

**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**

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**VOLUME VI**

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**GENERAL ASSEMBLY**

OFFICIAL RECORDS: TWENTY-NINTH SESSION

SUPPLEMENT No. 23 (A/9623/Rev.1)



**UNITED NATIONS**

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**UNITED NATIONS**

New York, 1976

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 six volumes. The present volume contains chapters XXIII to XXIX;\* volume I, chapters I to III; volume II, chapters IV to VI; volume III, chapters VII to XIV; volume IV, chapters XV to XX; and volume V, chapters XXI and XXII; each volume contains a full table of contents.

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\* The present version of chaps. XXIII to XXIX is a consolidation of documents A/9623/Add.6 (Part I) of 12 November 1974, A/9623/Add.6 (Part II) of 11 November 1974 and A/9623/Add.7 of 24 September 1974 as they appeared in provisional form.

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\* Note by the Rapporteur: See chap. I, para. 9, foot-note 9, for the new designation of the Territory.

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CHAPTER XXIII

(A/9623/Add.6 (Part I))

BERMUDA

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A. CONSIDERATION BY THE SPECIAL COMMITTEE

1. At its 952nd meeting, on 26 February 1974, the Special Committee, by approving the seventy-first report of the Working Group (A/AC.109/L.920 and Corr.1), decided, inter alia, to refer Bermuda to Sub-Committee II for consideration and report.
2. The Special Committee considered the Territory at its 952nd meeting, on 26 February, and at its 975th and 977th meetings, on 1 July and 20 and 22 August.
3. In its consideration of the Territory, the Special Committee took into account the provisions of the relevant General Assembly resolutions, including in particular resolution 3163 (XXVIII) of 14 December 1973 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples, by paragraph 11 of which the Assembly requested the Special Committee "to continue to seek suitable means for the immediate and full implementation of General Assembly resolutions 1514 (XV) and 2621 (XXV) 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 twenty-ninth session". The Committee also took into account other resolutions of the General Assembly, particularly resolution 3157 (XXVIII) of 14 December 1973 concerning six Territories, including Bermuda, by paragraph 11 of which the Assembly requested the Committee "to continue to give full consideration to this question, including in particular the dispatch of visiting missions to those Territories ...".
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. At the 952nd meeting, on 26 February, the Chairman informed the Special Committee that he had received a request for a hearing concerning Bermuda from Mr. W. G. Brown, General Secretary, Bermuda Constitution Conference, indicating

his wish to be heard by the Committee, if possible at that meeting. Following statements by the representative of India and by the Chairman (A/AC.109/PV.952 and Corr.1), the Committee decided to accede to the request. Mr. W. G. Brown made a statement (A/AC.109/PV.952 and Corr.1).

6. At the 975th meeting, on 1 July, the Rapporteur of Sub-Committee II, in a statement to the Special Committee (A/AC.109/PV.975 and Corr.1), introduced the report of that Sub-Committee (A/AC.109/L.949), containing an account of its consideration of the Territory (A/AC.109/SC.3/SR.195, 196, 202 and 203).

7. At the same meeting, following a statement by the Chairman, the representative of the United Kingdom of Great Britain and Northern Ireland informed the Special Committee that, having regard to the express readiness of his Government to co-operate in the related work of the Committee, as reflected in a letter dated 13 June 1974 addressed to the Chairman by the Permanent Representative of the United Kingdom to the United Nations (A/AC.109/450), his delegation welcomed the opportunity to study the report and comment thereon in due course, where necessary (A/AC.109/PV.975 and Corr.1).

8. At the 976th meeting, on 20 August, the representative of the United Kingdom made a statement (A/AC.109/PV.976 and Corr.1). At the same meeting, the Chairman also made a statement (A/AC.109/PV.976 and Corr.1).

9. At its 977th meeting, on 22 August, the Special Committee adopted without objection the report of Sub-Committee II and endorsed the conclusions and recommendations contained therein (see para. 11 below), it being understood that the reservations expressed by members and by the representative of the administering Power would be reflected in the record of the meeting. Statements were made by the representatives of Denmark, Australia, Bulgaria and Czechoslovakia (A/AC.109/PV.977).

10. 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

11. The text of the conclusions and recommendations adopted by the Special Committee at its 977th meeting, on 22 August, to which reference is made in paragraph 9 above, is reproduced below.

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

(2) Fully aware of the special circumstances of the Territory, 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 seek, in consultation

with the people of the Territory and the Special Committee, a constructive approach towards solving the problems of the Territory.

(3) The Special Committee reiterates its profound regret at the continued refusal of the United Kingdom of Great Britain and Northern Ireland, as the administering Power, to co-operate with the Committee in the Implementation of the Declaration and other relevant resolutions of the General Assembly with respect to Bermuda, and to provide it with up-to-date, relevant information on the Territory, in order to enable the Committee fully to assess the situation in the Territory and to play its proper role in helping to guide the people to exercise their right to self-determination and independence. Further, it regrets that, as a consequence, the Committee has been deprived of essential information which would have assisted it in the formulation of recommendations for the full and speedy implementation of the Declaration with respect to the Territory. Accordingly, it urges the administering Power to reconsider its attitude and to participate fully in the consideration of the Territory under its administration.

(4) The Special Committee notes with regret that since it last considered the question of Bermuda, there have been no new constitutional developments in the Territory. Certain minor constitutional amendments took effect in April 1973, but extensive powers remain in the hands of the Governor. Bearing in mind that the independence of the Bahamas has given new impetus to the people of Bermuda in their quest for freedom and independence, the Special Committee urges the administering Power to introduce in the Territory constitutional reforms patterned on those existing in the Bahamas prior to its independence, with the objective of increasing Bermuda's responsibility for, and control of, its defence, external affairs, internal security and police force.

(5) The Special Committee regrets that in his speech at the opening of the legislature in November 1973, the Governor failed to mention anything about the constitutional future of the Territory. In its view, the fact that foreigners have the right to vote will clearly impede the granting of independence to Bermuda. Noting statements recently made by the leaders of the opposition party on the question of independence, the Special Committee considers it imperative for the Territory's legislative body to introduce legislation designed to offset that imbalance and also to prohibit foreigners from maintaining the status quo.

(6) The Special Committee expresses its concern that not enough has been done to develop and encourage a political awareness among Bermudians.

(7) Noting that the erosion of law and order is the most serious problem confronting the Territory, the Special Committee considers that effective measures should be adopted to reduce the unrest which appears to exist in some sectors of the population.

(8) The Special Committee notes that in May 1973, it was stated by the Consul General of the United States of America in Bermuda that the question of returning to Bermuda part of one of the two United States military bases in the Territory was likely to be discussed, but regrets that so far no such discussions have taken place.

(9) The Special Committee notes with concern that the economy of Bermuda remains almost totally dependent on versatile tourism and international finance, a situation which will prevent Bermudians from becoming self-sufficient. Noting

further that the tourist boom resumed in early 1974, it considers that Bermudians should have greater control over the profits realized by the tourist industry, and that the sale of land to non-Bermudians and the creation of a tax haven in the Territory will continue to be detrimental to its economic development.

(10) Noting recent legislation to substantially increase annual fees payable by international companies, the Special Committee believes that this legislation will be helpful in counteracting the establishment of a tax haven in Bermuda.

(11) The Special Committee notes that, owing primarily to lack of diversification, the economy as a whole is stagnant, inflation rapid, the balance of international payments grave and the Territory's financial position seriously weakened. It also notes that a Consumer Affairs Bureau has been established to examine complaints from the public and that a new five-year development plan is being prepared. It hopes that this plan will place some emphasis on other economic sectors such as agriculture, fishing and manufacturing. It is glad to note that farmers on Smith Island have found ways of producing an abundant supply of vegetables with reduced manpower, and that an expert is carrying out a study aimed at setting up a properly developed fishing industry.

(12) The Special Committee notes that the administering Power has so far failed to assist Bermuda in developing a diversified economy, and stressed that the United Kingdom Government has the obligation to develop the Territory, to protect its productive resources against abuses, and to prevent domination of its key economic sectors by foreign interests.

(13) While recognizing the need to hasten social progress, the Special Committee nevertheless notes that there have been some encouraging educational developments, and praises the entire programme emphasizing education as a means of preparing Bermudians for specific positions within the community at a variety of levels, including positions of control.

(14) Having 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 participation of the United Nations in the process of decolonization and particularly in gathering necessary information about the will and aspirations of the people. Therefore, the Special Committee strongly urges the administering Power to reconsider its position and to permit the access of such visiting missions 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 genuine views and wishes of the people concerning their future.



Annex\*

WORKING PAPER PREPARED BY THE SECRETARIAT

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1. Basic information on Bermuda a/ is contained in the report of the Special Committee to the General Assembly at its twenty-eighth session. b/ Supplementary information is set out below.

1. GENERAL

2. The results of the Territory's last census, taken in 1970, are given in the report of the Special Committee to the General Assembly at its twenty-seventh session. c/ According to additional data received, the resident civil population 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). Of the foreign-born population, 5,232 persons were from the United Kingdom; 2,363 from the United States of America; 2,350 from the Azores or Portugal; 2,309 from the Caribbean area; 1,221 from Canada; and 1,021 from elsewhere. The resident civil population was estimated to have risen from 52,610 in December 1971 to 53,230 in June 1972.

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\* Previously issued under the symbol A/AC.109/L.927 and Corr.1.

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 19 November 1973 for the year ending 31 December 1972.

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

c/ Ibid., Twenty-seventh Session, Supplement No. 23 (A/8723/Rev.1), vol. V, chap. XXII, annex, sect. B, para. 4.

## 2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

### A. Constitution

3. It will be recalled d/ that, at the request of the Bermuda Government, amendments to the 1968 Constitution were adopted and came into operation on 18 April 1973. In addition to designating the Chief Secretary as the Deputy Governor, the Government Leader as Premier, the Executive Council as the Cabinet and members of the Council as ministers, the amended Constitution provides for the Premier to preside over cabinet meetings. Provision is also made for the establishment of a separate Governor's Council, consisting of the Governor as Chairman, the Premier and not less than two nor more than three other ministers appointed by the Governor after consultation with the Premier. The function of the Council is to consider, and advise the Governor on, matters for which the Governor is responsible (defence, external affairs, internal security and the police). However, he does not have to act in accordance with the advice of the Council. The Council, established in July 1973, consists of the Governor, the Premier, the Minister of Finance and the Minister of Organization.

4. There has been no change in the powers and composition of the legislature. It may make laws for the peace, order and good government of the Territory, subject to the assent of the Governor. It consists of a nominated Legislative Council and an elected House of Assembly. The Legislative Council, which has power to delay legislation and to introduce and amend bills, consists of 11 members appointed by the Governor (five in his discretion; four on the advice of the Premier and two on the advice of the Opposition Leader). The House of Assembly consists of 40 members elected under universal adult suffrage from 20 two-member constituencies. At the last general election, held on 7 June 1972, the United Bermuda Party (UBP) emerged as the winner with the same 30 seats it had held in the dissolved House of Assembly. The Progressive Labour Party (PLP) retained the 10 remaining seats it had previously held. Following the election, Sir Edward Richards of UPB was reappointed Government Leader, a title subsequently changed to that of Premier (see above), and Mr. Walter Robinson of PLP was appointed Opposition Leader.

5. 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. The present Cabinet includes the following 11 members in addition to the Premier:

<u>Cabinet members</u>	<u>Ministry</u>
J. H. Sharpe	Finance
J. R. Plowman	Organization
Gloria McPhee	Education and libraries
F. J. Barritt	Marine and air services
L. I. Swan	Youth and sport
C. V. Woolridge	Labour and immigration

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

<u>Cabinet members</u>	<u>Ministry</u>
DeF. W. Trimingham	Tourism
Q. L. Edness	Health and social services
E. W. P. Vesey	Planning
R. O. Marshall	Transport
J. M. S. Platton	Works and agriculture

All of the cabinet members are members of the House of Assembly, with the exception of Mr. Plowman, who is a member of the Legislative Council.

6. Another main effect of the 1973 amendments to the Constitution was the revision of the electoral arrangements so that constituency boundaries will in future be decided without taking into account temporary residents not eligible to vote.

#### B. Future status of the Territory

7. As previously noted, e/ the request of the Bermuda Government for constitutional changes was contained in a motion introduced by Sir Edward Richards in the House of Assembly on 27 October 1972. During the debate, PLP submitted an amendment to the motion, replacing the proposed changes with a more general one seeking a conference in London "for the purpose of obtaining agreement for a new constitution for Bermuda under which the option for independence will be available to the Government of Bermuda, besides other matters". Sir Edward stated that the Government could not agree to the amendment terms because UBP had said in its election platform that it would not be seeking independence.

8. Statements made by the leaders of the two major parties in 1973 on the question of independence indicated a marked difference in regard to timing. On 7 May, Sir Edward said in a public statement that a decision on this question should not be made without knowing whether the move to independence would make things better for the people of the Territory. Although aware that the people "like to feel free" and that independence would give them this feeling, he nevertheless stressed that consideration should be given to the following other important matters: (a) the effect of such a move on the economic structure of the Territory; (b) the cost of establishing diplomatic missions abroad; and (c) measures to be taken to tackle security problems. Recalling his earlier remarks in the legislature that the Territory's present Constitution was perhaps as advanced as it could be, short of independence, Sir Edward said that any decision to make further constitutional changes should have its origin in the wishes of the people of Bermuda, and that the present Government did not have a closed mind to such changes.

9. Referring to her recent visit to the Bahamas to witness the independence celebrations, Mrs. Lois Browne-Evans, the deputy Opposition Leader, told the House of Assembly on 20 July that only Bermudians should be able to vote and that, until that was the case, Bermuda would not see constitutional changes. She hoped that both Bermuda's parties would unite to go onward to independence, which was what the

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e/ Ibid., paras. 23-24.

United Kingdom "wanted for her colonies". She expressed the view that only UBP opposed early independence for the Territory.

10. In an article published by The Bermuda Sun Weekly on 4 August, Mr. Robinson, the Opposition Leader, said that the greatest justification for wanting to see one's country independent was unwillingness to tolerate any sort of control by a foreign nation. He was of the opinion that the United Kingdom was a foreign nation in relation to Bermuda. He also said that the time had come for Bermudians to run their own country and not to be persuaded by those people benefiting from the existence and continuance of colonial rule that Bermuda could not afford independence.

11. In his speech at the opening of the legislature, on 9 November, Sir Edwin Leather, a former member of the United Kingdom Parliament, who had been sworn in as the new Governor on 16 July, said nothing about the constitutional future of the Territory. During the debate in the House of Assembly on 16 November, Mr. Robinson stressed the need for information on this subject and asked whether the Government intended to further constitutional advance. He argued that "the United Kingdom, under its international obligations, is bound to see that this country becomes independent". Replying, Sir Edward Richards declared that the Government was looking into the matter of constitutional reform and would inform the House when a stand was taken. On the present constitutional position, Mr. J. H. Sharpe, Minister of Finance, who is also a member of the Governor's Council, referring to the fact that the Governor must now consult the Council before exercising his reserved powers, said that he did not think that there had been one occasion when the Governor had acted against the advice of the Government. He also said that "it would be unrealistic to think we would stay with our present constitutional position indefinitely".

### C. Internal security and the police

12. It will be recalled f/ that the Bermuda Government declared a state of emergency in March 1973, following the assassination of the former Governor and his aide-de-camp. Speaking in the United Kingdom House of Commons, Sir Alec Douglas-Home, the Secretary of State for Foreign and Commonwealth Affairs, said that the state of emergency had been proclaimed in order to provide the police with special wider powers; that every possible effort would be made to bring the assassins to justice; and that the Bermudian authorities were fully aware of the need for security. He added that there was no sign whatever of any general unrest in the Territory.

13. Later, the Government took further measures for improving security in the Territory. These included: (a) the extension of the state of emergency for a further period not exceeding three months, beginning on 18 April 1973; (b) the passage by the legislature during the same month of the Firearms (Temporary Provisions) Act, 1973, to ban members of the public from owning or possessing firearms and ammunition until the end of the year; (c) the recruitment by the Police Department of local and overseas officers and men to bring the Bermuda police force close to its established strength of 399; and (d) the implementation of territory-

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f/ Ibid., paras. 26-27.

wide security plans. In early October, Mr. J. R. Plowman, Minister of Organization, who is also a member of the Governor's Council, said in a public statement that the erosion of law and order was the most serious problem confronting the Territory, and that this problem might even be "put ahead of independence".

14. Commenting on the situation at a press conference in October, Premier Richards said that the Government was deeply concerned about recent events, and gave an assurance that the Cabinet was being kept constantly in touch with developments. He stated that after a briefing by the Commissioner of Police, the Cabinet had unanimously agreed that the police were doing all they could to catch the criminals; that the public was being co-operative and helpful; and that progress was being made. The police had concluded that the acts of violence were confined to a small group of anti-social persons, and that there was no evidence that outsiders were responsible, even though outside influences might be at work. He said that his information came from the same source as the Governor's but pointed out that the present Constitution left police matters outside the Premier's hands. He was convinced that there was nothing a debate in the legislature could do to assist. He hoped that there would be an early breakthrough in the solution of the crimes, but believed that such a solution "sometimes takes a long time".

15. In his speech at the opening of the legislature, the Governor said that the Government recognized that the recent acts of violent crime were a major problem for Bermuda. He stated that the Government would continue to give any aid required to the police, which he commended for their efforts in containing recent acts of violence. The Government, he continued, intended to propose new legislation that would: (a) deal with bail, fines and penalties for those who would give contradictory evidence in different court hearings; (b) provide for the reactivation of properly constituted and recognized shooting clubs, while maintaining the prohibition of private possession of firearms and ammunition; and (c) allow for compensation to be paid to innocent persons injured as the result of a crime committed by others.

16. During the debate on the Governor's speech in the House of Assembly on 16 November, Mr. Robinson, the Opposition Leader, said that he was investigating a report that arms had been used by the police to intimidate someone into giving information. Subsequently, on 23 November, he indicated that the Commissioner of Police might have been involved in the incident. After alleging that the Commissioner's public explanation was at considerable variance with information he had received, Mr. Robinson called for an investigation of the matter by the proper authorities.

17. In reply, Mr. Sharpe, the Minister of Finance, stated that if the Opposition Leader had additional facts, he should report them to the Premier instead of bringing them up in the House. Mr. Sharpe was supported by two fellow members of the House who referred to the Opposition's long-standing objection to the control of the police by the Governor. In their view, the matter could have been handled better by the Premier, but they stressed that to suggest bad faith on the part of the police was not in the best interests of the Territory.

18. In his statement to the Fourth Committee of the General Assembly, at its 2065th meeting on 23 November, g/ the representative of the United Kingdom said that

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g/ Ibid., Fourth Committee, 2065th meeting.

the assassination of the former Governor of Bermuda and his aide-de-camp remained unresolved, but that there was nothing to indicate that they had been politically motivated. He pointed out that there was no evidence to support the conclusion contained in the previous report of the Special Committee that social unrest existed in the Territory. h/

#### D. Military installations

19. As previously noted, i/ the Agreement of 27 March 1941, as amended (1948-1972), between the Governments of the United Kingdom and the United States provides for the establishment of two United States military bases in Bermuda which occupy 2.297 square miles, or about one tenth of the total area of the Territory. Civil aircraft also use the Naval Air Station.

20. On 10 May 1973, the United States Consul General in Bermuda denied a report that the eastern side of one of the bases (King's Point Naval Station) was being prepared for return to Bermuda. He did not, however, rule out the possibility of discussions on the subject in three to six months. Meanwhile, it was suggested that the King's Point area of the base would make an ideal container port and new town to help cope with the problem of decreasing space.

### 3. ECONOMIC CONDITIONS

#### A. General

21. Bermuda enjoyed a rapid economic expansion over the period from 1966 to 1971. As a result, the level of local income and the standard of living rose substantially. The gross domestic product in 1971 was estimated at \$B 225 to \$B 245 million, j/ indicating that the average per capita income, ranging from \$B 4,200 to \$B 4,500, was among the highest in the world. The tourist and international finance industries contributed 44 and 13 per cent of the gross domestic product respectively; the remainder was derived from other smaller sectors such as agriculture, fishing and manufacturing.

22. According to a survey recently conducted by the Government, a period of rapid economic expansion had been followed by one of consolidation. Hotels in 1972 were caught between rising costs and decreased demand, resulting in reduced profits. The growth of the international financial community was also slowed by the decline in the net increase in the number of new foreign companies registered. External demand for Bermuda services was considered likely to weaken further. In the years 1968-1972, the Bermuda retail price index rose by 35 per cent and the

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h/ Ibid., Supplement No. 23 (A/9023/Rev.1), vol. V, chap. XXIII, para. 9 (5).

i/ Ibid., annex, para. 28.

j/ One pound sterling (£) was equivalent to 2.40 Bermuda dollars (\$B) until 29 July 1972, when the Government of Bermuda decided to fix the exchange rate of the Bermuda dollar to the United States dollar. For more details, see Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 23 (A/9023/Rev.1), vol. V, chap. XXIII, annex, paras. 42-44.

United States index by 20 per cent. Nationals of the United States, the Territory's principal customers, were believed to be unwilling to make purchases in Bermuda, while the gap between inflation rates in the two countries continued to widen.

23. The survey concluded that the general increases in real income achieved during the period of expansion would be hard to match. The Government therefore stressed the need to strengthen the competitiveness of the economy through the control of inflation.

24. The poor performance of the economy in 1972 was also reflected in the deterioration of the Territory's trade position. Imports were valued at \$B 134.1 million (\$B 108.5 million in 1971) against exports of \$B 34.1 million (\$B 91.6 million in 1971), giving rise to a deficit of \$B 100 million (\$B 16.9 million in 1971). As in the past, re-exports represented nearly all exports from the Territory, while domestic exports (\$B 176,028, or \$B 673,282 less than in the previous year) occupied an insignificant place, cosmetic preparations being the leading item. The principal imports were manufactured goods, food-stuffs and fuels. Trade was conducted mainly with the United States, the United Kingdom and Canada. Although the Territory's adverse balance of trade widened, its net receipts on invisible account fully covered outlays on imported merchandise. The main items were tourist spending and the inflow of foreign investment capital.

25. Having examined the recent domestic and international monetary developments, the Government took measures in 1972 to protect Bermudian interests. One of these measures was to peg the local currency in terms of the United States dollar instead of the pound sterling. This measure has the effect of linking the Territory's economy more closely than ever with that of the United States. Following the floating of the United States dollar on 19 March 1973, Bermuda once again faces uncertainties in the international monetary situation.

26. During 1973, the economy as a whole remained sluggish. According to the Premier, the number of tourists visiting the Territory increased, but their total spending decreased. Soaring interest rates all over the world tended to drive money from Bermuda, into other areas. The Government was also concerned about the continuation of the price spiral. In November, the cost of living increased by 16 per cent over the same month of the previous year. In December it was reported that internal inflation could be aggravated by expected tight fuel supplies, thus leaving the economic outlook for 1974 uncertain.

#### B. Policies and programmes

27. In his recent speech, the Governor said that inflation was a major problem confronting Bermuda. Local inflation was the inevitable result of a world-wide shortage of basic commodities coupled with an increased demand, international currency fluctuations and rapidly rising wages which increased the cost of local services. The Government had re-examined the question of price and wage controls and was still of the opinion that controls would be complex and costly to administer and unlikely to have more than a temporary beneficial effect at best. The Government had established a Consumer Affairs Bureau to receive and examine complaints from the public and to initiate a programme of consumer information and education.

28. Owing to the fact that wages in the public sector had been substantially improved during recent years and that it was the community which had to meet the bill, the Government had endeavoured in negotiations with its own employees to introduce a formula which in a rational way restrained the rate of inflation, while at the same time protecting employees against an unexpected acceleration in the cost of living. The Government's policy of wage restraint, he continued, would be matched by continued careful examination of Government spending. It also intended to introduce legislation affecting the control of credit and to continue the operation of the Rent Increases (Domestic Premises) Control Act, 1971, until the end of 1974.

29. The Governor said that a new five-year development plan was being prepared and would soon be completed. Certain specific proposals made by the Governor concerning tourism and foreign investment, on which the economy is mainly based, appear in the relevant subsections below.

30. During the debate on the Governor's speech held recently in the House of Assembly, Premier Sir Edward Richards said that the Government's policies had been clearly defined: to continue the orderly growth of the economy, to extend social and public services, to conserve the environment and to develop long-term policies and plans. He had therefore felt that there was no need to include references to these matters in the Governor's speech.

31. The Opposition PLP criticized the Governor's speech for the relatively limited information provided on the Government's economic policy. It pointed out that there was little sign of long-term planning. In its view, the Government would soon have to do something positive about inflation. In reply, the Minister of Finance said that the Government's long-term objectives were well known, and did not require repeating. Turning to inflation, he said that profit margins had been severely depressed during the past few years, and that inflation resulting from rising costs had created buyers' resistance. The Consumer Affairs Bureau, he added, would be of great value in determining whether any further measures were needed. He was advised that a fair approach might be to have differential interest rates and full disclosure of credit costs. With regard to the rent control legislation, he stated that improvements had become obvious and that some had already been carried out.

32. In his recent statement to the Fourth Committee (see para. 18 above), the representative of the United Kingdom said that his Government had noted the Special Committee's concern over Bermuda's dependence on such industries as tourism and international finance. Although aware of these problems, the United Kingdom Government wished to point out that it could not interfere in the management of the Territory's economic affairs, a matter which lay within the competence of the Bermuda Government.

### C. Tourism

33. As noted above, the period from 1966 to 1971 saw a rapid expansion of tourism, the mainstay of the Bermudian economy, but, in 1972, the average yearly rate of growth of the industry slowed from about 6 to 2 per cent. According to the information supplied by the Government, the total number of visitors during the first 10 months of 1973 rose by 10 per cent to 412,603, but tourist spending



declined, a matter over which the Opposition PLP expressed concern during the debate on a recent speech of the Governor in the House of Assembly. PLP considered that high priority should be given to finding a new source of income. It also considered that the Government should explore the possibility of helping Bermudians to fill senior positions in the hotels.

34. In his speech referred to above, the Governor stated that the Government continued to be committed to a policy of consolidation and stabilization of the tourist industry. Controls instituted in the past would be continued, and the Hotels (Licensing and Control) Act, 1969, would be amended to give more effective control of hotel ownership.

35. Commenting on the views of PLP referred to above, the Minister of Tourism said that attempts were being made to tackle the industry's problems. The Government was intensifying its efforts to increase the number of visitors. He stressed that in order to strengthen Bermuda's competitiveness, hoteliers must try harder than ever before to provide genuine value for money spent by tourists and must not raise prices too much; and that Bermudians should fulfil the promises given in the promotion programme. With respect to regular visitors, the principal source of the industry's income, he said that the objective was to increase year-round hotel bed occupancy from the 66 per cent of 1972 to the 73.3 per cent of 1971. This objective was achieved in October 1973 when the average occupancy rate was 77.1 per cent. In this connexion, he added, the Government attached great importance to the freeze on hotel building, which had recently been extended to 1978.

36. In early December, Mr. Woolridge, Minister of Labour and Immigration, said, in reply to questions in the House, that work permits for foreign workers had been refused in some cases, because some 150 hotel workers had been laid off. The Minister of Finance stated that in these times of uncertainty, Bermudians must work harder and appreciate their jobs; and that the hotel industry, the largest single employer of labour in Bermuda, must increase its efficiency. Facilities existed for Bermudians to obtain training in the hotel industry if they so wished.

#### D. Financial developments

##### Banking and finance

37. Four banks have been established to provide complete banking and trust facilities, with their main offices situated in the capital city of Hamilton. The average yearly rate of growth of the banking industry slowed from about 37 per cent in the period 1968-1970 to 11 per cent in the period 1971-1972. In 1972, the industry had combined resources of \$B 702.5 million (\$B 634 million in 1971), of which the Bank of Bermuda, Ltd. accounted for \$B 336.4 million (\$B 319 million in 1971); the Bank of N. T. Butterfield and Son, Ltd. for \$B 272.5 million (\$B 249 million in 1971); the Bermuda National Bank, Ltd. for \$B 54.8 million (\$B 31 million in 1971); and the Bermuda Provident Bank, Ltd. for \$B 38.8 million (\$B 35 million in 1971). The first two banks are predominantly controlled by Bermudians; the last two are largely owned by foreigners. In July 1973, the Government decided not to allow at that time the formation in the Territory of a fifth bank linked with the First National City Bank of New York, because it was considered to be "undesirable in the public interest".

38. The industry's total resources have been rising at a slower rate, primarily reflecting a slowdown in the activities of the international companies situated in Bermuda, for which the local banks have provided a variety of services. The number of these companies increased from 758 in 1967 to 1,891 in 1971 and 2,107 in 1972. Speaking at a meeting of the ruling UBP at the end of November 1973, the Minister of Finance said that, although the inflow of foreign investment capital had ceased, international business had maintained a reasonable growth rate.

#### Money and credit

39. In his speech at the opening of the legislature, the Governor stated that legislation would be introduced affecting interest rates, hire purchase and other matters of credit, and that the restructured Monetary Authority was expected to play an important role in the control of credit and foreign exchange. Further, the Government had decided to reduce its sterling holdings and to diversify its investments, despite the offer of a short-term extended guarantee on the balances by the United Kingdom Government.

40. On 22 November, it was reported that most of the Government's investments had recently been switched from the pound sterling to United States dollar holdings, and that of the more than \$B 13 million backing Bermuda's currency and administered by the Monetary Authority, little more than \$B 1.5 million was now left in sterling. According to Mr. Roy Clifford, its Managing Director, the Monetary Authority had taken these steps, having regard to the desirability of maintaining the link between the Bermudian and the United States dollar and to uncertainty in exchange rates.

#### E. Agriculture, fishing and manufacturing

41. Agricultural development has been hampered by the limited cultivable area (760 acres in 1972), the shortage of labour and the small scale of farming operations. In 1972, production from farmlands was valued at approximately \$B 2.4 million, or \$B 800,000 less than in the previous year. However, farmers on Smith Island had found ways of producing various vegetables in abundance and with reduced manpower. In a statement on 11 September 1973, Mr. I. W. Hughs, Deputy Director of Agriculture, said that the Territory should grow as much of its own food as it could, and that it would now be economical. He pointed out that about \$B 2.3 million was being spent on vegetable imports, and believed that much of this food could be produced in Bermuda. In endorsing the views expressed by Mr. Hughs, the Minister of Finance stated that the Government would be receptive to the idea of furthering more intensive farming methods through the Department of Agriculture.

42. According to a recent estimate, commercial fishing has grown at approximately the same rate as the increase in the Territory's population. It now accounts for one third of the fish consumed in Bermuda. In statements to the House of Assembly during the latter part of 1973, Mr. Stanley Morton, a member of the Opposition, suggested that the Government should investigate the possibility of establishing a properly developed fishing industry with the assistance of the United Nations. An expert from Canada is currently studying Bermuda's over-all maritime affairs, including commercial fishing, with the objective of helping the Government to formulate policies thereon.

43. The Government has also sought to promote industrial diversification which has led to the establishment of a number of locally controlled, relatively small concerns, of which only those engaged in the manufacture of concentrated essences, cosmetic preparations and pharmaceuticals export their products. In late 1973, an industrial park on six acres of land in Southampton was opened.

#### F. Communications and other basic facilities

44. There are 132 miles of paved public highways and an estimated 250 miles of private roads, the majority of which are surfaced. Licensed vehicles numbered 38,359 in 1971 and 34,513 in 1972. It will be recalled k/ that in late 1972, the Government published a report of a survey of the Territory's roads and traffic problems. On the basis of this report, the Government took the following steps in 1973: (a) allocated \$B 5.4 million for the maintenance and improvement of the road system during the current financial year; (b) enacted a law to limit noise levels by phasing out large motor cycles; and (c) retained the general speed limit of 20 miles per hour and continued restriction of limited sections of highways to 15 miles per hour. The Government also announced that it would reduce the number of private cars through the limitation of ownership of such cars to one per residential valuation unit rather than one per household, and would improve bus services by carrying out research aimed at simplifying the fare system and possibly increasing the frequency of the service on most routes.

45. Bermuda has three ports: Hamilton, the largest, St. George's and Freeport. At the eastern end of the port of Hamilton, there is an area of some two acres used as a container port. The construction of additional container facilities in Hamilton (covering 5.5 acres of land) at a cost of \$B 3 million, was completed in late 1973. At that time, 51 foreign-owned ships with a total tonnage of 568,000 were registered in Bermuda. In 1972, 792 vessels entered and cleared in the Territory, carrying a total of 5.5 million gross tons of shipping (893 and 6.6 million respectively in the previous year).

46. In June/July 1973, there were two important developments affecting international shipping business. The first was the unanimous approval given by the legislature to the Merchant Shipping Bill. During the debate on the bill, Mr. Barritt, Minister of Marine and Air Services, said that it would ensure "that our register of shipping meets international standards". He added that it was the Government's intention to have the International Convention for the Safety of Life at Sea extended to Bermuda. This would mean that full safety certificates could be issued for ships registered in the Territory, which would be recognized by the 85 other signatories to the Convention. He believed that the new legislation would have a very favourable effect on the Bermudian economy. The second important development was the passage of the Oil Pollution Bill which would give the Government broad powers to protect the Territory's shoreline and beaches and thus its tourist trade against ships spilling oil in Bermuda's waters.

47. The only airfield in the Territory is the United States Naval Air Station (see para. 19 above). The airlines serving Bermuda are Air Canada, British Airways, Delta Airlines, Inc., Eastern Airlines, Pan American World Airways (PAA)

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k/ Ibid., para. 46.

and Qantas Airways. In 1972, there were 5,819 aircraft arrivals (5,518 in 1971) handling 993,934 passengers (920,304 in 1971) and 11.52 million kilogrammes of cargo and mail (11.48 million in 1971).

48. On 27 July 1973, Mr. Barritt made a statement in the House of Assembly concerning the recent talks with the United Kingdom Government which he believed to be a significant start in efforts to cope with the rapidly changing aspects of civil aviation. In March, a delegation headed by the then Government Leader had gone to London for discussions with the United Kingdom Government on this and other related matters. Mr. Barritt said that the United Kingdom Government "showed appreciation of the general view expressed by the Bermuda Government that Bermuda wished to have more say about its civil aviation affairs". He added that "it was recognized from the outset that the Bermuda Government could not at this stage have direct control over the existing United Kingdom civil aviation agreements with other countries in so far as they affect Bermuda, since this matter was provided for in the Constitution".

49. It had been mutually agreed, however, to initiate working party discussions between representatives of the two Governments in London in July, because Bermuda wished to:

(a) Seek a new understanding with the United Kingdom in the light of modern aviation capability, the current world situation with particular reference to Europe, North America and the Caribbean region and Bermuda's geographical position and economic growth;

(b) Have direct representation with the United Kingdom and an effective voice in any new civil aviation agreements with other countries and, by appropriate amendments, in any existing civil aviation agreements in so far as they affected Bermuda;

(c) Give effect to a practical position of Bermuda controlling its own air space to include the operational and technical aspects;

(d) Establish machineries for direct consultation on rates and fares on local routes and for close communication with the United Kingdom Civil Aviation Authority regarding its policy and decisions;

(e) Discuss the introduction of new local civil aviation legislation to include airport operation and air transport licensing; and

(f) Set up broad policy objectives to ensure the future of adequate air service to, from and with an agreed stopping place at Bermuda.

50. Upon learning of the reduction and consolidation of schedules announced by several airlines for January 1974, owing to the world-wide fuel shortage, the Minister of Tourism told the House on 14 December 1973 that he intended to pursue an ever closer liaison with the Ministry of Marine and Air Services as well as other agencies concerned to ensure the most effective utilization of Bermuda's resources. In considering any reduction in seat capacity by airlines in the near future, the Government would bear in mind that the number of hotel beds available in the Territory would decrease by 411 to 8,457 in January (see also paras. 34-36 above).

