated to be more than \$US 1 million. According to a member of the Tourist Board, the average rate of hotel bed occupancy was about 30 per cent. At this rate, hotel operations were not profitable. According to the administering Power, the industry's performance remained poor in 1975. The recent destruction by fire of two airport terminal buildings (see para. 18 above) also had an adverse effect on tourism. However, with a more normal situation currently prevailing in the Territory and gradual economic recovery continuing in the United States and certain other industrial countries, the industry was expected to be able to make some progress in 1976.

C. Fishing

38. The fishing industry dominates the export sector of the economy, the most important product being crayfish, followed by dried conch, exports of which have declined in recent years. Commercial processing and export licenses have been granted by the Government to three foreign-owned companies operating on South Caicos and Providenciales, as well as to the Fishermen's Co-operative, established in 1972 on Middle Caicos.

39. A small Fisheries Department is responsible for implementing the State Council's policy in respect of the industry. The Department supervises fishermen and the fish-processing plants, enforces the fisheries regulations and undertakes research in connexion with crayfish. In 1974, two important developments affected the industry: (a) the allocation by the United Kingdom of \$US 15,972 for the purchase of a research vessel to be used in studying the protection of crayfish stock against over-fishing and in controlling poachers in local waters; and (b) the appointment in December of a Natural Resources Adviser, who will advise the Government on policy and the development of a stable and efficient fishing industry. Although commercial fishing was not profitable in 1975, it is believed that, with

the right type of organization, the crayfish sector of the industry could be expanded without the risk of over-fishing, and conch could be developed as a local delicacy.

D. Communications and other basic facilities

40. The Territory is well suited to the development of tourism. In this connexion, efforts have been directed primarily towards improving air communications. Although the South Caicos airport terminal and the Grand Turk international airport terminal were destroyed by fire (see para. 18 above), work is under way to reconstruct the terminals as well as expand facilities at most of the nine airstrips in the Territory. During the period under review, three commercial airlines operated international flights to the Territory: Mackey International Airlines and Rich International and Turkos Holdings, both of the United States, and Turks and Caicos Airways, a locally-based subsidiary of Out Island Airways (OIA) of the Bahamas.

41. The three commercial ports, at Grand Turk (the largest), Cockburn Harbour and Providenciales, can only accommodate small vessels. According to the administering Power, two shipping services out of Miami (Florida), serviced Grand Turk in 1974. Ships from the Netherlands no longer call at that port. The Government has not maintained a regular freight service between Grand Turk and South Caicos since 1974.

42. During the period under review, no significant changes were reported in the Territory's systems of roads, electric power, telecommunications and water supply.

4. SOCIAL CONDITIONS

43. According to the information transmitted by the United Kingdom, the labour situation in 1974 was marked by instability. The civil service remained one of the principal sources of permanent employment for skilled and semi-skilled workers. The private sector also gave seasonal employment to unskilled and semi-skilled labour. At the end of the year, the recruitment of local seamen for overseas sailing assignments reached 105, a record high.

44. As indicated in the preceding sections, the economy has not expanded rapidly enough in recent years to provide adequate opportunities for local workers, particularly new entrants into the labour force. This has resulted in the steady migration of local labour for work abroad. Nevertheless, emigration has only partially mitigated widespread unemployment and discontent. Young people have been most heavily affected. Although the Government has taken steps to remedy this situation, the problems confronting labour remain unresolved.

45. The Government is committed to the provision of improved medical services. The general standard of health is good.

5. EDUCATIONAL CONDITIONS

46. The educational system is under the control of the Board of Education, a statutory body, of which the Chief Secretary is chairman. The Chief Education Officer is responsible for the implementation of the Board's policy. Primary education is compulsory and free for children between the ages of 4 1/2 and 15 years.

47. In 1973, the last year for which figures are available, there were 15 government primary schools and 1 independent primary school, with a total of 119 teachers and 1,727 pupils. Secondary education was provided mainly by two government schools with 23 teachers and 420 students. There was also a small secondary school affiliated to a mission. Work was expected to begin in 1974 on the construction of a technical centre which would offer a variety of basic trade training courses. The in-service teacher training scheme, established with assistance from the United Kingdom Government in 1971, came to an end in July 1974. During this period, a total of 62 teachers completed their training. In the first half of 1975, 34 teachers were enrolled in courses in institutions abroad. The most important educational developments in 1975 were the closing of schools during May and the departure of a number of foreign teachers from the islands during June, following incidents connected with the maintenance of law and order (see para. 20 above). As a result, the Territory faces very real and wide-ranging educational problems.

CHAPTER XXX

FALKLAND ISLANDS (MALVINAS)

A. CONSIDERATION BY THE SPECIAL COMMITTEE

1. The Special Committee considered the question of the Falkland Islands (Malvinas) at its 1055th and 1056th meetings, on 13 and 17 September 1976.
2. In its consideration of the item, the Special Committee took into account the provisions of the relevant General Assembly resolutions, including in particular resolution 3481 (XXX) of 11 December 1975 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 11 of this resolution, the Assembly requested the Special Committee "to continue to seek suitable means for the immediate and full implementation of 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-first session". The Committee also took into account the decision taken by the General Assembly on 8 December 1975 concerning the Territory. 1/
3. During its consideration of the item, the Special Committee had before it a working paper prepared by the Secretariat (see annex I to the present chapter) containing information on developments concerning the Territory. The Committee also had before it the following communications addressed to the Chairman: letter dated 27 January 1976 from Argentina addressed to the Chairman (see annex II to the present chapter); letter dated 11 February from Argentina (A/AC.109/513); letter dated 23 February (A/AC.109/517), in which the Permanent Representative of Argentina to the United Nations transmitted to the Committee the text of a letter of the same date addressed to the Secretary-General (see annex III to the present chapter); letter dated 3 March 1976 from the United Kingdom of Great Britain and Northern Ireland (see annex IV to the present chapter); and letter dated 6 May from Argentina (see annex V to the present chapter).
4. The representative of the United Kingdom, as the administering Power concerned, participated in the work of the Special Committee during its consideration of the item.
5. At the 1055th meeting, on 13 September 1976, the representative of the United Kingdom made a statement (A/AC.109/PV.1055 and corrigendum). At the same meeting, the representative of Iraq introduced a draft resolution (A/AC.109/L.1133), which was sponsored by Cuba, Iraq, Mali, the Syrian Arab Republic and Yugoslavia. The representative of Argentina, with the Committee's consent, made a statement (A/AC.109/PV.1055 and corrigendum). Further statements were made by the representatives of the United Kingdom and Argentina (A/AC.109/PV.1055 and corrigendum). The Chairman made a statement (A/AC.109/PV.1055 and corrigendum).

1/ Official Records of the General Assembly, Thirtieth Session, Supplement No. 34 (A/10034), p. 120, item 23.

6. At the 1056th meeting, on 17 September, the Special Committee adopted the draft resolution by a vote of 17 to none, with 5 abstentions (see para. 8 below). Statements were made by the representative of Argentina, with the Committee's consent, and by the representative of the United Kingdom (A/AC.109/PV.1056 and corrigendum).

7. On 23 September, the text of the resolution (A/AC.109/543) 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

8. The text of the resolution (A/AC.109/543) adopted by the Special Committee at its 1056th meeting, on 17 September, to which reference is made in paragraph 6 above, is reproduced below.

The Special Committee,

Having examined the question of the Falkland Islands (Malvinas),

Recalling General Assembly resolutions 1514 (XV) of 14 December 1960, 2065 (XX) of 16 December 1965 and 3160 (XXVIII) of 14 December 1973,

Bearing in mind the paragraphs related to this question adopted by the Conference of Ministers for Foreign Affairs of Non-Aligned Countries, held at Lima in 1975 2/ and by the Fifth Conference of Heads of State or Government of Non-Aligned Countries, held at Colombo in 1976, 3/

1. Expresses its gratitude for the continuous efforts made by the Government of Argentina, in accordance with the relevant decisions of the General Assembly, to facilitate the process of decolonization and to promote the well-being of the population of the islands;

2. Requests the Governments of the United Kingdom of Great Britain and Northern Ireland and Argentina to expedite the negotiations concerning the dispute over sovereignty as requested in General Assembly resolutions 2065 (XX) and 3160 (XXVIII);

3. Calls upon the two parties to refrain from taking decisions that would imply introducing unilateral modifications in the situation while the islands are going through the process recommended in the above mentioned resolutions;

4. Requests both Governments to report to the Secretary-General and to the General Assembly as soon as possible on the results of the negotiations.

2/ A/10217 and Corr. 1, annex, para. 87.

3/ A/31/197, annex I, para. 119.

Annex I*

WORKING PAPER PREPARED BY THE SECRETARIAT

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	<u>Paragraphs</u>
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3. Economic conditions	28 - 37
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* Previously issued under the symbol A/AC.109/L.1105.

FALKLAND ISLANDS (MALVINAS) a/

1. GENERAL

1. The Falkland Islands (Malvinas) lie in the South Atlantic, some 772 kilometres north-east of Cape Horn. They comprise 200 islands and cover a total land area of about 11,961 square kilometres. There are two large islands, East Falkland and West Falkland. Apart from a number of small islands, the Dependencies consist of South Georgia, 1,287 kilometres east-south-east of the Falkland Islands (Malvinas), and the uninhabited South Sandwich Islands, some 756 kilometres south-east of South Georgia.

2. At the latest census, held in 1972, the population of the Territory excluding the Dependencies, numbered 1,957, almost all of whom were of European descent, mainly of British origin. Of this total, 1,079 lived in Port Stanley, the capital. The estimated population at 31 December 1974 was 1,759 (1,874 at 31 December 1973). These population figures indicate that emigration has continued to exceed the fairly rapid rate of natural increase, a trend since 1953.

2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

A. Constitution

3. An outline of the constitutional arrangements for the Territory, introduced in 1949, as amended in 1955 and 1964, appears in the report of the Special Committee to the General Assembly at its twenty-fifth session. b/ Briefly, the governmental structure consists of: (a) a Governor appointed by the Queen (currently Mr. Neville A. French); (b) an Executive Council consisting of two unofficial members appointed by the Governor, two elected members of the Legislative Council chosen by that Council's elected and independent members and two ex officio members (the Chief Secretary and the Financial Secretary); (c) a Legislative Council consisting of the Governor, who presides, two ex officio members (the Chief Secretary and the Financial Secretary), two nominated independent members and four other members elected on the basis of universal adult suffrage; and (d) a Court of Appeals set up in July 1965 to hear and determine appeals from the courts of the Territory.

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 15 July 1975, for the year ending 31 December 1974.

b/ Official Records of the General Assembly, Twenty-fifth Session, Supplement No. 23 (A/8023/Rev.1), vol.IV, chap. XIX, annex, paras. 4-7.

B. Constitutional reform

4. As previously noted, c/ a Select Committee of elected members of the Legislative Council was appointed in January 1974 by the Governor, on the recommendation of the Council, to ascertain the views of the electorate on constitutional changes and thereafter to make appropriate recommendations. During 1974, the Select Committee held a series of meetings at Port Stanley and other places where several proposals were put forward, mainly concerning the revision of the composition and functions of the legislature and the electoral system. In early 1975, the Select Committee submitted its report to the Legislative Council.

C. Relations between the Governments of Argentina and the United Kingdom

5. In a statement before the General Assembly on 23 September 1975, the Minister for Foreign Affairs of Argentina said:

"We are a people convinced of the merits of negotiation. We apply this to what concerns us most directly. As is well known, my country suffers from the usurpation by a foreign Power of a part of its territory, namely the Malvinas Islands. For that question to be settled, there is no solution other than the return of those islands to the territorial patrimony of the Republic, since their occupation by force was carried out against every law and was never consented to by our country." d/

He added that he reaffirmed the will of his Government to negotiate with the Government of the United Kingdom in accordance with the provisions of the resolutions and agreements adopted by the General Assembly and that, in that connexion, he trusted that the United Kingdom would finally decide to comply with the United Nations resolutions and negotiate, as early as possible, a definitive settlement of the dispute.

6. He then referred to the decision taken at Lima, at the Conference of Ministers for Foreign Affairs of the Non-Aligned Countries, with regard to the Malvinas Islands (A/10217 and corr. 1, annex, para. 87), where the right of Argentina, he said, "was clearly recognized and the application, in this specific case, of the principle of self-determination was excluded, in view of the fact that the British occupation constitutes a violation of the principle of territorial integrity specifically laid down in resolution 1514 (XV)". He added that the Lima Programme for Mutual Assistance and Solidarity strengthened the purpose of Argentina to secure, in the briefest possible time, a return of the Malvinas Islands to the national patrimony by the course indicated in General Assembly resolutions 2065 (XX) of 16 December 1965 and 3160 (XXVIII) of 14 December 1973.

c/ Ibid., Twenty-ninth Session, Supplement No. 23 (A/9623/Rev.1), vol. VI, chap. XXVI, annex I, paras. 4-6.

d/ Ibid., Thirtieth Session, Plenary Meetings, 2357th meeting.

7. On 16 October 1975, the Government of the United Kingdom announced that, in response to a request from the Executive Council of the Falkland Islands, a special mission under the leadership of Lord Shackleton, a former Labour cabinet minister, would be sent to the Territory to examine ways of strengthening its economy (see para. 33 below). The statement also said that the Government of Argentina had been notified of the decision to send the mission.

8. In a letter dated 14 November 1975, the Permanent Representative of Argentina to the United Nations transmitted to the Secretary-General the text of a press release issued by the Ministry of Foreign Affairs of Argentina on 22 October which read as follows:

"In response to the proposal made by the British Government to send a mission to the Islas Malvinas with the object of carrying out an economic and financial survey of the archipelago and the surrounding areas, the Ministry of External Relations and Worship states:

'1. It reiterates in full the communiqué issued by the Foreign Ministry on 19 March 1975. e/

'2. Contrary to a report appearing in a London newspaper, the Argentine Government has on no occasion given its consent to the mission in question.

'3. Since the question of the Malvinas Islands is subject to the procedure recommended by the United Nations General Assembly in its resolution 2065 (XX) and 3160 (XXVIII), the parties to the dispute must abstain from any new unilateral action affecting the basic aspects of the question. Any such action will undermine the clear objective of the resolutions in question and will be contrary to the spirit which has prevailed in all the dealings so far between the two countries concerning the archipelago, and also is unacceptable to the Argentine Government.

'4. The mission which Great Britain proposes to send would not be welcome because investigations to assess the possibility of the economic exploration of the natural resources of the Malvinas Islands - resources which therefore belong to the Argentine Republic - would violate the principle of not undertaking new action. Consequently, the sending of this mission constitutes an inconsiderate act which the Argentine Foreign Ministry would not wish to interpret as an attitude of provocation because this would imply that Great Britain does not accept the normal continuation of bilateral negotiations, a fact which could have unforeseeable and certainly serious consequences for which Great Britain alone would be responsible.