51. In its report for the financial year ended 31 March 1973, the Bermuda Telephone Company, Ltd. (BTC), a local concern, stated that it had expanded its service by the addition of 2,045 telephones (an increase of 6.3 per cent over the previous year), bringing the total to 34,336; that Bermuda retained its fifth position in the world's telephone density; and that overseas communications continued to grow steadily, and now averaged about 2,300 calls day. BTC further stated that arrangements had been made with a bank in New York for a loan of \$US 4.5 million. This loan would be used in part to finance capital expenditures over the next few years, of which a major portion was to be for the Hamilton III exchange and direct distance dialing equipment to be installed in early 1975. Cable and Wireless (West Indies), Ltd., continued to maintain various sophisticated overseas communications facilities. On 16 October, the company announced that it would install a \$B 500,000 computer-controlled automatic telex exchange in the Territory.

52. Electric power is provided by the Bermuda Electric Light Company, Ltd. on a territory-wide basis. During the period 1949-1973, the capacity of the generating plant grew from 10,000 to 90,000 kW and the maximum demand from 8,000 to 54,000 kW. The demand was expected to increase to 100,000 kW in the next seven to eight years.

53. Apart from certain private sources, the Government is by far the largest supplier of water in Bermuda. In 1972, production at its distillation plant increased from 135,000 to 170,000 gallons per day. In May 1973, the water sold was half distilled and half well water. Aware of the need to meet the water shortage, the Government was carrying out a survey to ascertain whether there were acceptable wells in various parts of the Territory.

#### G. Public finance

54. The approved budget estimates for 1973/74 envisaged a total expenditure of \$B 46.2 million (\$B 46.4 million in the previous year) of which education accounted for \$B 9.4 million, health and social services (including hospitals) for \$B 8.2 million, police for \$B 3.8 million, public works for \$B 5.4 million, tourism for \$B 4.3 million, public transportation for \$B 1.6 million, public debt for \$B 1.6 million and agriculture and fisheries for \$B 1.6 million. During this period, revenue, mainly derived from customs duties, was estimated to have risen from \$B 48.4 million to \$B 48.6 million.

55. In presenting to the House of Assembly the budget estimates for 1973/74, Mr. Sharpe, Minister of Finance, stated that as previously announced, a new taxation policy was in effect. It had been formulated on the basis of a report prepared by Mr. W. A. Macdonald (a Canadian expert recently appointed by the Government as a tax adviser). The objective of this policy was to raise additional revenue, thus making it possible to create a budgetary surplus position during the year.

56. A summary of the main recommendations contained in the Macdonald report follows:

(a) A simpler and more flexible approach to taxation should be adopted at the present time, but studies should be continued over the next few years in respect of each of the following forms of taxation: income tax, value added tax, a general sales or gross receipts tax, or wealth tax.

(b) A tax should be levied on payrolls and payments for services of all businesses and professions in Bermuda over a specific size at a suggested rate of 5 per cent.

(c) There should be an increase, particularly on those best able to bear it, in land tax, with offsetting rebates depending on family circumstances.

(d) A rearrangement of customs duties should be made to improve progressivity yet somewhat increase revenue.

(e) The Government should continue to examine the present charges for services rendered to the public with a view to equating charges with costs.

57. Mr. Sharpe said that the Government had largely accepted the recommendations contained in the Macdonald report as being appropriate to the present circumstances of Bermuda. In the budget estimates for 1973/74, the Government proposed, inter alia:

(a) To consolidate the gains of recent years, to defer major new plans and works for further study and to improve the existing programmes.

(b) To introduce in April 1973 a tax to be called an employment tax, to be imposed on employers at a rate of 5 per cent of the value of their total payments in remuneration to their employees.

(c) To present a final plan for reform of the land tax to increase revenue and improve fairness through credits or rebates.

(d) To take measures aimed at further reducing or eliminating customs duties on essential goods such as certain food items, basic building materials and children's clothing, while making compensating readjustments in the duties on most motor vehicles, gasoline, tobacco and alcoholic beverages.

(e) To continue the review of departmental charges for services rendered to the public, in order that the costs should be met by the charges, or the operation consciously subsidized.

58. In April 1973, despite opposition from PLP, the two branches of the legislature passed the Employment Tax Act with certain amendments. During the debate in the House of Assembly, the Minister of Finance denied that the tax would accelerate inflation and cause unemployment. On the other hand, it might make management work harder to produce economies and increased efficiency. He believed that in most cases, the tax would be completely or partially absorbed by employers as part of their operating costs. The tax rate was only 5 per cent and it did not apply to all occupations or residents. If wage increases in recent years had not generated unemployment, it seemed hardly likely that the tax would. He further stated that requests by industries for tax relief would always receive consideration.

59. The amended legislation, which came into operation on 1 May, levies a tax on employers monthly of 5 per cent of the value of the employer's payroll, if it exceeds \$B 18,000 per annum. All employers are exempted from the first \$B 12,000 of the taxable amount. In the case of a self-employed person, an assessment is made of the value of the individual's services and this amount is added to the

payroll. Hotels, guest houses and restaurants are taxed at 2 per cent of their payrolls. Exemption from tax liability is extended to several categories of employers, especially taxi drivers, fishermen and exempted companies. No tax is charged against the salaries of full-time students in vacation employment or the wages of employees in a government-approved training programme.

60. In July, the legislature approved the Hotel Occupancy Tax Act and a companion act setting 2 per cent as the occupancy tax rate. Under the two acts, which came into force on 1 August, each licensed hotel and guest house is liable for the payment of the tax, which is added to the guest's bill by the hotelier. The tax is imposed to make up the 3 per cent loss caused by the reduction of the employment tax for hotels and guest houses.

61. Speaking at a meeting of the ruling UBP at the end of November, Mr. Sharpe said that 1973 was proving to be a very difficult year. The Territory's expenditure and revenue were both working against the Government. As a result, a record deficit of \$B 6 million might occur by the end of the current financial year - instead of the \$B 2 million surplus the Government had budgeted for. This deficit would have to be met by borrowing.

#### 4. SOCIAL CONDITIONS

##### A. Labour

##### Employment and immigration

62. In June 1973, Mr. C. V. Woolridge, Minister of Labour and Immigration, headed Bermuda's observer delegation to the annual conference of the International Labour Organisation (ILO) held in Geneva. In addressing the conference, he said that the Territory continued to enjoy "over-employment" and that its total working population was 27,000 (about the same as in 1970). Of this total, some 9,000 (9,626 in January 1972) were non-Bermudians, consisting of civil servants, hotel workers, exempted company personnel, nurses, police and teachers. To obtain permission to employ a non-Bermudian, employers must prove to the Ministry that they had advertised and had been unable to engage a qualified Bermudian. Although recognizing that the free enterprise system could only survive with competent people, his ministry granted work permits to outsiders on the understanding that Bermudians should be trained eventually to fill the positions.

63. Mr. Woolridge pointed out that eight categories of work had been closed to non-Bermudians and that more would be phased out when necessary. He considered it important that Bermudization should be a significant part of the Government's programme and stressed that the Government had already taken the lead: 78 per cent of its employees were Bermudians and 400 local people had been awarded scholarships and bursaries for institutions of higher learning abroad. Finally, he stated that the Government had appointed an industrial training officer responsible for directing the training programmes for Bermudians, and that the Hotel and Catering College continued to provide basic training for hotel workers.

64. In a statement issued on 20 November, PLP said that the Government should "tighten restrictions on immigrants from all countries". This, it added, would be in the best interest of Bermudians as it was evident that the Territory was "going

into a recession". In response to this statement, Mr. Woolridge declared that it was unnecessary because the Government had been tightening its policy on immigration for some time so far as work permits were concerned. He explained that foreign workers occupying positions that could be filled by Bermudians were not automatically having their work permits renewed and others, particularly in the building industry, were being given a short period of time to organize their affairs before their permits were finally withdrawn. Mr. Woolridge also said that the Government's policy had been geared to deal with the employment situation as it stood or changed (see also para. 36 above).

#### Industrial relations and the law

65. The year 1973 was one of strong labour activity. In addition to several other labour disputes, the Bermuda Industrial Union, the largest single labour organization in the Territory, with a membership of 5,500 (4,435 in 1971), staged a four-day general strike almost immediately following the passage on 15 August by the Legislative Council of the bill amending the Trade Union Act, 1965. An undisclosed number of union members engaged in essential services under the Act were exempted from the strike, because a 21-day notice of strike action was required before walking out. The amended Act authorizes agency shops if employees vote for them, but gives non-union members a choice of contributing to the union or to a charity of their own choice.

66. In a statement issued on 18 August, PLP contended that "the hastily passed agency shop legislation is designed to serve the interest of the employers and UBP supporters rather than to place on the statute books good effective labour legislation designed to serve the best interests of this country". PLP praised the union for showing restraint and control during its general strike. UBP then accused PLP of "appearing to be trying to divide this country", in a statement issued as a rebuttal (see also para. 69 below).

67. At the rally held on 20 August, the general membership of the union adopted a resolution requesting its general council "to take whatever steps are necessary to put before the Government that the union demands that both houses of the legislature repeal the present legislation on the agency shop before the end of 1973, and that substitute legislation be introduced to have the effect that where an agency shop agreement exists, it shall be a condition of employment for all non-union members covered by a collective agreement to pay directly to the union concerned, a sum equal to the membership dues in accordance with the union's constitution". This information came at the end of a statement issued by the union on 23 August, in which it was made "absolutely clear that the union will continue to fight for its survival and the right to represent its members adequately and effectively".

68. In a statement issued on the following day, the Government stated that it must rule without fear or favour and there was no question of the union "demanding" that the agency shop legislation be repealed. It drew attention to the statement recently made by the Minister of Labour and Immigration in the House of Assembly that "he is prepared to re-examine this legislation in due course in the light of representations made to him by both union and management as a result of their experience".



69. Some of the developments leading to the introduction and passage of the agency shop legislation follow:

(a) On 27 October 1972, it was announced that legislation was being prepared which would continue to protect the rights and interests of workers and employers and which would also seek to give a greater degree of protection to the community from strikes and work stoppages in essential services or in services unconnected with a genuine dispute. 1/

(b) A paper outlining the Government's proposals was sent to the Labour Advisory Council on 4 May 1973 for consideration and subsequent discussion on 17 May. At that meeting, it was agreed to hold a further meeting on 5 July. Both the employers and unions were asked to submit written comments on the proposals prior to the meeting, but they did not. The meeting was rescheduled for 19 July. The employers group submitted detailed comments on 17 July, while the union presented a "preliminary memorandum" merely expressing its opposition to the proposed legislation.

(c) Meanwhile, unions and management had already signed agency shop agreements which provided that employees would contribute to unions or be dismissed. Because of lack of time to prepare comprehensive legislation during the summer session of the legislature, and because of the likelihood that some long-serving employees might lose their jobs as a result of the agreements, the Government considered it necessary to introduce the bill to allow for and regulate the agency shop. It reiterated that this legislation had been proposed and passed in order to ensure that the freedom of association accorded to the public by the Constitution was preserved. Finally, it urged both the Bermuda Industrial Union and the Bermuda Employers' Council to proceed in a spirit of constructive responsibility.

70. Before and after the general strike referred to above, the Bermuda Employers' Council issued three statements. One accused the Bermuda Industrial Union of "totally disregarding its responsibility under its signed collective agreements" by the threatened action and in the absence of any industrial dispute with any employer. In the other two statements, the Council charged the union with violating these agreements, denied having formulated the above-mentioned bill, and expressed its opposition to the agency shop or any other legislation infringing on the employees' individual freedom of choice.

71. In his recent speech, the Governor stated that on completion of consultations with both labour and management, new labour legislation would be introduced to provide a greater measure of protection to the community. The Government also proposed to institute an industrial relations tribunal to deal with matters of importance concerning industrial relations and to assist in the settlement of disputes.

## B. Housing

72. The House of Assembly and the Legislative Council approved the Bermuda Housing Corporation Act, 1973, on 13 and 26 July 1973 respectively. The prime functions

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1/ Ibid., para. 60.

of the Corporation will be to provide housing in Bermuda, to carry out housing schemes, to promote home ownership by assisting people to buy or build their own houses, to take charge of housing government employees, to assist in the improvement of homes and to encourage the building industry to increase its efficiency. The Corporation will be able to take over land owned by the Government and to borrow up to \$B 50 million to discharge the above-mentioned functions. Although it will be a non-profit organization, the Corporation will be expected to conduct its affairs like a normal business. It will be run by a general manager, and will be governed by a board of directors, consisting of not more than six members appointed by the Government and three other ex officio members (the directors of public works and planning and the Financial Secretary).

73. During the debate in the House of Assembly, Mr. Sharpe, Minister of Finance, who was in charge of the proposed legislation, recalled a plan announced by him in May 1972 for alleviating Bermuda's housing shortage. m/ He said that the Government had anticipated that 500 new housing units would have to be built every year for at least the next 10 years - double the number presently being constructed. The United States Navy was prepared to erect 250 houses at the Naval Air Station and the Canadian military authorities were also providing housing. The Government hoped that the Corporation's main thrusts would be towards helping people possess their own houses, a sentiment with which most members of the House were in general agreement.

74. Mr. Sharpe agreed that the Corporation should take measures to eliminate or avoid undesirable social and environmental effects from housing development. He stressed the need for public officers on its board of directors because Bermuda was small and must avoid duplication of work. As in the House, some members of the Legislative Council also made reservations about the Corporation's composition. Replying, Mr. Plowman, Minister of Organization, said that the board of directors would have a majority of non-civil servants, and each ex officio member would serve a necessary and specific purpose.

75. In his recent speech, the Governor said that responsibility for the Corporation had been assigned to the Minister of Planning, who would take the necessary steps to bring it into operation, and that the Government's programme of housing construction would be continued.

#### C. Public health

76. In 1972, there were 7 government and 36 private physicians. The medical institutions comprised the following three hospitals: (a) the King Edward VII Memorial Hospital (230 beds), a general hospital, which provided specialist services and a 90-bed geriatric ward; (b) Prospect Hospital (36 beds) which had been phased out, but was to be reopened as an extended care centre for elderly patients; and (c) St. Brendan's Hospital (240 beds), which provided treatment for mental diseases. In all the hospitals, fees were charged to patients but assistance was given to those unable to pay the full rates by government grants, insurance schemes, voluntary contributions and Parish Councils and through an indigent out-patient scheme.

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m/ Ibid., paras. 61-62.

77. On 1 August 1973, revised hospital rates were introduced in order to put the hospitals on a break-even basis rather than the existing deficit spending basis. In the first rate rises since April 1971, some rates are doubled and tripled, while basic daily rates increase by 23 to 31 per cent.

78. Government expenditure on health and social services in 1973/74 was estimated at \$B 8.2 million. No comparable figure is available for the previous year.

## 5. EDUCATIONAL CONDITIONS

79. Education is compulsory between the ages of 5 and 16 years, and is provided free in aided and maintained schools managed by local governing bodies and the Ministry of Education and Libraries. Government funds are made available for the operation of these schools; private schools are precluded from such support. In 1972, there were 6 aided schools (as in 1971), 34 maintained schools (35 in 1971) and 4 private schools (as in 1971).

80. In September 1971, the Government put into operation its plan to reorganize primary education to accelerate the rate of racial integration over a five-year period. When the plan is completed, 25 primary schools will have been reduced to 17. During 1972, four primary schools were fully amalgamated with others. Aided and maintained schools provided education up to "O" level of the General Certificate of Education (GCE) and the Academic Sixth Form Centre catered to pupils preparing for university entrance through the "A" level of GCE. Junior clerical courses were offered at five schools, advanced commercial instruction at the Technical Institute and hotel training at the Hotel and Catering College. Total enrolment in all schools was 12,880 (13,242 in 1971). During this period, average enrolment in the aided and maintained schools decreased from 11,481 to 10,361.

81. During 1972, there were 758 teachers (699 in 1971) of whom 375 (359 in 1971) were Bermudians. A number of teachers participated in summer school courses in Bermuda and Canada. During 1972/73, some 52 Bermudians (50 in 1971) attended teacher-training courses in North America and the United Kingdom. In addition, five teachers were on secondment abroad to receive further training. The Government and private organizations provide opportunities for some 40 students annually for training abroad at university level. This number includes several teacher-training scholarships.

82. It will be recalled n/ that in May 1972, the amalgamation of the Academic Sixth Form Centre, the Technical Institute and the Hotel and Catering College into the Bermuda College was first proposed and started. By April 1973, a Board of Governors had been established, comprising 12 members with positions of responsibility in the fields of commerce, industry and tourism. The College has three Departments (Academic Studies, Commerce and Technology and Hotel Technology), and offers education on tertiary level. The number of full-time students enrolled at the College increased by about 80 to 500 in 1973. In addition, there were almost 1,000 others in evening classes.

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n/ Ibid., para. 72.

83. In his recent speech, the Governor stated that legislation would be recommended to incorporate the College which would formally establish further education, and that its major aim would be the training of Bermudians for specific positions within the community at a variety of levels. During the debate on the speech in the House of Assembly, Mrs. Gloria McPhee, Minister of Education and Libraries, agreed with the Opposition Leader that some students needed to go abroad for professional training. For others, she said, the College would be developed as a community college offering vocational training. Soon after the debate, she announced that in January 1974 a Canadian expert would take up his duties as the Chief Executive Officer of the College on a temporary basis. Of the 83 loans recently approved by the Ministry for further education abroad during the academic year 1973/74, 17 were granted to students in the fields of commerce and technology and the rest to others intending to continue academic studies. In addition, the Ministry awarded bursaries to 12 Bermudians to help them obtain professional or technical qualifications overseas.

84. Mrs. McPhee proposed to make further changes in the educational system including: (a) seeking advice on the problem of indiscipline in schools from a United States expert (who arrived in Bermuda during early July 1973); (b) increasing community involvement in the schools; (c) establishing additional government nursery schools, at least one in each parish; (d) improving classroom teaching; (e) encouraging Bermudians to take up teaching; (f) launching a recruitment drive for teachers in Canada; and (g) laying down guidelines for secondary schools, with the objective of adopting the secondary school-leaving certificate in September 1974, when the GCE would be phased out.

85. Government expenditure on education in 1973/74 was estimated at \$B 9.4 million (\$B 10 million in 1972/73).

CHAPTER XXIV

(A/9623/Add.6 (Part I))

UNITED STATES VIRGIN ISLANDS

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A. CONSIDERATION BY THE SPECIAL COMMITTEE

1. At its 952nd meeting, on 26 February 1974, the Special Committee, by approving the seventy-first report of the Working Group (A/AC.109/L.920 and Corr.1), decided, inter alia, to refer the United States Virgin Islands to Sub-Committee II for consideration and report.
2. The Special Committee considered the Territory at its 975th meeting on 1 July and at its 976th and 977th meetings on 20 and 22 August.
3. In its consideration of the Territory, the Special Committee took into account the provisions of the relevant General Assembly resolutions, including in particular resolution 3163 (XXVIII) of 14 December 1973 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples, by paragraph 11 of which the Assembly requested the Special Committee "to continue to seek suitable means for the immediate and full implementation of General Assembly resolutions 1514 (XV) and 2621 (XXV) 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 twenty-ninth session". The Committee also took into account other resolutions of the General Assembly, particularly resolution 3157 (XXVIII) of 14 December 1973 concerning six Territories, including the United States Virgin Islands, by paragraph 11 of which the Assembly requested the Special Committee "to continue to give full consideration to this question, including in particular the dispatch of visiting missions to those Territories ...".
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. At the 975th meeting, on 1 July, the Rapporteur of Sub-Committee II, in a statement to the Special Committee (A/AC.109/PV.975 and Corr.1), introduced the report of that Sub-Committee (A/AC.109/L.955) containing an account of its consideration of the Territory (A/AC.109/SR.198-202, 206 and 207).

6. At the 976th meeting, on 20 August, the representative of the United States of America, the administering Power, made a statement (A/AC.109/PV.976 and Corr.1). The Chairman also made a statement (A/AC.109/PV.976 and Corr.1).

7. At its 977th meeting, on 22 August, the Special Committee adopted without objection the report of Sub-Committee II and endorsed the conclusions and recommendations contained therein (see para. 9 below), it being understood that the reservations expressed by members and by the representative of the administering Power would be reflected in the record of the meeting. Statements were made by the representatives of Denmark, Australia, Bulgaria and Czechoslovakia (A/AC.109/PV.977).

8. On 23 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 977th meeting, on 22 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 Territory 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 Territory, 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. Although it appreciates the continued participation of the administering Power in the discussions on the United States Virgin Islands, the Committee hopes that such co-operation will become greater with a view to enabling it to fulfil its mandate and its responsibility towards the United States Virgin Islanders in a satisfactory manner. The Committee takes note of the informal presence of the Governor of the Territory at the 200th meeting of Sub-Committee II. 1/

(3) The Special Committee notes with interest that in his statement before the Sub-Committee 2/ the representative of the administering Power referred to the fact that although the recent proposals of the Second Constitutional Convention were approved by the voters of the Territory in a referendum held in November 1972, representatives of all political parties decided not to ask the United States Congress to approve those proposals at the present, and that the United States Virgin Islands Government and Legislature were still considering whether it would be better to resubmit the proposals to the voters at a future election or to call for a new constitutional convention. The Committee hopes that the United States

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1/ See A/AC.109/SC.3/SR.200.

2/ A/AC.109/SC.3/SR.198.

will expedite any approval that might be necessary in connexion with the decision taken by the United States Virgin Islands Government and Legislature on the issue.

(4) Bearing in mind that the aforesaid proposals did not receive an overwhelming endorsement by the electors, the Special Committee considers that the United States Virgin Islanders should be given every opportunity by the administering Power to exercise their inalienable right to self-determination and independence in accordance with resolution 1514 (XV), without having to decide on other unrelated matters at the same time.

(5) The Special Committee considers that the statement made by the Chairman of the Sub-Committee on Territorial and Insular Affairs of the United States House of Representatives in late September 1973 <sup>3/</sup> is an indication that plans for constitutional development in the Territory do not envisage the transfer of all powers to the people of the Territory. The Committee stresses that consultations between the administering Power and the local population concerning the future of the Territory should be held and hopes that representatives of the Committee will be invited to be present on occasions when the people express their views on such important matters.

(6) Noting the opposing views expressed by the advocates of independence and of those desiring to continue some form of association with the United States, the Special Committee is of the opinion that there appears to be an atmosphere of uncertainty about the Territory's future status, and that a new constitution should be formulated which would command the support of a substantial majority of the people. Further, in this connexion, the Committee believes that the present 30-day residence qualification for voting does not adequately protect the interests of either the indigenous people or the long-term residents of the United States Virgin Islands, especially in arriving at decisions concerning the future status of the Territory.

(7) The Special Committee notes the strengthening of the relations between the United States Virgin Islands and the British Virgin Islands, as indicated by the following developments: (a) the celebration of the Second Annual Friendship Day took place in October 1973 with the aim of establishing lasting ties between the two Territories; and (b) their legislative bodies held a joint session in January 1974 to discuss, among other things, the lifting of restrictions on immigration to the United States Virgin Islands.

(8) Recognizing that, owing to special economic difficulties, the general downward movement in the economy during the past four years is likely to continue into 1974, the Special Committee looks forward to the implementation of measures designed to bring about improvements. It reiterates its view that tourism should not be relied on as the Territory's main source of income. It notes with satisfaction the attempts being made to accelerate the development of agriculture, livestock and fishing.

(9) The Special Committee calls upon the administering Power to safeguard the inalienable right of the people of the Territory to the enjoyment of their natural resources by taking effective measures to guarantee their rights to own

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<sup>3/</sup> See annex to the present chapter, para. 18.

and dispose of their natural resources and to establish and maintain control of the development of those resources.

(10) The Special Committee observes that since March 1971, rising unemployment among the local population has lain at the root of economic and social problems for the Territory, including the recent crime wave and poor race relations, and hopes that the administering Power will do everything possible to assist the United States Virgin Islands in tackling these grave and urgent problems. The Committee hopes that urgent steps will be taken to train local people to hold management positions in industries in the Territory, and to participate meaningfully in its economic development. In this connexion, the Committee hopes that the administering Power will in future provide it with information regarding improvements in the economic and social condition of the local people and the extent of their participation in the economy.

(11) Aware that the role of recent visiting missions to small Territories has proven to be very helpful in the process of decolonization, and recalling that the representative of the administering Power had stated in 1973 that his Government was considering the possibility of allowing the access of such a mission to the United States Virgin Islands in order to enable it to secure first-hand information on the situation prevailing in the Territory and to ascertain the genuine views and wishes of the people concerning their future, the Special Committee expresses the hope that the administering Power will soon announce a positive decision on the matter.



Annex\*

WORKING PAPER PREPARED BY THE SECRETARIAT

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1. Basic information on the Territory of the United States Virgin Islands a/ is contained in the Special Committee's report to the General Assembly at its twenty-eighth session. b/ Supplementary information is set out below.

1. GENERAL

2. The Territory of the United States Virgin Islands, which lies about 40 miles east of Puerto Rico, comprises about 50 islands and islets, the three largest of which are St. Croix (84 square miles), St. Thomas (28 square miles) and St. John (20 square miles).

3. According to the administering Power, the population of the Territory in June 1972 was approximately 100,000, of whom 48,000 lived on St. Croix, 46,000 on St. Thomas and 2,000 on St. John.

4. It will be recalled c/ that on 2 December 1972, Mr. Ronald de Lugo, the Territory's first non-voting delegate to the United States House of

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\* Previously issued under the symbol A/AC.109/L.930

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 23 November 1973, for the year ending 30 June 1972.

b/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 23 (A/9023/Rev.1), vol. V, chap. XXV, annex.

c/ Ibid., para. 5.

Representatives, d/ said that the United States Congress might consider taking legislative measures designed to cope with the problem arising from the recent sharp increase in the alien population in the Virgin Islands. On 2 August 1973, the Judiciary Committee of the United States House of Representatives approved a bill, the main provisions of which had been drafted by Mr. de Lugo. The bill would grant immigrant visas to the Territory's aliens, their wives and unmarried children under certain conditions. Mr. de Lugo noted that other legislation, of which he was a sponsor, "would deal with the recommendations he made to the Judiciary Committee concerning the number of illegal aliens entering the Territory". He considered it to be essential to halt the flow of such aliens, and stressed the need to strengthen the United States Immigration and Naturalization Service in the Virgin Islands by the addition of local inspectors.

5. According to the United States Department of Labor, the Senate Judiciary Committee has before it a bill recently passed by the House of Representatives which would enable aliens in the Virgin Islands to obtain permanent resident status over a period of three years, provided that they: (a) possess indefinite certification for employment in the Territory; and (b) have continuously resided there for at least five years.

6. In a letter addressed to the President of the United States, which was published by a local newspaper on 18 October, Mr. de Lugo declared that the Territory was facing a crisis created by the recent crime wave and called on the President to order the federal departments and agencies concerned to undertake an integrated and systematic programme for combating the social ills existing in the Virgin Islands. In response to this request, the President established a task force, consisting of members of his own Domestic Affairs Council and the Office of Budget and Management, as well as senior officials of various government departments (justice, labour, interior, housing and health, education and welfare). The group's major function is to help the territorial Government to make the fullest possible use of federal resources in seeking a solution to the social ills afflicting the Virgin Islands.

7. At its first meeting, held on 24 October, the group decided to investigate the effect of immigration on the Territory's employment, housing, education and other areas of government service. Mr. de Lugo stated that there were approximately 11,500 aliens with work certificates in the Virgin Islands plus an unknown number of illegal aliens and permanent resident immigrants. The immigration study ordered by the task force would attempt to provide a detailed classification of the aliens in the Territory. The illegal aliens, he added, posed an immediate problem as they were placing a strain on the Territory's educational and other facilities. The United States Immigration and Naturalization Service was considering an increase in its investigative units assigned to the Virgin Islands. Another study, he continued, would centre on unemployment, which had recently been heightened by hotel closings and loss of jobs by construction workers.

8. At a press conference on 9 November, Governor Melvin H. Evans announced that

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d/ Mr. de Lugo, a member of the Democratic Party of the Virgin Islands (DPVI), was elected on 7 November 1972. Shortly after he had taken office in January 1973, the House of Representatives adopted a resolution conferring on him full voting rights and privileges in committees to which he might be assigned.

he had held discussions in Washington, D.C. with members of the task force which intended to send its representatives to the Territory to hold meetings on the major problems confronting Virgin Islanders.

## 2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

### A. Constitution

9. 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 the last report of the Special Committee. e/ Briefly, the Government consists of three branches, executive, legislative and judicial. The Governor and the Lieutenant Governor are elected by the people of the Territory for a period of four years. The first gubernatorial elections held in November 1970, resulted in the election of Messrs. Melvin H. Evans and David G. Maas as Governor and Lieutenant Governor respectively, both running on the ticket of the Progressive Republican Party of the Virgin Islands (PRPVI). On 5 April 1973, Senator Athniel Ottley was appointed Lieutenant Governor to succeed Mr. Maas, who had resigned.

10. The Governor is responsible for the administration of all activities of the executive branch, the appointment and removal of all officers and employees of that branch, and the execution of federal and local laws (including the application in the 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.

11. The legislative branch consists of a unicameral body comprising 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.

12. The general election for the 15 seats in the Tenth Legislature was held on 7 November 1972. It was mainly contested by three political parties: DPVI, the Independent Citizens Movement (ICM) founded by former members of DPVI, and PRPVI. As a result, DPVI and ICM each secured 7 seats and the remaining seat went to PRPVI. The first meeting of the Tenth Legislature took place on 8 January 1973, when Mr. Claude Molloy (ICM) was elected its president. On 3 May, the Governor appointed Mr. Raymond Smith (PRPVI) to fill the seat vacated by Mr. Ottley when he became Lieutenant Governor (see para. 9 above). The present state of the parties in the Tenth Legislature is therefore as follows: ICM, 7 seats; DPVI, 6 seats; and PRPVI, 2 seats.

13. A bill amending the Revised Organic Act and allowing the Legislature to fill its own vacancies was passed by the United States Congress and signed into law by the President of the United States on 23 October 1973. Mr. de Lugo, who had sponsored the bill, stated that "this action is significant not only historically,

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e/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 23 (A/9023/Rev.1), vol. V, chap. XXV, annex, paras. 7-15.

but also because it symbolizes the willingness of the Congress to act expeditiously on the legislative needs of the Territory". He further stated that "under the former law the Governor had the power to fill legislative vacancies" and that "to vest the Governor with authority to appoint members of the Legislature violates the basic constitutional concept of separation of powers". On 18 January 1974, following its passage a month earlier by the Tenth Legislature, a bill to establish the procedure for the filling of vacancies in the Legislature was signed by the Governor.

14. The Territory has a District Court and a Municipal Court. 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.

#### E. Constitutional reform

15. It will be recalled f/ that in September 1971 the Second Constitutional Convention met to begin drafting a federal relations act, outlining a framework for the relationship between the Territory and the United States, and a constitution. It adopted the proposals on 10 August and 11 September 1972 respectively. In a referendum held on 7 November, the Virgin Islands electors approved the proposals by a vote of 7,279 to 5,518; 3,804 persons did not vote. The Convention adjourned on 21 November after it had set up the nine-member Virgin Islands Constitutional Government Committee designated to present the proposals to the United States Congress. Prior to its adjournment, the Convention also adopted a resolution concerning the Territory's future status.

16. It will also be recalled g/ that, on 30 November, Mr. de Lugo suggested that a new constitutional convention composed of popularly elected delegates should be called to redraft the proposed constitution for presentation to the Territory's voters in a special referendum. He noted that the recently adopted constitutional proposals had failed to receive an overwhelming endorsement from Virgin Islands voters, and attributed this failure particularly to the following factors: (a) the members of the latest convention were chosen by political parties rather than the public; and (b) there had been little discussion of the proposed constitutional changes among the voters.

17. On 19 July 1973, three members of the Constitutional Government Committee (Messrs. Feliz Francis, Henry Rohlsen and Patrick Williams) reported on the result of their preliminary talks recently held in Washington, D.C. with members of the United States Congress and certain government officials on the proposed constitution. In a press release, the three committee members said that if the Virgin Islanders indicated that they were "unified in their support of the new document", it would have the best chance to receive approval from the Congress. They were impressed with the "high degree of interest on the part of governmental leadership in seeing that constitutional change be undertaken at the will of our people".

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f/ Ibid., paras. 18-26.

g/ Ibid., para. 27.

18. In late September, Mr. Philip Burton, Chairman of the Sub-Committee on Territorial and Insular Affairs of the House of Representatives, called for further revision of the Revised Organic Act with a view to increasing local autonomy. He said that the Act had put the Congress into the position of acting as "city council" for the Virgin Islands, and that his goal was to remove that part of the Act dealing with purely local matters.

### C. Future status of the Territory

19. In the resolution referred to in paragraph 15 above, the Second Constitutional Convention resolved that "the people of the Virgin Islands continue to be opposed to independence from the United States of America" and "desire to continue in close association with the United States of America, and to remain a territory under the constitutional system of the United States with the fullest measure of internal self-government".

20. On 24 October 1973, Mr. Mario Moorhead, founder and leader of the newly established United People's Party (UPP), staged the party's first rally, at Frederiksted, on St. Croix, which was attended by about 300 people. He said that the role of the United States in local affairs made "parasites" of Virgin Islanders whom he urged to stop talking about independence as something "that can never come to the Virgin Islands". He criticized the present political leadership for "crippling us by tying our hands" and referred to the great economic disparities between people from the United States and the local inhabitants. Mr. Moorhead stressed the need for the Virgin Islands to be a home for their people rather than a profitable investment area for outsiders. He called for the kind of leadership that would allow local people to "grow up" and would "stand up and tell us what the problems are". A few weeks later, during an address to a large crowd at the College of the Virgin Islands on St. Thomas, he again stressed that the Territory should seek independence from the United States.

21. Noting UPP's advocacy of Independence, Mr. Molloy, President of the Tenth Legislature, who is also a member of ICM, stated at a meeting of the Public Information Association on 7 November that it would not be feasible to become independent from the United States which was providing 60 per cent of the Territory's gross income and other side benefits. Most of the other 11 legislators present endorsed Mr. Molloy's view. Mr. Britain Bryant of DPVI said that he was against independence but favoured working toward statehood. Mr. Alexander Moorhead, Jr. of ICM said that he opposed independence at the present time, but that if the Territory could not exercise more control over its economy and political process, independence might be the only means of gaining such control.

22. At his press conference on 9 November, Governor Evans said that he was opposed to the attainment of independence by the Virgin Islands, and that he did not anticipate that eventuality "in the foreseeable future".

23. Another view was expressed by Attorney-General Verne Hodge, in an address delivered to the St. Thomas-St. John Chamber of Commerce on 20 November, when he said that "... the recent outcry for independence is not accidental. It is a natural avenue for those who are convinced that the objectives of the whites are incompatible with the objectives of the natives, and that there can be no

reconciliation under the present system". He considered that the business community should "initiate a substantial change in the status quo by concentrating on the elimination of attitudinal influences which are detrimental to our compatibility". He also said that, in failing to do so, the community could expect that some of those advocating independence might turn to violence in the belief that "the end justifies the means".

#### D. Legislative programmes

24. In addition to the legislation referred to in paragraphs 4, 5 and 13 above, the United States Congress has before it three pending bills, previously noted by the Special Committee, h/ which would deal with a minimum age for membership in the Legislature of the Territory, the right of Virgin Islanders to vote in the presidential and national elections in the United States and the abolition of the United States electoral college system. In addition, on 6 November 1973, the Sub-Committee on Territorial and Insular Affairs of the United States House of Representatives approved a bill sponsored by the delegates of the United States Virgin Islands and Guam, which would transfer ownership of federal lands from the high-water mark to three miles out to sea to both Territories.