'5. The essential factor in the process of reaching a final settlement of the dispute is negotiation between the two Governments and hence the

e/ Ibid., Supplement No. 23 (A/10023/Rev.1), vol. IV, chap. XXIX, annex, para. 16.

initiation of acts which may prejudice this process will upset relations between the Argentine Republic and Great Britain and will impede the achievement of a peaceful settlement of the Malvinas question.

'6. Once more, Argentina urges Great Britain to take the view that negotiations to settle the dispute concerning sovereignty over the archipelago is the best procedure and is in conformity with the decisions of the United Nations and the recognized standards of the civilized world.'" f/

9. In a statement before the General Assembly on 8 December, the Deputy Permanent Representative of the United Kingdom to the United Nations said, inter alia:

"Following upon resolution 3160 (XXVIII), exchanges between the United Kingdom Government and the Argentine Government have continued over the past year with a view to finding a settlement of the differences between us. In seeking a solution, my Government has said repeatedly that we wish to observe the terms of resolution 1514 (XV). It is therefore the wishes of the people of the island which must be paramount, not an arbitrary idea of what their interests might be.

"A number of measures of economic co-operation are already in hand which involve practical co-operation between the islanders and the inhabitants of the Argentine. Such measures involve at the present time communication and fuel supplies, and are a pointer to further co-operation between my Government and the Argentine Government in the interests of the islanders." g/

10. With respect to the possibility of the discovery of oil in the region, he stated that his Government had no intention of unilateral action in the development of oil or other resources which might be found in that area of the south-west Atlantic. He added: "My Government has indeed shared its information on this question with the Argentine Government".

11. He also said:

"My Government has similarly informed the Argentine Government, as a courtesy, about its proposal for a survey of the economy of the island, and we regret that this survey is apparently regarded by the Argentine Government as an unacceptable innovation. The mission which consists of economists and technical experts, and is to be led by Lord Shackleton, has been appointed in complete consistency with the spirit of co-operation which we wish to foster between the islanders and their Argentine neighbours.

f/ A/C.4/804.

g/ Official Records of the General Assembly, Thirtieth Session, Plenary Meetings, 2431st meeting.

"To conclude, the United Kingdom Government has no doubt as to its sovereignty over the Falkland Islands, but will continue its efforts to achieve a solution to the problem in the spirit of resolution 3160 (XXVIII)."

12. On 2 January 1976, the Ministry of Foreign Affairs of Argentina issued a press release in which it was stated that, in a series of contacts established at various levels during the past few weeks between representatives of the two Governments, ways had been explored to overcome obstacles which had impeded the negotiations, particularly the sending of the Shackleton mission by the United Kingdom. The press release also said that the Argentine representatives had at all times reiterated the position of their country concerning its sovereignty over the islands, its opposition to any unilateral change and its insistence that at the next meeting of representatives of the two Governments negotiations on the dispute over sovereignty should be resumed. It added that the United Kingdom representatives had finally stated that they were not in a position to accept the reopening of negotiations aimed at solving the dispute on sovereignty; they stated, however, that the United Kingdom Government still wished to hold conversations with an open agenda on economic co-operation and that its representatives might be authorized to hear any Argentine proposals on other subjects. In these circumstances, the press release continued, the Ministry of Foreign Affairs of Argentina considered it inappropriate to agree to discuss subjects which were of no substance in relation with the real problem, and therefore non-conducive to its solution.

13. On 13 January, the Ministry of Foreign Affairs of Argentina issued a further press release stating that the Argentine Government had received a message from the United Kingdom Secretary of State for Foreign and Commonwealth Affairs in which the latter had insisted on discussing economic co-operation but, instead of abandoning the United Kingdom attitude of unilaterally breaking the negotiations, had described the dispute concerning sovereignty over the Territory as "sterile", which was obviously unacceptable to the Government of Argentina. The release further stated that the Ambassador of Argentina to the United Kingdom, who had been in Argentina for some time, would not be returning to his post, and that, in view of the present state of affairs over the question of the Malvinas Islands, the Argentine Government had conveyed to the Government of the United Kingdom that it would be advisable that its Ambassador to Argentina should be withdrawn. In a press interview, the Minister for Foreign Affairs of Argentina said that the decision to request the recall of the United Kingdom Ambassador did not mean a break in diplomatic relations with that country. He added that the dispute between the two countries would not affect the inhabitants of the Territory, and that neither communications between the Territory and the Argentine mainland nor the supply of goods to the island by Argentina would be interrupted.

14. On 14 January, the United Kingdom Secretary of State for Foreign and Commonwealth Affairs stated in the House of Commons:

"Our traditional friendship with Argentina is marred only by issues arising from the Argentine claim to sovereignty over the Falkland Islands, whose inhabitants wish to remain British.

"During 1975 there was recognition by all concerned, including the islanders, that the future development and diversification of the islands' economy could only take place in a spirit of co-operation with Argentina."

15. Noting that the economic survey to quantify the options for future economic development was being carried out at the request of the islanders, he thought that, given goodwill on both sides, "Britain and Argentina should be able to transform the area of dispute concerning the sovereignty of the islands into a factor making for co-operation between the two countries, which would be consonant with the wishes and interests of the Falkland Islanders".

16. The Secretary of State regretted that it had not been possible so far to find the means of bridging the gap between his Government's proposals for talks on economic co-operation and Argentina's insistence on simultaneous negotiations relating to the transfer of sovereignty. Referring to General Assembly resolution 3160 (XXVIII) which urged the United Kingdom Government and the Government of Argentina to proceed with negotiations to find a solution to the problem, he said: "That is what we have been trying to do: to get economic co-operation between the two Governments which could lead to other changes. So far, I have not been able to convince the Argentine Government of that". He added that the United Kingdom Government nevertheless, stood by the principle of self-determination enshrined in General Assembly resolution 1514 (XV).

17. On 27 January 1976, in reply to a question in the House of Lords, the Minister of State of the Foreign and Commonwealth Office said that the policy of the United Kingdom Government in regard to the Territory was that:

"there shall be no change in British sovereignty over the Falkland Islands against the wishes of the islanders. But Her Majesty's Government believes ... that the long-term interests of the islanders will be served best by close and friendly links with Argentina."

He also said that he hoped that the results of the economic survey led by Lord Shackleton might "prove a new base from which to launch yet another appeal to the Argentinians, who are old and valued friends of this country, to join with us in common exploration and possibly exploitation of these waters".

18. In a letter dated 27 January 1976 (see annex II to the present chapter), the Permanent Representative of Argentina to the United Nations transmitted to the Chairman of the Special Committee the text of the Declaration of the Inter-American Juridical Committee on the Problem of the Malvinas, adopted in Rio de Janeiro on 16 January 1976. In the Declaration, the Committee, an organ of the Organization of American States (OAS), fully supported the position of Argentina on the matter. It declared that Argentina had the incontrovertible right of sovereignty over the Malvinas; alleged that the dispatch of the Shackleton mission was in contravention of General Assembly resolutions; defined the presence of foreign warships in the waters adjacent to Argentina as a threat to peace and security and a violation of international rules on non-intervention; and concluded that these were hostile actions aimed at Argentina.

19. In a letter dated 6 February 1976 h/, the Acting Permanent Representative of the United Kingdom to the United Nations drew the attention of the President of the Security Council to "an unlawful and dangerous action /on 4 February/ by a warship of the Republic of Argentina against the Royal Research Ship Shackleton peacefully in passage on the high seas", which he stated was engaged in scientific research connected with the theories of the continental drift and was a British contribution to the International Geodynamics Project. On behalf of his Government, he rejected the Argentinian claims to exercise maritime jurisdiction of any kind in the area, and alleged that the action would have been unlawful "even if, unlike the present case, it had been within ... the maritime jurisdiction of Argentina". He called on the Government of Argentina to refrain from further harassment on the high seas of peaceful vessels in contravention of recognized international law, and reserved the right to request at a later stage appropriate action by the Security Council on this matter.

20. In identical letters dated 10 and 23 February 1976, the Permanent Representative of Argentina to the United Nations informed the President of the Security Council i/ and the Secretary-General (see annex III to the present chapter) of the "serious violation of the legislation concerning Argentine maritime jurisdiction committed by the United Kingdom vessel Shackleton in consequence of the scientific-geophysical and geological research activities undertaken by that vessel on the Argentine continental shelf" /which were/ "clearly directed towards geological surveying, with a view to the exploitation of hydrocarbons, if found". He recalled that the United Kingdom Government had been notified on 14 November 1975 that it must comply with Argentine legislation concerning scientific research in maritime areas under its jurisdiction. In this connexion, he referred to his letter of 25 March 1975 (see annex III, appendix I to the present chapter), addressed to the Secretary-General, in which it was stated, inter alia, that the Malvinas Islands constituted an integral part of Argentina and that his Government would not recognize the right of any foreign Government to explore for or extract minerals or hydrocarbons in that area. It considered activities of this kind as contrary to United Nations resolutions and consensuses on the Malvinas Islands, the purpose of which was to find a peaceful solution to the dispute between the United Kingdom and Argentina through bilateral negotiations.

21. It was reported on 17 February 1976 that the Argentine Foreign Minister and the United Kingdom Parliamentary Under-Secretary of State at the Foreign and Commonwealth Office had recently met in New York for an exchange of views on relations between their Governments, during which possible ways of resuming their dialogue on the Territory and normalizing their relations were discussed. According to a spokesman for the United Kingdom Ministry of Foreign Affairs, this exchange of views had helped to remove some misunderstandings, in particular regarding the programme of the vessel Shackleton. He added that continuing exchanges in the same spirit would be useful in promoting good relations between

h/ Official Records of the Security Council, Thirty-first Year, Supplement for January, February and March 1976 (S/11972).

i/ Ibid. (S/11973).

the two countries. On 21 February, it was reported that the Shackleton had left the Territory bound for Antarctic waters to continue with its scientific programme.

22. In a letter dated 3 March 1976 (see annex IV to the present chapter), addressed to the Chairman of the Special Committee, the Permanent Representative of the United Kingdom to the United Nations referred to a letter dated 27 January 1976 from the Permanent Representative of Argentina to the United Nations containing the text of the Declaration of the Inter-American Juridical Committee on the Problem of the Malvinas (see para. 18 above).

23. In his letter, the representative of the United Kingdom stated that his Government rejected the conclusions reached by that Committee. He said that there could be no doubt of British sovereignty over the islands or of the right of the United Kingdom to set up the economic survey led by Lord Shackleton. He also said that the only British naval vessel in the area was an ice patrol boat based in the Territory and that his Government strongly denied the charge of hostile conduct towards Argentina or other countries of the continent.

24. After noting that the resident population of the islands was entirely British and wished to remain so, the representative of the United Kingdom affirmed that the interests of the islands were an important consideration in regard to present and future agreements of a co-operative nature between the two Governments. He reviewed briefly some aspects of the history of the British presence in the islands and concluded by expressing the view that his Government's differences with the Government of Argentina concerning the islands could be resolved peacefully by continuing discussions.

25. In a letter dated 6 May 1976 (see annex V to the present chapter) addressed to the Chairman of the Special Committee, the Permanent Representative of Argentina to the United Nations referred to the statements made by the Permanent Representative of the United Kingdom on behalf of his Government in his latest letter on the subject (see paras. 22-24 above).

26. After reaffirming the legitimate sovereign rights of Argentina over the Territory and reviewing the history of the dispute at the United Nations, the representative of Argentina refuted the statements contained in the United Kingdom communication.

27. The representative of Argentina concluded by stating that his Government was prepared to seek areas of agreement to make normalization feasible in this aspect of relations between the two countries and to arrive through bilateral negotiations at a peaceful and definitive solution to the dispute.

3. ECONOMIC CONDITIONS

28. The economy of the Territory is almost entirely dependent on sheep farming. Statistics furnished by the administering Power show that in 1973/74 there were 628,147 sheep in the Territory (612,508 in 1972/73) distributed as follows: East Falkland, 356,248; West Falkland, 204,569; and other islands, 67,330.

29. The price of wool, the principal export, is the most important factor governing the economic life of the Territory. Exports of wool were valued at £1.5 million j/ in 1973 and £4.9 million in 1974, reflecting an upward trend in prices which reached an exceptional figure of 53 new pence per pound in 1974. Subsequently, however, wool prices dropped to approximately 25 new pence per pound. This has prompted the Government to intensify its search for means of diversifying the economy, including the request for an economic and fiscal survey of the Territory later entrusted to a mission led by Lord Shackleton (see para. 33 below).

30. The development of the Territory has been closely linked with the growth of the Falkland Islands Company (FIC), which was registered in the United Kingdom in 1851. FIC, which is the largest producer of wool in the islands (owning 284,428 out of the total of 628,147 sheep in 1973/74) also controls much of the local banking, commerce and shipping. As previously reported, k/ FIC had planned to set up a local company to which it intended to transfer its trade and shipping interests. The plan was reportedly abandoned in 1974, owing to difficulties in raising the necessary funds.

31. Other potential areas of economic development being explored include the tourist industry and the fishing and seaweed resources of the Territory. Tourism is prospering in the wake of expanding sea and air communications; according to the August/December 1975 issue of the Falkland Islands Times, a local publication, the number of sea-borne tourists visiting the Territory in 1975 reached 6,201, compared with 3,999 in 1974 and 3,189 in 1973. Research into fishing resources is being conducted by the Taiyo Fishery Company of Japan, with a view to establishing a deep-sea fishing industry, and by a United Kingdom company which is exploring the feasibility of exploiting the stocks of king crab. Several countries are also reported to be interested in fishing for krill, a form of small prawn and a valuable source of protein, found in substantial quantities near South Georgia Island. Alginate Industries, Ltd., plans to exploit the seaweed resources of the islands. The company is engaged in building a plant to process kelp for shipment to the United Kingdom; it is expected to initiate production of dried milled kelp in 1976 and to have its plant in full operation by 1978.

32. Important new prospects for economic development might result from the possible existence of oil deposits in the Territory and the off-shore areas

j/ The local currency is the pound sterling.

k/ Official Records of the General Assembly, Thirtieth Session, Supplement No. 23 (A/10023/Rev.1), vol. IV, chap. XXIX, annex, para. 21.

surrounding it. As noted in the last report of the Special Committee, l/ recent developments in this area included: (a) the passing of two motions by the Legislative Council in December 1974, calling for an active licensing policy in connexion with oil exploration rights; (b) the receipt by the United Kingdom Government in early 1975 of a report on the subject, prepared by Professor Donald Griffiths and a team from Birmingham University, which has not yet been published; (c) the visit to the Territory in early 1975 of a representative of six oil companies from Canada, the United Kingdom and the United States of America which have expressed interest in a licence for oil exploration rights.

33. As stated in paragraph 7 above, it was announced on 16 October 1975 that Lord Shackleton had been appointed to lead a team of experts to carry out an economic and fiscal survey of the Territory, bearing in mind "the weakening of the Colony's economy and the decline in population" and "the present uncertain economic climate". In addition to Lord Shackleton, the mission was composed of five experts entrusted with assessing and making recommendations concerning the prospects for development in oil, minerals, fisheries, wool and alginates. The mission was further requested to advise on the need for capital expenditure over the next five years, and to assess the financial and social implications of any recommendations. The mission arrived in the Territory on 3 January 1976 for a stay of one month, during which it visited several parts of the Territory, including South Georgia. On 9 February, it was reported that the mission had returned to the United Kingdom, and that Lord Shackleton had briefed the United Kingdom Secretary of State for Foreign and Commonwealth Affairs on the results of the survey.

34. The Territory depends on imports to meet nearly all of its requirements for consumer goods and capital equipment. Imports were valued at £805,237 in 1974 and £570,996 in 1973; exports for the same years (mainly wool) totalled £4.9 million and £1.5 million, respectively. As in the past, the United Kingdom absorbed all of the Territory's exports and provided most of its imports. As noted in the latest report of the Special Committee, m/ steps have been taken recently to increase trade between the Territory and the Argentine mainland, including the granting to Yacimientos Petrolíferos Fiscales (YPF), the Argentine State oil company, of the rights to supply petroleum products in the Territory.

35. Given the characteristics of the economy, most of the territorial revenue is derived indirectly from sheep farming. The main items of expenditure are public works, education, posts and telecommunications and public health. According to the budget estimates for 1975/76, government expenditure is expected to amount to £1.0 million and revenue to £1.2 million, compared with £790,710 and £862,176, respectively, for the previous year.

36. Details of a development plan for the period 1973-1978 were noted by the

l/ Ibid., paras. 12-18 and 23-24.

m/ Ibid., paras. 7-10.

Special Committee in an earlier report. ^{1/} The United Kingdom contribution to the development plan amounts to £50,000 annually, in addition to the grant approved for the building of an airport.

37. It will be recalled that in June 1974, the United Kingdom Government, in accordance with the Communications Agreement signed in 1971 with the Government of Argentina, had approved a grant of £4.2 million towards the construction of a permanent airport at Cape Pembroke, near Port Stanley, which is scheduled for completion during 1976. Currently, air communications with the Territory are assured by Líneas Aéreas del Estado (LADE), a State-owned Argentine airline which maintains a regular weekly flight between the Argentine mainland and Port Stanley using a temporary airstrip. On 6 February 1976, it was reported that the Argentine vessel Cabo San Gonzalo was heading for Port Stanley carrying 12 technicians who would work on an extension of the airstrip.

4. SOCIAL CONDITIONS

38. There was no significant change in the labour situation in the Territory during the period under review. Owing to the limited opportunities for employment, there has been some loss of population to other countries. In order to reverse this trend, steps have been taken by the Government to stimulate the over-all development of the Territory, especially through economic diversification (see paras. 31-33 above).

39. The Government maintains a general hospital with 27 beds at Port Stanley, providing medical, surgical, obstetric and geriatric care. The Medical Department employs one senior medical officer, three medical officers and other staff. Following a report by a professional hospital administrator, improvements were made in the organization and management of the hospital at Port Stanley and United Kingdom development aid funds have been made available for the purchase of additional hospital equipment.

5. EDUCATIONAL CONDITIONS

40. In 1974, there were 306 pupils (311 in 1973) attending government schools, which in principle were all primary schools. In 1973, the schools were staffed by 28 teachers, including itinerant teachers for outlying areas (31 in 1972). Approximately 50 children of secondary-school age were being educated in South America.

41. Following the signing of the Communications Agreement in 1971, a number of children continued their education in Argentina. In 1974, 36 children from the

^{1/} Ibid., Twenty-ninth Session, Supplement No. 23 (A/9623/Rev.1), chap. XXVI, annex I, para. 31.

Territory attended bilingual schools in Argentina, of whom 23 were on scholarships granted by the Argentine Government, 2 were on scholarships granted by the United Kingdom Government and 2 were on scholarships granted by the schools. On 3 June 1974, it was reported that, in conformity with a decision taken by the Territory's Executive Council in late 1973, two Spanish-language teachers sponsored by the Argentine Government had arrived in the Territory to teach in Port Stanley schools and at adult education evening classes. It was reported in May 1975 that there were plans to expand the teaching of Spanish by broadcasts over the local radio station.

ANNEX II*

LETTER DATED 27 JANUARY 1976 FROM THE PERMANENT REPRESENTATIVE
OF ARGENTINA TO THE UNITED NATIONS ADDRESSED TO THE CHAIRMAN
OF THE SPECIAL COMMITTEE

I have the honour to request you to be so kind as to arrange for the publication and circulation as an official document of the Special Committee of the Declaration adopted by the Inter-American Juridical Committee on 16 January 1976 on the question of the Malvinas, the text of which is attached hereto.

(Signed) Carlos ORTIZ DE ROZAS
Ambassador
Permanent Representative

* Previously issued under the symbol A/AC.109/511.

Appendix

DECLARATION OF THE INTER-AMERICAN JURIDICAL COMMITTEE ON THE PROBLEM OF THE MALVINAS

THE INTER-AMERICAN JURIDICAL COMMITTEE,

Recalling its resolution of 18 February 1974 in which it expressed its concern that in the lands of America there should still be territories occupied by foreign Powers despite the repeated claims of Latin American States demanding their return because they constitute an integral part of their national territories;

Recalling its declaration of 1 February 1972, occasioned by the presence of United Kingdom warships in the Caribbean Sea, stating that naval or air manoeuvres carried out by warships or military aircraft of foreign States in the jurisdictional waters of American States or adjacent to such waters without prior consent constituted threats to the peace and security of the continent and flagrant violations of the international rules on non-intervention;

Recalling the just claims of the Argentine Republic to sovereignty over the Malvinas based on the international rules in force at the time when the conflict originated; and recalling that the archipelago appears on the nautical charts of the South Atlantic prepared by the cartographers of the Casa de Contratación of Seville (1522-1523), on the occasion of the voyage of Magellan; that the first actual occupation of the islands in question, carried out by a group of French colonists, was brought to an end by the agreement of 1767 under which the latter handed over the islands to the Spanish authorities responsible to the Government and Captaincy-General of Buenos Aires; that the occupation by the British of the Malvinas was only partial, being limited to Puerto Egmont, and short-lived, for after eight years (1766-1774) it was abandoned; that by decree of 10 June 1829 the Government of the United Provinces of the Río de la Plata established a political and military government in the Malvinas, under the Civil and Military Commander Luis Vernet; that on 3 January 1833 the British corvette Clio ousted by violence the Argentine authorities established in the Malvinas, an action which was followed by the unlawful occupation of the Malvinas by the United Kingdom of Great Britain and Northern Ireland; that the Argentine Government has upheld a continuous claim to its rights from the outset of the dispute (note of the Argentine Minister in London dated 17 June 1833) and throughout the entire time that has elapsed since then;

Recalling resolution 2065 (XX) of the United Nations, adopted at the twentieth session of the General Assembly in 1965, recommending the Governments of Argentina and the United Kingdom to proceed with the negotiations aimed at solving the problem of the dispute concerning sovereignty over the Malvinas, bearing in mind the interests of the population of the islands; and resolution 3160 (XXVIII) of the United Nations, adopted at the twenty-eighth session of the General Assembly in 1973, in which, after expressing its gratitude to the

Government of Argentina for its efforts to promote the well-being of the population of the islands, the General Assembly declared the need to accelerate the negotiations between the two Governments in order to arrive at a peaceful solution of the conflict of sovereignty over the said islands;

Recalling that in compliance with those resolutions the Argentine Government signed, together with the Government of the United Kingdom, various agreements on co-operation and took measures with respect to communications, supplies, social welfare and maintenance of infrastructure works in the interests of the population of the islands, which won it the praise of the United Nations General Assembly (resolution 3160 (XXVIII));

Considering the recent dispatch, supported and promoted by the Government of the United Kingdom, of the so-called "Shackleton Mission" to the Malvinas for the declared purpose of making an "economic and fiscal evaluation" of the archipelago and surrounding areas;

Considering that the opposition of the Government of the United Kingdom to continuing the bilateral negotiations in so far as they were aimed at solving the dispute concerning sovereignty over the islands because it considered them "sterile" negotiations, and the proposal to limit them to an agenda on "economic co-operation", are tantamount to reverting to the earlier argument on the question, put forward by the United Kingdom Government in the diplomatic note of 1887, in which it informed the Argentine Government that it considered the discussion closed;

Considering the recent statements made by the United Kingdom Foreign Secretary before the House of Commons to the effect that the British warship Endurance was in the vicinity of the archipelago and that two other vessels were ready to proceed there;

Considering that the recall of the Heads of mission of the two Governments gives rise to a state of tension in relations between the two countries;

Noting that the scope of United Nations resolutions 2065 (XX) and 3160 (XXVIII) signifies a commitment accepted by the Governments of Argentina and the United Kingdom to accelerate the process aimed at restoring the legitimate sovereignty of the territory of the Malvinas, a juridical framework to which both Governments have the obligation to adapt their positions, for which reason the unilateral disruption of the negotiations by the United Kingdom is a violation of both the resolutions in question and the spirit of the commitment undertaken;

Reaffirming that the authentic ideals of our Republics call for putting an end to all occupation, usurpation, enclaves or any form whatever of the continued existence of colonial rule in the Americas,

DECLARES:

(1) That the Argentine Republic has an incontrovertible right of sovereignty over the Malvinas, and that accordingly the fundamental question to be decided is the procedure to follow for the reintegration of its territory;

(2) That the "Shackleton Mission", sponsored by the Government of the United Kingdom of Great Britain and Northern Ireland, constitutes a unilateral innovation and therefore is contrary to resolutions 2065 (XX) and 3160 (XXVIII) of the United Nations;

(3) That the presence of foreign warships in waters adjacent to the American States and the intimidating announcement by the British authorities of the sending of other ships constitute threats to the peace and security of the continent and flagrant violations of the international rules on non-intervention;

(4) That all of this constitutes hostile conduct aimed at silencing the claims of the Argentine Government and obstructing the development of the negotiations recommended by the United Nations General Assembly.

Rio de Janeiro, 16 January 1976

Signed by the following:

Reynaldo GALINDO POHL
Jorge A. AJA ESPIL
José Joaquín CAICEDO CASTILLA
José Eduardo do PRADO KELLY
Antonio GÓMEZ ROBLEDO
Américo Pablo RICALDONI
Alberto RUIZ-ELDREDGE

ANNEX III*

LETTER DATED 23 FEBRUARY 1976 FROM THE PERMANENT REPRESENTATIVE OF ARGENTINA TO THE UNITED NATIONS ADDRESSED TO THE SECRETARY-GENERAL

I have the honour, on the instructions of my Government, to report to you about the serious violation of the legislation concerning Argentine maritime jurisdiction committed by the United Kingdom vessel Shackleton in consequence of the scientific - geophysical and geological - research activities undertaken by that vessel on the Argentine continental shelf. That research was clearly directed towards geological surveying, with a view to the exploitation of hydrocarbons, if found.

The event is particularly serious in view of the fact that on 14 November 1975 the United Kingdom Government was notified that it must comply with the provisions of Argentine legislation concerning scientific research in maritime areas under Argentine jurisdiction.

The position of the Argentine Government is that stated in its press release of 19 March 1975, which was distributed as a document of the General Assembly of 28 March 1975 (A/AC.109/482) and is appended to this letter (appendix I).

By virtue of the above, an instruction was given for the vessel Shackleton to be intercepted for the purpose of inspecting the vessel. On 4 February the Argentine naval destroyer Almirante Storni approached the Shackleton and told it to stop its engines and to permit boarding for inspection, as is customary in these cases. The captain of the United Kingdom ship continued his course, disregarding the instruction and thus endangering the lives of the crew and the safety of the ship. In accordance with existing rules, warning shots were fired from small arms, but, in the knowledge that the United Kingdom vessel was carrying explosives and in order to exercise maximum prudence, the commander of the Argentine vessel was instructed not to use force, as would have been appropriate in the circumstances.

The reckless and provocative attitude of the British captain is clearly indicative of the intention to conceal the activities in which the Shackleton had been engaged.

In view of the foregoing, the Argentine Government that day, 4 February, made a vigorous and formal protest to the British Government, the text of which appears in appendix II below.

* Previously issued under the symbol A/31/55. An identical letter dated 10 February 1976, addressed to the President of the Security Council has been published in Official Records of the Security Council, Thirty-first Year, Supplement for January, February and March 1976 (S/11973).

Note has been taken of the noted addressed to /the President of the Security Council/ on this question by the Government of the United Kingdom. a/ It is striking that the United Kingdom should be appealing to a United Nations organ when, as is known, it is refusing to comply with General Assembly resolutions 2065 (XX) and 3160 (XXVIII), which urge it to continue negotiations with the Argentine Government with a view to a full settlement of the dispute concerning sovereignty over the Malvinas Islands, a question which is before the General Assembly and the Special Committee of 24. This attitude contrasts with that of my country, which has always affirmed its resolve to continue those negotiations.

(Signed) Carlos ORTIZ DE ROZAS
Ambassador
Permanent Representative

a/ Official Records of the Security Council, Thirty-first Year, Supplement for January, February and March 1976 (S/11972).

Appendix I

LETTER DATED 25 MARCH 1975 FROM THE PERMANENT REPRESENTATIVE
OF ARGENTINA TO THE UNITED NATIONS ADDRESSED TO THE
SECRETARY-GENERAL

I have the honour to request you to arrange for the following press release issued by the Argentine Government on 19 March 1975 to be issued and circulated as an official document of the Special Committee of 24:

"According to cabled information published in the press, the United Kingdom Foreign Office has received a scientific report, prepared on the instructions of the Government of the United Kingdom of Great Britain and Northern Ireland, concerning the possible existence of petroleum deposits under the Argentine continental shelf near the Malvinas Islands.

"Since the Malvinas Islands and the above-mentioned areas constitute an integral part of the national territory, the Government of Argentina wishes to state that it does not and will not recognize the right of any foreign Government to explore for or extract minerals or hydrocarbons. Consequently, the Argentine Government does not and will not recognize and will deem irrevocably null and void any activity or measure undertaken, or any agreement concluded by the United Kingdom in connexion with this question, which the Argentine Government considers to be of the utmost gravity and importance.