25. During 1973, the Legislature overrode the Governor's veto for the first time, on two bills: one to revise the powers and duties of the Government Employees Services Commission, and the other to set up a vocational training centre at the former Peace Corps headquarters on St. Thomas. The Legislature also passed several other important bills concerning monopolistic practices, consumer protection and public safety. In January 1974, soon after it had reconvened, the Legislature approved a bill to establish a civil rights commission, consisting of seven members drawn from all ethnic groups and the three major political parties. The commission would be empowered to investigate instances of discrimination in the areas of justice, voting, housing, employment, education and use of public facilities. At the same time, the Legislature considered certain other important legislation aimed at introducing election reform, strengthening law enforcement operations and organizing a new court system. During the same month, the Governor announced that he would submit to the legislature a series of bills designed to improve conditions in the Territory (see below).

#### E. Governor's message on the state of the Territory

26. In his annual message on the state of the Territory, presented to the second regular session of the Tenth Legislature on 14 January 1974, Governor Evans said that the Virgin Islands had been "spotlighted throughout the world" as the stage for the trial of the murderers of eight persons at the Foundain Valley Golf Club on St. Croix; i/ "sordid and repetitious details" of subsequent crimes had also been published. Noting calls for restoration of law and order, he stressed that deterrents had to be imposed until the long-range causes could be removed. Efforts were being made to strengthen law enforcement and investigative capabilities

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h/ Ibid., paras. 29-30.

i/ Ibid., para. 32.

through the addition of 97 new police and other officers, the improvement of training programmes for members of the police force and the implementation of a plan for a public safety complex on St. Croix. Progress was being achieved in controlling drug abuse and traffic, and crime statistics showed a "significant improvement" for 1973, compared with 1972, except in assaults and burglaries. The Governor also drew attention to other achievements in 1973, including the establishment of a unit of the National Guard, and criticized the legislators for failing to pass the administration-sponsored bills relating to crime and law enforcement. These would have provided for: (a) creation of a police cadet programme; (b) establishment of procedures for the detection of drug use by students; (c) broadening of the power of the police to handle vagrants; (d) formation of a police/civilian review board; (e) stiffer penalties for drug trafficking and homicide; and (f) establishment of a family court to deal with delinquency. The Governor said that he would resubmit these measures, to which he attached great importance, and that he would propose a new bill to authorize the Public Safety Commissioner to take disciplinary action without reducing manpower.

27. According to the Governor, the Territory was being challenged internally by small groups preaching hatred, discord and disorder, and was being challenged externally by those seeing its internal problems as an opportunity for an "attack" from the outside. In his view, the "pre-eminent" position of the tourist industry and the Territory's progress in self-government might be involved, and the Territory should seek solutions to these problems within the framework of its established democracy and within the law. Other information and proposed legislation contained in the Governor's message are summarized below.

#### F. Statements by the President of the Tenth Legislature

28. In statements made on 16 and 29 January 1974, Mr. Molloy, President of the Tenth Legislature, expressed the view that Governor Evans' message on the state of the Territory was a balanced one. He said that during the year, the Government must reaffirm accountability, sound management and efficiency, as well as its dedication to act sincerely in the interests of the people of the Territory. The Legislature, in its committees, had been studying most of the items in the Governor's legislative programme. He denied the charge that the Legislature had been inactive on public safety legislation, pointing out that the police cadet training bill had been passed and signed. Referring to the statistics given by the Governor to prove that there had been a decline in crime, Mr. Molloy said that these statistics did not include the crimes "that were reported to the police and for which no record of an investigation can be found". Among the numerous obstacles to be surmounted was the rising cost of basic necessities, which must be playing a greater role than had been thought in the increasing incidence of crime. Believing that poor human relations were contributors to crime, he stressed the need to improve communication and understanding and encourage active community involvement. In order to cope with the crime problem, he considered it essential to temper punishment with rehabilitation. Aware that there were obviously many more areas that required serious attention, he pledged that the Tenth Legislature would cause the necessary changes by working assiduously to complete successfully the tasks entrusted to it.

### G. Military activities

29. 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. j/ On 19 January 1974, Rear-Admiral James D. Ramage, co-ordinator of the annual United States Atlantic Fleet Training Exercise, announced that United States naval activities in the Territory would support 64 surface ships, 3 submarines and over 100 aircraft from the navies of Brazil, Canada, the Federal Republic of Germany, the Netherlands, the United Kingdom of Great Britain and Northern Ireland and the United States during the training period from 21 January to 1 March.

### H. Relations with the British Virgin Islands

30. As previously noted, k/ Mr. N. D. Matthews, Acting Governor of the British Virgin Islands, and Governor Evans, together with political leaders, government officials and representatives of various organizations of the two Territories, met on 21 October 1972 to celebrate the First Annual Friendship Day in Road Town, the capital of the British Virgin Islands. The aim of this celebration was reportedly to establish lasting ties between the two Territories. Some of the legislators looked forward to the absorption of the British Virgin Islands into the United States Virgin Islands possibly within 5 to 10 years, a move to which the United Kingdom Government would have no objection. The Governors of the two Territories, among others, participated in the celebration of the Second Annual Friendship Day held on St. Thomas on 27 October 1973.

31. On 19 January 1974, the legislative bodies of the two Territories held a joint session in Road Town. After a discussion, all participants agreed that it would be desirable to lift restrictions recently imposed on the immigration of British Virgin Islanders into the United States Virgin Islands. A member of the latter's Legislature recognized, as the other participants did, that immigration was a federal function, but believed that "we could impress upon them United States immigration authorities/ what I think they do not realize, the close ties of unity that we feel".

32. At the same session, the energy crisis faced by the British Virgin Islands was also discussed. Legislators of that Territory sought assistance from the United States Virgin Islands Legislature in obtaining fuels from the refinery operated by the Hess Oil Corporation on St. Croix. They indicated that the amount of fuel which the British Virgin Islands was receiving from other sources might soon be insufficient to meet their needs.

33. Two members of the Tenth Legislature announced on 22 January that they were co-sponsoring a bill which would request the Governor to explore the possibility of assisting the British Virgin Islands in alleviating their energy shortage and to hold a meeting with representatives of the Government of that Territory and the Tenth Legislature, as well as others concerned, to consider specific action. The bill was passed on 6 February.

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j/ Ibid., para. 34.

k/ Ibid., para. 35.



### 3. ECONOMIC CONDITIONS

#### A. General

34. During the 1960s, the Territory's economy made substantial progress, particularly in the sectors of tourism and manufacturing. However, the upsurge in total economic activity was followed by a downward trend in the period 1970-1972, when average per capita income decreased from about \$3,880 1/ to \$2,800. In 1973, the economy continued to contract, with adverse consequences for employment, income, trade and social progress. By December 1973, the unemployment rate had risen to 5.7 per cent (about 2 per cent in March 1971). The recent economic slow-down was primarily attributed to a decline in the tourist industry.

35. The leading industrial concerns in the Territory are engaged in oil refining, alumina production, the assembly of watches, the processing of foreign-made wool fabrics and the distillation of rum. They export all their products except for a small part of the rum output. Agriculture, fishing and stock-breeding have contributed only marginally to the economy, but efforts have been made to increase their production. Apart from some building materials produced for the local market, there are no minerals of commercial significance.

36. In recent years, there has been a considerable expansion in the Territory's external trade, a large part of which has been conducted with the United States. Nearly all local needs are imported. The value of imports always exceeds that of exports, but the Territory's unfavourable balance of trade is offset by the inflow of foreign capital and tourist spending. Although trade statistics for 1973 are not available, there seems no reason to expect any change in the features described above.

37. The weakness of the Territory's trade position lies in the fact that its productive resources are insufficient to satisfy local needs. The inadequacy of such resources also causes inflation to accelerate. Despite government efforts to hold down the cost of living, local costs are still rising.

38. In his latest message on the state of the Territory, the Governor said that the economic picture was "not as encouraging or optimistic as a year ago". He believed that the major cause of "significant decline" in tourism was the increase in violent crimes and that "tourism cannot and will not significantly improve until crime is brought under control". He said that there were indications that this was being done. The Governor also expressed deep concern over the potential effect of the energy shortage on the economy. He warned that "the duration of this shortage will be reckoned in terms of years" and that "a return to the previous status quo can be safely ruled out". He pointed out that the effect on the availability of fuel from the presence in the Territory of one of the world's largest refineries was largely neutralized by its inclusion under the United States federal programme for fuel allocation on 15 January 1974. Nevertheless, every effort would be made to supply the Virgin Islanders adequately. Finally, he expressed the opinion that "even more ominous is the possible effect of the economy on the mainland from which we draw our tourists".

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1/ The local currency is the United States dollar.

## B. Tourism

39. The tourist industry has suffered a severe setback, particularly since the first murders took place in September 1972 at the Fountain Valley Golf Club on St. Croix (see para. 26 above). During the year ending 30 June 1973, there were 681,908 air arrivals in the Territory, compared with 742,852 in the previous year. The decrease in arrivals on St. Croix was much more pronounced than on St. Thomas. The declining trend continued during the following six months, when arrivals totalled 83,812 on St. Croix (23 per cent less than in the corresponding period of 1972) and 220,234 on St. Thomas (6 per cent less than in the corresponding period of 1972). The number of cruise ship passengers increased steadily during most of 1973, but this trend was expected to be reversed over the period from December of that year to May 1974. As a result, three hotels on St. Croix have closed and others have cut back operations.

40. Despite the recent poor performance of the industry, the 350-room Frenchman's Reef Holiday Inn on St. Thomas, in which American Motor Inns of the United States had invested \$12.0 million, was opened on 26 December 1973. The hotel, which has a 700-seat convention centre, has been designed to counterbalance the off-season lull in the industry. In addition, the Caribbean International Corporation (CIC) has invested \$11.2 million in two resorts. Major construction on the St. Croix resort (214 guest units) was scheduled to begin at the end of October; work on the St. Thomas resort (223 guest units) was expected to be partly completed by March 1974. CIC plans to sell vacation licences to individuals whose ownership would entitle them to an annual one-week accommodation for the life of the resort at nominal daily charges.

41. In order to expand the tourist industry, the Governor decided that it should be separated from the Department of Commerce and be placed under a full-time professional director. He based his decision on the recommendation of the newly established Tourist Development Council, a statutory body composed of a broad spectrum of persons representing varied interests, but all of them concerned with tourism. He proposed to expand the scheme to improve the image of the Territory until all major markets and media had been reached. He recommended in particular that the industry should do everything possible to provide genuine value for money spent by tourists; that the public should extend warmth and hospitality to visitors; and that efforts should be made to compile precise and accurate statistics dealing with tourism. In making these suggestions, the Governor took into account the findings of Cresap, McCormick and Paget, Inc. (CMP), a firm of United States economic consultants, which had conducted a survey for the Government. According to this survey, however, a major problem confronting the industry was the inadequacy of basic facilities, especially those for air and sea communications. A further problem was the need to harmonize tourism development with the lives of the local population.

## C. Water Island

42. It will be recalled m/ that early in 1973, Mr. de Lugo introduced bills in the United States House of Representatives which would, inter alia, authorize the

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m/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 23 (A/9023/Rev.1), vol. IV, chap. XV, annex, paras. 46-48.

Department of the Interior to acquire the leasehold of Water Isle Hotel and Beach Club, Inc. and subsequently transfer Water Island, the fourth largest of the Virgin Islands to the territorial Government. In December, Mr. de Lugo released a letter from Mr. Rogers C. B. Morton, the United States Secretary of the Interior, addressed to the Chairman of the Committee on Interior and Insular Affairs of the House of Representatives, stating that the Department would support the transfer of Water Island to the territorial Government, but that it opposed certain provisions of the proposed legislation referred to above. In explaining the Department's position, the Secretary said that continuation of United States ownership of development lands in the Territory, "where not actually used for governmental purposes, constitutes an irritant in federal-territorial relations". Mr. de Lugo stated that he was gratified that the Department had substantially adopted his reasons for introducing the legislation, and believed that this endorsement would permit early congressional action on the matter in 1974.

#### D. Investment incentive programme

43. As previously noted, n/ the Governor announced on 8 January 1973 that he would submit to the Legislature proposals for the revision of the investment incentive programme established on 20 July 1972, after an analysis of the incentives offered by competing areas had been completed. Meanwhile, the implementation of the programme was being delayed.

44. On 11 May 1973, CMP submitted a report on the programme to the Governor. In its report, CMP stated that, at present, there were no major advantages for industries operating in the United States Virgin Islands except section 301 of the United States tariff law which exempts imports to the United States from duties if 50 per cent of their value is added as a result of manufacturing or assembly in the Virgin Islands. On the other hand, CMP found that the Territory was at a competitive disadvantage with other Caribbean areas in a number of ways. Among these were low labour productivity, the inadequacy of certain basic facilities, the restricted scope of the local market at the present levels of income, the lack of integrated economic and social planning and the increasing social unrest and racial tensions. CMP therefore considered it necessary to amend the Investment Incentive Act of 1972 to offer a wider range of incentives to attract industry.

45. A summary of the main recommendations of CMP follows:

(a) The Act should include only those provisions directly related to investment incentives and the requirements for receiving them.

(b) The Territory should grant liberalized and more flexible tax benefits for a base period of 10 years, with the possibility of extensions in certain cases.

(c) A semi-autonomous, government-owned corporation should be created with the title Economic Development Corporation (EDC); it would be responsible for the planning, research and promotion necessary to attract industry, the provision of management advice, assistance in labour recruitment and training programmes and the development of industrial sites and factory shells.

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n/ Ibid., paras. 49-51.

46. In his latest message on the state of the Territory, the Governor said that an analysis of the Investment Incentive Act of 1972, together with input from the newly appointed Investment Incentive Commission and the director of the investment programme had demonstrated weakness in the Act. On the basis of the report from CMP, he intended to present to the Legislature a bill which would establish EDC, whose function would be to introduce new businesses and encourage the expansion of existing industries in the Territory. EDC would also take over the functions of certain government agencies concerned with non-tourist sectors of the economy.

#### E. Industry

47. Government policy to promote industrial development has given strong stimulus to manufacturing, on which the economy is now mainly based. The Territory has two important industrial enterprises, both located on St. Croix. The first is an alumina plant owned by the Harvey Aluminum Corporation, a subsidiary of the Martin Marietta Corporation of the United States. The plant has undergone several stages of expansion since it was opened in 1967. Its production capacity was expected to rise by about 300,000 tons to 450,000 tons in 1974. In July 1973, the company announced that it would spend \$100 million on a new expansion programme aimed at increasing production of alumina to 1 million tons per year by the end of 1979. At present, the company employs about 450 workers, with a payroll of more than \$4 million per annum. The expansion programme could mean the hiring of 300 new employees.

48. The other important industrial facility is an oil refinery (with a capacity of 60,000 barrels a day), in which the Hess Oil Corporation, a subsidiary of the Amerada Hess Corporation of the United States, has invested \$250 million. Information on this refinery prior to January 1973 is contained in the previous report of the Special Committee. o/ On 13 July, Acting Governor Ottley announced at a press conference that the Government had just received \$2.9 million in royalties from the Hess Oil Corporation, and that its total payments into the economy had amounted to \$185.4 million since the refinery began operation in December 1965. In January 1974, it was reported that the corporation had been receiving crude oil from certain Arab countries despite their embargo on shipments to the United States, and had reduced residual oil production by only approximately 10 per cent. The company reportedly occupies 900 acres of land on St. Croix and has claim to another 300 acres. The local people consider that, in view of the small number of company employees (300), this is uneconomical use of land.

49. For a similar reason, some residents on St. Croix opposed the proposal for the establishment of a second refinery by the Virgin Islands Refinery Corporation (VIRCO), controlled by United States interests. In its previous report, p/ the Special Committee noted that a bill to give effect to this proposal had been passed and signed in January 1973. Subsequently, VIRCO announced that it would build the refinery on a 700-acre site adjacent to that operated by the Hess Oil Corporation. The refinery would cost over \$150 million, would have a capacity of 100,000 barrels a day, and would require a minimum of 250 employees.

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o/ Ibid., paras. 52 and 55.

p/ Ibid., paras. 53-55.

50. The same residents also agreed that ecological and environmental factors were important considerations in their opposition, and that making St. Croix an industrial area would destroy its value as a tourist centre. Among the opponents were Lucille and William Holmes, who began a legal action against the Government in late 1973. In their suit, they claimed, inter alia, that the Legislature had not been legally in session the day the bill for the second refinery had been passed. Attorneys for VIRCO and the Government argued that 53 other bills had been approved during the same period, and that they too would be invalid if the refinery legislation was ruled illegal. As a result of the suit, VIRCO was unable to carry out its plans for construction of the facility until after it won the case in early 1974.

#### F. Agriculture, livestock and fishing

51. During 1973, solo papaya was being developed as a cash crop. The Government planted 360 acres of sorghum and another 445 acres in co-operation with farmers. The Agriculture Department's sorghum programme will eventually include more than 1,000 acres in an attempt to lower feed costs to dairy farmers and livestock producers. On 17 January 1974, the Legislature passed a bill aimed mainly at increasing food supplies. Under the bill, which became law on 6 February, the Governor would be requested to acquire 2,000 acres of land owned by Harvlan, Inc. on St. Croix, the bulk of which would be leased to farmers for livestock grazing and other agricultural purposes.

52. During the period under review, the Government sought to accelerate the development of commercial fishing primarily by: (a) granting loans to fishermen under the Virgin Islands Fisheries Act of 1973; (b) experimenting in shellfish cultivation; (c) improving methods of fishing; (d) exploring the possibility of establishing more commercial fisheries on a larger scale; and (e) creating committees for St. Thomas-St. John and St. Croix, each of which consists of a maximum of 14 members drawn from several agencies and organizations and is charged with assisting the department concerned in the promotion and conservation of the fisheries resources of the Territory.

#### G. Communications and other basic facilities

53. On 1 August 1973, the United States Congress authorized a three-year road construction programme in the United States Virgin Islands at an estimated cost of \$19.5 million. Of this amount, \$15.0 million would be provided by the Federal Government. On 15 September, the United States Department of Transportation was reported to have announced that the territorial Government would be eligible to receive \$350,000 to operate programmes aimed at reducing highway accidents.

54. In his message on the state of the Territory, the Governor said that the United States Virgin Islands had a network of smooth, lighted roads which had grown by 31 miles in 1973, with more under construction. An application had been made to the Federal Government for a grant of \$160,000 for the purpose of analysing the mass transportation needs of the Virgin Islands and working out solutions for the next five to 20 years.

55. Ocean-going ships use Charlotte Amalie harbour or Frederiksted harbour on St. Croix. Smaller vessels use Christiansted, which is also located on St. Croix.

In September 1973, the Virgin Islands Port Authority was planning a major dredging and filling project for Charlotte Amalie harbour. According to the Governor's message, the Government has recently reached a basic agreement with the Hess Oil Corporation and the Martin Marietta Corporation for the construction of additional port facilities. Under the agreement, a container port, fully equipped and operational, would be built on the south shore of St. Croix and additional acreage would be obtained in the same area large enough for the development of a general port and other facilities. Attorneys for all parties concerned are preparing the material to be presented to the Legislature for consideration in the near future. Completion of this port would relieve the congestion in the Christiansted area and would enable St. Croix to serve as a transshipment point for much of the surrounding Caribbean. At present, 12 shipping lines provide regular services to the Territory.

56. The principal airports are Harry S. Truman Airport on St. Thomas and Alexander Hamilton Airport on St. Croix. The Territory is served by six air carriers, two scheduled air taxis, and 13 non-scheduled air taxis and charters. Pan American World Airways (PAA) has announced its intention to reduce service between the Virgin Islands and the United States from 21 to 17 flights a week, starting in January 1974, because of the fuel shortage. The territorial Government has long recognized the need for upgrading Truman Airport sufficiently to accommodate the larger, more economical jets. On 17 January, Governor Evans, in a televised address, released a report prepared by the J. E. Greiner Company of the United States, outlining six proposals, all based on the construction of a new 7,000-foot runway at the airport at a cost of some \$47 million, of which about 75 per cent would be met by the Federal Government. Of the six proposals, two appeared to the Governor to be reasonable, mainly because of the minimal environmental impact. He informed the legislators at a meeting on 23 January that construction of the new runway could begin in 1975.

57. The Virgin Islands Telephone Corporation (VITELCO), a subsidiary of International Telephone and Telegraph Corporation (ITT) of the United States, provides all three main islands with an automatic dial system. ITT and Cable and Wireless/Western Union International together operate external telecommunications services. On 20 November 1973, the Legislature confirmed the appointment of Patrick Rice as executive director of the Public Utilities Commission. Referring to the present telephone service as "woefully inadequate", he told the Legislature that he would investigate the service, make recommendations to VITELCO and, if necessary, hold hearings and order it to take the necessary steps to correct deficiencies.

58. The Governor's message on the state of the Territory contained the following information on the systems of water supply, electric power and sewage disposal. Water shortage was a major problem in 1973, when desalination plants (three on St. Thomas and one on St. Croix with a total capacity of 4.7 million gallons of fresh water daily) failed repeatedly. Work was being accelerated on two new plants, each capable of producing 2.3 million gallons of fresh water daily. The St. Croix plant was expected to be operating in April 1974 and the plant on St. Thomas by the end of June. Two tanks with a combined storage capacity of 21 million gallons in Krum Bay, and a half-million-gallon tank on St. John were completed. A potable water distribution system was expected to be started at Cruz Bay in February.

59. The year 1973 saw the levelling off of the increase in demand for electric power on St. Croix, but there was a 15 per cent increase in demand on St. Thomas. Stabilized power, and therefore better service, was aided by the installation of a new 35,000 kW steam turbine late in 1973, enough to supply St. Thomas and St. John.

60. In 1973, 18.3 miles of sewer mains were installed on St. Thomas and St. Croix, and the discharge of raw sewage into the harbours of Charlotte Amalie and Crown Bay was eliminated. The sewage treatment plant on St. Thomas was expected to be in operation by March 1974. It has been difficult to obtain a satisfactory location for the disposal of solid waste on St. Thomas. At present, a temporary landfill area is being used and the design work and financing for the construction of a coffer dam and permanent landfill have begun. Permanent landfill areas on the other two main islands are operational. On 18 January, it was announced that the Territory would receive \$3.1 million in Federal funds for the construction of municipal waste treatment plants in 1974/75.

#### H. Public finance

61. Although the Governor's proposed operating budget for the fiscal year 1973/74 totalled \$113.9 million, on 29 June 1973 the Legislature adopted a budget of \$107.8 million. On 9 October, it authorized \$6.8 million in supplementary appropriations, or \$3.9 million less than requested by the Governor. As a result, the total funds allocated for the fiscal year 1973/74 were about \$16 million more than in the previous year. The main items of recurrent expenditure in the approved budgets are as follows: education, \$29.4 million; health, \$18.9 million; public works, \$13.4 million; public safety, \$10.3 million; finance, \$4.1 million; the College of the Virgin Islands, \$3.5 million; and commerce, \$3.4 million.

62. In his latest message on the state of the Territory, the Governor said that from July to November 1973, government revenue (mainly derived from local income taxes) had risen by about 12.5 per cent, but that the uncertainty caused by the energy shortage was "potentially a very serious thing". He recalled that, during the year, the Tenth Legislature had increased the amount of moneys taken from matching funds q/ over that recommended by the Administration. He pointed out that this action had resulted in: (a) further curtailment of the capital improvement programme for the Territory; and (b) depletion of one possible source which normally could be considered as a cushion against declining revenues.

63. The Governor criticized the Tax Study Commission established by the Ninth Legislature in 1972 for failing to make available either its preliminary report, scheduled for November 1972, or its final report, scheduled for June 1973. He coupled this with the failure of the Tenth Legislature to pass the Administration's proposed tax package in 1973. He recognized the "improbability" of enacting a meaningful tax package in an election year, but stressed the need for "long

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q/ Federal excise taxes on imports from the 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. Having decided to transfer \$7.5 million from the funds, the Tenth Legislature passed a capital budget of \$9.0 million for the current fiscal year. Expenditure is mainly for the improvement of roads, water supply and sewage disposal.

overdue" tax reform. He said that he would submit to the Legislature a bill to provide for a joint board of tax review, consisting of separate boards for the districts of St. Thomas-St. John and St. Croix.

64. On 30 January 1974, Lieutenant Governor Ottley stated that if costs continued to increase at the present rate, government revenue would fall short of budgeted appropriations by about \$13 million. He believed that the prospects for the fiscal year 1974/75 were no brighter, bearing in mind that budget requests from all government departments totalled \$143 million, a sum which "must be cut radically to fall in line with projected revenues". He warned that "with the predicted recession on the mainland in the upcoming months and the adverse effects of the energy crisis on our islands, we must all realize that times will be more difficult in the immediate future".

#### 4. SOCIAL CONDITIONS

##### A. Labour

65. According to the Virgin Islands Employment Security Agency (which has recently become a division of the Virgin Islands Department of Labour), although the estimated unemployment rate rose during the first nine months of the year, it dropped from 7.7 to 5.7 per cent between October and December 1973. In the last quarter of the year, unemployment benefits amounted to \$834,738. Workers in the construction and service industries were most heavily affected. In his latest message on the state of the Territory, the Governor said that a declining economy had been unable to give employment to an increased labour force. He further stated that there had been some optimism that a concerted and vigorous attack on the problems which had caused deterioration of the economy would turn the situation around. He pointed out, however, that "the recently developing energy shortage on the mainland and, for that matter, the world, has thrown a seriously complicating factor into the picture".

66. More recently, the Government has taken the following measures for alleviating unemployment: (a) submission by the Governor to the Legislature of a bill to increase employer payments into the Unemployment Insurance Fund by about 100 per cent; (b) appointment of Mr. Allan Christian as administrator of the new Full Employment Agency to initiate programmes for job training, development and placement; (c) compilation by the Department of Labor of a register of the unemployed and of all job openings; and (d) an invitation extended by the Government to the Opportunities Industrialization Center of the United States, a self-help training organization, to survey the Territory's training needs and recommend ways to establish a scheme to meet them.

67. In a press release issued in August 1973, the Alien Certification Office on St. Thomas stated that, since its establishment in May 1970 by the United States Department of Labor, the Office's main responsibilities had been to expedite recertification of non-resident alien workers (numbering approximately 11,500, or more than 30 per cent of the labour force) now in the United States Virgin Islands, upon being informed by them of a change in employment, and to stem the tide of such workers to the Territory. It further stated that during 1972/73, only 28 new aliens (all skilled workers mainly from neighbouring islands) had been certified and that inasmuch as they were allowed to be accompanied by their families, the total number of new aliens residing in the Virgin Islands was 71.



68. As noted in paragraph 5 above, a bill currently before the United States Senate Judiciary Committee would grant permanent resident status to those aliens in the United States Virgin Islands possessing indefinite certification for employment there and fulfilling a requirement for at least five years of residence in the Territory. According to the United States Department of Labor, the bill would primarily affect a total of 11,025 aliens from certain Caribbean islands. Of this total, St. Kitts-Nevis-Anguilla account for 4,440; Antigua for 2,645; St. Lucia for 1,615; Dominica for 1,100; Grenada for 335; St. Vincent for 245; Montserrat for 215; the British Virgin Islands for 185; the Netherlands Antilles for 130; Guadeloupe for 110; Martinique for 5. However, 440 other aliens on indefinite certification would not be affected, as they came from Barbados, Jamaica and Trinidad and Tobago under the annual quota allotment of 120,000 visas for all citizens of independent nations in the Western Hemisphere.

69. On 27 September, Mr. Edward W. Aponte, Assistant Regional Director for Manpower Administration of the United States Department of Labor, commented that, in view of rising unemployment and the already severe impact of the problem of the alien population of the Virgin Islands on public services and facilities, "admission of new alien workers would be contrary to the best interest of all concerned". He believed that the labour needs of local employers could be fully satisfied only by a serious and dedicated commitment to the objective of maximum employment of resident workers of the Virgin Islands.

70. In a statement issued on 4 February 1974, Mr. George Goodwin, president of the Alien Interest Movement, said that aliens had never been fully accepted by the Virgin Islanders, and that "deep-seated misconceptions" had given rise to this condition. While admitting that aliens sent money abroad to support their families, he nevertheless considered that every self-respecting person should be expected to do so. He pointed out that "aliens do pay personal income tax"; that "we are not allowed any deductions for dependants we support if they do not live on American soil"; and that many aliens had also paid taxes on the properties they owned in the Territory. He contended that "to deprive us of the services which we help to provide would be to deny us the right of equal treatment which is guaranteed in the Bill of Rights and the Revised Organic Act". He, therefore, urged "all the people living in the Virgin Islands to unite and rebuild a viable community".

#### B. Housing

71. In his message on the state of the Territory, the Governor referred to the Government's vigorous efforts to overcome the long-standing housing shortage. With the completion of 150 new units on St. Croix, the need for housing there had been brought under control. Steps had been taken to meet an active demand for housing on St. Thomas. In 1973, a total of 571 public housing units had been completed and 388 others were under construction at the end of the year. One hundred and fourteen apartment units had been completed and a contract for 15 others had been awarded. The Government had also concluded an agreement with a developer to build 100 town houses. Some 500 units of moderate income housing sponsored by non-profit organizations had been completed. Housing authorities continued to allot homestead lots and move families from demolished shacks to good housing.

72. According to the Governor, the Government has begun to move in a new direction in meeting the Territory's housing needs. For too long, the object had been to

build, with special attention to numbers, concrete structures in circumscribed areas set aside for one economic class - usually the low-income group. By artificially placing people of one income level together, often without the usual accessory developments such as stores and recreational facilities, ghettos had been created. Worse still, persons who had owned substandard homes before, were forced to be tenants. With broken homes, congested areas, lack of pride of ownership, and forced economic association, many of these areas had become centres of crime and disorder. Recognizing the need to eradicate the economic segregation of the past, the Government had built a number of housing projects in 1973 with emphasis on smaller numbers of units scattered throughout the community and home ownership with government assistance.

73. In November 1973, the Legislature's Standing Committee on Housing and Planning began investigating the policies, procedures, practices and operation of the Department of Housing and Community Renewal, in the hope that the investigation would reveal meaningful facts and lead to constructive solutions to "problems plaguing government housing efforts in the Virgin Islands". Under the direction of the President of the Legislature, the Committee later gave first priority to the study of substandard housing.

### C. Public health

74. In a resolution adopted on 7 November 1973, the Legislature requested the Governor to explore a method of obtaining adequate hospital facilities on all the main islands. It noted that a "reputable Virgin Islands corporation" had offered to build three hospitals on government land and lease them from the Government, and that, under the proposed lease-purchase agreement, the Government would receive title to the hospitals in 30 years.

75. According to the Governor's message on the state of the Territory, the health of its population had remained good during the year. The hospital loads in the Virgin Islands showed a slight decrease on St. Thomas and a slight increase on St. Croix. The facilities at the general hospital on St. Thomas had been further expanded. Health care had been vastly improved in recent years.

76. Expenditure on public health in 1973/74 totalled \$18.9 million, compared with \$16.6 million in 1972/73.

## 5. EDUCATIONAL CONDITIONS

### A. General

77. Education is compulsory between the ages of 5 1/2 and 16 years. Public and non-public (private and parochial) schools provide primary, junior, secondary and vocational education; there are also kindergartens on St. Thomas and St. Croix. On St. John, the Government operates only kindergartens and primary and junior schools. According to the figures released by the Department of Education in early September 1973, total enrolment in all schools during 1973/74 exceeded 26,000 including 21,600 in the public schools (20,790 in the previous year). The Department also reported that nearly 300 new teachers and other educational personnel had been recruited, thus bringing the total to over 1,500; however, the

recent crime wave had led many teachers recruited from abroad to refuse to serve in the public schools, especially on St. Croix. As a result, the Department would be forced to use substitute teachers and aides at the beginning of the current school year, until it could recruit additional staff.

78. Higher education and degree courses are provided at the College of the Virgin Islands on St. Thomas, which has an extension centre on St. Croix. In 1973/74, the College had 604 full-time and 1,094 part-time students (576 and 1,200 respectively in 1972/73). The current school year marks the beginning of the master's degree programme in teacher education.

79. Government expenditure on education for 1973/74 amounted to \$32.9 million (including a contribution of \$3.5 million to the College of the Virgin Islands), compared with \$27.1 million in the previous year (including a contribution of \$3.6 million to the College). The Department of Education also received \$1.7 million in emergency aid from the United States in July 1973. r/

#### B. Measures taken or contemplated by the Legislature

80. As noted in paragraph 25 above, in 1973 the Legislature overrode the Governor's veto on a bill to set up a vocational training centre at the former Peace Corps headquarters on St. Thomas. Other bills approved would provide, inter alia, for: (a) further development of vocational education through the establishment of such centres on the other main islands; and (b) purchase of land on St. John to be used for future construction of a secondary school. Another bill to reorganize the public school system and to place it under the control of an independent board of education was vetoed by the Governor, who called it "ill advised". He noted that the proposed board would have no power of taxation and predicted that it would use budgetary limitations as an excuse for short-comings in the schools.

81. Earlier, the President of the Legislature had called upon its Committee on Education to make an in-depth study of possible substandard education in the Territory, in response to a written request from a member of the Committee that such a study should be authorized because it appeared that in many areas "a quality product is not being turned out by the Department of Education in spite of much money being spent".

82. During the week ending 2 February 1974, Mr. Juan Luis, a member of the Legislature, introduced a year-round school bill, of which eight other members from all the main islands were co-sponsors. Mr. Luis noted that school attendance to the age of 16 years was compulsory, but he pointed out that many children were being kept out of school because of a lack of class-room space. He believed that economic difficulties currently encountered by the Territory and the United States could "easily shatter" the expansion plans of the Department of Education. He therefore proposed the establishment of a scheme which would entail having four quarters, each separated by a 15-day vacation period, with students required to attend three quarters a year. An additional advantage of the proposed scheme

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r/ For information on an appeal made by the Department for such aid, see Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 23 (A/9023/Rev.1), vol. V, chap. XXV, annex, paras. 75-76.

according to Mr. Luis, would be a reduction in vandalism and idleness and consequent delinquency among young people through year-round use of educational facilities (see also para. 87 below). Employers, he added, would also benefit because they would not be "flooded with" fresh graduates of the secondary schools all looking for employment at the same time.

### C. Observations of the Governor

83. In his message on the state of the Territory, the Governor said that the student explosion of the past few years had apparently subsided, as indicated by an increase in total enrolment of only 7 per cent during 1973. Careful planning had reduced the chaos which used to mark the opening of the school year. Double sessions had decreased by 90 per cent. The Government continued to expand and improve educational facilities. A multiservice centre for kindergarten and pre-school pupils, constructed at a cost of \$500,000, was expected to be opened in January 1974. A contract for the construction of the first of two new schools on St. Thomas would be awarded very shortly, with other construction projects to follow.

84. On the question of staffing the public schools, the Governor stated that the turnover in teachers had been reduced on St. Thomas, though not on St. Croix, and that additional staff would be needed in January. He added that staff training had been successful on all the islands; off-island graduate study continued; and there were 20 candidates for the master's degree in education at the College of the Virgin Islands.

85. Emphasizing the importance of making education relevant to the needs of the Territory, the Governor said that the Government had continued its efforts to prepare students to enter college or to start a career immediately after graduation. Currently, 1,263 pupils were involved in vocational training in grades 10 through 12. They were learning skills ranging from automotive trades to accounting. At the secondary level, enrolment in pre-vocational programmes had risen by 13 per cent to 6,129. He also drew attention to the creation of a Division of Special Education to help slow learners.

86. With regard to the financial position of the Department of Education, the Governor said that in each of the past three years, a larger percentage of the total government budget had gone to education. The Territory had been very successful in obtaining federal funds to supplement this educational expenditure. Federal assistance had risen by 400 per cent in 1973, compared with 1972.

87. In conclusion, the Governor stated that all reasonable and practical means of improving the quality of education had to be explored because so much remained to be done. He pointed out that the costs of constructing and maintaining school buildings were rising rapidly, and that it took time to develop educational facilities and train teachers. He was convinced that schools should be operated for 12 instead of nine months a year, as at present, a matter to which the Government was giving serious consideration.

CHAPTER XXV

(A/9623/Add.6 (Part I))

BRITISH VIRGIN ISLANDS, CAYMAN ISLANDS, MONTSERRAT  
AND TURKS AND CAICOS ISLANDS

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A. CONSIDERATION BY THE SPECIAL COMMITTEE

1. At its 952nd meeting on 26 February 1974, the Special Committee, by approving the seventy-first report of the Working Group (A/AC.109/L.920 and Corr.1), decided, inter alia, to refer the British Virgin Islands, the Cayman Islands, Montserrat and the Turks and Caicos Islands to Sub-Committee II for consideration and report.
2. The Special Committee considered the Territories at its 976th and 977th meetings on 20 and 22 August.
3. In its consideration of the Territories, the Special Committee took into account the provisions of the relevant General Assembly resolutions, including in particular resolution 3163 (XXVIII) of 14 December 1973 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples, by paragraph 11 of which the Assembly requested the Special Committee "to continue to seek suitable means for the immediate and full implementation of General Assembly resolutions 1514 (XV) and 2621 (XXV) 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 twenty-ninth session". The Committee also took into account other resolutions of the General Assembly, particularly resolution 3157 (XXVIII) of 14 December 1973 concerning six Territories, including the British Virgin Islands, the Cayman Islands, Montserrat and the Turks and Caicos Islands, by paragraph 11 of which the Assembly requested the Committee "to continue to give full consideration to this question, including in particular the dispatch of visiting missions to those Territories ...".
4. During its consideration of the Territories, the Special Committee had before it working papers prepared by the Secretariat (see annex to the present chap.) containing information on the latest developments concerning the Territories.
5. At the 976th meeting, on 20 August, the Chairman of Sub-Committee II, in a statement to the Special Committee (A/AC.109/PV.976 and Corr.1), introduced the

report of that Sub-Committee (A/AC.109/L.958) containing an account of its consideration of the Territories (A/AC.109/SC.3/SR.204-206, 210 and 211).

6. At the same meeting, the representative of the United Kingdom of Great Britain and Northern Ireland, the administering Power, made a statement (A/AC.109/PV.976 and Corr.1). The Chairman also made a statement (A/AC.109/PV.976 and Corr.1).

7. At its 977th meeting, on 22 August, the Special Committee adopted without objection the report of Sub-Committee II and endorsed the conclusions and recommendations contained therein (see para. 9 below), it being understood that the reservations expressed by members and by the representative of the administering Power would be reflected in the record of the meeting. Statements were made by the representatives of Denmark, Australia, Bulgaria and Czechoslovakia (A/AC.109/PV.977).

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 977th meeting, on 22 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 British Virgin Islands, 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 conformity with the Declaration contained in resolution 1514 (XV) which fully applies to the Territories.

(3) The Special Committee reiterates its regret that in the recent past, the administering Power, the United Kingdom of Great Britain and Northern Ireland, has refused to co-operate with the Committee in its work, and in particular has declined to participate in the Committee's examination of the situation in the Territories, thereby depriving the Committee of essential information which would have enabled it to assess fully the true wishes and aspirations of the peoples of the Territories. The Committee notes, however, that in a letter dated 13 June 1974 addressed to its Chairman, 1/ the Permanent Representative of the United Kingdom to the United Nations stated that his Government looked forward to closer co-operation with the Committee and contemplated certain steps in respect of the United Kingdom's association with the Committee's work. Accordingly, the Committee expresses the hope that in future,

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1/ A/AC.109/450.

it will be able to prepare, with the co-operation of the administering Power, a report containing recommendations for the speedy, full and effective implementation of the Declaration with regard to the Territories referred to above.

(4) The Special Committee notes that under the present constitutional arrangements in each of the Territories concerned, extensive powers are retained by the respective governors. The Committee reiterates its request to the administering Power to take all the necessary measures, without any conditions or reservations, and in accordance with the freely expressed will and desire of the peoples of those Territories, to transfer all powers to them with a view to enabling them to enjoy their inalienable right as provided for in resolution 1514 (XV). In this connexion, the Committee urges the administering Power to establish effective programmes of political education for self-government in order that the peoples concerned may be fully and properly informed in preparation for the exercise of their right as provided for in resolution 1514 (XV).

(5) The Special Committee is of the opinion that the economic position of the Territories presents the most pressing difficulties. It reiterates its deep concern that all of the Territories referred to above share a common dependence on fluctuating economic activities such as tourism, property development and international finance. It therefore calls on the administering Power to take, without further delay, all possible steps to strengthen the economy of the Territories through the promotion of economic diversification, so as to reduce their dependence on the above-mentioned activities, and to guarantee and safeguard the right of the peoples of the Territories to own and dispose of their natural resources and to establish and increase control over their economic development.

(6) 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 hopes that it will be further increased.

(7) The Special Committee reiterates its firm view that visiting missions are a vital element in the participation of the United Nations in the process of decolonization. It expresses regret that in the recent past, the administering Power has not seen fit to receive such missions to the Territories. In noting the new position of the United Kingdom Government on this issue, as described in the letter referred to in subparagraph (3) above, the Committee hopes that the administering Power will soon allow missions to visit the Territories referred to above, in order to secure first-hand, adequate information on political, economic, social and other conditions and to ascertain the genuine views and wishes of the peoples of the Territories concerning their future.

#### British Virgin Islands

(8) The Special Committee regrets that there has been no significant constitutional development in the British Virgin Islands since the item was last examined by the Committee and the General Assembly, despite the fact that a

petition had been sent to the United Kingdom Government in April 1973, requesting the revision of the present Constitution and the removal of the Governor, on the grounds that he had shown "total disregard" for ministers. 2/

(9) The Special Committee notes, however, that a Constitutional Commission appointed by the administering Power had arrived in the Territory on 13 November 1973, and that, after consultations with the local people, the Commission had recommended, inter alia, the reduction of the powers of the Governor, the expansion of the Legislative Council and the election of the Chief Minister by direct vote of the elected members of the Legislative Council. The Special Committee notes with satisfaction that a political awareness among the people of the Territory has been developed and that they are prepared to take substantial steps towards the realization of full internal self-government; it hopes that their wishes will be respected in the exercise of their right as provided for in resolution 1514 (XV).

(10) The Special Committee notes with gratification the trend towards unity between the British Virgin Islands and the United States Virgin Islands, as well as the recent discussion at a joint session held by the legislative bodies of the two Territories on ways of alleviating immigration difficulties. The Committee believes that their continued co-operation will permit them through a common approach, to tackle problems too complex to be solved by either Territory on its own.

(11) The Special Committee welcomes the efforts of the Government of the Territory to diversify its economy through the development of agriculture, livestock, fisheries, international financial activities and manufacturing industries, and the adoption of measures to set up pollution-free enterprises. The Committee hopes that the Territory will shortly be able to match its progress towards political self-government with equal progress towards economic independence.

#### Cayman Islands

(12) The Special Committee regrets that there has been no change in the constitutional system of the Territory since the promulgation of the Cayman Islands (Constitution) Order of 22 August 1972, and notes that under the Order, extensive powers are still retained by the Governor.

(13) The Special Committee notes the continued prosperity of the Territory, but considers that the activities upon which the economy of the Territory is based, namely, tourism, property development and international finance, are highly vulnerable to fluctuations in the international economic situation. Accordingly, the Committee appeals to the administering Power to diversify the economy, by giving more emphasis to such sectors as agriculture, fishing, forestry and manufacturing in order to make it possible for the Territory to become self-sufficient.

(14) The Special Committee notes with satisfaction the recent social and educational developments in the Territory, particularly the continued contribution

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2/ See annex to the present chap., sect. A, para. 4.



of the territorial Government to the University of the West Indies and the training of the majority of local teachers in the Caribbean area.

### Montserrat

(15) The Special Committee once again notes with regret that since 1960, there have been no fundamental changes in the constitutional arrangements for Montserrat. Nevertheless, it welcomes the Montserrat Government's desire to participate in the programmes of political and economic co-operation in the Caribbean area, as evidenced by its signing of the treaty establishing the Caribbean Community (CARICOM), embracing the Caribbean Common Market. It also urges the administering Power not to impose upon the Territory a future status not freely accepted by the population.

(16) The Special Committee expresses its concern that there appears to be some racial tension in the Territory, a situation which would hinder the achievement by Montserrat of the economic break-through essential to the survival of its people. The Committee therefore hopes that the administering Power will make every effort to assist the Territory in coping with this situation.

(17) The Special Committee notes that although the persistent slump in agricultural activity weakened the Territory's trade position in 1972, its economy as a whole has continued to grow. The Committee also notes with satisfaction that, in order to reduce the Territory's over-dependence on foreign investment and aid and on tourism, the Montserrat Government is seeking to broaden its economic base, with particular emphasis on making farming more attractive to young people and stimulating the establishment of agriculturally based industries.

### Turks and Caicos Islands

(18) The Special Committee takes note of the following three political developments in the Territory: (a) the Turks and Caicos Islands (Constitution) Order of 1969 was amended in April 1973 to give, among other things, greater powers to the State Council in managing local affairs; (b) the United Kingdom Government in the following month announced the appointment of a Constitutional Commissioner to examine the lines of constitutional change open to the Territory; and (c) the Canadian Government declared in April 1974 that it did not intend to pursue the question of possible association of the Turks and Caicos Islands with Canada. The Committee hopes that consultations initiated by the Constitutional Commissioner towards the end of October 1973 will bring about significant constitutional advance in the Territory.

(19) The Special Committee believes that the Turks and Caicos Islands suffer from many of the same economic problems as the other three Territories under consideration, complicated by an even greater lack of natural resources, and that the failure to develop a local agricultural industry capable of supplying more than a small fraction of the Territory's needs is a great drain on its resources. The Committee notes government efforts to supplement these deficiencies by developing the real estate and tourist industries, but considers that, in view of the vulnerability of those industries, the search for alternative means of economic development should be pressed with the greatest urgency for all the four Territories in question. In the case of the Turks and Caicos Islands, it particularly urges the administering Power to do its utmost to help to accelerate the development of the fishing industry.

Annex

WORKING PAPERS PREPARED BY THE SECRETARIAT

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A. BRITISH VIRGIN ISLANDS\*

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1. GENERAL

1. Basic information on the British Virgin Islands a/ is contained in the report of the Special Committee to the General Assembly at its twenty-eighth session. b/ Supplementary information is set out below.

2. The results of the Territory's 1970 census, referred to in the last report of the Special Committee, have been revised in the current information supplied by

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\* Previously issued under the symbol A/AC.109/L.940.

a/ This section is based on published reports and on 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 August 1973, for the year ending 31 December 1972.

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

the Government of the United Kingdom. According to the report of the administering Power, the corrected population figure for 1970 is 10,298. The increase of almost 40 per cent over the 1960 census is reported to be largely the result of net immigration following the Territory's rapid but short-lived economic expansion in the late 1960s.

## 2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

### A. Constitution

3. There have been no fundamental changes in the constitutional arrangements set out in the Virgin Islands (Constitution) Order, 1967, although certain amendments were adopted in 1970 and 1971. c/ Briefly, the governmental structure consists of 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 and has reserved legislative powers necessary in the exercise of his special responsibilities. On other matters, however, 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, two ex officio members (the Attorney-General and the Financial Secretary) and three ministers, one of whom is the Chief Minister. The Governor appoints as Chief Minister the elected member of the Legislative Council who appears best able to command a majority. The other two ministers are appointed by the Governor on the advice of the Chief Minister. 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 seven one-member electoral districts.

### B. Recent constitutional developments

4. As previously reported, d/ a constitutional committee, established by the Legislative Council in 1972 to study proposals for constitutional changes, was seeking the views of the population on such changes in early 1973. In a resolution adopted on 4 April 1973, e/ the Council decided to petition the United Kingdom Government for the removal of Governor Derek G. Cudmore, taking into consideration his "total disregard" for ministers during his two years of office in the Territory. In particular, it noted that, in disregard of the ministers' advice, the Governor had commuted the death sentence of a convicted murderer to life

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c/ Ibid., Twenty-fifth Session, Supplement No. 23 (A/8023/Rev.1), vol. IV, chap. XVIII, annex I.C, paras. 6-9 (main provisions); ibid., Twenty-sixth Session, Supplement No. 23 (A/8423/Rev.1), vol. IV, chap. XXIV, annex I.C, paras. 9-11 (amendments concerning residential qualifications for elected membership of the Legislative Council and residential qualifications for voters); ibid., Twenty-seventh Session, Supplement No. 23 (A/8723/Rev.1), vol. V, chap. XXII, annex, sect. C, para. 6 (amendment designating the Administrator as the Governor).

d/ Ibid., Twenty-eighth Session, Supplement No. 23 (A/9023/Rev.1), vol. V, chap. XXIV, annex, sect. A, para. 6.

e/ Ibid., paras. 12-13.

imprisonment. The petition, which was forwarded on 19 April through the Governor to Sir Alec Douglas-Home, the then United Kingdom Secretary of State for Foreign and Commonwealth Affairs, contained requests for the removal of the Governor and for the revision of the present Constitution.

5. In a letter dated 16 May 1973, addressed to the Governor, Sir Alec stated that he saw no grounds for advising the Queen that the Governor's commission be revoked. f/ He had received no evidence that the Governor had failed to observe the provisions of the Constitution in performing the functions of his office. He was also satisfied that, in commuting the death sentence, the Governor had given the most careful consideration to all aspects of the case before reaching his decision, which, Sir Alec said, had his full support.

6. With regard to the request for revision of the present Constitution on the grounds that it was "archaic and restrictive", Sir Alec stated that he could not accept this request during 1973. He added, however, that if, in the light of the findings and recommendations of its Constitutional Committee, the Legislative Council should consider it appropriate to adopt a resolution inviting the United Kingdom Government to review the present Constitution, he should then be prepared to give the representations appropriate consideration.

7. On 22 May, the Legislative Council unanimously approved a motion introduced by Mr. Willard Wheatley, the Chief Minister, requesting the United Kingdom Government to appoint a constitutional commission to inquire into the present Constitution and to make recommendations for any changes which might be thought desirable, taking into consideration local opinion.

8. In a speech delivered to the Legislative Council on 11 September, the Governor stated that revision of the 1967 Constitution had always been envisaged following a reasonable period of experience. He pointed out that for some 18 months, the Council had been seeking the views of the population on this subject, and had recently adopted the motion referred to above. He informed the Council that the United Kingdom Secretary of State for Foreign and Commonwealth Affairs had agreed to appoint a commission to deal with the revision of the Constitution.

9. On 22 September, Mr. Oliver Cills, Minister of Communications, Works and Industry, was reported to have had talks in London with Lord Balneil, United Kingdom Minister of State for Foreign and Commonwealth Affairs, in regard to the revision of the Constitution.

10. At the beginning of November, it was announced that the Secretary of State had notified the Government of the British Virgin Islands that a commission to review the Constitution had been appointed and that the commissioners were: Sir Colville Deverell, formerly Governor of the Windward Islands, Governor of Mauritius and Constitutional Adviser in the Seychelles; and Mr. Harvey Lloyd da Costa, Attorney General of the former West Indies Federation.

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f/ On 22 March 1974, the United Kingdom Foreign and Commonwealth Office announced that, on the expiration of his term of office in July 1974, Mr. Cudmore would be replaced by Mr. Walter Wallace as Governor of British Virgin Islands. Mr. Wallace had previously served as Establishment Secretary in the Bahamas, and more recently acted as Secretary to the Executive Council in Bermuda.

11. Following this announcement, Mr. Wheatley said in a radio broadcast that, at the present stage of development, the Territory should seek to achieve internal self-government by increasing ministerial responsibility in such areas as finance, home affairs and the public service, and by reducing the Governor's powers to the extent that the Governor would be mainly responsible for defence and external affairs. He proposed that the following points be taken into consideration: (a) the existence of a feeling among British Virgin Islanders that the elected representatives of the Territory should exercise more control over its destiny, thus enabling them to avoid or eliminate the adverse effects of fluctuations in the economy as had been the case in recent years; (b) the growth of the political consciousness of the local people; (c) the growth in democratic ideals resulting from more personal contacts with the outside world; and (d) significant recent developments occurring in the Caribbean region such as the independence of the Bahamas in 1973 and that of Grenada in 1974.

12. According to Mr. Wheatley, there were many flaws in the constitutional system of the United Kingdom, especially where it had been applied to small dependent Territories. A system had to be devised relevant to the Territory's peculiar needs, with special attention to its small size, innumerable islands, small homogenous population, geographical location and splintered political parties.

13. Finally, Mr. Wheatley pointed out that there was a general upward movement in the economy, and predicted that eventually the Territory would no longer depend on the United Kingdom Government for grants-in-aid. He therefore expressed the hope that internal self-government would be granted to the British Virgin Islands.

14. The Constitutional Commission arrived in the Territory on 13 November and held meetings in Road Town, the capital, and throughout the islands until 27 November. Most of the participants in the meetings stressed the need for constitutional changes. In view of the large number of British Virgin Islanders residing in the United States Virgin Islands, the Commission invited them to contribute their views, either orally or in writing, during the week commencing 19 November.

15. In all, some 700 people attended the meetings. The main views presented to the Commission were as follows: (a) it was felt that the powers of the Governor should be limited and that he should be a native of the British Virgin Islands or a West Indian; (b) the voting age should be lowered to 18 years; and (c) the legislature should be increased to allow for members elected at large by the voters of all the islands. The two meetings of the Commission held on 24 November were presided over by Mr. Recial George, Opposition Leader. He spoke at length on the workings of the Constitution and said that the difficulties were in part due to the failure of those who dealt with the Constitution. Among other things, he said that: (a) finance should have a separate ministry, preferably under the Chief Minister; (b) Anegada should return its own elected representative; (c) the Chief Minister should be appointed by the Governor on the advice of members of the Legislative Council; and (d) the Legislative Council should have 11 elected members and the leader and members of the Opposition should be given constitutional recognition.

#### C. Principal recommendations of the Constitutional Commission

16. In its report dated 20 December 1973 the Constitutional Commission stated that its recommendations were based on the belief that the majority of the Territory's citizens did not consider that the time was appropriate for full internal self-

government. The Commission had therefore recommended certain changes which would provide the elected representatives with additional responsibility as a prerequisite to further constitutional progress.

### Finance

17. The Commission recommended that finance be removed from the list of special responsibilities of the Governor as provided under the present Constitution. It would then become the responsibility of the Chief Minister, whose designation would be Chief Minister and Minister of Finance. In this way it would be seen by the electorate that the determination and execution of policy would be in the hands of elected representatives.

### Ex officio members

18. The Financial Secretary would become the Permanent Secretary to the Chief Minister and Minister of Finance and would be replaced on both the Executive and Legislative Councils by the Chief Secretary who would be responsible to the Governor for the general co-ordination of the Government, and would be his senior adviser on matters within the Governor's special purview. The Attorney-General would continue to serve as an ex officio member of both councils.

### The Governor

19. The Governor's other responsibilities would remain unchanged.

### Power of pardon

20. Under the existing Constitution, the Governor exercises the power of pardon on behalf of the Queen. Although he is required to consult with the Executive Council, he is not bound to accept their advice. After reviewing the practices in various countries at different stages of constitutional development and the situation leading up to the petition referred to in paragraph 4 above, the Commission recommended that the Governor should continue to exercise the prerogative of mercy in his own deliberative judgement. He should, however, be advised by a specially created Advisory Council, comprising the Attorney-General and three to five other persons appointed by the Governor, including at least a qualified medical practitioner. No member of the legislature would be eligible for membership.

### Legislative Council

21. The Legislative Council was too small in relation to the Executive Council and should be expanded so as to enable it to play a more effective role. Accordingly, the Commission recommended that the Legislative Council should be enlarged to eight members elected from single-member constituencies and four members elected at large, both on the alternative vote system (see para. 24 below) and two ex officio members, and that the Speaker and the Deputy Speaker should be elected as at present.

### Ministers

22. Following a general election, the Chief Minister should be elected by a straight vote of all the elected members of the Legislative Council and should be appointed by the Governor. Subsequently, the Chief Minister should select the two other ministers for appointment by the Governor.

## Electoral arrangements

23. The voting age should be lowered from 21 to 18 years, but the eligible age for membership to the legislature should remain at 21 years.

24. The Commission recommended that the eight elected members of the Legislative Council and the four at-large members should be elected on the alternative vote system. In this system the voter indicates preferences for candidates in the order of first, second, third choice, etc. To be elected, a candidate would require an absolute majority. If no candidate obtained such a majority, the candidate with the smallest number of votes would be eliminated and his votes redistributed among the remaining candidates, in the order of second preferences. This process would continue until one candidate obtained an absolute majority.

## Bill of rights

25. The Commission said that a bill of rights was not usually embodied in a constitution until the stage of full internal self-government or independence had been reached. In its view, however, the stage had been reached when a bill of rights might be appropriately included and entrenched in the Constitution.

## D. Military activities

26. On 26 April 1973, the Governments of the Territory and of the United States of America signed an agreement granting the United States Navy permission to use a small tract of land on Anegada for military purposes. A spokesman for the United States Navy stated that the agreement would expire on 30 June 1974, that no permanent installations would be constructed on the island and that the site would be used for the launching of drone targets. As part of the agreement, the United States Navy undertook to carry out minor improvements to Anegada airport.

## E. Relations with the United States Virgin Islands

27. It will be recalled g/ that Mr. Derek Matthews, Acting Governor of the British Virgin Islands, and Mr. Melvin H. Evans, Governor of the United States Virgin Islands, together with government officials, social and political leaders of the two Territories, met in Road Town on 21 October 1972 to celebrate the first officially proclaimed Friendship Day. At that time it was reported that the next Friendship Day celebration would take place in the United States Virgin Islands.

28. The Governors of the two Territories issued proclamations designating 27 October 1973 as Friendship Day. Governor and Mrs. Cudmore and 200 British Virgin Islanders travelled to Red Hook, St. Thomas, where they were welcomed by Governor Evans and Senator Virgil Brown of the United States Virgin Islands. The government delegation was led by Chief Minister Wheatley and included Mr. Lavitty Stout, the then Leader of the Opposition, and Mr. H. R. Penn, the

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g/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 23 (A/9023/Rev.1), vol. V, chap. XXIV, annex, sect. A, paras. 14-19.

Speaker of the House. In all, some 400 persons from both Territories participated in the events.

29. A joint session of the legislatures of the British Virgin Islands and the United States Virgin Islands was held at Road Town on 20 January 1974. Two resolutions were unanimously adopted on matters dealing with the energy crisis and the immigration policies of the United States Virgin Islands. The meeting was presided over jointly by the Speaker of the British Virgin Islands Legislative Council, and the President of the United States Virgin Islands Legislature.

30. Discussions of the energy crisis, as it affected the British Virgin Islands, centred on the shortages of cooking gas and other fuels and the high cost of petrol in the Territory, compared with the situation in the United States Virgin Islands. It was understood that the Hess Oil Corporation in St. Croix, a subsidiary of the Amerada Hess Corporation of the United States, had cut off supplies to the British Virgin Islands. The resolution called for a joint meeting between members of both legislative bodies, both Governors, a representative from Hess Oil Corporation and an official of the United States Department of the Interior.

31. In regard to the question of immigration the British Virgin Islands legislators referred to the difficulties experienced by their people travelling to the United States Virgin Islands, and an appeal was made for a more convenient procedure. It was recognized that immigration was a function of the Federal Government of the United States and an assurance was given that the matter would be taken up with the appropriate authorities.

32. In January 1974, the Minister of Natural Resources and Public Health held discussions in Puerto Rico with a representative of the United States Department of Agriculture and a representative of the United States Virgin Islands on the renewal of British Virgin Islands livestock exports to the United States Virgin Islands. It was hoped that trade would begin in the near future between the Territories.

### 3. ECONOMIC CONDITIONS

33. The economy of the British Virgin Islands depends heavily on tourism, agriculture, land development and a growing industrial sector. It is believed that tourism has the greatest potential for helping the Territory to reach its development objectives. The Government is therefore trying to provide the necessary incentives to enable the tourist industry to become a year-round operation. In addition, it is also actively encouraging the development of agriculture in an effort to reduce food imports to a minimum. Livestock, poultry and the fishing industry are also the objects of government development programmes. Among the measures being taken was an invitation to private business interests in North America to set up pollution-free enterprises in the Territory.

34. In 1971, the value of imports fell for the first time by 15 per cent to \$US 8.7 million h/ from the record level of \$US 10.2 million in 1970. The value of exports and re-exports showed a considerable rise, to \$US 371,000, which was mainly re-exports of machinery and equipment. Imports from the United Kingdom

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h/ The local currency is the United States dollar.



reached their highest level at 25 per cent while those from the United States, Puerto Rico and the United States Virgin Islands declined to just under 50 per cent. The decline in imports was mainly in construction materials, reflecting the falling level of economic activity during 1971.

35. During 1971, imports of food continued to rise as in previous years, but other consumer goods levelled off at around their 1970 level. Fresh fish was the major export and, together with re-exports, went mainly to the United States Virgin Islands. Full data for 1972 are not available, but there appeared to be little change from 1971 levels.

36. In the first quarter of 1973, imports were valued at \$US 1.9 million, only a slight increase over the \$US 1.8 million recorded for the first quarter of 1972. Imports of consumer and manufactured goods were all above the 1972 level, with food imports increasing by 15 per cent, although higher food prices accounted for about half of this increase. Fuel imports for that period showed a large decline, mainly due to the late clearance of some imports.

37. In his speech of 11 September 1973, the Governor said that the Government was satisfied that there was a relatively large domestic market for all agriculture and livestock products. He said that imports of agricultural commodities in the first quarter of 1973 had amounted to \$US 185,000. When consumption of local production was taken into account, total demand was higher than indicated by that figure. He noted that the lack of farm credit was the major limiting factor and said that efforts were being made to secure financial support from the Caribbean Development Bank.

#### A. Tourism

38. Tourists visiting the British Virgin Islands in 1972 numbered 45,000 a 16 per cent increase over 1971. The increase in numbers corresponded to a decline in the length of their stay. There was no major increase in hotel or other accommodation during this period.

39. During the period under review, the Government took the following steps to promote tourism:

(a) The Chief Minister and members of the Tourist Board made several trips to other countries, including the United States and the United Kingdom. Both are areas of immense potential for tourism and for investment in general.

(b) Several groups of travel agents were invited to the Territory to view its beauty spots and to examine its tourist facilities.

(c) Plans were implemented to develop Anegada and Wickham's Cay (see paras. 68-72 below).

(d) Airport facilities were improved.

40. During the first half of 1973, the number of visitors increased by 15 to 20 per cent over the corresponding period of 1972. Nevertheless, visitors appeared to be spending less, a fact which the Governor, in his recent speech (see above), attributed to escalating costs of living in the United States and

Europe. On the other hand, the Governor held the view that the Territory could also benefit from spiralling costs elsewhere because travellers from North America might turn to the Caribbean area for future vacations. According to a recent survey by the magazine The Travel Agent, the Territory gained a substantial increase in the number of air-borne tourists from the United States in 1973, although its share of air-borne trade from other countries remained insignificant.

41. On 22 December 1973, a monthly magazine, The British Virgin Islands, was launched.

42. The tourist industry was given a further boost as a result of a contract recently signed between Rockresorts, Inc., owner of the Little Dix Hotel Corporation, and Loews Reservation, Inc. Under this contract, the 13 Loews reservations offices in North America and those in Japan and Europe would serve as a source of general information on the Territory.

#### B. Land development

43. In his speech of 11 September 1973, the Governor stated that land matters continued to be dealt with by the Ministry of Natural Resources and Public Health. It had not been found convenient to transfer the entire administration of lands and surveys (other than for major development) to the Chief Minister's office as had been proposed the year before. He said that the proposal to set up a separate department integrating the present Survey Department, the Town Planning Office and certain other functions now carried out by the Ministry should not be dropped.

44. The Aliens Land Holding Regulation Act governs the holding of land by persons other than British Virgin Islanders. In order to ensure that development commitments given on the issue of aliens land-holding licences are met, appropriate amendments to the Ordinance have been proposed for enactment.

45. Seventy-six land-holding licences were issued under this Act in 1972, compared with 68 licences issued in 1971. Between January and August 1973, 51 such licences were issued. Development commitments for this land amounted to over \$US 1.5 million. Amendments to the Aliens Land Holding Regulation Act which would ensure that these development commitments are met are now under consideration.

46. In a press release dated 28 June 1973, the Government of the British Virgin Islands announced its decision to cede certain surplus land to landowners, in the areas where the shore lines adjoin Wickham's Cay. The land was to be given to adjacent owners ex gratia. The press release further stated that the decision would be implemented in all cases without undue delay once the Government was satisfied that the need for drainage, sewage and other public utilities had been met or reserved.

47. Part of the 24.5 acres of reclaimed land on Nanny Cay was developed by Talbot Development in September 1973. Forty condominium units were constructed for Drake's Channel Condominiums, Ltd., on a three-acre site overlooking the harbour of Nanny Cay. Further developments are expected to start soon on other areas of Nanny Cay, which is near Road Town and holds a special appeal to yacht owners because of its well-protected anchorage.

48. By late 1972 the Regional Cadastral Survey and Registration Project, initiated in 1971, had completed surveys and land registration of areas including Beef Island and the surrounding cays along with the eastern section of Tortola and the southern cays. The Road Town and central sections were reportedly near completion, and field work was well advanced on the west central section. Work was due to begin on the Sea Cow Bay section by mid-September and on West End and the adjacent cays by October. In his speech of 11 September 1973, the Governor said that the foundation had been laid for good survey work in the future. Land titles would soon be indisputable and future transactions would be easier to handle.

### C. Financial institutions

49. A new banking law was enacted during the course of 1972 which had the effect of regulating the activities of banking and other financial institutions within the Territory and, in the case of British Virgin Islands banking corporations, outside the Territory as well. The Commercial Bank of Tortola, Ltd., was established in 1972, bringing the total number of financial institutions to six: the Virgin Islands National Bank; Barclays Bank International, Ltd.; the Bank of Nova Scotia and its trust subsidiary; the Chase Manhattan Bank; the Provident Trust Company (Tortola), Ltd.; and the Commercial Bank of Tortola, Ltd.

50. On 21 July 1973, the Provident Trust Company (Tortola), Ltd., opened a new branch under the name of Provident General Agency Division. Mr. Conrad Maduro, the Minister of Natural Resources and Public Health, in his remarks as guest speaker, praised the Provident Trust for its outstanding business activities and for promoting a keen awareness among the local population concerning investments and participation in business undertakings.

51. In a speech delivered on 28 May 1973, the Chief Minister said that a two-man fact-finding team had recently visited Bermuda to gain first-hand experience on the operations of a tax haven. The team's report had been approved by the Executive Council and was tabled in the Legislative Council. An ad hoc committee had been set up to advise the Government on the finding of the report which had not yet been made public.

### D. Agriculture, livestock and fisheries

52. Agricultural activity has never fully recovered from its substantial decline in the early 1960s and as such, the Territory cannot be regarded as an "agricultural community". Most of the agricultural land is owned by small farmers, and food crops are grown in rotation with pasture. Crops currently produced include sugar cane, limes, bananas, coconuts and root crops. Agricultural credit and pasture improvement schemes are financed through loans issued against the land as security. In his speech of 11 September, the Governor said that a comprehensive development plan had been drawn up based on two recent reports on agricultural production. One report had been prepared by an agronomist from the University of the West Indies and the other by an agricultural adviser to the British Development Division in the Caribbean. It was hoped that implementation of the plan would increase the role of agriculture in the national economy. In the same speech, the Governor said that there was a large domestic market for all agricultural and livestock products, as shown by the substantial imports of food.

53. Noting that the lack of credit was a major cause of low agricultural output, the Governor said that efforts were being made to secure a loan of \$US 100,000 from the Caribbean Development Bank for this purpose. The Loans (Caribbean Development Bank) Bill had just been passed unanimously by the Legislative Council. i/

54. The livestock and poultry industries are being expanded with assistance from the Government. Sheep (Virgin Gorda) and cattle breeding (Tortola and Jost Van Dyke) have shown the most significant increases (see also para. 32 above). Six poultry farms were in operation during 1972. The Government has requested two fellowships for British Virgin Islanders through the United Nations Development Programme (UNDP), one for studying livestock development abroad and the other for training as a veterinary assistant. Both fellowships would be tenable in 1974 and 1975.

55. Fishing as an industry has shown definite signs of improvement. Survey teams from the University of Miami (United States) and Mariculture, Ltd., operators of a commercial turtle farm in the Cayman Islands, arrived in the Territory recently to conduct surveys on the possibilities of marine farming on Anegada. The two teams studied the possibilities of: (a) farming fin fish, such as pompano, snapper and dolphin, for local consumption and export; (b) the development of sports fishing in the waters around Anegada; and (c) a commercial fishery for brine shrimp and shrimp eggs in saline ponds on Anegada. The results of the various studies were submitted to the Government. The services of an adviser on fisheries development has been requested through UNDP at a total cost of \$US 42,000 for the year 1975.

#### E. Industry

56. The industrial sector in the Territory is limited, with rum and building materials being the most important products. Other industries include two aerated water factories, stone-crushing plants (one government-owned) and a cottage-type industry producing handicraft products.

57. The Chief Minister and the former Financial Secretary visited North America in an attempt to attract investment in the Territory in the form of non-polluting enterprises such as fish processing, pet food production, yacht and ship-building and a variety of other light industries.

#### F. Communications and other basic facilities

58. The Government continued to improve and expand roads throughout the Territory in 1973. A new waterfront road was completed on Tortola, from Customs House to Government House Point. Extensive work was also carried out on Virgin Gorda and Beef Island. Surveys for the construction of new roads were undertaken and plans were under way to obtain funds for the work.

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i/ In October, Sir Arthur Lewis, then President of the Caribbean Development Bank, announced that, owing to insufficient staff, the Bank was unable to release more than \$US 3 million in funds to approved government projects out of an estimated \$US 65 to 70 million.

59. On 18 October 1973, Mr. Reial George, the Opposition Leader, introduced a motion in the Legislative Council requesting the Minister of Communications, Works and Industry to make provisions for the continuation of road construction on Virgin Gorda in the financial year 1973/74. According to Mr. George, the Government had indicated in its 1973 capital estimate budget that there would be no road construction after 1973, until 1976. Mr. Cills, Minister of Communications, Works and Industry, replied that the Government had to abide by the decision of the British Development Division in the Caribbean in regard to the construction and surfacing of roads. Mr. Maduro, Minister of Natural Resources and Public Health, said that Mr. George's motion failed to appreciate the many difficulties faced by the Government owing to lack of funds. The motion was defeated by a vote of 6 to 3.

60. Water supply facilities have been extended to Pasea in the east and Slaney Point in the west and the reservoirs and water supply distribution system have been improved to guard against stagnation and pollution. The Data Collection Unit is now working in conjunction with the Caribbean Meteorological Institute in Jamaica, on the collection of rainfall and other hydrological statistics throughout Tortola and in the Road Town water supply area. The present sewage and sewage disposal scheme serving Road Town has been maintained. Funds have been requested for the services of specialists to conduct surveys and make proposals for sewage disposal facilities in the Road Town area.

61. The airport at Anegada has been resurfaced and lengthened to 2,500 feet with 300-foot approaches at both ends and can now cope with larger types of interisland aircraft (see also para. 26 above). The improvements were carried out with grants from the British Development Division in the Caribbean and with a loan of \$US 10,000 from the Sterling Bank and Trust Company, Ltd., of Grand Cayman. A recent feasibility study commissioned by the Anegada Corporation, Ltd. (see paras. 68-71 below) showed that Anegada airport is capable of accommodating aircraft flying international routes. Improvements to the facilities at Beef Island airport were interrupted in 1973 owing to the delay in obtaining building materials from the United Kingdom. Improvements were expected to be completed in early 1974.

62. The Prinair Air Line and Leeward Islands Air Transport (LIAT) provide scheduled air service. There are also a number of air taxis and charter aircraft operating from Beef Island airport.

63. The inauguration of a deep-water port at Port Purcell reportedly took place on 17 August 1972. Proposals were being prepared for additional work to be done in order to reduce damage resulting from general and container cargo handling.