"Furthermore, the Argentine Government will regard the carrying out of activities of the kind referred to above to be contrary to United Nations resolutions and consensuses on the Malvinas Islands, the clear purpose of which is to find a peaceful solution to the sovereignty dispute between the two countries through bilateral negotiations.

"The Argentine Government therefore reaffirms once again its inalienable rights of sovereignty over the Malvinas Islands and reiterates that the dispute with the United Kingdom can be settled only by the restoration of the islands to the national heritage of the Argentine Republic."

(Signed) Carlos ORTIZ DE ROZAS
Ambassador
Permanent Representative

Appendix II

NOTE VERBALE DATED 4 FEBRUARY 1976 FROM THE MINISTRY OF FOREIGN
AFFAIRS AND WORSHIP ADDRESSED TO THE EMBASSY OF THE UNITED
KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

The Ministry of Foreign Affairs and Worship presents its compliments to the Embassy of the United Kingdom of Great Britain and Northern Ireland and has the honour to refer to the activities of the British ship Shackleton in maritime areas under the jurisdiction of the Argentine Republic. The Argentine Government is aware of the fact that the said ship has been engaged in scientific research activities - geophysical and geological surveys - on the Argentine continental shelf, without having complied with the prior requirements of Argentine legislation on the matter, which is in conformity with existing international law.

In view of these activities an Argentine naval vessel told it to stop, with a view to exercising the right to inspect and board. This order was disregarded by the British vessel, which thus incurred another violation of the pertinent law.

Despite the attitude of the captain of the Shackleton, the Ministry of Foreign Affairs must stress that the Argentine naval vessel abstained from the extreme exercise of force, in order to prevent the situation from becoming more serious and endangering the lives of the crew of the British ship and the safety of the vessel.

The situation is all the more serious in that the Ministry of Foreign Affairs and Worship had already reminded the Embassy, in its note of 14 November 1975, that if the planned research activities were to be conducted, the requirements of Argentine law must be respected, which was not done.

In view of the foregoing, the Ministry of Foreign Affairs and Worship lodges the most formal and vigorous protest of the Argentine Government and demands, without prejudice to the continued exercise of the rights on which it is relying, that the British Government take measures to punish those responsible and to prevent the recurrence of such acts.

ANNEX IV*

LETTER DATED 3 MARCH 1976 FROM THE PERMANENT REPRESENTATIVE OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND TO THE UNITED NATIONS ADDRESSED TO THE CHAIRMAN OF THE SPECIAL COMMITTEE

1. I have the honour to refer, on instructions from my Government, to the question of the Falkland Islands, and in particular to the letter of 27 January to you from the Permanent Representative of Argentina which has been circulated to the members of the Special Committee. a/
2. The Declaration adopted by the Inter-American Juridical Committee of the Organization of American States dated 16 January 1976, which was annexed to that letter, sets out in summary form the legal and historical claim of the Argentine Government.
3. The Declaration reaches four conclusions. The Government of the United Kingdom rejected each of them. First, there can be no doubt of British sovereignty over the Falkland Islands. Secondly, and accordingly, the Government of the United Kingdom were manifestly within their rights in setting up a survey of the economy of the Islands, led by Lord Shackleton. (In this respect it may be observed that General Assembly resolutions 2065 (XX) of 16 December 1965 and 3160 (XXVIII) of 14 December 1973 do not touch upon the matter of innovations, unilateral or otherwise.) Thirdly, the only British naval vessel in the area for some years has been HMS Endurance, an ice patrol ship, whose presence is well known to the Argentine Government. Finally, the Government of the United Kingdom strongly deny the unfounded charge that they have committed any hostile conduct either towards Argentina or other countries of the continent.
4. My Government do not accept that resolutions 2065 (XX) and 3160 (XXVIII) entail a commitment on their part to transfer sovereignty over the Falkland Islands. They have worked within the spirit of those resolutions to resolve their differences with the Government of Argentina over the future of the Falkland Islands. But they cannot agree to any settlement of those differences which is not in accordance with the wishes of the Islanders.

* Previously issued under the symbol A/AC.109/518.

a/ See annex II to the present chapter.

5. The resident population of the Islands is entirely British and has been so for many years. It is the view of the Government of the United Kingdom that respect should be accorded to the wishes of the Islanders, in accordance with the principle of self-determination which is enunciated in the Charter of the United Nations and in General Assembly resolution 1514 (XV) of 14 December 1960, and which my Government have consistently applied in their dealings with all their dependent Territories. It is, so far as I am aware, not questioned that it is the firm wish of the Islanders to remain British. The Inter-American Juridical Committee refer to the interests of the Islanders. These have been an important consideration in the agreements reached between the Governments of Argentina and the United Kingdom for the improvement of communications and other resources available to the population and, in the view of the Government of the United Kingdom, will similarly be an important consideration in regard to proposals for further developments of a co-operative nature. Such co-operation need not be confined to the resident population alone; it could extend to the people of Argentina. It would be the wish of the Government of the United Kingdom that this should be so.

6. It may also be helpful if I comment on the incident in 1833, which is referred to in the Preamble to the Declaration, when British sovereignty was confirmed. In January 1833, a British naval vessel peaceably reasserted British sovereignty, which was first established in 1765. There is no substance in the suggestion that a British corvette "ousted by violence" the Argentine authorities established in the Islands. The only persons sent back to Argentina under duress were the ringleaders of a mutiny that had occurred at the small Buenos Ayrean settlement. The mutineers had killed their commander. The commander of a Buenos Ayrean schooner, which was there at the time, had placed these mutineers in irons aboard a British schooner, and they were, at his request, taken to Buenos Aires. Some of the civilian inhabitants elected to be repatriated and some chose to stay behind. Not a shot was fired on either side.

7. But the essential point in this matter, in the view of the Government of the United Kingdom, is easily verifiable. It is a demonstrable fact that since 1833, that is to say for nearly a century-and-a-half, a period which coincides very closely with the period during which the nation States of Latin America have been able to assert their own right to self-determination, the United Kingdom has maintained an open, continuous, effective and peaceful possession of the Falkland Islands. There have been, of course, numerous diplomatic exchanges between my Government and that of Argentina during this period, but these have not affected the continued exercise of British sovereignty. The population of the Islands, which had varied between 25 and 150 in the the period 1831-1832, had risen to 600 in 1850 and had doubled by 1885. It now stands at some 1,800.

8. A team of economists and other professional advisers, under the chairmanship of Lord Shackleton, visited the Islands in January 1976 for the purpose of making an independent economic survey in accordance with terms of reference provided by the Government of the United Kingdom, and in accordance

with that Government's undoubted right to administer the Islands. The Government of the United Kingdom notified the Government of Argentina in advance of their intention to appoint this independent survey and made a number of suggestions to the Government of Argentina which would have enabled the survey to be carried forward on a co-operative basis. They also offered to make the full results of the survey available to the Argentine Government in advance. It is particularly the hope of the Government of the United Kingdom that the survey will have succeeded in identifying prospects of development which would present opportunities for economic co-operation between the Falkland Islands and Argentina.

9. The Royal Navy ice patrol vessel HMS Endurance has for a number of years been based on the Falkland Islands during the months of the Antarctic summer, primarily for the purpose of carrying out a scientific research programme. The vessel has a limited defence capability. She is well known to the Argentines and has frequently enjoyed the hospitality of Argentine ports. It is occasionally convenient for other vessels of the Royal Navy to visit the Falklands; such calls are not frequent and in no way constitute a threat to the peace and security of the continent. The Royal Navy enjoys historic and friendly links with navies of South American countries, and its vessels have never been regarded as a threat by them.

10. While my Government regret the situation which has led to the recall of the heads of mission of the two Governments, they do not consider that this recall has given rise to a state of tension. The Government of Argentina suggested on 13 January last to my Government that the British Ambassador should be recalled. Shortly afterwards my Government recalled him for consultations. The Government of the United Kingdom are ready to instruct him to return as soon as conditions are appropriate.

11. In the view of the Government of the United Kingdom, all differences between them and the Government of Argentina concerning the Falkland Islands can be resolved peacefully by continuing the discussions which the two Governments have previously undertaken following the passing of General Assembly resolutions 2065 (XX) and 3160 (XXVIII). The Declaration b/ refers to the United Kingdom's unilateral disruption of negotiations within the framework of these resolutions. In discussing the question of the Falklands with the Argentine Government, the Government of the United Kingdom have been constrained only by the need to respect the wishes of the Falkland Islanders in accordance with General Assembly resolution 1514 (XV).

12. I should be grateful if you would make arrangements for this letter to be circulated as an official document of the Special Committee.

Ivor RICHARD

b/ See para. 2 above.

ANNEX V*

LETTER DATED 6 MAY 1976 FROM THE PERMANENT REPRESENTATIVE OF
ARGENTINA TO THE UNITED NATIONS ADDRESSED TO THE CHAIRMAN OF
THE SPECIAL COMMITTEE

1. In accordance with instructions received from my Government, I have the honour to refer to the letter of 3 March 1976 from the representative of the United Kingdom of Great Britain and Northern Ireland, a/ in which he takes exception to the conclusions contained in the Declaration of 16 January 1976 of the Inter-American Juridical Committee concerning the present status of the question of the Malvinas, the text of which was circulated to members of the Special Committee. b/
2. In expressing our agreement with the well-founded arguments and correct conclusions contained in the Declaration, which have not been invalidated by the United Kingdom note, I wish to set out our position concerning certain statements in the United Kingdom document, which my Government rejects for the following reasons.
3. First of all, we strongly reaffirm the legitimate sovereign rights of the Argentine Republic over the Malvinas. The existence of a dispute with the United Kingdom Government concerning sovereignty over the islands was recognized by the Special Committee and, subsequently, by the United Nations General Assembly in its resolutions 2055 (XX) of 16 December 1965 and 3160 (XXVIII) of 14 December 1973, in which the parties are invited and urged to proceed with bilateral negotiations with a view to finding a peaceful solution to the problem, bearing in mind the provisions and objectives of the Charter of the United Nations and of resolution 1514 (XV) of 14 December 1960 and the interests of the population of the islands. The General Assembly adopted both resolutions by very large majorities: the first by 94 votes to none, with 14 abstentions, and the second by 116 votes to none, with 14 abstentions.

* Previously issued under the symbol A/AC.109/520.

a/ See annex IV to the present chapter.

b/ See annex II to the present chapter, appendix.

4. Both the purpose and the spirit of these resolutions and of the repeated consensuses adopted along the same lines were disregarded by the United Kingdom Government, which repeatedly refused to proceed with the negotiations, as my Government pointed out in the plenary General Assembly on 8 December 1975. c/ Furthermore, as this Committee is also aware, the United Kingdom Government took a unilateral initiative in the Malvinas question by dispatching a mission, headed by Lord Shackleton, to carry out an "economic and fiscal evaluation" of the archipelago and surrounding areas in order to assess the possibility of economic exploitation of its natural resources. The mission was carried out in spite of the express opposition of my Government, which stated publicly that it would not be welcome.

5. This unfriendly act on the part of the United Kingdom was the subject of a statement in the House of Commons on 14 January 1976 by James Callaghan, then Foreign Secretary of the United Kingdom and today Prime Minister. Replying to a question by John Gilmour, a Member of Parliament, as to what safeguards were being provided for the Shackleton mission, Mr. Callaghan noted that the HMS Endurance of the Royal Navy was in the vicinity of the archipelago and that two other vessels were ready to proceed there, thus making it quite clear that the vessels in question were on an operational mission.

6. This is referred to by the Inter-American Juridical Committee when it states that "the presence of foreign warships in waters adjacent to the American States and the intimidating announcement by the British authorities of the sending of other ships constitute threats to the peace and security of the continent and flagrant violations of the international rules on non-intervention".

7. We must also characterize as hostile a course of conduct which has consisted not only in persistent refusal to proceed with the negotiations repeatedly recommended by the United Nations - disregarding the mandate of the Organization instead of pursuing the path of peaceful settlement of disputes - but also in the creation of dangerous situations through unilateral activities undertaken in disregard of repeated statements by the Argentine Government.

8. When the question of the Malvinas was taken up in Sub-Committee III of the Special Committee, the representative of Argentina, José María Ruda, in a statement on 9 September 1964, d/ clearly outlined the manner in which possession of the Malvinas had been usurped by the United Kingdom on 3 January 1833 - a fact now disputed by the United Kingdom note. I shall briefly recall that when the British corvette Clio appeared in Puerto Soledad, a town with an established, permanent Argentine population where the schooner Sarandí was lying at anchor, the commanding officer, Captain John Onslow, ordered the Argentine detachment to withdraw so that he could take possession of the islands in the name of the King. Facing superior forces, the Argentine commandant, José María Pinedo, replied that he would withdraw, "holding Great Britain responsible for the insult and the violation of the respect

c/ Official Records of the General Assembly, Thirtieth Session, Plenary Meetings, 2431st meeting.

d/ A/AC.109/SC.4/SR.25.

due to the Republic and to its rights, which were being trampled upon by force in a high-handed manner and without regard for the consequences".

9. When Commandant Pinedo refused to lower the national flag, the British forces did so, proceeding to expel almost all the Argentine inhabitants of the islands.

10. On 15 January 1833, as soon as it learned of these events, the Argentine Government filed a protest with the British chargé d'affaires in Buenos Aires, Philip G. Gore. It would take too long to enumerate here the series of protests, claims and reservations of rights which have been made on a continuing basis by Argentine Governments and have been disregarded by the United Kingdom Government, but it must be stated that, in the light of the illegitimate act of force that was committed, it is indeed audacious to declare that the events in 1833 represented a "peaceable reassertion of British sovereignty". The British usurpation of 1833 cannot serve as the basis for a prescriptive title in favour of the United Kingdom, whose possession of the islands is illicit, disputed and not peaceful in nature.

11. The United Kingdom document gives 1765 as the date when "British sovereignty" was "first established" in the islands. In order to set the historical record straight, we wish to state that it was in February 1764 that France established the first group of settlers in Saint-Louis (East Malvina), which was ceded to Spain and the latter's rights recognized. The date 1765 can only refer to the stop made in the islands by the expedition of Commodore John Byron, who continued on his way to the straits of Magellan without establishing a colony or occupying the islands.

12. In presenting its case, the United Kingdom also persists in citing resolutions 2065 (XX) and 3160 (XXVIII) in such a way as to suggest that the question of the Malvinas is one involving self-determination. Both of these resolutions clearly refer to the "interests" of the population of the islands and not to its "wishes". When it is considered that Argentina was deprived of the islands by an illegitimate act of force, it becomes clear that the governing principle here is that of the territorial integrity of a country, which is enunciated in paragraph 6 of resolution 1514 (XV). To take any other view would mean accepting this act of force, which also entailed the expulsion of the indigenous Argentine population and its replacement by subjects of the colonial Power.