64. The steady expansion in electricity consumption continued in 1973. The units of electricity sold in 1972 increased by more than 56 per cent over the previous year and sales figures for the first half of 1973 indicate that a substantial increase would again be achieved in 1973. The present capacity has been found to be inadequate to accommodate the increased load and a proposal has been made to invest \$US 300,000 to purchase a new 12,000-kW diesel generator, which would become fully operational by the end of 1974. The Electricity Board is involved in development projects that will provide electric power to various parts of the Territory. The Government has accepted the recommendation of the Commonwealth Development Corporation (CDC) to increase current rates. The final recommendation of CDC on the long-term policy of the electricity supply industry has not been made public.

65. Cable and Wireless (West Indies), Ltd., operates an automatic telephone system linking all the major islands in the group. It also provides a telecommunications system through its headquarters at Tortola. The Territory's single commercial radio broadcasting station, Radio ZBVI, was inaugurated in May 1965. It was announced in July 1973 that the West Indies Television Network (Channel 3) would install on Tortola a solid state colour transmitter and high amplification antennas, designed specifically for the mountainous terrain on the island. Programme viewing was expected to begin in August 1973.

#### G. Fuel supplies

66. In a radio broadcast on 3 November 1973, the Chief Minister expressed grave concern over the effect of the fuel shortage on the economy and called for a one-third reduction in energy use on a voluntary basis. He said that the Government would undertake, among others, the following measures: appointment of a supply officer, under the provision of the Distribution and Prices of Goods Ordinance, to supervise allocation of the Territory's fuel; reduction in the business hours for the sale of fuel; and a ban on fuel sales to non-British Virgin Island vessels. He said these measures constituted the first stage of control and, should it fail to achieve the objective of energy conservation, the Government would impose harsher controls, including the periodic disconnexion of electric power on a rotating basis and direct government control of fuel facilities.

67. On 24 January 1974, the Chief Minister left the Territory on a tour, part of which included a planned visit to Trinidad and Tobago to discuss with government officials the possibility of obtaining additional fuel supplies. The Chief Minister also planned to meet with directors of the British Development Division in the Caribbean and to attend a Commonwealth Caribbean Conference in Guyana. As noted in paragraph 30 above, members of the Government met in the same month with legislators from the United States Virgin Islands in an attempt to secure fuels from the Hess Oil Corporation in that Territory.

#### H. Anegada and Wickham's Cay developments

68. The Government of the British Virgin Islands approved a proposal by the Sterling Bank and Trust Company, Ltd., of Grand Cayman to study the feasibility of developing the western part of the island as a low density residential resort and the effects of such a development on the rest of the island in general and its possible over-all contribution to the British Virgin Islands (see also para. 61 above). A subsidiary of the Sterling Bank and Trust Company, the Anegada Corporation, Ltd., was established on Tortola in 1973 with a budget of \$US 75,000 to undertake the development of Anegada on the lines to be decided by the Government after completion of an extensive feasibility study.

69. The Anegada Corporation has so far invested over \$US 100,000 in bringing in experts to report on the following: (a) airport requirements; (b) the possibility of creating energy from conventional as well as other sources; (c) fish and turtle farming; (d) deep-sea sports, and (e) scuba and snorkelling possibilities. Other surveys have included port and marina, water from desalination, hydroponic farming, cattle breeding, engineering, sewage and garbage disposal.

70. Mr. Jean Doncet, the President of the Sterling Bank and Trust Company, Ltd., disclosed that the final proposals would be placed before the Government in February 1974. The report would show the design of tourist and residential buildings, community facilities and the basic plan for the use and development of part of the island. Also contained in the report would be an assessment of the economic benefits from such a scheme to the Government and people of the British Virgin Islands. Mr. Doncet said that a final agreement would be negotiated after the Government had had a chance to study the report.

71. The Government rejected a proposal to allow the establishment of an oil refinery on the island as it was not considered to be in the best interest of the Territory. The Virgin Islands Refinery Corporation of the United States Virgin Islands had requested full rights over the island and its territorial waters and relocation of the residents. The Legislative Council repealed the Anegada Ordinance of 1961 in October 1972 and the Anegada airport was upgraded to take larger-type aircraft.

72. In his speech to the Legislative Council in September 1973, the Governor said that the development of Wickham's Cay was seen as self-financing, partly by loans. The firm of Knight, Frank and Rutley had been appointed by the Government to provide management services in the early stages. The Governor reported that substantial progress had been made in the agreement of terms for a number of developers who had shown interest in certain key sites. The first agreement for land on Wickham's Cay was signed by the Governor, on behalf of the Government, and Tortola Yacht Services, Ltd. The lease is for 99 years. The proposed development will provide comprehensive marina service facilities. Construction work has already started on the site. Three of the Territory's six banks are situated at Wickham's Cay.

#### I. Public finance

73. The British Virgin Islands remain heavily dependent upon the Government of the United Kingdom for budgetary and development aid. The Government of the Territory reported progress in financial control and in the collection of revenue; in 1972, total revenue collected was on target for the first time in many years. However, gains were eroded by the rising cost of goods and services and the repayment of outstanding loans.

74. In 1973, the Territory continued to face budgetary deficits which had accumulated since 1969. Despite grants-in-aid from the United Kingdom Government amounting to \$US 1.1 million in 1971 and \$US 900,000 in 1972, the deficit at the end of 1972 amounted to \$US 140,000. In his speech of 11 September 1973, the Governor said that the deficit was mainly caused by debt servicing, payment of pensions, gratuities and other commitments.

75. The budget for 1973 envisaged \$US 4.4 million in recurrent expenditure (calculated for grant purposes) and \$US 3.8 million in recurrent revenue. It was reported that the United Kingdom Government had undertaken to provide a grant-in-aid of \$US 800,000 to bridge the gap. The figures for the first half of 1973 on both revenue and expenditure, according to the Governor, gave rise to cautious optimism that there would be no deficit in the recurrent budget at the end of 1973.

76. The Governor said that the aim of the Government was to eliminate the need for grants-in-aid on the recurrent budget in the near future. It was hoped that the revenue from a highly successful coin issue and several special stamp issues would be used towards meeting the deficit from 1972.

77. The Governor and the Chief Minister have both emphasized the problem faced by the Territory as a result of servicing the loans contracted since 1969 for development purposes, including the electric power expansion scheme; the Beef Island airport; the Port Purcell deep-water harbour; and other major developments such as Anegada and Wickham's Cay. Capital expenditure in 1972 amounted to approximately \$US 1.3 million, a decrease from 1970 and 1971 (\$US 3.3 million and \$US 2.3 million). British Development Aid grants in 1972 amounted to \$US 1.0 million. A recent rate increase together with the steady increase in the demand for electric power is expected to lead to commercial viability in this sector. The trinity of road, schools and hospitals, as well as most other capital development projects will continue to be financed by capital grants from the United Kingdom Government. The Legislative Council has recently passed a bill enabling the Government to negotiate soft loans from the Caribbean Development Bank for agricultural development, student loans and possibly water supply schemes.

#### 4. SOCIAL CONDITIONS

##### A. Labour

78. It was reported in July 1973 that the Department of Labour had been transferred from the Ministry of Communications, Works and Industry to the Ministry of Natural Resources and Public Health.

79. A survey conducted by the Department of Labour in June 1973 showed that 2,136 persons were employed in the Territory, of whom 64 per cent were British Virgin Islanders. An additional 800 persons were self-employed or working in private homes. Unemployment in the Territory was estimated to be about 15 per cent. In accordance with the provisions of the Non-Belongers (Restriction as to Employment or Occupation) Ordinance, 1969, a total of 1,678 work permits were issued during the year. Work permits were being issued only in cases where British Virgin Islanders were unavailable. The Hotel Aid Ordinance allows a proportion of hotel employees to be expatriate workers because certain posts require skills or technical ability which are not available locally.

80. A labour code has been recently drafted for the purpose of ensuring that all developers, investors and employers are fully aware of the industrial relations practices in the Territory, thereby reducing the number of industrial disputes. There were 69 labour disputes in 1972, compared with 50 in 1971. Two new labour unions came into existence in 1972.

##### B. Public health

81. Medical services in the Territory continue to be expanded particularly in the area of preventive medicine. There was a general improvement in the health of the inhabitants, owing mainly to the continuation of immunization projects and some general improvements in refuse collection and disposal.



82. A campaign for the eradication of the Aedes aegypti mosquito has been initiated. The campaign is expected to last for several years. The World Health Organization (WHO), the Pan American Health Organization (PAHO), the Government of the United Kingdom and private donors are contributing to the campaign.

83. Food hygiene regulations have been enacted and should help to ensure higher standards of food handling. Regulations relating to the keeping of animals are currently under review.

84. The mental health programme initiated by the Government in May 1972 has been extended to include the treatment of some school children. It was decided to treat all mental patients within the Territory. Between May and December 1972, 89 patients were seen and of the eight who were hospitalized, only two were transferred to a hospital in Antigua.

85. In his recent speech, the Governor said that the present hospital would be replaced by a new building with more ward space and improved facilities. The British Development Division in the Caribbean had provided funds for a new operating theatre and other equipment which would improve the present conditions in the hospital and would be transferrable to the new hospital. During his recent North American tour, the Chief Minister held discussions with a group of people in Toronto about raising funds for the new hospital. As a result of these discussions, gifts of ophthalmic equipment were received by the Medical and Health Department which would enable the department to start an out-patient clinic for the investigation and treatment of diseases of the eye. Dr. Campbell MacArthur and his professional associates in Canada were the donors of the equipment.

86. Mr. Paul Durish, of Toronto, has offered to set up a hospital foundation to be financed annually with a donation of \$Can 10,000 for hospital facilities. Mr. Durish also undertook to investigate the possibility of setting up a lottery in Canada as a means of raising funds.

87. It was announced by the Ministry of Natural Resources and Public Health that a resident doctor with extensive experience in surgery, general practice and psychiatry in Ireland, England, Canada and the United States, had assumed full responsibilities on Virgin Gorda. The salary of the doctor will be paid from monthly donations contributed by businesses and residents of Virgin Gorda. Living accommodation is being provided by the Government.

88. The Government of the Territory has set up a committee to assist in the collection of information which would enable the Government to prepare legislation on drug abuse which appeared to be increasing rapidly in the Territory.

## 5. EDUCATIONAL CONDITIONS

89. The Chief Minister retained the portfolio for education during 1973. In addition to the statutory advisory bodies, a review committee was formed under the Chairmanship of Mr. McWellington Todman, a local barrister, to prepare a new education act. In his speech of 11 September, the Governor announced that the committee had almost concluded its work and that a bill was expected to reach the Legislative Council during that session.

90. A new primary school was opened at Bellevue during 1973 and plans have been made to build two more primary schools in the next three years; one to replace the Methodist School at Carrot Bay and the other on Virgin Gorda. In a recent broadcast, the Chief Minister said that children from Virgin Gorda and Anegada had been boarded in Road Town to attend the high school there and that he was considering increasing boarding facilities.

91. In 1973, the British Virgin Islands High School granted 150 diplomas in a revised form. The "advanced" level classes in English, history and economics started in September 1972 are aimed at qualifying students for admission to higher education institutions abroad. The United Nations Educational, Scientific and Cultural Organization (UNESCO), the United Nations Children's Fund (UNICEF) and the University of the West Indies are providing assistance to improve the teaching of science and mathematics. Of the 18 graduates on the staff of the British Virgin Islands High School in 1972, 16 were British Virgin Islanders and an additional six British Virgin Islands graduates from the University of the West Indies (Cave Hill Campus) were expected to join the staff in September 1973.

92. In regard to higher education, five bursaries were made available under the United Kingdom Commonwealth Study Fellowship Scheme in 1972. Over 20 students (several on scholarship awards) were at the University of the West Indies. The British Virgin Islands Government increased its contribution to the University of the West Indies from \$US 19,000 in 1971/72 to about \$US 50,000 in 1972/73 because of a change in the method of assessment. A bill was passed recently in the Legislative Council to enable the Government to borrow from the Caribbean Development Bank to finance student loans.

## B. CAYMAN ISLANDS\*

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#### 1. GENERAL

1. Basic information on the Cayman Islands a/ is contained in the report of the Special Committee to the General Assembly at its twenty-eighth session. b/ Supplementary information is set out below.

2. The Territory of the Cayman Islands consists of Grand Cayman, Cayman Brac and Little Cayman. The latter two are also known as the lesser Caymans. The total area of the Territory is about 100 square miles. Grand Cayman, the principal island, is located about 180 miles west-north-west of the westernmost point of Jamaica and 150 miles south of Cuba. Cayman Brac lies 89 miles east-north-east of Grand Cayman and Little Cayman lies five miles west of Cayman Brac.

3. At the 1970 census, the population of the Territory totalled 10,249, as follows: Grand Cayman, 8,932; Cayman Brac, 1,297; and Little Cayman, 20. Sixty per cent of the population were of mixed origin, 20 per cent were African and 20 per cent were European. In 1970, George Town, the capital, had about 4,000 inhabitants. Caymanians who had emigrated to work abroad were not included in the census figures. However, with the rapid economic development which began in the late 1960s, Caymanians have tended to stay and work in the islands.

4. According to recent estimates, the population of the Territory increased to 13,100 in 1973. Of this increase, about 1,500 were Caymanian expatriates who had

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\* Previously issued under the symbol A/AC.109/L.936.

a/ This section is based on published reports and on information transmitted to the Secretary-General by the United Kingdom of Great Britain and Northern Ireland under Article 73 e of the Charter of the United Nations on 9 August 1973, for the year 1972.

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

returned to the islands mostly from Caribbean countries, the United States of America, Canada and the United Kingdom.

## 2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

### A. Constitution

5. There has been no change in the constitutional arrangements set out in the Cayman Islands (Constitution) Order of 22 August 1972, details of which are contained in the last report of the Special Committee. c/ Briefly, the present Constitution provides for a Governor, 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 reserved legislative powers necessary in the exercise of his special responsibilities. On other matters, however, he is normally required to consult the Executive Council in the formulation of policy and in the exercise of the powers conferred upon him. The Executive Council consists of the Governor as its President, three official members appointed by him and four others selected by the elected members of the Legislative Assembly from among their number. 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; and (c) 12 directly elected members. The term of the Assembly is four years unless dissolved earlier, and the Governor has the power to prorogue or dissolve it.

### B. Public service

6. As previously reported d/ the public service in the Territory at the end of 1971 consisted of 128 overseas officers and 296 local officers. It was also reported that salaries for government employees had been increased on 1 August 1972, owing to the rising cost of living and the pressure of demand for labour in the private sector.

7. In November 1973, the Financial Secretary, when presenting the budget in the Legislative Assembly, referred to an item under recurrent expenditure, namely the sum of \$CI 1.2 million e/ which had been set aside for a salary review. He explained that a review had been undertaken and a report prepared with the assistance of two salaries commissioners provided by the United Kingdom Government and a salaries adviser provided by the United Nations under their respective technical assistance programmes. He added that the salary review, the most thorough review ever conducted by the Government, had been done on the basis of an examination of the Government's financial position and a comparable survey between the private and public sectors. Emphasis had been placed on the need to upgrade the status of civil servants instead of merely increasing their salaries.

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c/ Ibid., paras. 5-13.

d/ Ibid., paras. 18-19.

e/ Two Cayman Islands dollars (\$CI 2.00) equal one pound sterling (£1). See also paras. 16 and 17 below.

A. General

8. The period under review was one of continued prosperity in the Cayman Islands, owing to the rapid growth of tourism, property development and international finance, on which the Territory's economy largely depends. Highly visible signs of this growth included the construction of new buildings for banks, offices, apartments, houses and extensions of hotel accommodations. Many Caymanian seamen continued to find employment on foreign ships, and their remittances, although affected by the devaluation of the United States dollar, contributed to the economy of the islands.

9. In his budget speech, delivered on 27 November 1973 to the Legislative Assembly, the Financial Secretary stated that the total output of goods and services, as measured by the gross domestic product, had risen from \$CI 10.3 million in 1970 to an estimated \$CI 22 million in 1973. According to those figures, the average per capita income had increased from \$CI 945 in 1970 to \$CI 1,680 in 1973, representing an average annual increase of 21 per cent, an astounding economic growth rate. The Financial Secretary added that, although more than half of this growth represented price inflation, the true growth of the per capita gross domestic product, about 10 per cent annually, was the highest in the Caribbean.

10. Agriculture, fishing, forestry and manufacturing play a minor role in the Territory's economic life. Despite some interest in agriculture, the rocky terrain, weather conditions, the rate of development and the full employment situation, as well as lack of access roads to the interior, have limited a return to the cultivation of the land. Most classes of livestock were reported to be increasing rapidly. The Green Turtle Farm, operated by Mariculture, Ltd., is the Cayman Islands' biggest export industry, employing about 100 persons. Recently, Mariculture issued stock valued at \$US 4.0 million to finance development, and it was anticipated that about \$US 2.5 million of that amount would be spent on a second farm.

11. Exports were valued at \$CI 135,400 in 1972, compared with \$CI 7,433 in 1971; imports for the same years, mainly from the United States, totalled \$CI 12.8 million and \$CI 9.1 million respectively. Principal imports consisted of food-stuffs, building materials, textiles and fuel oil; exports comprised dried turtle meat and turtle shell.

12. In his budget speech, the Financial Secretary said that tourist arrivals and income derived from tourism had increased considerably, and the locally based off-shore financial operations, a substantial source of direct Government revenue, had grown tremendously, which was a continuing indication of the strong faith of investors in the stability of the Cayman Islands. With regard to inflation, which had affected the economy since 1972, the Financial Secretary stated that reasonable and practical measures would be recommended in 1974.

B. Financial developmentsBanking and finance

13. Because of its accessibility and stability and the absence of any form of

direct taxation, the Territory has acquired the status of a tax haven, providing facilities for the operation of international finance business through exempt and ordinary companies based in the islands. As an important international finance centre, many companies obtain bank or trust licences, or both, to operate financial businesses outside the Territory.

14. About 1,155 new companies were registered between 1 January and 2 November 1973, bringing the total to 5,071 financial institutions (4,000 in 1972) in the Territory. Moreover, 56 new bank and trust licences were granted between January and October of that year, making a total of 138.

15. Some of the major international banks and trust companies operating in the islands are the following: Barclays Bank International, Ltd.; the Bank of Montreal Trust Corporation (Cayman), Ltd.; the Canadian Imperial Bank of Commerce; the Canadian Imperial Bank of Commerce Trust Company (Cayman), Ltd.; the First National City Bank; Royal Bank Trust Company (Cayman) Ltd.; the Swiss Bank and Trust Corporation, Ltd.; the Bank of Nova Scotia; the Bank of Nova Scotia Trust Company (Cayman), Ltd.; the Royal Bank of Canada; the World Banking and Trust Corporation (Cayman), Ltd., a subsidiary of the Bank of America; and Northwestern Bank of North Carolina. A larger number of Caymanians are being engaged for work in the finance sector, although the majority of the higher positions are still occupied by foreigners.

### Currency

16. It will be recalled f/ that a new currency, namely the Cayman Islands dollar, was introduced in the Territory in May 1972 at an exchange rate of \$CI 2 to the pound sterling. It will also be recalled that, in June 1972, after the United Kingdom had freed the pound sterling from its fixed rate, the Government decided to float the new currency with the pound sterling until a return to a fixed parity of the exchange rates had been reached.

17. On 6 February 1974, the Government officially announced that the Cayman Islands dollar would be linked with the United States dollar, instead of the pound sterling. According to the Government release, the action was taken to ease the high level of inflation; furthermore, the continued devaluation of the pound sterling during the current period of floating exchange rates had had a strong detrimental effect on import prices. The Cayman Islands dollar would be revalued and the new rate of exchange for the currency would be \$CI 1.00 = \$US 1.20. The Cayman Islands dollar would be allowed to float against the pound sterling and all other currencies except the United States dollar and those that were linked with it. It was also disclosed that the Government would introduce legislation to amend the Cayman Islands currency law, to allow it to deal in United States dollars and hold reserves in that currency.

### C. Tourism

18. Tourism continued to expand rapidly in the Territory. The tourist promotional

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f/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 23 (A/9023/Rev.1), vol. V, chap. XXIV, annex, sect. B, paras. 27-30.

programme for 1973 continued with good results; arrival figures revealed a marked increase over the previous year and were above the average figure for the region. As a result, hotel occupancy rose about 10 per cent. No new hotels were planned for 1973, but renovation of several existing hotels was taking place, and the extension of the Grand Cayman Holiday Inn from 125 to 183 rooms was progressing well.

19. Total expenditure by visitors amounted to \$CI 10 million in 1973. About 40,000 tourists visited the islands in 1973, and it was estimated that the figure would rise to 50,000 in 1974.

20. On the basis of the report of the tourism survey consultants, the Government established a Department of Tourism which was to come into existence in January 1974. In his budget address, the Financial Secretary proposed expenditures of \$CI 361,074 for the Department in 1974. The increase of \$CI 101,074 over the 1973 budget was to meet rising costs in recurrent spending and to assist in the setting up of a new tourist office in Chicago.

21. On 14 December 1973, the Cayman Islands Government issued a statement on tourism, of which the following were the main points:

(a) The Territory would pursue a policy of controlled development with regard to tourism. Too rapid a growth in tourism would destroy the fragile island environment and would place impossible burdens upon the infrastructure and the local labour force;

(b) Hotel rooms would be built as needed to continue proper expansion of the tourist industry in terms of the economic well-being of the people; over-building would be avoided;

(c) No casinos or other forms of gambling would be permitted; however, the Government would welcome applications for more restaurants, sporting facilities, shops and other tourist-oriented ventures;

(d) Efforts would be made to ensure scheduled flights to meet demand, and a liberal policy would be maintained with regard to the availability of staff for the tourist industry. The Government planned to implement formal training courses to enable Caymanians eventually to enter all phases of the tourist industry.

#### D. Property development

22. The building boom, mainly stimulated by the demand for new banks, offices, apartments, hotel accommodations and houses, continued during the period under review. The Central Planning Authority, established in 1972, continued to guide property development in the islands with the help of a United Nations physical planning adviser.

23. In September 1973, the chairman and managing director of the Blue Caribbean Land Corporation, Ltd., a Caymanian company involved in all phases of land development in the Territory, said that large-scale development in the district of East End was imminent. According to him, plans for the East End included the construction within the next two or three years of tourist facilities of all types, a golf course, tennis courts and water sports. The corporation reportedly had

obtained authorization from the Central Planning Authority to build a 55-unit condominium complex. It was also reported to own 800 acres of interior land and over 700 feet of beach property at Colliers and at South Sound.

24. According to a report in January 1974, Rutkowski, Bradford and Partners, architects for the Legislative Assembly and Law Court buildings in George Town, have been appointed as master planners, architects and engineers for Grand Cayman's largest community development, the Governor's Harbour project. According to the report, it was expected that the new master plan for the 450-acre project would be submitted to the planning authority in early February 1974.

25. In August 1973, a cadastral survey team appointed by the Government to ensure orderly growth in the real estate industry completed the demarcation and recording of 1,272 parcels of land in the rural sections of West Bay and in the eastern section of Cayman Brac. Completion of the work on Cayman Brac was scheduled for the end of September 1973. The cost of the survey during the period ending September 1973 was reported to be \$CI 249,526, of which the United Kingdom Government paid \$CI 152,350.

#### E. Communications and other basic facilities

26. In 1972, 50 of the 80 miles of motorable roads on Grand Cayman were black-topped. Cayman Brac had about 25 miles of roads, most of which were black-topped.

27. The Financial Secretary stated in his budget speech that work to be undertaken in 1974 by the Public Works Department would include the reconstruction of approximately 28 miles of road between West Bay and Bodden Town and the construction of new administration offices. The total cost would exceed \$CI 1.5 million and would be financed from a loan of \$CI 3.0 million which had been arranged by a consortium of six local branches of large international commercial banks.

28. Owen Roberts Airport on Grand Cayman is the Territory's main airport. The Financial Secretary reported that the cost of financing the new terminal building for the airport would be sought through an interest-free loan from the United Kingdom Government. He added that the first phase of the development, which involves the erection of a new freight shed and water tank, would start in early 1974, and its cost of \$CI 180,000 would be met from local revenue.

29. Líneas Aéreas Costarricenses, S.A. (LACSA) and Cayman Airways, Ltd. (a local airline in which the Government owns 51 per cent of the capital stock), provide scheduled flights between the Territory and Miami, Jamaica and Costa Rica. Cayman Airways also provides an inter-island service. In 1972, 43,441 passengers landed in the Cayman Islands, compared with 35,220 in the previous year.

30. The Territory is not served by a major steamship line, but sea communications are maintained by several Caymanian and United States vessels which ply regularly between the ports of Miami and Tampa, Florida, and the Cayman Islands. Some ships sail between the islands and Jamaica, and smaller ships make irregular trips from Honduras, bringing fruit, vegetables and timber.



31. In his budget address, the Financial Secretary said that 80 per cent of the cost for improved port facilities for George Town, amounting to \$CI 975,000, would be financed by the Caribbean Development Bank, and the balance would be made available by the Government. The plan, which is expected to be completed in 1975, includes extension of the George Town harbour to accommodate larger ships. In 1973, about 41,000 tons of freight (22,000 tons in 1970) were landed in the islands through George Town.

32. Both national and international telecommunications services have continued to expand in the Territory. In 1972, the number of subscribers to international telex services, most of them financial institutions operating in the Territory, increased to 52. The telephone system was also expanded, and it was reported that telegraph capacity would be increased from 12 to 24 channels.

33. The Caribbean Utilities Company, Ltd., provides electric power to Grand Cayman and the Cayman Brac Power and Light Company supplies Cayman Brac. There are no other public utility companies operating in the Territory. Present water sources consist mainly of wells and roof catchments.

#### F. Public finance

34. The revised estimated revenue for 1973 amounted to \$CI 6.2 million and revised estimated expenditure totalled \$CI 5.6 million. In his budget address to the Legislative Assembly, the Financial Secretary referred to 1973 as "a very successful year financially". He also said that the Customs Office and the Post Office had been reorganized to improve their efficiency.

35. With regard to the Territory's budget for 1974, the Financial Secretary said that no new measures of taxation would be introduced at the present session of the Assembly. The increased tax on tobacco and alcohol, approved at the previous meeting of the Assembly, would supplement revenue requirements for 1974; in the meantime, other avenues of taxation would be explored.

36. According to the Financial Secretary, the estimated revenue for 1974 was \$CI 7.1 million, which represented a 15 per cent growth over the revised estimated revenue for 1973. Estimated expenditure (including recurrent and capital expenditure to be financed by local revenue) amounted to \$CI 8.3 million. Other expenditures consisted of United Kingdom development aid projects (\$CI 846,374) and projects financed by loan arrangements (\$CI 2.5 million), bringing the total estimated expenditure to \$CI 11.7 million. The Appropriations Bill had stipulated an expenditure of \$CI 11.5 million during the financial year 1974. According to the Financial Secretary, the difference (something less than \$CI 160,000) was already authorized under other laws. Most of the budget was allocated for the improvement and upgrading of the Territory's health, education, police and other services. A substantial amount was also set aside for a salary review under recurrent expenditure (see para. 7 above).

37. The Financial Secretary said that in 1973 the United Kingdom Government, after reassessing the economic position of the Cayman Islands, had decided that, as a comparatively wealthy Territory, it would cease to be eligible for free capital grants-in-aid from the United Kingdom after 31 March 1974. Instead, the United Kingdom Government would provide aid in the form of interest-free loans at

the present level of grant aid for the next three years, starting on 1 April 1974. These loans would be repayable over 25 years with a grace period of six years, for commencement of repayment.

#### 4. SOCIAL CONDITIONS

##### A. Labour

38. Manpower resources in the Territory are limited, partly because of physical factors, such as the small size and population of the islands, and also because of the competing demands for certain skills in short supply resulting from the form and speed of development in the Territory, especially in the last five years.

39. All immigrant labour is controlled by the Caymanian Protection Law of 1971. There are two registered trade unions: the Global Seamen's Union (6,000 members in 1972, of whom 7.5 per cent were Caymanians), and the Cayman Islands Taxicab Association, registered in 1965.

##### B. Public health

40. Medical services are under the control of the Chief Medical Officer, a surgeon, who is in charge of the government hospital on Grand Cayman. He is assisted by a staff of four doctors, a dental officer, health inspectors, nurses and other related medical officers. In 1973, a Hospital Administrator was appointed to work with the Chief Medical Officer in improving the medical services generally.

41. The government hospital has 36 beds and is well equipped with modern facilities to deal with both routine and emergency medical care. On Cayman Brac, a small cottage hospital has been built and equipped by voluntary subscriptions. There are also six health centres (four in the outlying districts of Grand Cayman and two on Cayman Brac).

42. According to the Financial Secretary, the return of the yellow fever mosquito, Aedes aegypti, to Grand Cayman after an absence of 20 years had been a great setback to the Mosquito Research and Control Unit but the Unit was optimistic that eradication would be achieved once more in 1974, provided there was no further importation of the mosquito.

43. According to the Financial Secretary, recurrent expenditure for health services would rise by \$CI 80,000 in 1974; new services and capital expenditure in this sector would amount to about \$CI 270,000.

#### 5. EDUCATIONAL CONDITIONS

44. The educational system of the Territory is under the control 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.

45. The nine government primary schools and a comprehensive secondary school (including a junior high school on Cayman Brac) had a total enrolment of 2,111 in 1972. In addition, there are five church-sponsored private schools, two of which have secondary departments.

46. The Territory is not able to supply all the teachers required for educational purposes, and some of the staff are recruited from the Caribbean area, the United Kingdom and Canada. The majority of local teachers have been trained in teaching colleges in Jamaica.

47. Higher education is provided at the International College of the Cayman Islands which has been operating on a five-year provisional licence and offers a college diploma. However, most Cayman Islanders pursuing higher education attend institutions abroad. The Cayman Islands Government contributes to the University of the West Indies, and some Caymanians have been awarded scholarships from United Kingdom aid funds to follow courses in the United Kingdom.

48. It was reported in September 1973 that a grant of approximately \$US 278,000 under a United Kingdom development aid programme had been awarded for completion of the Caymans High School, a large, comprehensive secondary school serving the three islands of the Territory.

49. According to the Financial Secretary, the Government's recurrent expenditure on education would amount to an estimated \$CI 740,000 in 1974, representing over 11 per cent of total recurrent expenditure under the budget.

C. MONTSERRAT\*

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1. GENERAL

1. Basic information on Montserrat a/ is contained in the report of the Special Committee to the General Assembly at its twenty-eighth session. b/ Supplementary information is set out below.

2. At the last census, taken in April 1970, the population of the Territory was 12,300, mainly of African and mixed descent. In 1971, the last year for which figures are available, the population was estimated to be 13,076. The white community comprised about 300 residents. In addition, many Montserradians were living overseas, including 216 employed in the United States Virgin Islands.

2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

A. Constitution

3. The constitutional arrangements for the Territory remain as described in the last report of the Special Committee. c/ Briefly, the governmental structure consists of: (a) a Governor appointed by the Queen; (b) an Executive Council

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\* Previously issued under the symbol A/AC.109/L.944.

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 4 September 1973, for the year ending 31 December 1972.

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

c/ Ibid., para. 5.

consisting of the Governor, as the President, the Chief Minister, three other ministers and two ex officio members (the Principal Law Officer and the Financial Secretary); and (c) a Legislative Council consisting of the Governor, who presides, two ex officio members (the Principal Law Officer and the Financial Secretary), one nominated member and seven other members elected from single-member constituencies on the basis of universal adult suffrage.

## B. Elections

4. As a result of a general election, held on 15 December 1970, the Progressive Democratic Party (PDP) won all seven elected seats in the Legislative Council. Following the election Mr. Percival Austin Bramble, the leader of PDP, was appointed Chief Minister. In late 1972, when he opposed the introduction of price controls as a means of curbing inflation, Mr. J. A. Osborne, Minister of Agriculture, Trade, Lands and Housing, and Mr. John Dublin, an elected member of the Legislative Council, resigned from PDP.

5. On 7 August 1973, Mr. Bramble called for early elections to forestall any serious racial confrontation in the Territory, where a number of anti-white incidents were reported to have occurred in the preceding 12 months. In a radio broadcast following dissolution of the legislature, Mr. Bramble called upon the electorates to give him a mandate to "outlaw racism", an issue on which, he said, the Government had sacrificed almost half of its term of office. He added that the activities of the racists had created "a situation of uncertainty which cannot only hold up development efforts, but can render it extremely difficult, if not impossible, for this country to achieve the economic breakthrough which is so essential to the survival of our people". He therefore urged the electorate to "take a clear and decisive stand in defence of your own survival".

6. Mr. Bramble stressed that the Territory must "clearly and convincingly establish a reasonable and fair policy which outlaws racism", failing which, foreign investment and aid needed for development would be frightened off. In this connexion, he recalled his Government's ban on the subdivision of land for foreigners, the requirement for 51 per cent local participation in new businesses and the work permit policy aimed at ensuring that Montserratians enjoyed job opportunities in the Territory. He warned that "we cannot have the pursuit of these goals confused with the activities of the subversive racists, because Government's position would be misunderstood if both activities proceeded side by side and the country would be outlawed in the eyes of the world".

7. No political parties other than PDP contested the elections for the Legislative Council, held on 20 September, although nine persons ran as independent candidates. The PDP based its election campaign on patriotism, nationalism and anti-racism. At a public meeting held early in the month, Mr. Bramble had stated that efforts by the Government to screen outsiders interested in commercial ventures and to protect the interests of local entrepreneurs did not mean that foreign investors were not welcome. In the campaign, some opponents of PDP were said to have drawn particular attention to the fact that little threat of racism and no organized "Black Power" movement existed in Montserrat.

8. In the final results of the elections, PDP won five of the seven elected seats, and two went to independents, Mr. J. A. Osborne, former Minister of Agriculture, Trade, Lands and Housing, and Mr. Joshua Weeks. Immediately after the results had been announced, the Governor invited Mr. Bramble to form a new government.

9. Commenting on his party's victory, Mr. Bramble said that the election results were very encouraging and that, taking into account his special relationship with the two newly elected independent candidates, the results indicated "a total rejection of any form of racism by the people of Montserrat". As a consequence, he believed that a basis for co-operation had been established between foreign residents, tourists and the Montserratians. Noting that government ministers had all increased their percentage of the vote over the last election, Mr. Bramble stated that the Government had succeeded in obtaining public endorsement for its stand.

10. In a speech delivered at the first meeting of the new Legislative Council on 26 October, the Governor referred to the mandate which the Government had sought in order to ban racism in Montserrat, as follows:

"The Government will attempt to ensure conditions of social justice by sponsoring a consultation to examine the social structure of our society in an effort to determine what social changes are needed. The Government will also take practical steps to eliminate from our society any attitudes which can threaten the peace, happiness, rights and well-being of any individual or group of individuals who form part of the society."

He then outlined the policies which the new Government would pursue with the objective of improving other aspects of the situation in the Territory. These policies are summarized below.

#### C. Constitutional reform

11. In the speech referred to above, the Governor said that the Government was considering the question of constitutional reform, and was seeking the approval of the United Kingdom Government for: (a) the election of a speaker from outside the Legislative Council to replace the Governor as its president; and (b) a second nominated member of the Council to be appointed on the advice of the Chief Minister.

#### D. Other developments

12. It will be recalled d/ that at the conclusion of the Eighth Commonwealth Caribbean Heads of Government Conference, held in Georgetown, Guyana, during April 1973, the Georgetown Accord was signed by all members of the Caribbean Free Trade Association (CARIFTA), except Antigua and Montserrat. (Mr. Bramble subsequently signed the Accord on 10 December.) The Accord provides, inter alia, for the establishment of a Caribbean Community, embracing a Caribbean Common Market; the eventual economic integration of the members over a number of years; and co-ordination of foreign policy and specific areas of functional co-operation.