13. At the present time, approximately 40 per cent of the population consists of British civil servants and employees of a private company which owns nearly 50 per cent of all property in the islands.

14. Notwithstanding the assertion made in the United Kingdom note, this population has remained virtually stationary, since, although it increased during the nineteenth century, in keeping with a world-wide demographic trend, it has declined instead of increasing during the past 60 years.

15. Proof of this is the fact that British statistics for 1912 show the Malvinas as having had 2,295 inhabitants and that the present population is 1,840. As someone once expressed it, the Malvinas are the only family in the Americas which is declining in size rather than growing.
16. The measures taken by Argentina for the benefit of the island population have won recognition from the General Assembly, as expressed in resolution 3160 (XXVIII). The measures taken under the 1971 Communications Agreement have clearly favoured the islanders' interests, to which my Government is fully prepared to continue to attach the necessary importance, as it has repeatedly informed the United Kingdom Government.
17. The Argentine Government also regrets that the attitude of the United Kingdom Government in refusing to renew the negotiations, which it has described as "sterile", and the sending of the Shackleton mission, which constituted a unilateral initiative in the matter, have compelled the Argentine Government to keep its Ambassador to the United Kingdom away from his post and to call upon the Government of Her Britannic Majesty to take similar action with regard to its Ambassador in Argentina.
18. With regard to this problem, my Government is fully prepared to seek areas of agreement which will make normalization possible in this aspect of Argentine-United Kingdom relations, bearing in mind the mandate contained in General Assembly resolutions 2065 (XX) and 3160 (XXVIII) to arrive, through bilateral negotiations, at a peaceful and definitive solution of the dispute concerning sovereignty over the Malvinas.
19. I should be grateful if you would have this letter circulated as an official document of the Special Committee.

(Signed) Carlos ORTIZ DE ROZAS
Ambassador
Permanent Representative

CHAPTER XXXI

UNITED STATES VIRGIN ISLANDS

A. CONSIDERATION BY THE SPECIAL COMMITTEE

1. At its 1027th meeting, on 18 February 1976, the Special Committee, by approving the seventy-eighth report of the Working Group (A/AC.109/L.1066) 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 1042nd and 1043rd meetings, on 19 and 20 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 3481 (XXX) of 11 December 1975 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 11 of this resolution, the Assembly requested the Special Committee "to continue to seek suitable means for the immediate and full implementation of 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-first session". The Committee also took into account General Assembly resolution 3429 (XXX) of 8 December 1975 concerning three Territories, including the United States Virgin Islands, by paragraph 10 of which the Assembly requested the Special Committee "to continue to seek the best ways and means for the implementation of the Declaration with respect to ... the United States Virgin Islands, including the possible dispatch of visiting missions in consultation with the administering Power ...".
4. During its consideration of the United States Virgin 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. 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 1042nd meeting, on 19 August, in a statement to the Special Committee (A/AC.109/PV.1042 and corrigendum), the Rapporteur of the Sub-Committee on Small Territories, introduced the report of that Sub-Committee (A/AC.109/L.1102), containing an account of its consideration of the Territory.
7. At its 1043rd meeting, on 20 August, the Special Committee adopted the report of the Sub-Committee on Small Territories and endorsed the conclusions and recommendations contained therein (see para. 9 below).

8. On 20 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 1043rd meeting, on 20 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 applies fully to the Territory. The Committee notes with appreciation the continued participation of the United States of America, as the administering Power concerned, in the discussions on the Territory and expresses the hope that the co-operation thus established will be further strengthened so as to fulfil its mandate and its responsibility towards the United States Virgin Islands. It also urges the administering Power to encourage the people and their leaders from the Territory to participate in the proceedings of the Sub-Committee on Small Territories, thus assisting the Committee in the achievement of this objective.

(3) The Special Committee notes from the statement by the representative of the administering Power that, on 6 October 1975, the United States House of Representatives passed a bill originally introduced by the delegate from the United States Virgin Islands to the House of Representatives, whereby the territorial Legislature would be authorized to call a constitutional convention to draft a constitution for the Territory; and that the proposed bill is currently under consideration by the United States Senate. The Committee notes further that the President of the territorial Legislature, whose views are shared by other legislative leaders, has expressed support for the House bill; and that the Governor and the Minority Leader of the Legislature have expressed reservations about the bill, with particular emphasis on the need to allow the proposed constitutional convention to draft a new federal relations act. The Committee considers that this bill represents a lack of significant constitutional progress towards the full implementation of the provisions of resolution 1514 (XV) with respect to the United States Virgin Islands and is concerned that it does not make provisions for the people of the Territory to consider any change in their present colonial status with the administering Power.

(4) The Special Committee notes that the statements made by several political leaders of the United States and the United States Virgin Islands between

September 1975 and January 1976 indicate that plans for constitutional development in the Territory do not envisage the transfer of all powers to its people. Recalling that the proposals of the Second Constitutional Convention and the resolution adopted by it concerning the Territory's future status did not receive an overwhelming endorsement from Virgin Islands voters in a referendum held in November 1972, the Committee once more calls upon the administering Power not to prejudge the status question.

(5) The Special Committee notes with satisfaction that since late 1975, some steps have been taken or contemplated to resolve the problem of aliens in the Territory, a matter over which the Committee had expressed its concern. These steps include in particular: (a) a bill currently under consideration by the United States Congress, whereby a 17-member commission would be created to resolve the question of alien residence status and (b) another bill introduced in the Congress during January 1976 concerning the establishment of a 22-member commission to study the special immigration problems of the United States Virgin Islands and other Territories under United States administration. In urging the administering Power to allow greater participation by the Territory in formulating immigration policy, the Committee awaits information relating to the final decision on these bills.

(6) The Special Committee notes that the recent economic recession in the Territory is primarily attributed to the decline in tourism, the mainstay of the economy; and that although the general economic picture is still not bright, there are indications that a slow but steady increase in the tourist trade has begun since November 1975. In this connexion, the Committee is pleased to note that the territorial Government has taken a number of steps to bring about a more effective law enforcement programme, with the result that much of the fear expressed earlier by tourist agencies on law and order conditions in the islands is being abated.

(7) The Special Committee notes that efforts have been intensified to revitalize and strengthen the local economy by implementing measures set forth in the economic plan announced by the Governor in late 1974, with particular emphasis on the promotion of economic diversification; and that the territorial Government intends to continue developing a comprehensive economic development plan. Nevertheless, the Committee is of the opinion that much remains to be done by the administering Power in co-operation with the local authorities before the United States Virgin Islands will achieve a more viable and stable economy.

(8) The Special Committee notes that the state of the economy has been reflected in the steady deterioration of the Territory's fiscal position, but that the territorial Government has thus far succeeded in preventing a total financial collapse. The Committee also notes that at the Governor's request, the President of the United States, on 1 April 1976, proposed to grant to the United States Virgin Islands a special federal loan of \$US 76 million, principally for essential capital improvement projects, since declining local revenues will be able to meet, in the main, only the basic operating costs of the territorial Government; the Committee hopes that the United States Congress will expedite the approval required for this proposal.

(9) In noting that under the constitutional bill recently passed by the House of Representatives the United States Government would continue to impose restrictions on the Territory's fiscal and taxing powers, the Special Committee urges the administering Power to give serious consideration to the views recently expressed by the executive branch of the Government and by some leaders of the territorial Legislature with regard to eliminating those federal restrictions which are inconsistent with congressional recognition of the right of the United States Virgin Islands to self-determination.

(10) The Special Committee urges the administering Power to continue assisting the Territory to improve its social situation and, in particular, to hasten progress in the fields of labour, public housing, health care and education.

(11) The Special Committee calls upon the administering Power to provide adequate information on the Territory and, in particular, on the activities of its autochthonous population in various fields of endeavour, in order to enable the Committee to play its proper role in helping to guide the people to the exercise of their right to self-determination and independence.

(12) Bearing in mind that recent visiting missions to small Territories have demonstrated their usefulness, the Special Committee reiterates its firm view that visiting missions are a vital element in the process by which administering Powers and the United Nations work together for the good of the peoples of the Territories. Noting the statement by the representative of the administering Power on 15 April 1976 that his Government was considering the possibility of inviting such a mission to the Territory, the Special Committee strongly urges the administering Power to permit the early access of a visiting mission to the United States Virgin Islands so as to enable the Committee to secure first-hand information on the actual conditions existing in the Territory and to ascertain the true wishes and aspirations of its inhabitants concerning their future.

ANNEX*

WORKING PAPER PREPARED BY THE SECRETARIAT

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* Previously issued under the symbol A/AC.109/L.1072 and Corr.1.

UNITED STATES VIRGIN ISLANDS a/

1. GENERAL

1. The Territory of the United States Virgin Islands, situated about 64.4 kilometres east of Puerto Rico, comprises about 50 islands and islets, the three largest of which are St. Croix (217.6 square kilometres), St. Thomas (72.5 square kilometres) and St. John (51.8 square kilometres).
2. Immigration has contributed substantially to the growth of the population of the Territory, although its ebb and flow has generally been affected by the degree of prosperity of the islands. During the 1960s, the islands experienced an economic boom based largely on tourism, with significant growth also in manufacturing activity. Over this period, the volume of immigration expanded sharply. In 1969, the United States Department of Labor established a Manpower Certification Office (MCO) in the islands. In an attempt to satisfy the needs of the local economy, the Department granted legal status to all illegal immigrants then residing there, and extended the "grace period" for finding a new job from 5 to 60 days. During the same year, the United States Congress passed a law admitting to the islands the dependants of non-resident aliens. Since 1970, with the appearance of a downward trend in the economy, MCO has issued only about 100 new certifications to alien workers each year. This policy did not offset the effect produced by the above-mentioned law, however, and no effective measures were taken against illegal immigrants. As a result, population growth continued at a rapid pace during the years 1970-1973, when the number of inhabitants increased by almost 17 per cent, from 85,600 to more than 100,000. These figures indicate that the islands were becoming one of the most densely populated areas in the world. When the economic slowdown worsened in 1974, however, the trend was reversed, primarily as a result of the Government's policy of tightening restrictions on immigrants. b/
3. In mid-1975, the population was estimated at 100,000, of whom 49,700 lived on St. Croix, 47,800 on St. Thomas and 2,500 on St. John. Not included in the estimates were more than 10,000 illegal immigrants. On 1 August, Mr. Dante Rossi, head of the United States Immigration and Naturalization Service (INS) in the Territory, was reported to have said that there were 11,000 certified alien workers (11,500 in 1974) in the islands, which he maintained was about 50 per cent more than were needed. According to Governor Cyril E. King, resident dependants of these workers numbered 19,000 (9,000 in 1974). Mr. King stated that "the sudden, unplanned increase in the population ... has thrown the service-providing sector of the Government into a desperate, chaotic situation".

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 States of America under Article 73 e of the Charter of the United Nations on 1 April 1975 for the year ending 30 June 1974.

b/ For details of the implementation of this policy in the period from 1974 to early 1975, see Official Records of the General Assembly, Thirtieth Session, Supplement No. 23 (A/10023/Rev.1), vol. IV, chap. XXVI, annex, paras. 4-9.

/...

4. According to Mr. Rossi, the problem of illegal immigrants was currently under control because of daily efforts being made to locate and apprehend them. He added that about 300 such immigrants were being located monthly who were in technical violation of the immigration law, such as non-compliance with its provision that bonded aliens (i.e., those admitted on a temporary basis) must work 40 hours a week to meet the requirements of the bond. He believed that there would be a diminution in the alien population through attrition because of the current unemployment situation.

5. Noting Mr. Rossi's statement, Mr. George Goodwin, President of the Alien Interest Movement (AIM), stated that the majority of the aliens would prefer to remain permanently in the islands, but that "presently there is mounting frustration in the alien community because of growing uncertainty". He considered that if bonded aliens were unable to find employment to meet the requirement of working 40 hours a week, INS should not deport people on the grounds of breach of contract. He also said that 200 alien workers, frustrated by and resentful of their treatment, had left the Territory voluntarily, and he predicted that many more would do so after they had taken care of their local commitments. He criticized the Government for inviting alien workers to the islands in the first place without planning ahead to provide the necessary schools, housing facilities etc. and then "turning back around and using the alien community as scapegoats". Finally, he said that: "The hard economics here should not be an excuse for us United States Virgin Islanders and aliens to destroy one another. We should use the situation to unite ourselves in common bonds and to bring about a brighter future for the community and the Caribbean as a whole".

6. As previously noted, c/ an amendment to the United States immigration regulations was proposed in August 1974, whereby visits of aliens to the United States Virgin Islands and Puerto Rico would be limited to the holders of non-immigrant visas. During a visit to Washington, D.C. in September, the Chief Minister of the British Virgin Islands held discussions with two senior officials on the possibility of exempting that Territory from the proposed requirement, taking into consideration its relations with the United States Virgin Islands.

7. In early September 1975, Mr. Rossi issued a press release announcing that new immigration regulations pertaining to aliens entering the United States Virgin Islands would come into operation on 7 October. Under the regulations, those entering from countries other than the British Virgin Islands would be required to have in their possession valid, non-immigrant visas, proof that they held valid indefinite labour certificates or proof of being the spouse or children of such an alien. Certified workers would also be required to carry a notarized, current letter from their present employer indicating their intention to return to employment from a temporary trip outside the United States Virgin Islands. The spouses and children of temporary workers would also have to carry such a letter. Native-born citizens of the British Virgin Islands travelling to the United States Virgin Islands would only be required to carry with them a United Kingdom passport

c/ Official Records of the General Assembly, Thirtieth Session, Supplement No. 23 (A/10023/Rev.1), vol. IV, chap. XXVI, annex, paras. 7 and 38.

and an identification card issued by the British Virgin Islands Government. All non-immigrant aliens travelling to Puerto Rico would be obliged to possess valid, non-immigrant visas when applying for admission.

8. On 15 October, Mr. Elmo Roebuck, President of the Legislature, said that the Sub-Committee on Immigration, Citizenship and International Law of the United States House of Representatives had sent a team to the Territory, as well as to other Territories administered by the United States, to examine and report on their non-immigrant alien labour programme. He drew particular attention to two recommendations contained in the team's report, namely, that the Territories (including the United States Virgin Islands) should be removed from coverage by a pending bill on immigration, and that separate legislation should be enacted to allow greater participation by the territorial Governments in formulating their immigration policies.

9. In late December, after considering the report and the relevant views of Mr. Ronald de Lugo, the Territory's non-voting delegate to the House, Mr. Joshua Eilberg, Chairman of the House Sub-Committee, introduced in the United States House of Representatives a bill to create a 17-member commission to deal with the problem of non-immigrant aliens in the United States Virgin Islands. Upon application, the commission would review the cases of individuals admitted as non-immigrant aliens on or before 12 May 1970. Should it find the applicants qualified for permanent resident status under the criteria specified in the bill, the commission would be authorized to recommend to the United States Attorney General that the applicants and their spouses and children residing with them be granted such status. The commission would be required to complete such reviews and make such recommendations within two years from its first organizational meeting.

10. The commission would consist of 10 representatives of the United States Government (the Attorney General, as Chairman, the Secretary of Labor, four members of the House appointed by the Speaker, and four members of the Senate appointed by the President) and two representatives of the territorial Government (the Governor and the President of the Legislature). In addition, five individuals from the United States Virgin Islands with balanced political party affiliations would be appointed to the commission by the President of the United States.

11. On 3 January 1976, Governor King, Mr. de Lugo and several senior officials of the territorial Government met with three members of the United States House of Representatives who were visiting the Territory. The Governor said that those favouring a new constitution for the islands appeared to be concentrating on the internal reorganization of the territorial Government rather than confronting certain substantive issues concerning the Territory's relationship with the United States, including "the failure of the Territory to have a voice in immigration matters" (see also para. 29 below).

12. On 27 January, Mr. Eilberg introduced another bill providing for the establishment of a 22-member commission to study the special immigration problems of the United States Virgin Islands and other Territories under United States

administration. The commission would consist of members of the United States Congress (including the Territory's non-voting delegate to the House), presidential appointees and representatives of the Federal Government. Mr. Eilberg stated that:

"The commission will determine, after a two-year study, if these areas need special immigration laws and make proposals for legislation. This is the first time in our nation's history that such a project has been undertaken. Immigration law has always been based on the needs of the whole country, not individual or specific areas."

2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

A. Constitution

13. An outline of the constitutional arrangements set out in the Revised Organic Act of the Virgin Islands, 1954, as amended in 1968-1972, appears in an earlier report of the Special Committee. d/ In brief, the Government consists of three branches, executive, legislative and judicial. The Governor and the Lieutenant Governor are elected jointly by majority vote for a period of four years.

14. The Governor is responsible for the administration of all activities of the executive branch, the appointment and the 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 the Constitution of the United States and all 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 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.

15. The second gubernatorial election was contested by the three major political parties of the Territory - the Democratic Party of the Virgin Islands (DPVI); the Independent Citizens Movement (ICM), founded by former members of DPVI; and the Progressive Republican Party of the Virgin Islands (PRPVI). As no candidate received a majority of votes cast, a run-off election was held on 19 November which was won by Mr. King and Mr. Juan Francisco Luis of ICM.

16. There is 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. Each bill passed must be signed by the Governor before it becomes law. A two-thirds vote of the Legislature is necessary to override the Governor's veto.

17. At the last general election, held on 5 November 1974, DPVI won 9 of the 15 elected seats in the Eleventh Legislature, ICM won 5 seats and PRPVI won 1 seat. On 13 January 1975, the Eleventh Legislature was sworn in, after which Mr. Roebuck (DPVI) was elected its President. The Legislature also decided to retain Mr. Lloyd Williams (DPVI) and Mr. Alexander Moorhead, Jr. (ICM) as majority and minority leaders.

18. The judiciary consists of a District Court and a Municipal Court. With the advice and consent of the Legislature, the President of the United States appoints the judge of the District Court and the United States District Attorney. The

d/ Ibid., Twenty-ninth Session, Supplement No. 23 (A/9623/Rev.1), vol. VI, chap. XXIV, annex, paras. 9-14.

judges of the Municipal Court are appointed by the Governor and confirmed by the Legislature. The District Court exercises appellate jurisdiction over the Municipal Court 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.

19. Finally, the Territory may send to the United States House of Representatives a non-voting delegate, who is elected for a two-year period by majority vote. At the 1974 general election, Mr. de Lugo (DPVI) was unopposed for re-election as the Territory's non-voting delegate to the House.

B. Constitutional reform

20. The results achieved by the Second Constitutional Convention, which held its first meeting in September 1971, have been described in previous reports of the Special Committee. e/ Briefly, the Convention was authorized to draft a constitution for the Territory and a federal relations act. Its proposals failed to receive an overwhelming endorsement from Virgin Islands voters in a referendum held on 7 November 1972, and, in consequence, were not presented to the United States Congress for approval.

21. On 9 September 1975, Mr. de Lugo introduced in the United States House of Representatives a new bill authorizing the people of the Territory to draw up their own constitution, while leaving their relationship with the United States unchanged. Under the bill, the territorial Legislature would be empowered to call a constitutional convention under procedures of its own adoption. The members of the convention would be required to be United States citizens and qualified voters of the islands. The text of the draft constitution would then be submitted to the voters for approval in a referendum. If approved by a majority of the voters, the draft would then be submitted to the President of the United States, who would determine, within 60 days, whether the draft constitution complied with the requirements for a republican form of government and a bill of rights. The draft constitution would come into force upon the President's determination of such compliance. Questions of taxing and similar powers relating to the Revised Organic Act would continue to be handled by the United States Congress separately and on their own merits.

22. In introducing the bill, Mr. de Lugo pointed out that it had received broad support from members of both major political parties in the Congress. He stated that its passage would provide, for the first time, congressional recognition of the right of the United States Virgin Islands to self-determination and home rule and would demonstrate the continued interest of the Congress in the promotion of the fullest measure of internal self-government for the United States Virgin Islanders. According to Mr. de Lugo, the islanders had "demonstrated their political

e/ Ibid., Thirtieth Session, Supplement No. 23 (A/10023/Rev.1), vol. IV, chap. XXVI, annex, para. 14.

maturity and an ability to manage their own affairs", resulting in the confidence bestowed on them by the passage in 1968 of the Elective Governor Act, and in 1972 of an act granting the Territory an elective delegate in the House of Representatives. Thus, he regarded the bill in question as "the near culmination of the constitutional steps to full internal self-government". Nevertheless, he stressed that the bill would not alter in any way the constitutional relationship between the Virgin Islands and the United States.

23. The Sub-Committee on Territorial and Insular Affairs of the House of Representatives passed the bill on 17 September, after adoption of certain amendments to the review procedures to be observed by the President of the United States. Following passage of the bill, Mr. Philip Burton, Chairman of the Sub-Committee, told reporters that if any of its provisions were to come into conflict with the United States Constitution, "then the latter rules".

24. On 18 September, the House Committee on Interior and Insular Affairs unanimously approved this legislation and ignored a request from the United States Department of the Interior that it be given additional time to study the measure. Subsequently, on 6 October, the House of Representatives unanimously passed the bill originally introduced by Mr. de Lugo with an amendment, whereby the President of the United States would have 60 days after receipt of the text of the proposed constitution to reject or approve it in whole or in part.

25. Both Mr. Roebuck, President of the Legislature, and Mr. Williams, its majority leader, considered the action recently taken by Mr. de Lugo to be "long overdue". They said that approval of the bill would prove that the United States Congress recognized that the islanders had the maturity to write their own constitution. They added that the decision not to touch on federal-territorial relations was a "very conscious" one because it was thought that "the less-controversial constitution issue will have an easier time in Congress". A similar view was expressed by Mr. Noble Samuel, Chairman of the Committee on Home Rule and Interstate Cooperation of the Legislature. Mr. Samuel stated that his Committee had suggested that the proposed constitutional convention should include a broad segment of residents of the islands, and that both the public at large and the Legislature should be involved in the drafting of a constitution for the Territory.

26. On the other hand, Governor King and Mr. Moorhead, the minority leader, expressed reservations about the bill, with particular emphasis on the need to allow the proposed constitutional convention to draft a new federal relations act. On this question, a government spokesman said that federal-territorial relations should include a greater measure of autonomy for the islanders and an increase of their representation in the Congress. Later, the Governor questioned whether the bill would provide any meaningful advantages to the people of the Territory beyond those enjoyed under their present status. Other points raised by the Governor included the absence of provisions for fiscal and taxing powers, bearing in mind that it did not have an accompanying federal relations act; failure to consult with the Governor before introduction of the bill in the Congress; and the lack of any meaningful participation by the executive branch of the territorial Government in the proposed constitutional convention.

27. In a letter to Mr. de Lugo, Mr. Moorhead pointed out that, even after the coming into operation of a constitution as envisioned in Mr. de Lugo's bill, the United States Government would continue to impose restrictions on the Territory's judicial, fiscal and taxing powers. He believed that such restrictions "can no longer be demonstrated to be of any substantive value or utility to the people of these islands nor of any essential need to the Federal Government", and "serve to make a silent though effective mockery of our boasts of political maturity". Accordingly, he called on Mr. de Lugo to amend his bill so as to authorize the Virgin Islanders to prepare a federal relations act. He noted that the subsidiary bodies of the House of Representatives had approved the bill as amended with "unusually rapid speed", without giving him a chance to express his views on it.

28. Replying to Mr. Moorhead's letter, Mr. de Lugo stated that his early drafts of the bill had included provisions for the writing of a federal relations act, but that, in reviewing the proposed legislation with congressional leaders, he had found it impractical to combine the two issues into one bill. He considered that "under this legislation, the constitutional convention could quite properly bring about desired changes in such matters of major local concern as territorial taxation and the jurisdiction of our courts". Finally, he said that:

"There are certain items of the federal-territorial relationship /e.g., federal tax legislation affecting the Territory/ which lie outside the scope of a constitutional convention, and I stand ready at any time to assist in these at the congressional level. ... I very much share your desire to eliminate those federal restrictions which are inconsistent with the concepts of self-government, and look forward to working with you to secure this goal."

29. On 3 January 1976, Governor King, in the presence of Mr. de Lugo, discussed with three visiting members of the House of Representatives the question of constitutional reform (see also para. 11 above). The Governor said that the proposed constitutional convention should be asked to consider the question of federal-territorial relations, with special attention to the Territory's ability to: (a) amend income tax laws; (b) exercise full control over its matching funds; f/ and (c) play a role in formulating immigration policy and in determining the applicability of federal laws to the islands.

C. Future status of the Territory

30. On 9 September 1975, when he introduced the Virgin Islands constitutional bill in the United States House of Representatives, Mr. de Lugo pointed out that the First Constitutional Convention, held in 1965, had adopted a resolution

f/ 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 excises to be returned. It is also required to use the funds only for financing development projects.

concerning the Territory's future status. In the resolution, the Convention had declared that "the people of the Virgin Islands are opposed to independence" and "desire to have the Virgin Islands remain an incorporated territory under the constitutional system of the United States with the fullest measure of internal self-government and in the closest association with the United States". g/ He also pointed out that this view had been approved by a resolution adopted by the Second Constitutional Convention. After the House Sub-Committee on Territorial and Insular Affairs had passed Mr. de Lugo's bill, as amended (see para. 23 above), its Chairman told reporters that the legislation "does not lead in the direction of independence from the United States", a statement later supported by Mr. Peter W. Rodino, Chairman of the House Judiciary Committee.

31. During his recent discussion with the visiting members of the House of Representatives (see above), Governor King stated that the people of the Territory were "inalterably opposed to independence", but were "deeply concerned with securing additional authority in certain critical areas".

D. Governor's message on the state of the Territory

32. In his annual message on the state of the Territory, presented to the Legislature on 22 January 1976, Governor King said that:

"My intention today is to offer a critical assessment of actual conditions in the Territory, enumerate very briefly some of the advances made, and outline a continuing course of action. ... In the most general terms, it is obvious that the state of the Territory is not well - convalescing to be sure, but still not well. I hasten to add that this critical appraisal does not mean that no advances have been made ... But it does mean that ... our over-all condition, especially economic, remains serious, and that numerous, seemingly intractable problems persist. It does mean that we must continue to recognize the urgency of the situation and that much hard work lies ahead before we can ... realize the hopes of a better future for all the residents ...".

33. After referring to a number of other important problems, including administrative reform, crime, labour, housing, health, education and the environment, the Governor outlined his administration's accomplishments and plans for the future, which are summarized below.

E. Government reform

34. In a public statement made in April 1975, Mr. Roebuck, President of the Legislature, said that among reforms initiated was the upgrading of its

g/ Official Records of the General Assembly, Twenty-first Session, Annexes, addendum to agenda item 23 (A/6300/Rev.1), chap. XXII, para. 15.

staff through: (a) recruitment of additional professionals in accounting, administration, law and research; and (b) alteration of the schedule of sessions to allow more time for committee work and review of legislation. In August, the Democratic majority of the Legislature introduced a bill, which would reorganize the legislative branch of government to promote the efficiency and effectiveness of the legislative process.

35. In his message on the state of the Territory (see above), Governor King emphasized that it was imperative to examine the function, performance and productivity of executive agencies, and not only to improve the provision of basic services but also to enhance the Territory's capacity in dealing with the challenges before it. With these objectives in mind, a 12-month Management Improvement Project (MIP) was being implemented with the object of producing some recommendations for action and some to be submitted to the Legislature for consideration. Moreover, considerable attention was also being directed towards modernization of the merit system.

F. Public safety and law enforcement

36. According to Governor King, efforts had been made to upgrade the Department of Public Safety in order to increase its capacity to deal with the continuing problem of crime. Among the measures taken had been: (a) the appointment of a new and highly qualified Commissioner; (b) completion of a new police complex on St. Croix; (c) establishment of a special prosecutor's investigation unit to deal with unsolved homicides and other crimes; (d) formation of an anti-burglary squad; and (e) establishment of a planning and research office.

37. Finally, the Governor reported plans to: (a) continue to upgrade the Department of Public Safety; (b) implement a comprehensive anti-crime plan, aimed specifically at coping with crimes against property, to be financed by the United States Law Enforcement Assistance Administration; (c) give top priority to the development of facilities for sentenced juvenile offenders; and (d) invite the Legislature to consider matters relating to law enforcement, including in particular the establishment of a commission to set up and adopt rules for the entire criminal judicial system.

G. Military installations

38. Early 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 an underwater tracking range centre in the Territory. On 20 January 1976, the United States Navy announced that the Annual Caribbean Naval Exercises had officially started the day before and would continue until 5 March, and that, in addition to the United States, Canada, the Netherlands and the United Kingdom of Great Britain and Northern Ireland would participate in the exercises.

H. External relations

39. In accordance with Virgin Islands Legislative Act No. 3349, Governor King proclaimed 13 October 1975 as Virgin Islands-Puerto Rico Friendship Day, which was observed as a public holiday throughout the Territory. The Governor took this action in order to "renew and strengthen the common bonds" of the two island communities. Approximately 200 persons from the British Virgin Islands (including political leaders, government officials and representatives of various organizations) arrived on St. Thomas to celebrate the Fourth Annual Friendship Day, which is designed to maintain friendship and co-operation between the two Territories.