13. The treaty establishing the Caribbean Community (CARICOM) was signed by the four independent States (Barbados, Guyana, Jamaica and Trinidad and Tobago) at Chaguaramas, Trinidad and Tobago, on 4 July 1973. CARICOM was officially brought into operation on 1 August. With the approval of its legislature, Montserrat

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d/ Ibid., chap. XXVI, annex, paras. 19-40.

joined five other members of CARIFTA (Belize, Dominica, Grenada, St. Lucia and St. Vincent) in signing the treaty at Castries, St. Lucia, on 17 April 1974. By doing so, these countries qualify for membership in CARICOM from 1 May. St. Kitts-Nevis-Anguilla, another member of CARIFTA, did not sign the treaty. Its Premier explained that the United Kingdom Government would not allow his Government to do so on behalf of the island of Anguilla. e/ However, he asked members of CARICOM to try to find a way to include his country in CARICOM without formal membership. Later, the signatory Governments passed a resolution announcing their intention to maintain the closest possible economic relations with the Territory of St. Kitts-Nevis-Anguilla.

14. In a report released by the Government on 6 December 1973, Mr. Harold Waller of the United Kingdom, who had been appointed the Salaries Review Commissioner, recommended a general increase in the salaries of government employees. If accepted, the increase (the first since 1969) would cost the Government an additional \$EC 835,000 f/ per year. The Commissioner urged the United Kingdom Government to provide the Territory with more budgetary aid so that competitive salaries could be paid to professional Montserratians to stay and work at home rather than emigrate. Other major recommendations included a shorter working week and the creation of a separate service to absorb all present non-established employees. A spokesman for the Government said that the report would be studied, but that the problem was the lack of funds required to implement the recommendations contained therein.

### 3. ECONOMIC CONDITIONS

#### A. General

15. As previously noted, g/ the Territory's economy made substantial progress in the 1960s, but expanded at a much slower pace between 1970 and 1972. During this period, the gross domestic product increased from \$EC 11.8 million to \$EC 14.1 million, while its annual rate of growth declined from 20.5 to 5.5 per cent. The contributions of tourism and construction rose more rapidly (from \$EC 2.8 million to \$EC 3.5 million) than government shares (from \$EC 2.6 million to \$EC 3.0 million). Retail distribution increased from \$EC 1.8 million to \$EC 2.1 million; and agriculture from \$EC 1.9 million to \$EC 2.1 million. Other segments of the economy, including manufacturing, public utilities and transportation, also made some progress, but their respective contributions were small.

16. The Territory specializes in the production of a few agricultural commodities for export, and depends heavily on imported goods (including certain food-stuffs) to satisfy local requirements. The value of imports usually exceeds that of exports, but the adverse balance is normally offset by aid from the United Kingdom, tourist spending, real property purchased by foreigners and remittances from emigrants. Imports were valued at \$EC 12.1 million in 1972 (\$EC 8.6 million in 1971); exports totalled \$EC 369,741 (\$EC 303,494 in 1971). Most of the

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e/ Under the terms of the Anguilla Act, 1971, the United Kingdom Government resumed direct responsibility for the affairs of Anguilla.

f/ The local currency is the Eastern Caribbean dollar (\$EC). One pound sterling (£) is equivalent to \$EC 4.80.

g/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 23 (A/9023/Rev.1), vol. V, chap. XXIV, annex, sect. C, para. 10.

Territory's trade was conducted with the United Kingdom, the United States of America and other countries and Territories in the Caribbean area.

17. In a budget speech delivered to the Legislative Council in early 1973, Chief Minister Bramble reviewed the recent economic situation in Montserrat. In 1972, the persistent slump in agricultural activity had weakened the Territory's trade position. Nevertheless, the economy as a whole had continued to grow, as indicated by the progressive improvement in the banking, tourist and construction industries. In order to reduce Montserrat's heavy dependence on foreign investment and aid and tourism, the Government was pursuing a policy aimed at broadening its economic base. This policy, as revealed in recent speeches of the Chief Minister and the Governor, was founded on four points: (a) maximum utilization of human and natural resources; (b) greater control over Montserrat's economic environment; (c) optimum use of the benefits derived from both domestic and foreign investment; and (d) an increase in Montserratian ownership and/or participation in business activity, where feasible.

18. Two recent important developments in the economic field were: (a) the establishment in January 1973 of the Development Finance and Marketing Corporation (DFMC), with assistance from the Caribbean Development Bank and the United Kingdom, to promote agricultural and industrial development; and (b) the reorganization of the Planning and Advisory Committee by entrusting to it the responsibility for forward planning and co-ordination of government development projects and by expanding its membership to include heads of government departments and an economist.

19. Despite government efforts to curtail the inflationary spiral, the cost of living in Montserrat has continued to rise, and during the period from April 1972 to March 1973, the retail price index was 179.4 points (100 in April 1964). Subsequently, inflation was aggravated by the fuel shortage, which Mr. Bramble described as a national crisis. On 16 November, the Government adopted conservation and other measures to ease the shortage. Because of the fuel situation, the economic outlook for 1974 appeared to be uncertain.

#### B. Land, real estate development and tourism

20. According to the information transmitted by the United Kingdom Government for 1972, the Territory's total land area is 25,330 acres, classified as follows: agricultural land, 17,559 acres; forest, 5,000 acres; roads, villages and waste land, 1,389 acres; and urban and real estate development, 1,382 acres.

21. Alienation of land for non-Montserratians is permitted only in areas set aside for real estate development. It is the declared intention of the Government that these areas shall not be increased, and that the subdivision of lands for foreigners shall be prohibited. A Land Authority has been set up to manage government-owned lands, including those in the real estate areas. The Authority is controlled by a statutory board made up of local inhabitants. In recent years, some 3,500 lots have been sold to people from Canada, the United Kingdom and the United States. In 1972, the Government was actively engaged in the subdivision of land for housing, and made over 340 residential lots available for sale to the public. One hundred seventy new houses were completed or under construction, bringing the total to 409. The building boom was considered likely to continue into 1975. Construction of medium-cost housing and homes for those wishing to retire on the island was also proceeding rapidly.



22. Montserrat's tourist industry is closely interrelated with real estate development. The number of visitors decreased from 8,380 in 1970 to 7,270 in 1971, but increased to 12,529 in 1972. A large number stayed in homes rented from owners who spend most of their time overseas. This type of tourism has been developed partly because of lack of hotel accommodation. In 1973, there were 120 hotel beds available in the Territory (80 in 1971).

23. In his recent speech, the Governor stated the Government's intention to encourage the development and indigenization of tourism. Emphasis has reportedly been placed on the construction of small hotels to be owned and operated by local people.

### C. Agriculture, livestock and fishing

24. Agricultural development has been hampered by the limited cultivable area, unsatisfactory land distribution, small-scale farming operations, unfavourable weather and topographical conditions, and deficiencies in credit and marketing facilities. In 1972, 2,572 acres were devoted to field crops, 3,195 acres to pasture, 300 acres to tree crops and 11,492 acres were unused, consisting primarily of marginal areas. In general, land is held under freehold tenure by approximately 3,000 peasant farmers with average holdings of less than 2 acres. The Government owns some 2,000 acres, most of which is suitable for eventual development as grazing land.

25. The value of the principal agricultural exports in 1972 was: peppers, \$EC 28,069; cotton lint and seed, \$EC 25,681; tamarinds, \$EC 11,837; tomatoes, \$EC 7,249; limes, \$EC 2,254; and mangoes, \$EC 2,183. For the first time peppers exceeded cotton (once the peasant farmer's main source of income) as the most valuable export crop. Despite government efforts to expand and improve cotton cultivation, its importance has declined rapidly. Between 1968 and 1972, crop production decreased from a total of 113,063 pounds to 16,891 pounds, mainly owing to the lack of labour for hand-picking and the subsequent fragmentation of former estates into small holdings. The Government is directing its efforts particularly towards the intensive cultivation of vegetables and fruit crops.

26. In his recent speech (see para. 17 above), Mr. Bramble drew attention to the unsatisfactory distribution of land. He said that many of Montserrat's potential farmers possessed no land, while much of the available land was owned by a few persons having no interest in farming. With this in mind, the Government had initiated negotiations aimed at effecting a more equitable distribution of land and more acceptable tenancy arrangements in parts of the Territory. Acquisition by the Government of suitable farming areas was envisaged and this policy would be pursued vigorously as financial and other resources became available.

27. With regard to major agricultural projects, Mr. Bramble said that the land settlement scheme at Otway had been brought into operation (112 holdings of varying sizes up to 40 acres), but that much remained to be done. The ways and means of providing irrigation facilities for specialized farms were being actively considered. The planning of land use for meaningful land settlement at Hermitage and Trants was proceeding and the allocation of holdings would soon begin.

28. Dealing with agricultural production, Mr. Bramble stressed the need to make

farming more attractive to young people through the introduction of modern scientific agricultural practices. The Government would also reintroduce co-operative enterprises in a phased and orderly manner to assist in agricultural development. Finally, he stated that DFMC was expected to establish a farm credit system and to develop an efficient marketing organization, which could service a properly planned farm production system. During the first six months of its existence, DFMC bought and sold produce worth \$EC 350,000. By November 1973, DFMC had approved 34 loans amounting to \$EC 62,800 for agricultural development.

29. With the decline of cotton, there has been a switch towards livestock production, especially beef cattle. Meat production is currently aimed at supplying the local market but there are occasional exports of live animals. Owing to the growth of tourism, the demand for livestock is expected to increase.

30. In 1972, Montserrat had 3,042 sheep, 2,790 goats, 2,250 pigs and 1,861 head of cattle. The Government has introduced a programme for the control of pests and diseases and a livestock scheme aimed at improving stock, pastures and water supplies, particularly with a view to assisting the tenants of the resettlement areas. Recently, the British Development Division in the Caribbean, an extension of the United Kingdom Ministry of Overseas Development, approved two grants totalling \$EC 75,850 for the establishment of a livestock unit at Brodericks Estate, as the first phase of the government livestock scheme. The Government has also proposed to set up another such unit at Waterworks Estate. In order to assist poultry raisers, the Government is seeking to develop local substitutes for costly, imported animal feeds.

31. Fishing has been confined to close-to-shore operations with small boats. The catch for 1972 was 140,367 pounds, an increase of 46,790 pounds over 1971. Between January and November 1973, DFMC granted 12 loans totalling \$EC 28,200 for the purchase of fishing boats and equipment. The inshore fishing grounds are being over-exploited and may well be exhausted in the near future. In 1974, the Government plans to introduce a programme for training fishermen in deep-water fishing; its cost (\$US 47,000) will be largely met by the United Nations Development Programme (UNDP).

32. According to the Governor, the Government also intends to undertake certain other programmes including: (a) continued rationalization of land ownership; (b) orchard cropping; (c) a livestock expansion scheme; and (d) increased financing by DFMC.

#### D. Industry

33. The manufacturing sector of the economy is small, consisting of light industries geared towards the local market, and one of the aims of DFMC is to encourage the growth of this sector. The Caribbean Development Bank has granted a loan of \$EC 200,000 to be used to provide factory space and to furnish credit for small industries. The funds are to be administered by DFMC. Between January and November 1973, DFMC approved four industrial loans totalling \$EC 83,000. Other measures taken by the Government for promoting industrial development include customs duty concessions and income tax incentives.

34. In his recent budget speech, Mr. Bramble stated that the Government was

trying to stimulate the establishment of several agricultural-based industries. He pointed out that an expert from the Food and Agriculture Organization of the United Nations (FAO) was advising the Government on the feasibility of setting up a tannery, and that a food processing expert was expected to arrive in the Territory in early 1974 on a two-year assignment. He also said that the Government was making efforts to foster handicrafts (with assistance from UNDP) as well as to attract overseas companies able to offer jobs mainly to women, the only large group at present experiencing serious unemployment. The Government had held discussions with a large Caribbean company on this matter. Mr. Bramble made it clear that any transnational corporation interested in making investments in the Territory would be required to sell a large part of its equity to Montserratians or the Government, where feasible.

35. In his recent speech (see para. 10 above), the Governor stated that the Government would take measures to improve the attractiveness of the Territory for the location of certain industries, and would recruit an industrial planner with the assistance of one of the more developed countries within the Caribbean community. In March 1974, a planner and an industrial development officer were reported to have been recruited from Jamaica and Trinidad and Tobago and were expected to arrive in Montserrat shortly. During the same month, the International Labour Organisation (ILO) sent an expert to the Territory on a one-year assignment to explore the possibility of developing a leather craft industry.

#### E. Banking

36. In May 1972, an international, commercial bank joined the Plymouth banking community, thus bringing the total number of banks to three: Barclays Bank International, Ltd., the Royal Bank of Canada and the Chase Manhattan Bank of the United States. According to the Chief Minister, they have continued to expand their operations; between October 1971 and October 1972, their assets, deposits and loans rose by 35, 18 and 3.5 per cent respectively.

#### F. Communications and other basic facilities

37. During the period under review, there were about 150 miles of roads open for traffic, of which some 90 miles were all-weather roads. Licensed vehicles numbered 1,122 in 1971 and 1,239 in 1972. The British Development Division in the Caribbean announced in August 1973 that it had allocated \$EC 249,926 for the completion of a road construction project started in 1971.

38. In anticipation of a sharp increase in air traffic within the next few years resulting from developments in the Territory, it was reported in March 1974 that the Government had asked the British Development Division in the Caribbean to carry out a study to assess the feasibility of extending or realigning the 3,400-foot runway at Blackburne airport near Plymouth, to take larger aircraft. Leeward Islands Air Transport (LIAT) operates international flights. In 1972, there were 2,058 aircraft landings, 17,436 arrivals and 16,841 departures. The corresponding figures for 1971 were 1,653 landings, 15,514 arrivals and 15,321 departures.

39. Plymouth is the only port: in 1972, 456 ships entered and cleared there, landing 29,977 tons of cargo and loading 329 tons. The corresponding figures for

1971 were 408 ships, 23,823 tons and 469 tons. In March 1974, it was reported that the Government had two harbour development plans under consideration. The first, prepared by Coode and Partners, envisaged the phasing out of the existing jetty and the construction of a similar one at an estimated cost of \$EC 1 million. In the second plan, drawn up by Mr. Derik Brown, the Director of Public Works, it was proposed to complete the present under-filling operations at the jetty and extend it into a pier with an approximately 18-foot draught. The Government reportedly expressed the view that the Brown plan had the advantage of lower construction and maintenance costs, and that harbour planning should be geared to accommodate container vessels. Work on a cannery and other industrial projects was believed to hinge mainly on completion of improved harbour facilities.

40. The total number of telephones installed by Cable and Wireless (West Indies), Ltd., increased from 683 in 1971 to 883 in 1972. The company also provides international telephones, telegraph and telex services.

41. Electric power is furnished by Montserrat Electricity Services, Ltd., which is owned jointly by the Government and the Commonwealth Development Corporation (CDC). In 1972, the company provided 7.11 million kWh (6.23 million kWh in 1971). In March 1974, a spokesman for the Government said that the Caribbean Development Bank was studying a report prepared by a United Nations expert concerning Montserrat's potential for geothermal power, and that the possibility of establishing a scheme to utilize such power would be discussed with a team of Canadian officials responsible for international development aid.

42. Management of the Territory's water supply was transferred from the Public Works Department to the Water Authority on 1 April 1972. During the period 1970-1972, the Canadian Government made available approximately \$Can 1 million for financing a water development programme. The programme is designed to alleviate Montserrat's water shortage resulting from a decline in rainfall and spring water. Seventeen storage tanks have been installed at strategic points on the island and were expected to become operational in August 1973.

#### G. Public finance

43. According to the budget estimates approved by the Legislative Council for 1973, recurrent revenue was expected to amount to \$EC 4.9 million (including a United Kingdom grant-in-aid of \$EC 1.3 million) and expenditure to \$EC 5.2 million. Local revenue, mainly derived from direct and indirect taxes, was estimated at \$EC 2.5 million. The principal items of expenditure were: social services, \$EC 1.7 million; communications and works, \$EC 1.1 million; police, \$EC 392,700 and agriculture, trade, lands and housing, \$EC 378,660. For the first time in 1973, a development fund was established, into which all capital revenue was allocated, and from which all capital expenditure was paid. The development fund estimates had two major sources of revenue: the unspent balance of the current United Kingdom development grants (\$EC 996,250) and the 1973/74 United Kingdom aid allocation (\$EC 2.6 million). The estimates included provisions for such projects as construction works (\$EC 2.9 million), natural resources and housing (\$EC 392,750), social services (\$EC 130,200), and miscellaneous services and minor projects (\$EC 361,200).

44. In presenting his estimates to the Legislative Council, Mr. Bramble stated

that although proposed expenditures showed a substantial increase over any previous year, they reflected only the essential needs of the Territory. The Government appreciated the considerable increase in grant-in-aid from the United Kingdom, but had been unable to agree to one of the changes suggested by it. The Government was increasingly concerned about its inability, for lack of funds, to pursue contacts and initiatives in the field of industrial promotion. Mr. Bramble stressed the importance of obtaining the financial means to exploit contacts which had already been made, and stated that the Government was taking this matter up further with the Government of the United Kingdom. Drawing attention to the fact that not enough funds were available for financing the capital programme for 1973, Mr. Bramble said that the full utilization of available capital resources required an ability to adjust the programme rapidly and easily to offset the effects of unforeseen delays in its preparation and execution, and that the inclusion of a number of projects for which funds were not immediately in sight, provided this adjustment capacity. Finally, he declared that the Government was determined to continue to pursue prudent economic and social policies as well as to maintain the efficient and effective management of Montserrat's financial affairs.

45. Until 1969, the projects undertaken by the UNDP in the Caribbean area (including Montserrat) had been financed on a contingency basis. From 1969 through 1971 country target figures had been allocated, and, for 1972-1976, an undistributed Indicative Planning Figure had been assigned. 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 1967-1973 amounted to \$US 331,000, while assistance envisaged for 1974-1978 totals \$US 180,000.

#### 4. SOCIAL CONDITIONS

##### A. Labour

46. In 1972, the Territory had a total working population of 3,769, the vast majority of whom were unskilled or semi-skilled workers. Of this total, 1,167 worked in providing services; 879 in construction and installation; 768 in agriculture and fishing; 382 in the electricity, gas, water and sanitary services; 204 in manufacturing, with a similar number in transport, storage and communication; and 115 in commerce. According to the Chief Minister, unemployment among women was a serious problem (see para. 34 above).

47. As noted in the preceding sections, the Government has endeavoured to broaden employment opportunities by adopting a series of measures to accelerate economic development. Additionally, it is advocating a policy aimed at the provision of improved industrial training for local workers (see para. 54 below).

48. The Department of Labour is responsible for promoting the general welfare of workers, for ensuring industrial peace, and for negotiating any disputes between workers and their employers. In 1973, the ILO sent an adviser to the Territory to assist in redrafting labour legislation, much of which is out-dated.

##### B. Public health

49. In 1972, medical, public health and sanitary services were under the control

of the Chief Medical Officer, who was assisted by two district medical officers, one surgeon and one dentist. There were also three private general practitioners. The Territory was served by a general hospital (60 beds), three health centres, nine dispensaries in the country districts and an infirmary. In his recent speech, the Governor said that the Government would provide improved medical and health services, and that work on the construction of a new hospital (with 67 beds) would soon be started. In April 1974, Bostleman International, Ltd. was reported to have submitted a tender for the new hospital.

50. Recurrent expenditure on medical and health services was estimated to have risen from \$EC 484,401 in 1972 to \$EC 544,536 in 1973.

## 5. EDUCATIONAL CONDITIONS

51. In his recent speech, the Governor stated that the Government intended further to increase its investment in education.

52. The following table shows the situation in regard to schools and pupil enrolment during 1972:

	<u>Schools</u>	<u>Enrolment</u>
Primary education . . . . .	16 <u>a/</u>	2,853
Junior secondary education . . . . .	1	135
Secondary education . . . . .	1	246
Technical and vocational training . . . . .	2	49

a/ Including 2 aided and 2 unaided schools, all other schools in the Territory being run by the Government.

53. Primary and junior secondary education is free for all children between the ages of 5 and 15. The secondary grammar school provides an academic programme for children between the ages of 11 and 19. This programme takes pupils up to the Cambridge General Certificate of Education (Advanced Level standard). Reorganization plans have been initiated which would involve the building of three junior secondary schools to serve the children of the 12 to 15 age group who could not secure a place in the secondary school. One junior secondary school became operational in September 1972. On the completion of the other two schools, primary schooling will be limited to the 5 to 11 year age group.

54. Another important educational development during 1972 was the opening in September of the new Montserrat Technical College, as a result of which the small commercial school closed. The College offers two-year courses in building trades and office arts. As further equipment is installed, additional courses, including electricity, motor mechanics and refrigeration, will be provided. There is also an extramural centre.

55. The training of an adequate number of Montserratian teachers is one of the major problems in educational development. In 1972, there were 120 teachers in the primary and junior secondary schools, of whom 70 were uncertificated assistants.

The secondary school was served by 18 teachers (including 3 uncertificated assistants). During the year, emphasis was placed on maintaining the existing level of college training and increasing the areas of in-service training. Fifteen teachers were pursuing various courses of training overseas. Twenty-five teachers followed courses at the Cork Hill training centre, where they also participated in a special in-service training programme run by instructors provided by the Governments of Canada and the United Kingdom.

56. Government expenditure on education was estimated to have risen from \$EC 808,210 (including development grants) in 1972, to \$EC 1.4 million (including development grants) in 1973.

D. TURKS AND CAICOS ISLANDS\*

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1. GENERAL

1. Basic information on the Territory a/ is contained in the Special Committee's report to the General Assembly at its twenty-eighth session. b/ Supplementary information is set out below.

Population

2. At the last census, held in October 1970, the population of the Territory was 5,675, the majority of whom were of African descent, the remainder being of mixed or European origin. In addition, 6,000 to 8,000 Turks and Caicos Islanders were living overseas, including 3,185 in the Bahamas. The seat of government is located at Cockburn Town on Grand Turk which has a population of 2,300. In the last decade, the number of inhabitants in the Turks and Caicos Islands has remained practically unchanged, because emigration and the relatively high child mortality rate have offset the fairly rapid rate of natural increase.

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\* Previously issued under the symbol A/AC.109/L.931 and Add.1.

a/ The information contained in this section has been derived from published sources 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 21 August 1973, for the year ending 31 December 1972.

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



## 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, is contained in the report of the Special Committee to the General Assembly at its twenty-fifth session. c/ In view of the imminent attainment of independence by the Bahamas, this Order was amended in April 1973 to terminate the appointment of the Governor of the Bahamas as Governor of the Turks and Caicos Islands and to provide for a separate post of Governor for the Territory. The amendment also provided for a separate Supreme Court and Court of Appeals for the Territory. On the basis of the amendment, Mr. A. G. Mitchell, the former Administrator of the Territory, was sworn in as the first Governor of the Turks and Caicos Islands on 25 April 1973. On 30 April 1973, Messrs. W. W. Hutton, the Chief Secretary, and S. Trees, the Financial Secretary, were also sworn in as official members of the State Council of the Territory.

4. The Governor 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 the State 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. The State Council consists of a Speaker, three official members, two or three nominated members and nine elected members.

5. The Constitution as amended in 1973 empowers the Governor to establish one or more committees of the State Council. He may charge these committees with responsibility for certain subjects, except those related to defence, external affairs, internal security, the police and public service, for which he retains responsibility. 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.

### B. Appointment of the Constitutional Commissioner

6. In October 1972, the State Council requested the United Kingdom Government to review the Territory's 1969 Constitution. Subsequently, in May 1973, the United Kingdom Secretary of State for Foreign and Commonwealth Affairs informed the Governor of the Territory that Lord Oxford, the Earl of Oxford and Asquith, had been appointed Constitutional Commissioner and would arrive in the Territory later in the year, to examine the lines of constitutional change open to the Turks and Caicos Islands.

7. With regard to Lord Oxford's terms of reference, a government release stated that the Constitutional Commissioner was appointed "to examine the various paths of constitutional evolution open to the Territory, taking account of the wishes of the people and the realities of the local situation; and in the light thereof, to

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c/ Ibid., Twenty-fifth Session, Supplement No. 23 (A/8023/Rev.1), vol. IV, chap. XVIII, annex I.F., paras. 7-14.

advise Her Majesty's Government on what changes are required to the present Constitution. In conducting the examination, to consult with the Governor, the members of the State Council and interested organizations and members of the public; and to report". The Government release emphasized that the terms of reference of the Constitutional Commissioner specifically asked him to take account of the wishes of the people and that therefore the views of every member of the community in the Territory would be welcome.

8. Lord Oxford arrived in the Turks and Caicos Islands on 27 October. At a public meeting held on 9 November, on Grand Turk, he outlined a number of questions which he wished to consider before framing his report. Subsequently, at the request of speakers at the meeting, the questions raised by him were recorded and published in order to assist the public to present its views.

9. The various points and questions mentioned by Lord Oxford were mainly as follows:

(a) The constitutional way in which the Territory is governed and the machinery by which decisions are reached;

(b) The general framework of the Government;

(c) Whether the State Council system is the most efficient and suitable system for the Islands;

(d) Matters on which the Governor should consult the State Council;

(e) Matters relating to electoral arrangements (voting age, residential qualifications, number of elected members of the Legislature and the arrangement regarding constituencies);

(f) How much ultimate control the United Kingdom Government would think necessary to retain over the Government of the Territory.

10. With regard to the last point, he also said that "if you wanted complete independence it might well be that the British Government would be prepared to give it to you, and perhaps that is another question which you might think about. But if you don't want independence but want still to be protected and supported by Great Britain you have to recognize that the British Government is in the last resort responsible and answerable for the good government of these Islands, and must therefore be allowed to exercise through the Governor, some measure of ultimate control". Lord Oxford added that, "however the Constitution may be altered there is still to be some measure of financial control".

### C. Future status of the Territory

11. On 10 January 1974, Mr. Max Saltsman, a member of the opposition New Democratic Party in the Canadian Parliament, introduced a private bill in Parliament which would make the Territory part of Canada, either as its eleventh province, or as a county of Nova Scotia, the province closest geographically to the Turks and Caicos Islands. Provision would also be made for the immediate establishment by the Governor in Council of a study committee of government officials to meet with representatives of the State Council of the Territory.

12. Commenting on this bill, Governor Mitchell said, in a statement issued on 14 January, that there was a strong sentiment in favour of Canada in the Islands, dating from a once close trading association which had "disappeared" since the closure of the salt industry in the Territory. He added that the Islanders, each of whom was receiving financial aid from the United Kingdom amounting to about \$US 400 a year, were among the most "highly assisted" in the world; and that they might be over-estimating the economic advantage of an association with Canada. He pointed out that "no official position would be taken locally until the attitude of the Canadian Government was known and until the type of association proposed was determined".

13. On 28 January, a delegation from the Turks and Caicos Islands, consisting of three members of the State Council, visited Canada to further efforts made by Mr. Saltsman towards the absorption of the Territory into that country. Two days after the delegation's return to the Territory, the Council met to discuss this question. Subsequently, the elected members of the Council presented a petition to the Governor, who, at their request, forwarded the petition to Sir Alec Douglas-Home, the United Kingdom Secretary of State for Foreign and Commonwealth Affairs, for consideration.

14. According to the Council members, the petition reflected the feelings of the vast majority of the people of the Territory. They further stated that, with the present relationships, 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 their intention and ambition to develop the Territory to make it independent of such aid, which they regarded as a "burden" on the United Kingdom.

15. Drawing attention to trading links between Canada and the Turks and Caicos Islands, the three Council members said that association with that country would place the Islands in direct contact with Canadian resources in the fields of commerce, industry and tourism. They felt confident that the people and Government of Canada would welcome an association with the Turks and Caicos Islands, politically, economically or both.

16. The final passage in the petition read as follows:

"Be it therefore known that we the elected members of our State Council for and on behalf of ourselves and people do humbly but seriously petition Her Majesty's Government to grant us the right to seek an association ... with Canada, and furthermore we strongly and seriously petition Her Majesty's Government to do all that lies in its power to bring about an association and to expedite such negotiations as may be requisite ..."

17. On 2 February, the United Kingdom Foreign and Commonwealth Office was reported to have said that it had received from the Territory "no official request for talks", but was communicating with the Canadian Government on the matter. It was also reported that neither Sir Alec nor the Canadian Secretary of State for External Affairs appeared to have "any wish to initiate negotiations about a change of status for the colony".

18. On 10 April, in the Canadian House of Commons, the Secretary of State for External Affairs made a declaration on the question of association between Canada and the Turks and Caicos Islands. The text of the declaration reads as follows:

"Considerable attention has been given lately to a proposed association between Canada and the Turks and Caicos Islands, which lie south-east of the Bahamas. There has been extensive publicity and speculation surrounding this proposal, both in Canada and in the Islands. The question of a close political relationship between Canada and the islands of the West Indies has arisen periodically since confederation. It was given particularly close attention by Sir Robert Borden towards the end of the First World War, but since that time there is no record that any Canadian Government contemplated such a proposal. Canada has not sought to extend its Territory beyond its present borders.

"From the point of view of the Turks and Caicos Islanders, of whom there are only 6,000 or 7,000, association with Canada would inevitably mean that they would be overwhelmed by visitors from the north, so that they would become strangers in their own land. The complications which annexation or formal association would create for the Islanders and for Canadians could reach into many areas such as tariffs, taxation, defence, immigration, and the relations of the Islands and of Canada with the Caribbean. In effect, Canada would extend into the Caribbean area, fencing off the Turks and Caicos from the rest of the region. Canadian laws and regulations would apply, for instance, to the movement of peoples.

"In general, a Canadian extension into the Caribbean of the sort envisaged would introduce a destabilizing factor into the region, particularly if it favoured, financially, a small number of people over their neighbours who number several millions. The problem of disparities between rich countries and poorer ones must be solved through co-operation, within regions and among regions. This has been the policy of successive Canadian Governments. The answer to such disparities cannot come effectively through the creation of a new relationship which could be represented as neo-colonial.

"The Canadian Government considers: that it is by no means evident that association would be of mutual benefit compared with the friendly relations that now exist; that Canada should not seek to alter its present boundaries; and that, therefore, it should not, in fairness to all, pursue the question of association with the Turks and Caicos Islands."

#### D. Political parties

19. At the annual meeting of the Turks and Caicos Labour Party (TCLP), in March 1973, Mr. Headley Durham, member of the State Council, was elected leader of the party to replace Mr. Clarence T. Jolly, the founder of the Territory's only political party (in January 1972). Differences among the leaders of TCLP had reportedly arisen over certain financial matters. Mr. Jolly claimed that the election was invalid because of lack of satisfactory proof that all of the members voting had paid their membership dues in full.

20. In an interview, the newly elected leader of the party said: "This is the first election of this democratic party ever held, and was called for by a majority of members who were dissatisfied by the absence of proper minutes and accounts". He also said that the party's main aim and objective was to support and encourage

all investors who could help development in the Territory. TCLP would voice the views and grievances of the investors and would try to give them proper protection for their investments.

#### E. Public service

21. In January 1973, the Territory's civil servants formed a Civil Service Association. The main objective of the Association is to give Turks and Caicos civil servants official recognition to enable them to communicate on an equal basis with civil service organizations in other Territories. A seven-man committee was formed to draft rules which would be based on similar associations in the Cayman Islands and Jamaica. The Association aims to protect its members' interests and welfare and to promote goodwill between civil servants and the public.

#### F. Status of Turks and Caicos Islanders residing in the Bahamas

22. Of the more than 3,000 Turks and Caicos Islanders living in the Bahamas (see para. 2 above), d/ an estimated 2,000 were working principally on New Providence and Grand Bahama. The money earned by these workers is important to the economy of the Turks and Caicos Islands and their remittances are a significant source of income for their relatives at home.

23. The Bahamas Nationality Act, based on the provisions of the new Bahamas Constitution, was enacted on 10 July 1973. Certain provisions of the Act, dealing with citizenship and British protected persons, affect Turks and Caicos Islanders residing in the Bahamas. According to the Act, a British protected person is defined as a person who is a British protected person for the purposes of the British Nationality Act, 1948, of the United Kingdom. The main effect of the Act on Turks and Caicos Islanders residing in the Bahamas, however, concerns their citizenship. They have until 9 July 1974 to decide whether to apply for Bahamian citizenship or to retain their present status. Under the new Bahamian Constitution, dual citizenship will not be possible, but nothing can interfere with the right of a Turks and Caicos Islander to return to his place of birth, although his political rights in the Territory may be subject to constitutional residential and domiciliary qualifications.

#### G. Military bases

24. The United States of America maintains a guided missile base and a naval facility encompassing 575 acres on Grand Turk and a United States Coast Guard Station on South Caicos. The two military establishments employed about 80 islanders in 1970. e/ According to reports, it was agreed in 1971 that the airfield operated by the United States Air Force in the Territory would be opened to private and commercial aircraft.

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d/ Ibid., Twenty-eighth Session, Supplement No. 23 (A/9023/Rev.1), vol. V, chap. XXIV, annex, sect. D, para. 19.

e/ Ibid., Twenty-sixth Session, Supplement No. 23 (A/8423/Rev.1), vol. IV, chap. XXIV, annex I.F., paras. 14-16.

25. It was reported in June 1973, following talks held between Prime Minister Lynden O. Pindling of the Bahamas and the Governments of the United Kingdom and the United States, that an understanding had been reached to the effect that if requested by the United Kingdom Government, on behalf of the Turks and Caicos Islands, there would be a review of the Bases Agreement affecting the United States bases in the Territory. Matters likely to come under review are the provision of additional services by the bases (in lieu of rent) which include facilities at South Pier, and extended use of the Grand Turk airport. It was also reported that the two main United States bases on Grand Turk were undergoing extensive conversion and repair.

26. In November 1973, the commanding officer of the United States Air Force Base on Grand Turk was reported to be preparing for discussions with his superior officers on various matters affecting relations between the military bases and the Government and people of the Turks and Caicos Islands. In the context of the continuing review of the Bases Agreement, which is to expire in 1977 unless specifically renewed by common consent, two special points would be discussed: the use of the South Pier on Grand Turk; and access to the duty-free establishments on the bases by off-base personnel, which certain hoteliers and traders on Grand Turk claim would have an adverse effect on their businesses. The report added that meetings on this subject had been held between the Governor, the commanding officer at the base and hoteliers.

### 3. ECONOMIC CONDITIONS

#### A. General

27. Owing to the general poverty of the soil, low rainfall and the risk of hurricane damage, the agricultural potential of the Territory is limited and cultivation is confined to subsistence farming. Consequently, most of the Territory's requirements of food and other agricultural products are imported. There is practically no agriculture on the Turks Islands and South Caicos. Corn, beans and other crops are normally grown in sufficient quantities to satisfy local needs on the other Caicos Islands, but growers have little incentive to produce a surplus. Livestock, mainly cattle, pigs and poultry, is raised in most settlements to supplement food supplies.

28. The fishing industry had continued to be of great economic importance to the Territory. Exports of frozen and cooked crawfish account for the greater part of foreign exchange earnings. Total production in the fishing industry increased by 7.5 per cent to 666,618 tails in 1972, (616,415 tails in 1971). Exports of dried conch to Haiti have declined in recent years.

29. A small Fisheries Department, responsible for implementing the State Council's policy in respect of the fishing industry, is assisted by a fisheries adviser provided under a British technical assistance plan. The Department supervises fishermen and the three fish-processing plants and carries on a research programme. The State Council has been concerned not to deplete crawfish supplies and has adopted a conservative policy with regard to the issuance of export licences. The salt industry functioned in 1972 at about the same level as in previous years (see para. 39 below).

30. Owing to its poor natural resources and lack of industry, the Turks and Caicos Islands relies mainly on imported goods. Food, beverages and other consumer goods are the principal imports. There has, however, been a substantial increase in the import of raw materials. The value of imports exceeds that of exports, but the adverse balance is normally offset by aid from the United Kingdom, land purchases by foreigners, spending by the personnel of the United States military bases and remittances from emigrants. In 1972, imports (excluding government imports) amounted to about \$J 3 million f/ (\$J 400,000 from the United Kingdom, \$J 300,000 from other parts of the Commonwealth and \$J 2.3 million from other countries). Exports in the same year totalled about \$J 1.0 million, consisting mainly of crawfish, which amounted to \$J 970,180. Other exports were dried and frozen conch, fish meat and salt.