40. The second meeting of Heads of Government of the Caribbean Community (CARICOM) was held at Basseterre in St. Kitts-Nevis-Anguilla from 8 to 10 December and was attended by Governor King as an observer. While at Basseterre, he expressed the desire of his Government for a close relationship and association with the members of CARICOM.

41. In his message on the state of the Territory (see para. 32 above), the Governor announced the Government's intention to establish and expand contacts with neighbouring island communities, declaring that "our purposes are commercial and cultural, not political".

3. ECONOMIC CONDITIONS

A. General

42. During the 1960s, the United States Virgin Islands enjoyed an extended economic boom based mainly on tourism, and to a lesser extent on the development of manufacturing industries. This upsurge was followed by a downward trend in the period 1970-1973, when the average per capita income decreased from \$US 3,860 h/ to \$US 2,400. This trend continued into 1975, with adverse consequences for employment, income, trade and social progress.

43. The recent economic slowdown is primarily attributed to the decline in the number of tourists visiting the Territory, most of whom come from the United States. During the years 1973/74 and 1974/75, air arrivals decreased from 580,604 to 531,023, and cruise ship passenger arrivals from 495,775 to 450,462. The tourist trade began to emerge from recession in November and December 1975, however, when most of the hotels reported an improvement in the occupancy rate.

44. The Territory has a number of industrial enterprises, the most important at present being an alumina plant, which produced about 450,000 tons in 1974, and an oil refinery with a capacity of 650,000 barrels daily. Both are located on St. Croix and are owned, respectively, by the Harvey Aluminum Corporation (a subsidiary of the Martin Marietta Corporation of the United States) and the Hess Oil Corporation (a subsidiary of the Amerada Hess Corporation of the United States). In late 1975, studies were being prepared on the possible expansion of the alumina plant. A law enacted in January 1975 i/ provides for the establishment of a second oil refinery (100,000 barrels daily) by the Virgin Islands Refinery Corporation (VIRCO), which is controlled by United States interests. Thus far, VIRCO has been unable to obtain authorization from the United States Government to construct the refinery.

45. Other smaller industrial concerns are mainly engaged in the assembly of watches, the processing of foreign-made wool fabrics and the distillation of rum. Two new manufacturing industries (petrochemicals and medical instruments) were expected to be brought into existence between September and November 1975 by investors from the United States. Practically all industrial goods produced in the United States Virgin Islands are exported.

46. There are no minerals of commercial significance. Agriculture, fishing and stock-breeding contribute only marginally to the economy, but efforts are being made to increase their production.

h/ The local currency is the United States dollar.

i/ Official Records of the General Assembly, Thirtieth Session, Supplement No. 23 (A/10023/Rev.1), vol. IV, chap. XXVI, annex, para. 42.

47. An important factor hampering economic development is the deficiency of basic facilities, especially those for air and sea communications. There are two main airports: Harry S. Truman Airport on St. Thomas, and Alexander Hamilton Airport on St. Croix. Ocean-going ships use Charlotte Amalie Harbour on St. Thomas or Frederiksted Harbour on St. Croix. A third port, also located on St. Croix, takes smaller vessels. The Government has sought to construct additional port facilities and to upgrade Truman Airport sufficiently to accommodate larger jets.

48. Nearly all local requirements are imported. Imports were valued at \$US 850.6 million in 1973 and \$US 2.2 billion in 1974; exports totalled \$US 611.9 million and \$US 1.7 billion respectively. As in the past, trade was principally conducted with the United States. Although the Territory's adverse balance of trade widened, its net receipts on invisible account covered outlays on imported merchandise. The main items were financial aid from the United States, the inflow of foreign investment capital and tourist spending.

49. The weakness of the Territory's trade positions 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. Recent developments aggravating local inflation have included the deterioration in the value of the United States dollar and the sharp increase in international oil prices. Despite its efforts to curtail the inflationary spiral, the Government reported that consumer prices in the Territory had risen by 8.2 per cent during the year ending 31 October 1975, with apparel, utilities and private transportation 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.

50. Construction activity in the Territory is subject to severe inflationary pressure in both the commercial and the residential sectors. Slackened demand has not reduced the prices of imported building materials, a component representing two thirds of the cost of construction, and as a result, many builders have been forced out of the local market. The value of construction permits was estimated at \$US 45.9 million in 1974/75, the lowest in seven years.

51. In his message on the state of the Territory, Governor King said that:

"By most available measures, the state of the insular economy ... remains precarious, and most likely will remain so for the immediate future. Although the relentless decline of the past few years appears to have been arrested and some resurgence is evident in the area of tourism ... too many tourism-related concerns continue to struggle for survival, the construction and manufacturing sectors still persist in the doldrums, and inflation and unemployment, as well as underemployment remain at unacceptably high levels ...

"It must be stressed that any upswing will not only be gradual but will depend in large measure on what happens on the national scene. This is a key factor in the equation of recovery. If the economy is expected to improve throughout this year, the stark fact before us is that the rate of improvement is problematic and that any increased economic activity on the mainland will not be immediately reflected here

B. Economic development plans

Implementation of the Governor's plan

52. According to the Governor, several measures outlined in the "operation recovery"^{j/} programme have been implemented within the limits of present resources in an effort to revive tourism, lay the foundation for a stable tourist trade and, most importantly, enhance the Territory's capacity to benefit fully from the recovery of the United States economy. Among the measures taken in 1975 were the following: (a) appointment of a new and highly qualified Commissioner of Commerce; (b) establishment of a separate Division of Tourism, headed by a professional director responsible for formulating, co-ordinating and implementing policies and programmes pertaining to all aspects of tourism; and (c) reorganization of various publicity schemes for both the local people and visitors.

53. Measures being taken to enhance and control the environment include the following: (a) development of a more comprehensive park system and the Territory's submerged lands and shorelines; (b) improvement of the appearance of urban areas; (c) preparation of an over-all historic preservation plan; and (d) establishment of community development projects financed by the Federal Government (see below).

54. Efforts were also made during 1975 to further develop the economic infrastructure by: (a) seeking the necessary financing for the upgrading of Truman Airport; (b) formulating a plan to renovate Hamilton Airport; and (c) starting work on a new container port for St. Croix and on the Frederiksted pier.

55. The Government continued to promote economic diversification. To this end, a law was enacted in September 1975, providing for the establishment of an industrial development programme designed to make the United States Virgin Islands more attractive to potential investors. Among other things, the law expands the tax and other benefits that may be granted, permits the spreading of exemptions and subsidies over a longer period at a reduced level and encourages the employment of local people. Under the law, a commission was appointed with the Commissioner of Commerce as its head.

56. Other significant developments during that year included: (a) the formation of an Economic Advisory Council within the office of the Governor; (b) the establishment of an Office of Policy and Research within the Virgin Islands Department of Commerce; (c) the preparation of an application for an economic planning grant already recommended for approval by the United States Department of Commerce; and (d) the forging of a closer working relationship with the Economic Development Administration of Puerto Rico in order to identify areas for co-operation.

^{j/} Ibid., paras. 50-57.

57. In early January 1976, the President of the United States signed into law a bill passed by the United States Congress, to set up the Virgin Islands-Puerto Rico Caribbean Regional Development Commission, thus enabling the two island communities to become eligible for substantial funds provided under the Federal Public Works and Economic Development Act of 1965.

New proposals of the Governor

58. In his recent message (see para. 32 above), Governor King considered that the Territory's greatest primary task was the revitalization and strengthening of its economy. He proposed to continue implementing the measures set forth in the "operation recovery" programme and stressed the need to broaden the Territory's economic base. To achieve this objective, he recommended the formation, within the Virgin Islands Department of Commerce, of a division of industrial development to supplement the limited promotional and managerial functions of the Investment Incentive Commission. He further recommended: (a) improvement of the over-all competitive standing of the Territory as an attractive investment area, primarily through the expansion of infrastructure and the granting of greater fiscal incentives; and (b) continuation of work on the development of a comprehensive economic development plan. He also announced plans to implement two very important public works programmes established by the United States Government under the Federal Public Works and Economic Development Act of 1965 and the Housing and Community Development Act of 1974. He added that attempts would also be made to ensure inclusion of the United States Virgin Islands in any other relevant public works and special anti-recession programmes passed by the United States Congress.

Proposals of the President of the Legislature

59. In his speech at the opening of the Legislature, on 12 January 1976, Mr. Roebuck stated that despite widespread unemployment and the high cost of living in the Territory, the economic development plan recommended by the Legislature in 1975 "has still not been implemented by the executive branch". k/ He urged that several steps be taken to improve the economic situation in the islands, including assistance to the rum distilleries, increased aid to the tourist industry, the establishment of new light industries and marine-oriented enterprises and greater food production.

C. Public finance

Budget

60. On 7 June 1975, Governor King submitted to the Legislature an operating budget of \$US 119.2 million for 1975/76. A separate Internal Revenue Matching Fund budget for 1975/76 was also submitted, which would call for a \$US 5.0 million contribution

k/ Ibid., para. 58.

to the general fund (the operating budget), and \$US 4.7 million for capital improvement projects. The budget represented a \$US 12.0 million reduction from the original appropriation for 1974/75 but a \$US 2.0 million increase over actual expenditures under Mr. King's revised austerity budget for that year.

61. The total estimated revenue for 1975/76 would be derived mainly from the following sources: income tax, \$US 62.8 million; customs duties, \$US 28.0 million; gross receipts tax, \$US 14.6 million; property, excise and other taxes, \$US 12.5 million; and contributions from other sources such as the Interest Revenue Fund, \$US 1.5 million.

62. The total estimated expenditure for the current financial year would be allocated as follows: education, \$US 33.4 million; health, \$US 23.1 million; public works, \$US 19.7 million; public safety, \$US 11.4 million; social welfare, \$US 7.1 million; the Office of the Governor, \$US 5.7 million; commerce, \$US 4.2 million; the College of the Virgin Islands, \$US 4.2 million; finance, \$US 4.1 million; and conservation and cultural affairs, \$US 3.0 million.

63. In his budget message to the Legislature, Governor King stated that decisions had been made on two courses of action to balance the budget: curtailment of government spending and continued efforts to secure new oil revenues. 1/ He went on to say that "in view of the hardships being experienced by so many, we should refrain from increasing the tax burden at this time"; that government employees were being asked to forgo salary increases during 1975/76; and that efforts would be continued to improve efficiency and productivity in the Government. He informed the Legislature that although the departments of education and health were the major recipients of spending increases, steps were being taken to make the two departments more self-sustaining. In particular, he pointed out that part of the funds (over \$US 8.0 million) allocated to the Department of Health would come from fees for services rendered by it.

64. On 27 June, the Legislature adopted a budget of \$US 134.0 million, or \$US 5.0 million more than the amount originally requested by the Governor. The additional funds were to be provided mainly through transfers from the Internal Revenue Matching Fund and changes in the methods of paying income tax rebates. Most of these funds were to be used to cover expenses for the restoration of over 450 posts eliminated by the Governor from the departments of commerce, education and public works.

65. On 9 July, Governor King signed a budget which he had reduced by \$US 500,000 from the \$US 134.0 million recently passed by the Legislature. Of the nine appropriations bills constituting the budget, he left five unchanged and rejected four in part or in whole. Five days later, the Legislature voted to override vetoes on the four bills, an action which led to a court dispute, as yet unsettled, between the Governor and that body.

1/ Information on this subject prior to April 1975 is contained in Official Records of the General Assembly, Thirtieth Session, Supplement No. 23 (A/10023/Rev.1), vol. IV, chap. XXVI, annex, paras. 64-66.

66. In his message on the state of the Territory, Governor King said that the delicate state of the economy was mirrored in the Territory's continuing battle against fiscal disaster. Many factors, both internal and external, had been responsible for the present state of affairs, including long-standing mismanagement and the excessive growth of government, careless spending and the extravagant promotion of non-essential programmes, an ailing economy and runaway inflation, and such damaging federal actions as the granting of income tax rebates, the passage of the Tax Reduction Act of 1975 and its subsequent extension, and the reluctance to return certain excise taxes rightfully due to this Territory. The Governor added that:

"... the attempt to cope with severe budgetary difficulties has been one of the ... most time-consuming preoccupations of this Administration, and by most indications, will continue to be in the months and perhaps years ahead. We face a sizable budget deficit this fiscal year and a far more massive one for the next. It is clear that even more stringent economies and austerity measures will be required to achieve the objective of a balanced budget as mandated by ... the Revised Organic Act."

67. The Governor proposed the following measures to help deal with present and threatened deficits: (a) a further search for potential areas of savings; (b) reappraisal of all programmes in an effort to postpone those of a non-essential nature; (c) legal action to secure the return to the Territory of certain oil customs duties and gasoline excise taxes being retained by the Federal Government; (d) higher trade and excise taxes on several luxury items; (e) applying or increasing charges for certain government services to reflect actual costs more closely; (f) accelerated collection of accounts receivables; (g) drafting of a petition to the Federal Government, seeking financial assistance for the Territory, especially in regard to capital improvement projects; and (h) continuing discussions between the territorial Government and the Hess Oil Corporation concerning modification of the present formula of tax exemptions. The Governor pointed out, however, that these measures could not prevent the limited lay-offs currently under way.

4. SOCIAL CONDITIONS

A. Labour

68. The Territory's unemployment rate has followed an upward trend since 1969/70. It was officially estimated to have risen from 1.3 per cent in 1969/70 to 4.5 per cent in 1973/74 and 7.4 per cent in 1974/75. According to the Virgin Islands Employment Security Agency, about 4,100 persons, or 9.5 per cent of the 43,360 labour force, were unemployed in August 1975. By the end of 1975, unemployment was estimated at over 11 per cent of the labour force (nearly nine times the rate in 1969/70) and was reported to be rising. This figure did not include young people or those failing to register for unemployment insurance. Most heavily affected were construction workers, followed by government, hotel and restaurant employees.

69. It will be recalled m/ that between 1971 and 1974, the territorial Government sought to cope with the problem of unemployment through the enactment of laws authorizing unemployment compensation, employment and training schemes and participation in the federal food stamp programme. In 1975, it continued to pursue these policies in co-operation with the Federal Government. The Territory has been heavily dependent on the United States for financial assistance since the end of June, when the Virgin Islands Unemployment Compensation Fund was exhausted. In July, the Emergency Unemployment Compensation Assistance Act of 1975 was signed into law by the President of the United States, thus enabling the territorial Government to borrow up to \$US 5.0 million from federal general revenues to replenish the Fund.

70. Another important development was the announcement by the territorial Government in September that the Federal Bureau of Labor Statistics (BLS) had agreed to conduct a labour market information programme in the islands, which would involve the establishment of an unemployment data collection system consistent with federal requirements. Additionally, the BLS team would train local officials in the procedures to help the Virgin Islands Employment Security Agency ultimately assume full responsibility for the function. Previously, the unemployment rate of the United States Virgin Islands could not be used in the allocation formula for federal funds for the Territory because the rate had not been certified by the Federal Government.