31. In 1972, government expenditure amounted to \$J 2.3 million. The United Kingdom grant-in-aid was estimated at \$J 905,500 and capital aid at \$J 552,097. Local revenue was estimated at \$J 765,983. For 1973, total estimated government expenditure amounting to approximately \$J 3.0 million was approved in the budget session of the State Council in May of that year. Of this sum, \$J 2.2 million was for recurrent expenditure and \$J 826,343 for capital expenditure. The main government expenditure was in the field of education (see para. 60 below). The United Kingdom grant-in-aid was estimated at \$J 1.1 million. Local revenue amounted to \$J 988,004, mainly derived from import duties.

32. In May 1973, the Governor of the Territory, while addressing the budget session of the State Council, said that, in 1972, the Government had accepted the Outline Development Plan prepared by Shankland Cox and Associates for the Territory. g/ He added that, in translating the Development Plan into a capital budget, the Government had started to make the necessary alterations needed to provide the Territory with the infrastructure to attract investors, particularly those in the tourist industry.

33. During the period under review, the Encouragement of Development Ordinance was enacted to encourage both local and foreign investment, and the State Council agreed on the establishment of a Statutory Development Corporation, in order to handle soft loan funds from the Caribbean Development Bank. The Government was aware of the undesirable consequences of an unplanned and rapid rate of land development and was cautious in its approach. It also intended to place increasing emphasis on the improvement of communications, social welfare facilities, education and training. A significant development in the banking and monetary system was the conversion of the Territory's currency unit from the Jamaican dollar to the United States dollar (see paras. 50-52 below).

#### B. Real estate development and tourism

34. In 1971, land adjudication of all the islands was completed, and it has become possible to ascertain the ownership of all land in the Territory. Most of

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f/ One Jamaican dollar equals \$US 1.10 (see also paras. 50-52 below).

g/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 23 (A/9023/Rev.1), vol. V, chap. XXIV, annex, sect. D, para. 6.

the land is Crown land and a large part of the remainder is freehold. Crown land is usually made available for development purposes by way of a conditional purchase lease. Land is first leased and freehold title is acquired only after the land has been developed in accordance with the terms and conditions of the lease. If Crown land is needed for agricultural purposes, it is available only on lease, subject to the land being suitable. In 1972, 880 land registry transactions took place, involving a recorded value of \$J 1.3 million.

35. It was reported in April 1973 that the Planning and Developmental Authority had unconditionally approved about 50 applications for building in different areas, valued at \$J 646,800. Among the applications was a marina on Providenciales, to be built at a cost of \$J 100,000.

36. In 1972, 4,670 tourists visited the Territory and spent an estimated \$J 750,000. It was anticipated that about 6,000 visitors would visit the islands in 1973. Of great significance was the development of skin diving, reported to be a fast expanding business. All indications were that divers would constitute the largest single element in the Territory's tourist trade.

37. Tourist accommodation increased from 94 hotel beds in 1970 to 130 beds in 1972, and there was a continuous expansion in tourist and related facilities in 1973. Hotels providing more than 60 additional rooms were expected to be completed before the next tourist season. Among these were the Meridian Club on Pine Cay, an extension to the Kittina Hotel on Grand Turk and other hotels, and cottages on North and South Caicos.

38. The Tourist Board, which was established in 1971 and reconstituted in 1973, is an active member of the Caribbean Travel Association. One of its functions is to attract more visitors to the Territory through advertising, publications and other media. However, despite efforts to expand tourist facilities, the Territory has not been able to cope with the increasing number of visitors and, as a consequence, the Tourist Board reportedly began to restrict its advertising in the latter part of 1973. It was estimated that the Board would spend about \$US 30,000 in 1974, an increase of \$US 10,000 over 1973.

### C. Industries

39. Except for the three fish processing plants referred to earlier (see para. 29 above) and a limited amount of handicrafts, there has been practically no industry in the Islands since the closure of the salt industry in 1964. Salt is still produced on Salt Cay, but it is heavily subsidized by the Government in order to give employment to the inhabitants of the island. Salt exports in 1972 amounted to 2,235 tons, valued at \$J 7,545. Subsidies provided by the Government in 1972 amounted to \$J 43,264.

40. As was previously noted, h/ representatives of the State Council, the territorial Government and the United Kingdom Government held talks in April 1973 with representatives of Esso Inter-America regarding the possibility of establishing an oil refinery on the uninhabited island of West Caicos. In

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h/ Ibid., paras. 35-37.



May 1973, at the formal opening of the budget session of the State Council, the Governor said that an account of the negotiations with Esso for the establishment of an oil refinery had been presented to the State Council in 1972. The studies undertaken by Esso had proved to be more complex and difficult than were envisaged at the time. He added that the future fuel and power policy of the United States Government was one of the many factors on which the ultimate decision would be based. However, the basis of an agreement on which the refinery might come into being had been set down and the State Council had agreed to give an option to Esso Inter-America.

41. In June 1973, it was reported that Esso had paid \$US 100,000 to the Government to offset costs in planning the possible refinery, and had paid a further sum of \$US 200,000 to the Government for the purchase of land on the ocean side of West Caicos. With this payment, Esso secured an option until 30 June 1976, to build an oil refinery on that island. Concurrent with the oil refinery, Esso has proposed to build housing and related services on Providenciales. The Government of the Territory has made it known that this development should be fully integrated into the island's community.

#### D. Communications and other basic facilities

42. Most of the inhabited islands have airstrips. A semi-weekly air service operated by Mackey International Airlines Inc., between Miami and Grand Turk also stops at South Caicos, which has a 6,000-foot airstrip with refuelling and night landing facilities. Out Island Airways (OIA) through its locally based subsidiary, Turks and Caicos Airways, maintains scheduled flights to inhabited islands in the Territory and to Port-au-Prince. In 1972, major improvements were made to the Salt Cay airstrip and to the airfield runway on North Caicos.

43. The Territory has three ports in commercial use: Grand Turk, the largest, Cockburn Harbour and Providenciales. The Caribbean Shipping Company and the Windward Shipping Company call at ports in the Territory every month, bringing fresh supplies and general cargo from Miami. The Government maintains a small vessel to carry freight on a regular schedule between Grand Turk and South Caicos. Ships of the Royal Netherlands Steamship Company and the Pacific Steam Navigation also call at Grand Turk on voyages between Europe and the United States at intervals of two to three months.

44. An expert from the United Nations recently visited the Territory to study ways and means of improving port facilities. His statistical analysis of cargo movement on Grand Turk indicated that the port handled a total cargo volume of 18,299 tons, of which 10,649 tons, consisting of liquid fuel and dry cargo, was received for use by the United States bases in the Territory.

45. The main roads on Grand Turk are made of macadam. Some of the minor roads on Grand Turk and those on Salt Cay are surfaced with scale from the salt ponds which provides a hard and durable surface. It was reported in May 1973 that with the arrival of new earth-moving equipment, the development of communications would take a major step forward, when the Territory's most ambitious project, the linking of Middle and North Caicos by a causeway, was started.

46. Cable and Wireless (West Indies), Ltd., operating under licence from the territorial Government, provides international telegraph and telex service. An

automatic dial telephone system was installed on Grand Turk in 1972; systems were also being installed on South Caicos and Providenciales.

47. Grand Turk and South Caicos have public electrical utilities which came under government ownership in 1972 and are managed by a commercial firm under contract with the Government. In 1972, the system was upgraded. Funds have been allocated under the 1974/75 capital aid programme for the establishment of a public electricity supply in the other islands of the Territory.

48. It was reported in September 1973 that the British Development Division in the Caribbean had approved an application by the territorial Government for an allocation of £45,241 towards the development of water supplies in the Territory. On Grand Turk, storage tanks, catchments and a reverse osmosis system would be supplied. On North Caicos, which is severely affected by drought, a small well field, pumps and delivery mains would be provided.

#### E. Banking and currency

49. The Territory has a Government Savings Bank with three branches. Barclays Bank International, Ltd., a commercial bank, has its main office on Grand Turk and maintains branches on South Caicos and Providenciales.

50. It will be recalled i/ that, in January 1973, the Jamaican Government re-established fixed parity for the Jamaican dollar (which was also the monetary unit in the Turks and Caicos Islands) at a par value of \$J 1.00 = \$US 1.10. As a result of this action, the monetary situation in the Territory became uncertain. In June, an announcement was made that the Turks and Caicos Islands would have to cease using the Jamaican dollar as their legal tender and it was suggested that the islands should follow the Cayman Islands and introduce their own currency. However, a spokesman for the Government said at the time that this was not feasible owing to the small population of the Territory, among other factors, including the need to have backing for such a currency and the high cost of printing notes and making coins. The Chamber of Commerce of the Territory was of the view that the legal currency of the islands should be that of a major trading area, such as the United States or Canada.

51. After several discussions it was officially stated, on 29 June, that the United States Federal Reserve Board had no objection to the United States dollar being used in the Turks and Caicos Islands as legal currency. In early July, the State Council of the Territory passed an ordinance to change the currency from the Jamaican dollar to the United States dollar, to take effect on 1 August 1973. The rate of conversion was fixed at \$J 1.00 = \$US 1.10. An order relating to the relaxation of exchange control regulations was also signed by the pertinent authorities in the Territory.

52. On 10 August it was reported that the change-over, which had been carried out by Barclays Bank International, had taken place very smoothly and that businessmen were generally delighted with the change, especially those seeking more off-shore business in the Territory. It was also reported that the change would have

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i/ Ibid., paras. 48-52.

considerable effect on the Territory's economy, especially in encouraging direct investment from North America.

#### 4. SOCIAL CONDITIONS

##### A. Labour

53. The growth of tourism in the Territory has generated employment in the islands. Other major employers are Turks Island Importers, Ltd., the United States military bases on Grand Turk, the fishing industry, which mostly provides employment on South Caicos and Providenciales, the salt industry, which is subsidized by the Government to give employment on Salt Cay, and two development companies on South Caicos and Providenciales. According to reports, some Turks and Caicos Islanders have been returning home from the Bahamas, but there have been no serious complaints about unemployment.

54. In 1972, a Commercial Labour Office/Employment Exchange was established and the compilation of a registry of employers and employees was started. The right to form trade unions is protected by the Trade Union Ordinance. The United Kingdom Government provided the services of a vocational training adviser under its Technical Assistance Scheme in 1972, to advise on the establishment of a vocational training centre. Capital aid funds to build the first phase of the centre were allocated under the 1973/74 capital aid programme.

##### B. Public health

55. The Medical and Public Health Department operates under the supervision of the Chief Medical Officer, who is based on Grand Turk. Medical facilities for the Territory are provided by a 16-bed general hospital on Grand Turk, which houses a small operating room, an X-ray machine and a rudimentary laboratory. The hospital compound also contains a 10-bed infirmary staffed by nurses and run in conjunction with the hospital. There are also four medical clinics in the Turks and Caicos Islands. The Territory has no training facilities. Additional training is normally undertaken in the United Kingdom, the Bahamas and Jamaica.

56. According to reports, plans have been drafted for a new paediatric ward and improved utilization of the present hospital building to enable the establishment of a casualty department, a new laboratory and better living conditions for the staff. With the help of the World Health Organization (WHO) it is planned to improve the over-all health of the community through the collection of basic data, a vaccination programme and improved water purification, sewage disposal and food inspection. The Medical Department was reported to be working in close co-operation with WHO and the Medical School of the University of the West Indies.

##### C. Housing

57. All development is subject to the approval of the Planning and Development Authority. The United Nations has seconded a physical planner to prepare a master plan for the islands. The Government has taken the precaution of subdividing

specific areas and reserving them exclusively for Turks and Caicos Islanders where they can purchase a lot, at a concessionary price, on which to build their homes. There are no long-term loan or mortgage facilities available in the Territory. However, it was hoped that with the assistance of the Caribbean Development Bank, a low cost housing scheme might be introduced.

## 5. EDUCATIONAL CONDITIONS

58. The educational system of the islands is administered by the Board of Education. Education in government schools is free and in 1969 compulsory attendance was extended to all of the islands. In 1972, there were 14 government and 2 independent primary schools with 107 teachers and 1,732 pupils. The two secondary schools (one government and one independent), had 15 teachers and an enrolment of 346 students. A junior high school was opened on North Caicos in 1973 and it was expected that the Vocational Training Centre on South Caicos would be completed in September 1974. According to a report, a total of 15 student teachers were training at colleges outside the Territory.

59. It was reported in October 1973 that a grant of approximately \$US 400,000 had been made by the United Kingdom Government under its development aid programme for major expansion of the Grand Turk secondary school. When completed, the school would accommodate about 300 students.

60. The main expenditure of the Government has been in the field of education. It was estimated that in 1974 the Education Department would spend \$US 525,800, an increase of \$US 83,600 over 1973.

CHAPTER XXVI

(A/9623/Add.6 (Part II))

FALKLAND ISLANDS (MALVINAS)

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A. CONSIDERATION BY THE SPECIAL COMMITTEE

1. The Special Committee considered the question of the Falkland Islands (Malvinas) at its 981st meeting, on 5 September 1974.
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 3163 (XXVIII) of 14 December 1973 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 General Assembly resolutions 1514 (XV) and 2621 (XXV) on 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 twenty-ninth session". The Committee also took into account the provisions of General Assembly resolution 3160 (XXVIII) of 14 December 1973 concerning the Territory.
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 the latest developments concerning the Territory.
4. The Special Committee also had before it a letter dated 22 August 1974 from the Permanent Representative of Argentina to the United Nations addressed to the Secretary-General regarding the item (see annex II to the present report).

B. DECISION OF THE SPECIAL COMMITTEE

5. At its 981st meeting, on 5 September, following a statement by the Chairman (A/AC.109/PV.981), the Special Committee decided, without objection, to transmit to the General Assembly the documentation referred to in paragraphs 3 and 4 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 twenty-ninth session, to consider the item at its next session.

ANNEX I\*

WORKING PAPER PREPARED BY THE SECRETARIAT

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1. GENERAL

1. Basic information on the Falkland Islands (Malvinas) a/ is contained in the report of the Special Committee to the General Assembly at its twenty-eighth session. b/ Supplementary information is set out below.

2. At the latest census, held in 1972, the population of the Territory, excluding the Dependencies, numbered 1,957, of whom almost all 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 1973 was 1,874. Between 1970 and 1973, the average birth-rate per thousand was approximately two-and-a-half times greater than the average mortality-rate. These population figures indicate that emigration has continued to exceed the fairly rapid rate of natural increase, a trend established since 1953. The average population density of the Territory, the most sparsely populated country in the world, was 0.39 per square mile at the end of 1973.

2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

A. Constitution

3. An outline of the constitutional arrangements for the Territory, introduced in 1949, and amended in 1955 and 1964, appears in the report of the Special Committee

\* Previously issued under the symbol A/AC.109/L.964.

a/ The information presented 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 10 December 1973, for the year ending December 1972.

b/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 23 (A/9023/Rev.1), vol. V, chap. XXVII, annex.

to the General Assembly at its twenty-fifth session. c/ Briefly, the governmental structure consists of: (a) a Governor appointed by the Queen; (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 Appeal set up in July 1965 to hear and determine appeals from the courts of the Territory.

## B. Constitutional reform

4. At a meeting held on 4 January 1974, the Legislative Council unanimously adopted the following motion introduced by Mr. T. H. Layng, Chief Secretary:

"That this House recommends that a Select Committee of elected members of the Legislative Council shall be appointed by His Excellency the Governor to ascertain the views of the electorate on the subject of a change in the Constitution and thereafter to make recommendations to the Legislative Council on the form such constitutional changes should take".

5. In introducing the motion, Mr. Layng called for the establishment of such a committee to obtain the views of the people on constitutional changes. He hoped that the committee would submit a report to the Council; that this report, together with the Governor's views thereon would be transmitted to the United Kingdom Secretary of State for Foreign and Commonwealth Affairs for action; and that the constitutional changes thus approved would then be introduced in time for the next general elections to be held in August 1975. In drawing attention to a number of proposals that had been made (see below), he pointed out that a question had been raised as to whether Port Stanley should be divided into constituencies. With regard to the criticism that there was too much political apathy in the Territory, he said that its people should have a chance to tell the committee what kind of Government they wanted.

6. Following the adoption of the motion, the Governor appointed the Select Committee comprising the four elected members of the Council with the Chief Secretary as its Chairman. The Committee held a series of meetings in Port Stanley and eight other places between 28 February and 26 April. A total of some 270 people attended the meetings and they all stressed the need for constitutional changes. There was general agreement that nominated independent members of the Council should be abolished and that civil servants should be permitted to seek election, but that deposits totalling £25 d/ payable by candidates should be retained. Most of the participants in the meetings did not want to set an upper age limit on membership of the Council, nor establish a Governing Council with both executive and legislative functions. They were divided in their opinion on the question of increasing the number of the Council's members proportionally to the

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c/ Ibid., Twenty-fifth Session, Supplement No. 23 (A/8023/Rev.1), vol. IV, chap. XIX, annex, paras. 4-7.

d/ The local currency is the pound sterling (£).



population, e.g., four members for Port Stanley and three for the rest of the Territory. Furthermore, many participants suggested that a separate judicial system should be set up; that the Territory should be divided into constituencies; and that every person 18 years of age and over should have the right to vote subject to one-year domiciliary requirement. Some others considered that the Falkland Islands (Malvinas) should exercise complete control over their internal affairs with the United Kingdom retaining certain powers, especially in respect of the Territory's defence and external affairs; and that age and residential qualifications for membership of the Council should be modified. The Committee will report to the Legislative Council in due course.

C. Talks between the Government of Argentina  
and the Government of the United Kingdom

7. In a letter of 15 August 1973 addressed to the Secretary-General (A/9121 and Corr.1), to which the Special Committee made reference in its previous report, e/ the Permanent Representative of Argentina to the United Nations reported the progress of the negotiations conducted under General Assembly resolution 2065 (XX) of 16 December 1965 and subsequent consensuses of the General Assembly in order to find a peaceful solution to the dispute over the sovereignty of the Territory. He regretted that "the negotiations have been virtually paralysed as a result of the attitude adopted by the Government of the United Kingdom".

8. He also gave the following information on which this conclusion was based. In the course of negotiations during 1966 and 1967, "it was already clear that the subject of the discussion could only be the recognition of Argentine sovereignty over the Islands and their return to the Argentine territorial heritage, in conjunction with the greater readiness shown by my Government to recognize the guarantees and safeguards which would protect the interests of the islanders". The "seemingly substantial progress" achieved in the negotiations made it possible at that time to arrive at "a joint formula which would have meant, in August 1968, a practical step forward towards a solution, if the United Kingdom Government had not in the end refused to allow it to materialize". Nevertheless, Argentina decided, "without losing sight of the ultimate objective of the negotiations and in the desire to promote the well-being of the inhabitants of the Islands", to hold special talks on communications between the Argentine mainland and the Islands. As a result of those talks, in 1972 and 1973, the Argentine Government adopted a series of measures (including the establishment of air, economic, commercial and cultural links with the islands, and the provision of postal, telecommunications and health services for islanders) in accordance with the Argentine-United Kingdom joint statement of 1 July 1971 (see A/8368 and A/8369).

9. On a proposal by Argentina, provision was made in the joint statement of 13 October 1972 for the holding of a round of talks in London during the first half of 1973 in compliance with resolution 2065 (XX) and subsequent consensuses of the General Assembly. According to the letter referred to in paragraph 7 above, the United Kingdom Government maintained that this round of meetings could not be called "negotiations" since, in its opinion, they involved only "talks" or "discussions". It was "the intention of the United Kingdom Government not only

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e/ Official Records of the General Assembly, Twenty-eighth Session,  
Supplement No. 23 (A/9023/Rev.1), vol. V, chap. XXVII, para. 4.

to downgrade the negotiations, but also to change their true character ...". Furthermore, the United Kingdom authorities contended that "the question of communications is closely linked with the basic issue" and that "consequently, talks on communications are in fact concerned with sovereignty, a view which is of course neither shared nor accepted by the Argentine Government".

10. In this connexion, the Permanent Representative of Argentina stated that:

"My country has always felt that the negotiations had invariably been conducted in accordance with the letter and spirit of resolution 2065 (XX), which recognizes the existence of a dispute over sovereignty. As is clear in the joint notes to the United Nations, f/ the parallel talks on communications, while they come within the framework of the fundamental issue, cannot exclude consideration of that issue ...

"The Argentine Government feels compelled to make it clear that failure to settle this dispute within a short and reasonable time will necessitate a thorough reappraisal of the policy it has pursued until now ...".

11. On 21 August 1973, the Special Committee adopted a resolution concerning the Territory in which, among other things, it declared the need to accelerate the negotiations between the Governments of Argentina and the United Kingdom called for in resolution 2065 (XX), in order to arrive at a peaceful solution of the conflict of sovereignty between them concerning the Falkland Islands (Malvinas). This resolution was subsequently approved by the General Assembly at its twenty-eighth session (see para. 19 below).

12. Also on 21 August 1973, the Permanent Representative of the United Kingdom to the United Nations sent a letter to the Secretary-General (A/9124) in which he stated that:

"It has been the common purpose of the Governments of Argentina and the United Kingdom since the adoption of General Assembly resolution 2065 (XX) to explore in accordance with that resolution all possible means of finding a peaceful solution to the problem defined in that resolution. The letters addressed to you and your predecessors in successive years, the last being those of 12 August 1971 (A/8368, A/8369), by the representatives of Argentina and the United Kingdom constitute a record of progress endorsed by both Governments which Her Majesty's Government in the United Kingdom continue to regard as the substantive and correct record of the exchanges between the two Governments up to that date."

13. The Permanent Representative of the United Kingdom added that:

"In the meetings which have taken place since that date there have been no grounds for supposing that there has been any change in the consistently upheld position of the United Kingdom Government. At the meeting in London in April 1973, ... after a restatement of the views of the United Kingdom Government, the Argentine delegation declined to continue the meeting or specifically to consider the terms in which the progress achieved to that date could be reported to you upon a basis of agreement as in previous years up to 12 August 1971 ...".

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f/ Ibid., annex, para. 6.

14. Finally, the Permanent Representative of the United Kingdom said that:

"The United Kingdom Government note the desire of the Argentine Government for an early solution of the problem. For their part the United Kingdom Government reiterate their readiness to renew discussions bearing in mind that in accordance with the provisions of the Charter of the United Nations and the principles of resolution 1514 (XV) of the General Assembly it is essential that any solution should recognize the right of the inhabitants of the Falkland Islands to self-determination and should provide for them to express their wishes in this connexion."

15. At the 2139th plenary meeting of the General Assembly, on 3 October 1973, g/ the Minister for Foreign Affairs of Argentina again spoke of the differences outstanding between the Governments of Argentina and the United Kingdom over the Territory. He declared that:

"My country has adhered - and continues to adhere - to the path of negotiation with the occupying Power, but is forced to state that the procedure cannot be indefinitely prolonged, thus serving as a means of retaining the present situation. If the negative stance of the United Kingdom leads us into a stalemate, the Argentine Government will be forced to re-examine the policy which thus far has been based on good-will and on respect for the principles of the Charter and of the resolutions of our Organization. ... Once again it is my duty to state that the Argentine Government and people ... will not retreat in their determination to recover that part of our national territory that was wrested from us in an act of imperialism by the United Kingdom, an act that history has condemned. ..."

16. In a letter dated 19 October 1973, addressed to the Secretary-General (A/9247), the Permanent Representative of the United Kingdom referred to the above statement by the Minister for Foreign Affairs of Argentina. With regard to the Minister's remark that the discussions between the two Governments concerned had reached the state of "stagnation", the Permanent Representative of the United Kingdom said that if this was the case, it had not come about at the seeking of his Government. In this connexion, he drew attention to the explanation made in his letter of 21 August (see para. 13 above). He reiterated that the United Kingdom Government stood ready to renew discussions at an early date and continued to explore with the Government of Argentina, in accordance with resolution 2065 (XX), all possible means of finding a solution to the problem defined in that resolution, and welcomed the Minister's statement that the Government of Argentina intended to adhere to the path of negotiation. After recalling that during their discussions in recent years, both Governments had achieved considerable progress, he said that this progress was to be measured not only by what had taken place at the conference table but equally by what had been made in respect of the opening up of communications especially between Argentina and the Territory, bearing in mind, among other things, the inalienable right of the latter's inhabitants to self-determination. Stressing that the United Kingdom Government had no doubt about its sovereignty over the Territory, he stated that whatever the views of the Argentine Government on this matter, he was reluctant to believe that "the Government of the Argentine Republic would wish for any solution of the differences between our two Governments which was contrary to the expressed wishes of the inhabitants of the Falkland Islands".

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g/ A/PV.2139, p. 96.

Finally, he expressed the hope of his Government that "future discussions will continue in the constructive spirit of the exchange of notes on 5 August 1971 h/ and related arrangements between the two Governments providing for increased contacts and communications between the Falkland Islands and the Argentine Republic".

17. In a letter dated 5 November 1973, addressed to the Secretary-General (A/9287), the Permanent Representative of Argentina made comments on certain concepts contained in the two letters which the Permanent Representative of the United Kingdom had addressed to the Secretary-General on 21 August and 19 October 1973 (see paras. 12-14 and 16 above). From these letters, the Permanent Representative of Argentina noted that "the United Kingdom Government, invoking the provisions of the Charter of the United Nations and the principles of General Assembly resolution 1514 (XV), seeks to make 'an early solution' of the Malvinas question conditional upon recognition of the right of the inhabitants to 'self-determination' and upon permitting them 'to express their wishes'". After quoting the first paragraph of resolution 2065 (XX), he said that in that paragraph, no reference was made to the wishes of the population or the right to self-determination, and that the Assembly "wisely laid the basis for a logical solution of a problem which has special features ...". He considered that "this tardy and misplaced concern for respect for the right to self-determination would be praiseworthy and legitimate if the United Kingdom had consulted the original population of the Malvinas Islands about their wishes before displacing them by force and replacing them by British settlers in 1833 as a result of its annexation of that territory". He also considered that:

"... there are exceptional cases in which the right to self-determination should be examined and applied in consonance with other principles of equal or greater importance in the context of a given situation. In the case of the Malvinas Islands, that right cannot prevail over territorial integrity, since the contrary would imply justification of an illegal act of force which has never been accepted by my country and is, precisely, contrary to the Charter of the United Nations, resolution 1514 (XV) and the norms of the international community."

18. Referring to "the United Kingdom's persistence in denying its responsibility for the paralysation of the negotiations on sovereignty provided for by General Assembly resolution 2065 (XX)", the Permanent Representative of Argentina re-emphasized the following points made in his previous letter (A/9121 and Corr.1): (a) since the end of 1972, there had been a "substantial change" in the United Kingdom's position concerning the nature of the negotiations, thus making it "impossible to continue the negotiations on the basic issue"; and (b) the contention by the United Kingdom Government that the round of meetings to be held in 1973 could not be called "negotiations" was a "violation" of the express terms of resolution 2065 (XX). In his opinion, the negotiations must deal with sovereignty over the islands and must be accelerated as called for in the resolution recently adopted by the Special Committee (see para. 11 above). He reiterated his Government's readiness to resume the negotiations on the basic issue, and called upon the United Kingdom to make its essential contribution so that such negotiations might take place and bear fruit. Lastly, he recalled that

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h/ A/8368 and A/8369.

"although much progress had been made in opening up communications between the mainland territory and the Islands - on the basis of actions taken by the Argentine Government in this respect, 'bearing in mind ... the interests of the population of the Malvinas Islands' - that problem, which is collateral to the negotiations on sovereignty, should not condition or delay the continuation and completion of those negotiations, much less replace them".

19. During its 2202nd meeting, on 14 December 1973, the General Assembly adopted resolution 3160 (XXVIII) on the question of the Falkland Islands (Malvinas), by which the Assembly, among other things, urged the two Governments concerned to proceed without delay with the negotiations, in accordance with the provisions of its relevant resolutions, in order to put an end to the colonial situation. Immediately following the adoption of this resolution, the representative of Argentina stated his conviction i/ that the United Kingdom shared the view expressed by Argentina that negotiations conducted in good faith were the best way to settle their long-standing dispute, and would therefore take the necessary steps towards resuming such negotiations as soon as possible and bringing them to a successful conclusion.

20. At a meeting held on 4 January 1974, the Legislative Council of the Territory adopted the following motion:

"That this House objects strongly to any negotiations or talks being held with the Argentine Government without the prior full knowledge of the Falkland Islands people, which would involve the transfer of sovereignty of this Colony against the wishes of its inhabitants."

21. In reply to questions in the United Kingdom House of Commons, Mr. Julian Amery, then Minister of State for Foreign and Commonwealth Affairs, confirmed on 25 January that there would be no change in the sovereignty of the Falkland Islands without the full consent of the islanders. He also said that a contract to build a permanent airfield at Cape Pembroke, near Port Stanley, would soon be awarded, and that thereafter work would be completed within 24 months, although the airfield could be operational before then.

22. In June, it was announced that the United Kingdom Government had approved a grant of £4.2 million for the construction of the airfield and had awarded the contract to Johnston Construction. Two additional important announcements were also made: (a) that a service by the Argentine Navy for the transport of passengers and cargo between the Argentine mainland and the Territory would soon be considered; and (b) that an agreement was expected to be signed within the same month between the United Kingdom and Yacimientos Petrolíferos Fiscales (YPF), the Argentine State Oil Company, regarding the construction by YPF of a bulk storage plant in the Territory at a cost of £400,000 for the retailing of fuel at the same price as that obtaining in Argentina.

23. On 26 June, in a statement before Parliament, the United Kingdom Minister of State for Foreign and Commonwealth Affairs said the following: "With the agreement of the Falkland Islands Executive Council, we have been in touch with the Argentine Government about the possible resumption of discussions between our

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i/ A/PV.2202, p. 31

two Governments in connexion with United Nations resolution 3160 (XXVIII). If discussions are resumed, representatives of the Islanders will be invited to join the United Kingdom delegation."

### 3. ECONOMIC CONDITIONS

24. The economy is almost entirely dependent on sheep farming. Statistics furnished by the administering Power show that in 1971/72, the last year for which complete data are available, there were 634,163 sheep distributed as follows: East Falkland, 359,568; West Falkland, 210,005; and other smaller islands, 64,590.

25. The price of wool, the principal export (representing 97 per cent of all domestic exports in 1972), is the most important economic factor governing the life of the Territory. In an interview held in late 1973, the Governor said that with wool prices rising, the economy had become much healthier than in the previous two years, when prices had been so low that there had been considerable doubt about the economic viability of the Territory. Exports of wool are estimated to have risen from £1.1 million in 1972 to £2.2 million in 1974, indicating the continuation of the upsurge in the economy during this period.

26. The Falkland Islands Company (FIC), the largest wool producer in the Territory, owned 283,737 out of the 634,163 sheep in 1971/72. The development of the Territory has been closely linked with the growth of FIC, registered in the United Kingdom during 1851, which also controls much of the local banking, commerce and shipping. In October 1973, after its acquisition of FIC, Dundee, Perth and London Securities, Ltd. (DPLS) announced a proposed merger with Charrington, Gardner, Locket and Company, Ltd., for which about 31 per cent of the shareholders of DPLS had expressed support. At about the same time, FIC was in the process of transferring its interests in local trade and shipping to Falkland Trading, Ltd. (FTL), a local company, 46 per cent of its voting shares being held by FIC. FTL reportedly intends to expand its operations, including the establishment of a wholesale department to supply farms and shops.

27. In December 1973, the newly incorporated Sheepowners' Association, Ltd. (SOA) was continuing its contact with Corporación Argentina de Productores de Carnes (CAP), an Argentine freezer company, in an effort to negotiate further sales of surplus sheep.

28. Four other areas of possible economic development are being explored. Alginate Industries, Ltd., a company registered in the United Kingdom, has established an experimental laboratory in Port Stanley to determine the commercial potential for processing the local seaweed into a chemical for use in textiles, food products and soft drinks. In June 1974, the Governor confirmed that the company would build a factory smaller than that originally planned to produce dried milled kelp, which would then be shipped to the United Kingdom for further processing. He also said that there was a possibility of oil being found off shore and that a decision would be taken concerning leasing areas off shore for exploration. There is scope for the development of a tourist industry and in this connexion, efforts have been made to expand tourist and transport facilities. The number of cruise passengers from Argentina increased from 350 in January 1972 to about 1,700 in January and February 1974. Finally, there is a possibility of developing a deep-sea fishing industry. During most of the current year, the Japanese ship

Taiyo Maru 82 is expected to conduct research into the Territory's marine resources.

29. Nearly all local requirements are imported. Imports were valued at £606,973 in 1971 and £651,579 in 1972; exports, consisting mainly of wool, totalled £676,967 and £1,118,379 respectively. As in the past, the United Kingdom absorbed all of the Territory's exports and provided most of its imports. As noted above, steps have been taken to establish economic and commercial links between the Argentine mainland and the islands. Owing to shortages of consumer goods, the cost of living in the Territory rose by 30 per cent in 1973.

30. Practically all territorial revenue is derived indirectly from sheep farming. The principal items of expenditure are education, public health, posts and telecommunications, public works and shipping subsidy and overseas passages. In 1971/72, estimated government revenue amounted to £590,652 (including United Kingdom development aid amounting to £4,356) and expenditure to £643,096, compared with £508,000 and £533,000 respectively in the previous year.

31. In reply to a question in the United Kingdom House of Commons, the Under-Secretary of State for Foreign and Commonwealth Affairs stated on 27 March 1974 that a development plan for the period 1973/74-1977/78 had been approved by the territorial Government and that over half the funds required for the plan's implementation would be met from United Kingdom development aid. The plan envisages a total expenditure of £592,250, to be financed partly by territorial funds (£292,250) and partly by United Kingdom development aid (£300,000). The main items in the plan include: telecommunications, £115,000; roads, £97,000; school hostels, £80,000; fertilizer subsidy, £65,000; new aircraft, £60,000; and tourism development, £31,250.

#### 4. SOCIAL CONDITIONS

32. During the period under review, there was no significant change in the social conditions in the Territory. The Government is aware, however, of the regular exodus of workers to other countries. In order to cope with this problem, it has endeavoured to broaden employment opportunities by adopting measures to accelerate economic development (see above). It also recognizes the need to improve medical services through the expansion of the Medical Department.

#### 5. EDUCATIONAL CONDITIONS

33. A summary of the main features of the educational system is given in the report of the Special Committee to the General Assembly at its twenty-seventh session. j/ In 1972, there were 335 pupils (361 in 1971) attending government schools, which in principle were all primary schools, staffed by 31 teachers, including itinerant teachers (same as in 1971). Following the signing of the Communications Agreement in Buenos Aires in July 1971, the Argentine Government granted several scholarships (eight in 1974) to schools in that country. In the

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j/ Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 23 (A/8723/Rev.1), vol. V, chap. XXV, annex, paras. 21-23.

light of public opinion in the Territory, the Executive Council in late 1973 decided that Spanish should be taught in schools as a second language as soon as suitable staff could be recruited. In accordance with this decision, the Council on 17 May 1974 announced its acceptance of an offer by the Argentine Government to sponsor two Spanish language teachers, who are to teach in Port Stanley schools and at adult education evening classes. The territorial Government will be responsible for local costs.

34. Governmental policy has been to: (a) increase investments in educational facilities; (b) improve the standard of education particularly by the training of an adequate number of local teachers; and (c) encourage qualified students to receive further education abroad.



ANNEX II\*

LETTER DATED 22 AUGUST 1974 FROM THE PERMANENT REPRESENTATIVE  
OF ARGENTINA TO THE UNITED NATIONS ADDRESSED TO THE  
SECRETARY-GENERAL

I have the honour to address you in reference to General Assembly resolution 3160 (XXVIII), of 14 December 1973, which declared the need to accelerate the negotiations between the Governments of Argentina and the United Kingdom of Great Britain and Northern Ireland on the question of the Falkland Islands (Malvinas).