71. In 1975, the Territory received federal grants of \$US 5.6 million (\$US 3.0 million in 1974) for financing employment and training schemes. The United States Department of Housing and Urban Development (HUD) also made available funds totalling \$US 18.6 million for provision of housing and related facilities, as well as additional employment opportunities (see below). Other steps recently taken to remedy unemployment included: (a) tightened control over immigration (see paras. 4-12 above); and (b) implementation of the economic development plan (see paras. 52-57 above).

m/ Ibid., paras. 70-71.

72. In his message on the state of the Territory, Governor King referred to growing difficulties between the Government and the leadership of organized labour. He therefore proposed the development of a collective bargaining programme adapted to the needs and peculiarities of the Territory.

B. Housing

73. In order to qualify for federal housing funds, the territorial Government submitted a housing study to the United States Government in February 1974. n/ The study found that 22,900 new and rehabilitated units would be needed to ameliorate the housing shortage in the next 12 years, and that, with the continuing rise in housing costs, only 15 per cent of the Virgin Islanders could afford to buy or build new dwellings without government assistance. In May 1975, members of all sections of the local housing industry said in an interview that the high cost of imported building materials coupled with generally poor economic conditions had brought the construction of private homes to virtually a complete standstill. In the remaining months of that year, there were no signs of improvement in this situation.

74. Nevertheless, the Government has continued to make progress in the field of public housing. In June 1975, HUD awarded the Territory seven grants totalling \$US 4.6 million for the maintenance and rehabilitation of public housing projects. In the following month, it allocated another \$US 14.0 million, mainly for the renovation of existing dwellings and the construction of new units. This sum included a small portion of the block grant of \$US 2.7 million made under the Federal Housing and Community Development Act of 1974.

75. According to the Virgin Islands Housing Authority, in August 1975, there were 27 housing communities on St. Thomas and 17 on St. Croix, with a total of 4,913 units (4,500 in 1974). In addition, contracts had been awarded for 300 individual units for St. Thomas, with occupancy expected by the end of 1976. It was expected that the remainder of the block grant would be received from HUD in connexion with 26 projects, including land acquisition, general housing rehabilitation, expansion of potable water and sewage systems, urban renewal schemes and improvements to homes for the aged. Funds totalling more than \$US 11.0 million were also expected to be available for similar grants over the period 1974-1982. According to the Administration, it remained committed to the provision of decent housing for the less privileged.

C. Public health

76. According to Governor King, some progress has been made in the field of public health despite severe budgetary limitations, but owing to recent reductions in government spending, the Administration has found it difficult to provide adequate medical services for all residents of the Territory. In order to achieve this objective, the Governor has suggested that the current programme of administrative reforms be continued, including improvements in management procedures; and that present procedures for the collection and management of revenues be reorganized.

n/ Ibid., para. 76.

5. EDUCATIONAL CONDITIONS

77. Education is compulsory between the ages of 5-1/2 and 16 years. Public, private and church schools provide primary, junior, secondary and vocational education; there are also kindergartens on St. Thomas and St. Croix. On St. John, the only government schools are kindergartens, primary and junior schools. According to the Department of Education, total enrolment in the public schools rose from 23,669 in 1974/75 to 24,651 in 1975/76. Higher education is provided at the College of the Virgin Islands on St. Thomas, which has an extension centre on St. Croix. At the beginning of the 1974/75 academic year, the college had 539 full-time and 1,295 part-time students.

78. In his message on the state of the Territory, Governor King stated that "our system of public education has yet to recover from massive increases in enrolment, much less reorient itself and respond to the urgent needs of a developing, pluralistic society", and that "although the rate of growth appears to have stabilized, enrolment continues to rise as available resources become more and more limited". According to the Governor, there has been moderate progress. The newly appointed Commissioner of Education has been requested to carry out a programme aimed at: (a) revising the present curriculum to provide students with more marketable skills and to make it more relevant to the Territory's setting and culture; (b) enforcing all rules and regulations governing student behaviour; (c) modernizing instructional techniques and placing greater emphasis on vocational training (see below); (d) granting more authority to school principals; and (e) implementing certain recommendations contained in a recent government study on the efficiency and productivity of the Department of Education.

79. The Governor also drew attention to other activities related to education, including the implementation of: (a) a \$US 12 million school construction project; (b) a summer landscaping and building improvement scheme; and (c) new educational programmes, such as the bilingual-bicultural project and the expansion of certain vocational training programmes in which approximately 45 per cent of the secondary school students were participating.

80. In order to further upgrade the public school system, the Governor proposed continued work on administrative reforms, including improvements in management procedures, and decentralization of day-to-day operations while maintaining a more centralized policy co-ordination.

CHAPTER XXXII

(A/21/23/Add.10)

INFORMATION FROM NON-SELF-GOVERNING TERRITORIES TRANSMITTED
UNDER ARTICLE 73 e OF THE CHARTER OF THE UNITED NATIONS

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CHAPTER XXXII

INFORMATION FROM NON-SELF-GOVERNING TERRITORIES TRANSMITTED UNDER ARTICLE 73 e OF THE CHARTER OF THE UNITED NATIONS

A. CONSIDERATION BY THE SPECIAL COMMITTEE

1. The Special Committee considered the question of information from Non-Self-Governing Territories transmitted under Article 73 e of the Charter of the United Nations and related questions at its 1053rd meeting, on 9 September 1976.
2. In its consideration of the item, the Special Committee took into account the provisions of General Assembly resolution 3481 (XXX) of 11 December 1975 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. Further, the Special Committee took into account other pertinent resolutions of the General Assembly concerning information from Non-Self-Governing Territories transmitted under Article 73 e of the Charter and related questions, in particular resolution 1970 (XVIII) of 16 December 1963 which, inter alia, dissolved the Committee on Information from Non-Self-Governing Territories and transferred certain of its functions to the Special Committee, and paragraph 4 of resolution 3420 (XXX) of 8 December 1975 which requested the Special Committee to continue to discharge the functions entrusted to it under resolution 1970 (XVIII), in accordance with established procedures, 1/ and to report thereon to the General Assembly at its thirty-first session.
3. During its consideration of the item, the Special Committee had before it the report of the Secretary-General (see annex to the present chapter) containing information on the dates on which information from Non-Self-Governing Territories concerned, called for under Article 73 e of the Charter, was transmitted for the years 1974 and 1975.
4. In addition, the Special Committee had before it a draft resolution on the item (A/AC.109/L.1128) submitted by the Chairman.
5. At its 1053rd meeting, on 9 September, the Special Committee considered and adopted the draft resolution without objection (see para. 7 below) (A/AC.109/PV.1053).
6. On 14 September, the text of the resolution was transmitted to the administering Powers for their attention.

1/ Official Records of the General Assembly, Nineteenth Session, Annexes, Annex No. 8 (Part I) (A/5800/Rev.1), chap. II.

B. DECISION OF THE SPECIAL COMMITTEE

7. The text of the resolution (A/AC.109/539) adopted by the Special Committee at its 1053rd meeting, on 9 September, to which reference is made in paragraph 5 above, is reproduced below:

The Special Committee,

Having examined the report of the Secretary-General on this item, 2/

Recalling General Assembly resolution 1970 (XVIII) of 16 December 1963, in which the Assembly requested the Special Committee to study the information transmitted to the Secretary-General in accordance with Article 73 e of the Charter of the United Nations and to take such information fully into account in examining the situation with regard to the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples,

Recalling also General Assembly resolution 3420 (XXX) of 8 December 1975, in which the Assembly requested the Special Committee to continue to discharge the functions entrusted to it under resolution 1970 (XVIII),

Deploring that, despite the repeated recommendations of the General Assembly and the Special Committee, some Member States having responsibilities for the administration of Non-Self-Governing Territories have ceased or have failed to transmit information under Article 73 e of the Charter,

1. Reaffirms that, in the absence of a decision by the General Assembly itself that a Non-Self-Governing Territory has attained a full measure of self-government in terms of Chapter XI of the Charter of the United Nations, the administering Power concerned should continue to transmit information under Article 73 e of the Charter with respect to that Territory;

2. Requests the administering Powers concerned to transmit, or continue to transmit, to the Secretary-General the information prescribed in Article 73 e of the Charter, as well as the fullest possible information on political and constitutional developments in the Territories concerned;

3. Decides, subject to any decision that the General Assembly might take in that connexion, to continue to discharge the functions entrusted to it under General Assembly resolution 1970 (XVIII), in accordance with established procedures.

2/ See annex to the present chapter.

ANNEX*

REPORT OF THE SECRETARY-GENERAL

Transmission of information under Article 73 e of the Charter
of the United Nations

1. The Secretary-General's previous report on the subject a/ listed the dates on which information was transmitted to the Secretary-General under Article 73 e of the Charter up to 12 August 1975. The table at the end of the present report shows the dates on which such information was transmitted in respect of the years 1974 and 1975 up to 7 September 1976.

2. The information transmitted under Article 73 e of the Charter follows in general the standard form approved by the General Assembly and includes information on geography, history, population, economic, social and educational conditions. In the case of Territories under the administration of Australia, France, New Zealand, Spain, the United Kingdom of Great Britain and Northern Ireland and the United States of America, the annual reports on the Territories also include information on constitutional matters. Additional information on political and constitutional developments in the Territories under their administration is given by the representatives of Australia, New Zealand, the United Kingdom and the United States during meetings 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. Supplementary information is also made available by the United Kingdom concerning Territories under its administration.

Study of information transmitted under Article 73 e
of the Charter

3. In compliance with the provisions of paragraph 5 of General Assembly resolution 1970 (XVIII) of 16 December 1963 and other relevant resolutions of the General Assembly, including in particular resolution 3420 (XXX) of 8 December 1975, the Secretariat has continued to use the information transmitted in the preparation of working papers on each Territory for the Special Committee.

* Previously issued under the symbol A/AC.109/538.

a/ Official Records of the General Assembly, Thirtieth Session, Supplement No. 23 (A/10023/Rev.1), vol. IV, chap. XXXII, annex.

Table

Dates of transmission of information under Article 73 e
of the Charter for 1974 and 1975 a/

	<u>1974</u>	<u>1975</u>
AUSTRALIA (1 July-30 June) <u>b/</u>		
Cocos (Keeling) Islands	22 April 1975	6 July 1976
FRANCE (calendar year)		
French Somaliland <u>c/ d/</u>	-	-
New Hebrides (condominium with the United Kingdom)	1 August 1975	
NEW ZEALAND (1 April-31 March) <u>e/</u>		
Tokelau Islands	11 August 1975	19 August 1976
PORTUGAL		
Timor	5 June 1975	
SPAIN (calendar year)		
Spanish Sahara <u>f/</u>	30 June 1975	
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (calendar year)		
Antigua <u>g/</u>	-	-
Belize	5 June 1975	18 August 1976
Bermuda	6 August 1975	7 September 1976
British Virgin Islands	30 May 1975	16 June 1976
Brunei <u>h/</u>	-	-
Cayman Islands	6 August 1975	7 September 1976
Dominica <u>g/</u>	-	-
Falkland Islands (Malvinas)	15 July 1975	7 September 1976
Gibraltar	6 August 1975	8 July 1976

Table (continued)

	<u>1974</u>	<u>1975</u>
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (calendar year) (continued)		
Gilbert Islands	6 August 1975	7 September 1976
Montserrat	30 May 1975	7 September 1976
New Hebrides (condominium with France)	30 May 1975	18 August 1976
Pitcairn	12 May 1975	2 August 1976
St. Helena <u>e/</u>	6 August 1975	8 March 1976 <u>i/</u>
St. Kitts-Nevis-Anguilla <u>g/</u>	-	-
St. Lucia <u>g/</u>	-	-
St. Vincent <u>g/</u>	-	-
Solomon Islands	24 June 1975	16 June 1976
Southern Rhodesia	6 August 1975	18 August 1976
Turks and Caicos Islands	11 July 1975	7 September 1976
Tuvalu <u>j/</u>	6 August 1975	7 September 1976
UNITED STATES OF AMERICA (1 July-30 June) <u>b/</u>		
American Samoa	1 April 1975	9 June 1976
Guam	8 April 1975	29 April 1976
United States Virgin Islands	1 April 1975	

a/ For a preliminary list of Territories to which the Declaration on the Granting of Independence to Colonial Countries and Peoples (General Assembly resolution 1514 (XV)) applies, see Official Records of the General Assembly Eighteenth Session, Supplement No. 14 (A/5514), part one, annex II.

b/ Period extends from 1 July of the previous year to 30 June of the year listed.

(Foot-notes continued on following page)

(Foot-notes to table) (continued):

c/ On 27 March 1959, the Government of France notified the Secretary-General that this Territory had attained internal autonomy and, consequently, the transmission of information thereon had ceased as from 1957.

d/ The new designation of the Territory is French Territory of the Afars and the Issas (see Terminology Bulletin No. 240 (ST/CS/SER.F/240) of 15 April 1968).

e/ Period extends from 1 April of the year listed to 31 March of the following year.

f/ On 26 February 1976, the Permanent Representative of Spain to the United Nations informed the Secretary-General that "The Spanish Government, as of today, definitively terminates its presence in the Territory of the Sahara and deems it necessary to place the following on record: ... Spain considers itself henceforth exempt from any responsibility of an international nature in connexion with the administration of the said Territory, in view of the cessation of its participation in the temporary administration established for the Territory" (A/31/56-S/11997 For the printed text, see Official Records of the Security Council, Thirty-first Year, Supplement For January, February and March 1976 (S/11997)).

g/ At previous sessions of the General Assembly, the United Kingdom had declared that, having achieved the status of Associated State, this Territory had attained "a full measure of self-government" and, consequently, the transmission of information thereon was, in its view, no longer appropriate (see also documents A/AC.109/341, A/C.4/725, A/AC.109/PV.762 and Corr.1, Official Records of the General Assembly, Twenty-second Session, Fourth Committee, 1752nd meeting and *ibid.*, Twenty-fourth Session, 1867th meeting).

h/ On 18 September 1972, the Government of the United Kingdom notified the Secretary-General that this Territory had attained full internal self-government and, consequently, the transmission of information thereon was, in its view, no longer appropriate.

i/ Information on Tristan da Cunha relates to the year ended 30 June 1975.

j/ As a result of the referendum held in the Gilbert and Ellice Islands in August and September 1974, which was observed by the United Nations Visiting Mission to the Gilbert and Ellice Islands, 1974, the Ellice Islands separated from the Territory of the Gilbert and Ellice Islands on 1 October 1975, and became known as Tuvalu (see A/C.4/786).

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