I can inform you that contacts have been established between the two Governments with a view to implementing the provisions of the above-mentioned resolution.

My Government will report to you in due course on the results of these negotiations.

(Signed) Carlos ORTIZ DE ROZAS  
Ambassador  
Permanent Representative

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\* Previously issued under the symbol A/AC.109/458.

CHAPTER XXVII

(A/9623/Add.6 (Part II))

BELIZE

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A. CONSIDERATION BY THE SPECIAL COMMITTEE

1. The Special Committee considered the question of Belize at its 981st meeting, on 5 September 1974.
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 3163 (XXVIII) of 14 December 1973 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 General Assembly resolutions 1514 (XV) and 2621 (XXV) 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 twenty-ninth session". The Committee also took into account the decision taken by the General Assembly on 14 December 1973 on the question of Belize. 1/
3. 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.

B. DECISION OF THE SPECIAL COMMITTEE

4. At its 981st meeting, on 5 September, following a statement by the Chairman (A/AC.109/PV.981), 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 twenty-ninth session, to consider the item at its next session.

1/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 30 (A/9030), "Other decisions" (item 23), p. 111.

ANNEX\*

WORKING PAPER PREPARED BY THE SECRETARIAT

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1. GENERAL

1. Basic information on Belize a/ is contained in the report of the Special Committee to the General Assembly at its twenty-eighth session. b/ Supplementary information is set out below.

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 new capital, had approximately 3,000 inhabitants in 1972. The population in 1973 was estimated to be 130,000, consisting mainly of Creoles, American Indians (Mayas) and Caribs.

2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

A. Constitution

3. An outline of the constitutional arrangements for the Territory, introduced in January 1964, is contained in the report of the Special Committee to the General Assembly at its twenty-fifth session. c/ On 1 June 1973, in accordance with a

\* Previously issued under the symbol A/AC.109/L.962.

a/ The information presented in this section has been derived from published reports and from information transmitted to the Secretary-General by the Government of the United Kingdom of Great Britain and Northern Ireland under Article 73 e of the Charter of the United Nations on 20 August 1973 and 30 May 1974, for the years ending 31 December 1972 and 1973 respectively.

b/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 23 (A/9023/Rev.1), vol. v, chap. XXVIII, annex.

c/ Ibid., Twenty-fifth Session, Supplement No. 23 (A/8023/Rev.1), vol. IV, chap. XX, annex, paras. 4-10.

proposal by the Government, the name of the Territory was changed from British Honduras to Belize.

4. The Constitution provides for a Governor appointed by the Queen, a Cabinet and a bicameral National Assembly comprising a Senate and a House of Representatives. The Governor (Mr. Richard Neil Posnett) retains responsibility for defence, external affairs, internal security (including the armed forces) and the public service. The Cabinet consists of the Premier (Mr. George Price) and other ministers (eight at present). In January 1973, the Premier announced a cabinet reshuffle involving four members without giving any reason. Of the eight members of the Senate, five are appointed by the Governor on the advice of the Premier, two on the advice of the Leader of the Opposition (Mr. Philip Goldson) and one after such consultations as the Governor considers appropriate. The House of Representatives has 18 members elected by universal adult suffrage for a minimum term of five years.

#### B. Political parties and elections

5. During the last general elections, held in December 1969, the ruling People's United Party (PUP), formed in the late 1940s and headed by Mr. Price, won 17 of the 18 seats in the House of Representatives, and the remaining seat went to Mr. Goldson, Leader of the National Independence Party (NIP), founded in 1958. The main election issue separating the two parties was the timing of independence. The policy of PUP reportedly calls for the speedy granting of independence coupled with a security guarantee from the United Kingdom and "other Commonwealth countries". The NIP favours delaying independence because it does not believe that the United Kingdom would give such a guarantee under the present circumstances.

6. In addition to the two major political parties, there are four minor parties: the People's Development Movement (PDM), established in 1969 by former members of NIP and now led by Mr. Dean Lindo; the United Black Association for Development Party (UBAD), formed in 1970, with Mr. Evan X. Hyde as its president; the People's Liberal Party (PLP), set up in early 1973, with Mr. Harry Lawrence as its chairman pro tempore; and the Corozal United Front (CUF) founded in late 1973, with Mr. Omar Velloso as its chairman.

7. In August 1973, the leaders of NIP, PDM and PLP signed an accord, whereby the three parties joined to create a new political body known as the United Congress (later renamed the United Democratic Party) with a view to providing the Territory with an alternative government. Its basic objectives would be the promotion of: (a) parliamentary democracy and the rule of law; (b) free enterprise, co-operatives and social development; (c) full national participation in the Territory's development; and (d) an equitable settlement of the Guatemalan claim to Belize (see paras. 18-21 below).

8. At a meeting of the National Assembly, held in November 1973, Mr. Goldson announced that he now spoke for the Opposition under its new name, the United Democratic Party (UDP). He predicted that the forces combining to change the character and name of the Opposition would "bring immense benefits to the people and country by producing a UDP Government in 1974".

9. During the same month, Mr. Felipe Santiago Ricalde resigned as a member of PUP and also vacated his seat in the Corozal Town Board "because of pressure by

Ministers to organize the party in the North". On 8 February 1974, CUF won the by-election for his seat on the Town Board. At a victory rally sponsored by the party, its chairman, Mr. Omar Vellos, said that "the by-election was only the first step in the march to democracy and equal opportunity for all the people". He added that at the coming general elections, which by law must be held before 5 November 1974, the party would work in association with the other forces of the Opposition to produce a new government "dedicated to democracy and the development of the North".

### C. Recent constitutional developments

10. On 25 January 1974, the Queen revoked articles 14 and 15 of the British Honduras Letters Patent, 1964 to 1973, by the passage of the Belize Letters Patent, 1974. The latter, which came into operation on 18 February, contains the following new articles. Article 14 provides that the Governor, acting in accordance with the advice of the Premier, may assign to the Premier or any other minister responsibility for any business of the Government of Belize, including the administration of any government department. There are provisos that except for the purpose of conducting business in either house of the National Assembly, a minister is not to be given responsibility for: (a) any matters relating to the Governor's reserve powers not otherwise delegated; and (b) the department of the Attorney-General so long as his is a public office.

11. Under article 15 (1), the Governor's reserve powers remain as described in paragraph 4 above. Article 15 (2) stipulates that the Governor, acting in his discretion, may with the prior approval of the United Kingdom Secretary of State for Foreign and Commonwealth Affairs delegate to a minister designated by him after consultation with the Premier such responsibility for matters relating to external affairs as the Governor may think fit upon such conditions as he may impose.

12. Letters patent are issued under the Queen's special prerogative powers to legislate for the Government of a Territory under United Kingdom administration. The Belize Letters Patent, 1964 to 1974 have the force of law in the Territory and are not required to be ratified by its legislature.

13. On 11 March, Mr. Goldson, Leader of the Opposition, submitted on its behalf to the Secretary of State a memorandum concerning the Belize Letters Patent, 1974. In the memorandum, Mr. Goldson strongly protested that the Opposition had not been informed or consulted about the "sweeping extension of the Constitution of our country". Noting that the newly issued Letters Patent, while preserving the Governor's responsibility for external affairs, authorized him to delegate this responsibility to a minister designated by the Premier, Mr. Goldson submitted that this extension of powers was "a violation of the decision of the London Conference of July 1963 ... as to the limits of constitutional authority granted to the Government of Belize". He therefore requested the withdrawal of the amended article 15 (2) of the Letters Patent pending consultation between the parties in the National Assembly and the United Kingdom Government as to: (a) the need for the Governor to delegate any of his powers in external affairs to a minister of the territorial government; and (b) the scope and manner of such delegated powers. Mr. Goldson also believed that, under the Letters Patent, 1974, the ministers of the territorial government could use powers delegated to them by the Governor to attempt a settlement of the Guatemalan claim to the Territory

without the knowledge and consent of the Opposition, the National Assembly and the Belizeans. He drew attention to the opinion expressed by a large section of the people of Belize that their present Government, if given the opportunity, would settle the Guatemalan issue in a manner contrary to the interests of the Territory. Mr. Goldson recalled a recent statement by the Governor that the amendment of the British Honduras Letters Patent, 1964 to 1973, related to the accession of Belize to the Caribbean Community (CARICOM) on 1 May 1974 (see para. 22 below), but nevertheless considered that the Governor should not be authorized to exercise his new powers until after the forthcoming general elections, and that the electorate had the right to decide on the matter.

14. On 5 May, Mr. James Callaghan, the United Kingdom Secretary of State for Foreign and Commonwealth Affairs, was reported to have sent a message through the Governor's Office to the Leader of the Opposition acknowledging receipt of his memorandum referred to above. Mr. Callaghan stated that the primary purpose of the Belize Letters Patent, 1974, was to enable the Governor to make it possible for Belize to join CARICOM, should the Government of Belize decide to do so in the light of the debate in the legislature. He further stated that any delegation of powers by the Governor under the terms of the Letters Patent would not be prejudicial to the general responsibility of the United Kingdom Government for the external affairs of Belize, and that, in particular, the delegation of authority did not extend to matters relating to the dispute with Guatemala. He also noted that the latter point had been clearly made by the Premier during the debate held in the House of Representatives on 31 March in regard to a motion authorizing Belize's accession to CARICOM. After the debate, the House had adopted the motion (see also paras. 22-24 below).

#### D. Future status of the Territory

15. It will be recalled that at the Eighth Commonwealth Caribbean Heads of Government Conference, held in Georgetown in April 1973, the Georgetown Accord was signed by all except two of the members of the Caribbean Free Trade Association (CARIFTA). d/ According to the Accord, CARICOM would be established on 1 August 1973, with the four independent States (Barbados, Guyana, Jamaica and Trinidad and Tobago) participating. The Accord provided for the other six signatories (including Belize) to become members of CARICOM by 1 May 1974. At the Conference, the delegations of the four independent States adopted a resolution concerning the need for a régime of mutual assistance against external aggression directed against any member of CARICOM. In the resolution, they referred to the standing committee of foreign ministers to be created under the CARICOM Treaty and the preparation of a scheme of mutual assistance designed to secure the political independence and territorial integrity of members of CARICOM and the safety and well-being of their peoples. The delegates of seven other countries (including Belize) wished to be identified with the spirit expressed in the resolution.

16. On 9 September, about a month after CARICOM had been officially brought into operation, Premier Price delivered an address on Belize National Day reiterating the Territory's determination to achieve independence and join CARICOM. He declared that "the Belizean people remain steadfast for the independence of

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d/ Ibid., Twenty-eighth Session, Supplement No. 23 (A/9023/Rev.1), vol. V, chap. XXVIII, annex, paras. 19 and 21.

Belize", and that "no matter who denies our goal, no matter how long we must struggle, our resolve remains constant". Mr. Price praised the four independent States for the support they had given to Belize's cause at meetings of the United Nations Security Council and of the Organization of American States (OAS) and expressed the hope that Commonwealth Caribbean leaders attending the Conference of the Heads of State or Government of Non-Aligned Countries held in Algiers in September 1973 would win support for Belize's independence. Finally, he referred to the recent visits of the Minister of Home Affairs and Health to various countries and thanked those countries which had conveyed to the Minister assurances of their commitment to the Territory's independence.

17. Referring to a pledge of mutual defence recently made by members of CARICOM (see para. 15 above), the Premier said that: "If for no other reason, Belize must become a member of the Community to enjoy this advantage", a point which he again stressed in a speech made at the plenary session of the Commonwealth Parliamentary Conference, held in London on 18 September. He also said that independence for Belize had been delayed by the Guatemalan claim to sovereignty over the Territory and by the lack of a security guarantee from the United Kingdom.

18. Following the adoption of General Assembly resolution 3110 (XXVIII) on 12 December 1973, concerning transmission of information from Non-Self-Governing Territories under Article 73 e of the Charter of the United Nations, the representative of Guatemala stated that his delegation had abstained in the vote on the resolution because Belize was "an integral part of our territory occupied by the United Kingdom". He expressed "the confidence of our Government that a satisfactory solution to this controversy between the United Kingdom and Guatemala will be reached by peaceful means, in a manner which will be satisfactory to my country and without losing sight of the interests of the inhabitants of that Territory, which is an integral part of the territory of the Republic of Guatemala".

19. In a letter dated 18 December 1973 (A/9466), addressed to the President of the General Assembly, the Permanent Representative of the United Kingdom to the United Nations transmitted to the President a message sent to him by the Premier of Belize on behalf of his Government concerning the above-mentioned statement. In this message, the Premier declared:

"The Government of Belize, elected by popular ballot on the basis of universal adult suffrage, have consistently sought independence; the United Kingdom Government have informed us that they are willing to grant independence. The only barrier standing in the way of this exercise of our right to self-determination remains the unfounded claim of Guatemala to sovereignty over Belize."

He learned with concern that in a recent statement, the representative of Guatemala had claimed that Belize was "an integral part" of the Republic of Guatemala and had expressed his Government's hope for a peaceful negotiated settlement of the problem, taking into account the interests of the people of Belize.

20. The Premier also went on to state:

"We specifically reject and deny that Belize is or has ever been a part of the Republic of Guatemala. The Guatemalan statement offends against the

principle of Belize whose interests are recognized in Article 73 itself to be paramount. The Government and the people of Belize wish to reiterate and claim their inalienable right to determine their own future and to achieve a full and complete independence from colonialism in any guise or from any source. No settlement of the dispute between Guatemala and the United Kingdom over Belize can take adequate account of the interests of the people of Belize if it fails to accept our unqualified right to independence. All claims to sovereignty over Belizean territory in derogation of full independence are obnoxious to the aspirations of Belizeans."

21. Finally, he asked the President

"... to take note of and record this solemn protest of the people of Belize against the unfounded claim voiced by the representative of the Republic of Guatemala to take over the territory of a peace-loving people who wish for no more than to live at peace with their neighbours and exercise their fundamental right of self-determination in accordance with the principles of the United Nations Charter."

#### E. Relations with other Commonwealth Caribbean countries

22. As noted in paragraph 14 above, the House of Representatives, on 31 March 1974, adopted a motion authorizing Belize's entry into CARICOM. An amendment proposed by the Leader of the Opposition which would have the Governor inform, consult and obtain the agreement of the National Assembly prior to the delegation of power for external affairs, was rejected. At a ceremony held in Castries, St. Lucia, on 17 April, Premier Price signed the Treaty under which Belize became a member of CARICOM on 1 May. The Governor authorized the Premier to do so under article 15 of the Belize Letters Patent, 1964 to 1974.

23. On 18 April, Mr. R. A. Fonseca, the Acting Governor, showed the Leader of the Opposition a copy of the instructions recently received from the United Kingdom Secretary of State for Foreign and Commonwealth Affairs. This action was in keeping with a promise made earlier by Governor Posnett, when UDP had protested against the amendment of the Letters Patent (see also paras. 10-13 above). Details of the instructions are summarized below.

24. In exercise of the powers conferred on the Governor by article 15 of the Letters Patent, the Acting Governor, acting in his discretion and with prior approval of the Secretary of State, may delegate to the Premier authority to sign the Treaty establishing CARICOM and to represent Belize in its organs and institutions subject to the following conditions:

(a) If Belize becomes a party to the Treaty, its voting powers in CARICOM's organs and institutions will be exercised in such a way as to ensure that, without the prior knowledge and approval of the United Kingdom Government, CARICOM does not enter into any treaty or other international engagement affecting the Territory; nor does it or any of its organs and institutions make any recommendation or decision to pursue a particular foreign policy.

(b) The Premier will give the Governor advance notice of any matters bearing upon the fulfilment of the aforesaid conditions so that the Governor may apprise the United Kingdom Secretary of State accordingly.



(c) The Premier will consult with the Governor before asking any other minister to perform any function within the scope of the responsibility hereby delegated to the Premier.

### 3. ECONOMIC CONDITIONS

#### A. General

25. 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 a rapid depletion of forest resources. Efforts to stimulate economic development have been primarily directed towards the expansion of agricultural production for export and local consumption, the development of commercial fishing and tourism and the encouragement of foreign investors to engage in manufacturing and other business activities.

26. In 1971, Belize's gross domestic product at factor cost was \$BH 88 million, e/ giving a per capita gross domestic product of \$BH 725. According to the administering Power, the figures for 1972 and 1973 are not yet available, but the general economic situation during these years was satisfactory. The agricultural sector continued to provide the main thrust for growth. Although this sector accounted for only 20.9 per cent of the gross domestic product in 1971, agricultural goods (processed and unprocessed) currently make up some 75.0 per cent of total domestic exports, sugar alone being responsible for approximately 55.0 per cent of this total.

27. The trade and commerce sector is the largest contributor to the gross domestic product (24.7 per cent in 1971), because of the importance of foreign trade in the economy. The third largest sector is manufacturing (11.6 per cent in 1971), and comprising mainly the processing of agricultural commodities. The government sector (10.5 per cent in 1971) does not reveal the true influence of the Government on the economy as it also controls such enterprises as civil aviation, harbours, electricity, posts and telegraphs and water.

28. The Territory also relies heavily on external sources for most of its capital development and on imports for the satisfaction of local requirements.

29. In his recent address (see para. 16 above), Premier Price said that, despite rising prices and worsening employment opportunities, the economic policies being pursued by the Government were sound. He drew particular attention to the progress being made in the agricultural and industrial fields and greater national participation in economic development.

#### B. Development plan

30. The recent growth of the economy has been largely dependent on the performance of the principal export, sugar. The Government anticipates that in the period

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e/ The monetary unit was the British Honduras dollar (\$BH) until the name of the Territory was changed to Belize in June 1973. Four Belizean dollars (\$BZE) equal approximately one pound sterling (£1).

1973-1976 covered by a development plan now being prepared, the policy of economic diversification will be more effective.

31. During 1973, the new plan was being redrafted and prepared in final form. The draft plan would provide for a total expenditure of approximately \$BZE 81 million, which would be financed partly by development grants, mostly from the United Kingdom and Canada (\$BZE 38 million); partly by loan funds, mostly from the Caribbean Development Bank (\$BZE 19 million); and partly by government revenue and local borrowings (\$BZE 24 million). The basic objectives of this plan would include: (a) intensified efforts to accelerate economic growth (see para. 25 above); (b) continued economic diversification; (c) greater control over the key economic sectors; (d) absolute reduction of the current balance-of-payments account deficit; and (e) increased employment opportunities. In order to achieve these objectives, the Government was taking steps further to develop its administrative capacity and infrastructure.

### C. Land, agriculture, livestock, forestry and fishing

32. The Territory's total land area of some 5,674,800 acres comprises Crown lands, 3,372,249 acres (mostly covered by forests); and land in private ownership, 2,302,551 acres, approximately 2,158,000 acres are suited to agriculture and 2,608,370 to forestry; the rest is unproductive swamp and mountainous areas. In 1973, only 10 per cent of arable land was cultivated or under pasture. Most of the land in private ownership (2,182,339 acres) is in the hands of aliens. As for Crown lands, the general policy is not to dispose of them in freehold until the applicant has carried out certain developments specified in the lease or in the temporary title deed. In December, the National Assembly passed the Alien's Land Holdings Ordinance to control the sale of lands to foreigners through the establishment of a licensing system. Under the Ordinance, an alien would be allowed to acquire or possess lands not exceeding, in the aggregate, one half of an acre in urban areas and 10 acres in rural areas.

33. After sugar, citrus is the most important export product. The production of these two export crops is typified by large, foreign-owned and managed estates. These crops have considerable potential for future expansion. The remaining agricultural activity is mainly at the subsistence level using traditional methods and with a rather low level of productivity. There are plans to expand exports of bananas, coconuts, honey, papaw, red kidney beans and rice, and to replace imports of corn, tobacco, fruits and vegetables. With the establishment of an abattoir and prospects of exporting beef, the cattle population (currently estimated at 44,000 head) is expected to increase at a steady pace. Timber production is no longer of such importance to the economy as it once was, but more recently the industry has made good progress. The Government has been seeking to improve commercial fishing through the enlargement of its research programme, the establishment of an effective system of fishermen co-operatives and the prevention of indiscriminate exploitation of lobsters (the most profitable marine export).

34. In 1973, 70,170 tons (203 tons more than in 1972) of sugar were produced. Exports of sugar and molasses amounted to \$BZE 22.3 million (\$BZE 16.9 million in the first nine months of 1972). Total output of citrus increased by 8 per cent to 1.4 million boxes; exports of processed products were valued at \$BZE 5.0 million

(\$BZE 3.2 million in the first nine months of 1972). The total export value of forest products was \$BZE 3.5 million (\$BZE 1.0 million in the first nine months of 1972). Other export commodities which increased were honey, rice and beef. The value of marine products exported decreased, however, by \$BZE 700,000 to \$BZE 2.7 million. On the domestic market, there was a modest expansion of red kidney beans and corn production.

#### D. Industries

35. With government assistance, manufacturing has been growing in importance in recent years. A number of small firms have already been established to produce a relatively wide range of consumer goods and building materials for the domestic market. Sugar refining and fruit canning predominate, among the manufacturing activities oriented for export.

36. In 1973, a new brewery and an oleo-resin plant came into existence. There was also a considerable expansion of three existing factories for making garments, rattan furniture and wooden products. A locally owned company was expected to be set up to manufacture flour and animal feed.

37. As part of its programme for industrial development, the Government has created a Development Finance Corporation (with a share capital of \$BZE 2 million), to which the Caribbean Development Bank granted a credit of \$BZE 232,000 in 1972 and 1973 to finance the establishment of industrial estates for small business. In addition, the Bank provided the Corporation with loans totalling \$US 300,000 for a small industry scheme.

38. As previously noted, f/ the Auschutz Overseas Corporation of the United States, one of the four companies holding licences for oil exploration in the Territory, announced in June 1973 that it had struck its first evidence of oil on the Melhado Farm, 48 miles from Belize City.

#### E. Transport and communications

39. Aviation is important to Belize because of an inadequate road and internal communications network. The Belize City International Airport is able to accommodate medium-sized jet aircraft and regular international flights take place; there are also a small number of small airstrips. In 1973, aircraft movements totalled 9,726 (8,666 in 1972), handling 93,704 passengers (67,157 in 1972). In 1973, following consideration of a study undertaken by a firm of consultants from the United Kingdom, the Government decided to extend airport facilities, a project which would be financed by funds, amounting to \$US 2.7 million, from Canada and the United Kingdom.

40. Belize City, the principal seaport, and Stann Creek, a second seaport, together handle about 1.3 million tons of cargo annually. The problem of the capital outlay needed to build a deep-water port for Belize City remains unresolved.

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f/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 23 (A/9023/Rev.1), vol. V, chap. XXVIII, annex, para. 36.

41. On 1 July 1971, the newly created Belize Telecommunication Authority assumed responsibility for the Territory's internal telephone system from Cable and Wireless (West Indies), Ltd. Since then, General Telephone and Electronics International has been given a five-year contract for the installation of a modern telecommunications network at a cost of \$BE 5.5 million. The project will result in the connexion of all district towns by a direct dialing system. Cable and Wireless (West Indies), Ltd. has the concession (expiring in 1981) for external telecommunications services.

#### F. Foreign trade

42. In recent years, there has been a steady expansion in the Territory's external trade, a large part of which is conducted with the United Kingdom and the United States. Belize specializes in the production of a few agricultural commodities for export and depends heavily on imports of certain food-stuffs and other goods. The value of imports has always exceeded that of exports. The balance-of-payments deficit is considered likely to remain large for some time to come. The Government has emphasized the need to reduce the deficit to a level which might reasonably be covered by the amount of capital inflows and to increase savings to help the economic development. This situation was taken into account in the preparation of the new development plan for 1973-1976 (see paras. 30-31 above). Trade statistics for 1972 and 1973, although incomplete, show no change from the features described above.

43. As a result of its entry into CARICOM on 1 May 1974 (see para. 22 above), Belize expects its relations with the other CARICOM members to be strengthened and broadened. It has also agreed with other CARICOM members to adopt a common approach on economic relations with non-member States and international organizations, including, in particular, the European Economic Community (EEC), of which the United Kingdom is a member. The outcome of negotiations between CARICOM and EEC on this matter will have a significant effect on Belize's trade position. The present arrangements for trade with the United Kingdom (including tariff preferences and special arrangements for certain commodities such as sugar, bananas and citrus) will remain unchanged until 1975, however, when new arrangements will have to be negotiated. An additional important development in June 1974 was the refusal by the United States Senate to extend legislation concerning the existing system of guaranteed quotas and prices to the world's sugar-producing countries (including Belize). The effect of this action on the Territory's sugar industry will be felt when the current quotas expire in 1975.

#### G. Public finance

44. The budget estimates for 1974 envisage an expenditure of \$BZE 38.4 million (\$BZE 33.3 million in the previous year), of which \$BZE 21.7 million is on recurrent and \$BZE 16.7 million on capital account. Finance for this spending is expected to be met as follows: territorial revenue, \$BZE 23.6 million; loans, \$BZE 2.5 million; and development aid, \$BZE 12.3 million.

45. In co-operation with the United Nations Development Programme (UNDP), the Government of Belize, drew up a country programme for the Territory for the period 1973-1976, on the basis of the UNDP indicative planning figure. The figure for the period 1972-1976, as approved by the Governing Council of UNDP, is

\$US 1 million. In view of the expenditure already incurred by UNDP in 1972, however, the amount available for the period 1973-1976 is \$US 925,600.

#### 4. SOCIAL CONDITIONS

##### A. Labour

46. As noted in paragraph 29, above, Premier Price recognized in late 1973 that employment opportunities in the Territory were diminishing. An economic study published by the Caribbean Development Bank in April 1974 found that some 8,380 persons were unemployed out of a labour force of 41,900, representing an increase of at least 6 per cent over the unemployment rate in January 1972.

47. According to the administering Power, the growth of the population is outstripping that of employment opportunities. School leavers make up a large proportion of the unemployed. The unemployment rate for unskilled workers is very high, but there is still an annual shortage of workers in the agricultural and construction industries. As a result, migrants from the neighbouring countries furnish part of the labour supply of the two industries. On the other hand, many Belizeans (including skilled workers) have been leaving the Territory to seek more lucrative employment abroad, especially in the United States. There is also considerable unemployment, particularly among waterfront workers in Belize City and Stann Creek Town and timber industry workers in the Orange Walk and Cayo districts. These workers are generally reluctant to accept any other type of employment when their particular choice is not available.

48. Bearing this labour situation in mind, the Government has been stressing the importance of broadening employment opportunities in the draft development plan for 1973-1976 (see para. 31 above). Among the measures contemplated is the raising of the level of skills by continuing to reform the educational system to meet the needs of the Territory, with special reference to agricultural education.

##### B. Public health

49. In 1973, expenditure on public health totalled \$BZE 2.3 million, about the same as in the previous year. During this period, medical facilities were expanded, mainly by the opening of a government hospital in Belmopan and the commencement of construction on Orange Walk Town Hospital, bringing the total number of general hospitals to three, with 419 beds. The other principal government and private medical institutions comprised seven cottage hospitals (218 beds) and 23 dispensaries exclusively for out-patients. In addition, the Territory had 26 maternity and child welfare clinics, a mental institution, a tuberculosis sanatorium, a specialist clinic for venereal diseases, a unit for other illnesses and three mobile units. There were 24 government and 17 private registered physicians. There were also 175 nurses, of whom 89 (including 78 employed by the Government) were trained and 86 (including 71 employed by the Government) partially trained.

50. According to the information supplied by the Government of Belize to UNDP (DP/GC/BZE/R.1), there are seven government hospitals - one in Belmopan and one in each of the six districts. The only fully equipped general hospital in the

Territory is the one in Belize City, although the new hospital in Belmopan is very well equipped but suffers from staffing problems. Medical attention in the government hospitals is not usually free, but fees are related to income. Gastro-enteric diseases are the cause of 50 per cent of the illnesses in Belize and about 11 per cent of deaths, mainly because of the poor sanitation facilities. Therefore, there is high hospital and out-patient demand for treatment for these diseases as well as those resulting from nutritional deficiency. The importance of malaria in mortality statistics has diminished since the start in 1957 of a malaria eradication programme with assistance from the World Health Organization (WHO) and the United Nations Children's Fund (UNICEF).

51. A programme is under way, again with assistance from those specialized agencies, to improve the general health standards and extend coverage to the entire population. Another programme to improve both preventive and curative medicine in the rural communities is also being carried out. The Government plans to continue improving and expanding health and sanitation services.

## 5. EDUCATIONAL CONDITIONS

52. Recurrent expenditure on education in 1973 amounted to \$BZE 3.85 million, (\$BZE 3.21 million in 1972). Education is compulsory for children between the ages of 6 and 14.

53. In 1973, as in 1972, there were 9 government and 162 government-aided primary schools providing free education to 32,508 pupils (31,116 in 1972). In addition, 1,600 children (1,050 in 1972) attended private fee-paying primary schools. Although the primary school overcrowding continues to be a problem, the quality of education is improving steadily as more Belizean teachers were trained locally and abroad.

54. The majority of secondary school pupils take a four- or five-year 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 1973, 5,170 students (4,831 in 1972) were enrolled in 22 secondary schools (same as in 1972) and were served by 296 teachers (317 in 1972). Of these schools, four were run by the Government (at two of which tuition was free), 16 by missions and the remaining two by private persons. The secondary school students included 355 government scholarship holders (358 in 1972). The Belize Technical College, one of four government institutions, had 365 pupils (264 in 1972). The Government is emphasizing accelerated development of secondary education by: (a) increasing the number of places; and (b) diversifying curricula to meet more fully the varied needs, aptitudes and interests of students at secondary level.

55. Belize Teachers' College had a total enrolment of 120 in 1973 (118 in 1972). No institutions of higher education exist in the Territory, but extramural courses are available through the University of the West Indies. Opportunities are provided to suitably qualified students (including a number of teacher-training scholarships) to attend universities and other institutions overseas. In 1973, 224 Belizeans (220 in 1972) were following university courses on scholarships.

CHAPTER XXVIII

(A/9623/Add.6 (Part II))

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

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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 981st meeting on 5 September 1974.

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 3163 (XXVIII) of 14 December 1973 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 General Assembly resolutions 1514 (XV) and 2621 (XXV) 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 twenty-ninth session". The Committee also took into account the decision taken by the General Assembly on 14 December 1973 concerning the Territories. 1/

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 the latest developments concerning the Territories.

B. DECISION OF THE SPECIAL COMMITTEE

4. At its 981st meeting, on 5 September, following a statement by the Chairman (A/AC.109/PV.981), 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 twenty-ninth session, to consider the item at its next session.

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1/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 30 (A/9030), "Other decisions" (item 23), p. 111.

ANNEX

WORKING PAPER PREPARED BY THE SECRETARIAT

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\* Previously issued under the symbol A/AC.109/L.977.



1. GENERAL a/

A. Political developments

Introduction

1. Following the dissolution of the Federation of the West Indies in 1962 and subsequent negotiations about the status of the individual Caribbean Territories, the Government of the United Kingdom of Great Britain and Northern Ireland proposed in 1965 a new constitutional status for six Territories, namely Antigua, Dominica, Grenada, St. Kitts-Nevis-Anguilla, St. Lucia and St. Vincent. Under the proposals, which were subsequently materialized in 1967 (in the case of Antigua, Dominica, Grenada, St. Kitts-Nevis-Anguilla and St. Lucia) and in 1969 (in the case of St. Vincent), each Territory became a "State in association with the United Kingdom", with control of its internal affairs and the right to amend its own Constitution, including the power to terminate this association with the United Kingdom and eventually to declare itself independent; the Government of the United Kingdom retained powers relating to the external affairs and defence of the Territories. Grenada attained independence upon the termination of its associated status on 7 February 1974. As a result, there remain only five Associated States.

2. The positions previously taken by the United Kingdom and the General Assembly regarding the associated status of the Territories are described in the last report of the Special Committee. b/

Regional unification

3. It will be recalled c/ that in 1971, the premiers of Dominica, Grenada, St. Kitts-Nevis-Anguilla, St. Lucia and St. Vincent, as well as the Prime Minister of Guyana signed an agreement, known as the Grenada Declaration, outlining a plan for the political union of their countries. However, subsequent developments which have been described in previous reports prevented the realization of this objective.

4. The possibility of forming a political union among the non-independent Commonwealth Territories in the Caribbean was considered in January 1974 at a meeting of the West Indian Associated States Council of Ministers. On the basis of a decision by the Council, Mr. J. F. Mitchell, the Premier of St. Vincent, who had been chairman of the meeting, announced on 19 May that on his recommendation the Governor of St. Vincent had appointed a Commission to make a detailed investigation of the

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

b/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 23 (A/9023/Rev.1), vol. V, chap. XXVI, annex, paras. 5-6.

c/ Ibid., paras. 7-18.

possibility of eventually creating such a union and to review the constitutional status of the Associated States and Montserrat (formerly a member of the dissolved Federation of the West Indies) as the first stage. The Commission was also asked to examine: (a) the problem of small States in the international community, bearing in mind the issue of their financial and economic viability; (b) the worsening terms of trade between developed and developing countries, with special reference to the less developed countries in the Caribbean; (c) the current deterioration of the latter's balance of payments position related to higher oil prices; and (d) the cost of administration in the context of the political structure in the Associated States and Montserrat individually and collectively. The Commission consisted of Sir Hugh Wooding, a former Chief Justice of Trinidad and Tobago, as its Chairman and six other members (two each from Dominica and St. Lucia and one each from Grenada and St. Vincent).

5. In making that announcement, Mr. Mitchell said that St. Kitts-Nevis-Anguilla, St. Lucia and St. Vincent had undertaken to participate, while Grenada and Montserrat had indicated that they were only interested in the economic study. Towards the end of May, it was reported that Antigua's participation would appear to be doubtful. Mr. Edward Oliver LeBlanc, Premier of Dominica, was reported to have declared that "constitutional advance can only be successfully made if firmly based on the wishes of the people", and that he was "unable to say there is any such desire or wish coming from the people of Dominica now". He, therefore, expressed reluctance to give support at this time to the proposals for political unification of the Associated States. Subsequently, the opposition Dominica Freedom Party (DFP) issued a statement rejecting Mr. LeBlanc's declaration on the ground that he had not submitted these proposals to the local people for approval. Believing that "the ultimate political well-being of the region rests in a satisfactorily designed union", the party pledged its support towards such an end.

6. On 17 April 1974, six members of the Caribbean Free Trade Association (CARIFTA) d/ signed the Treaty establishing the Caribbean Community (CARICOM), embracing the Caribbean Common Market in Castries, St. Lucia, as the four independent States e/ in the Commonwealth Caribbean had done at Chaguaramas, Trinidad and Tobago, on 4 July 1973 (see below). At a special meeting of regional Governments held in Castries on 18 April 1974, Mr. John Compton, St. Lucia's Premier, said that the movement towards regional integration over the past five years had given rise to hope for the establishment of a Caribbean nation before the end of the decade. On 1 May, when the six members of CARIFTA became contracting parties to the Treaty, the Secretary-General of CARICOM reiterated his conviction that there was a need for political integration among both the more developed and the less developed countries of the English-speaking Caribbean. This, he added, could be best pursued within the wider framework of a community which would expand to include the non-English-speaking countries of the Caribbean.

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d/ Belize, Dominica, Grenada, Montserrat, St. Lucia and St. Vincent.

e/ Barbados, Guyana, Jamaica and Trinidad and Tobago.

7. As previously noted, f/ the heads of delegations of all the members of CARIFTA except Antigua and Montserrat to the Eighth Conference of Heads of Government of Commonwealth Caribbean Countries held in Georgetown, Guyana, during April 1973 signed the Georgetown Accord. According to the Accord, its signatories, among other things, recognized that over the past five years CARIFTA had laid the foundation for further progress in regional integration; were convinced that closer economic integration among Member States would contribute to the creation of a viable economic community of the Commonwealth Caribbean countries; were committed to ever-widening programmes of functional co-operation and common services; and reaffirmed the commitment progressively to advance the self-determination of all the peoples of the Caribbean. The Accord set out the time-table for the establishment by a Treaty of CARICOM between the four independent States and accession to membership of six other countries. g/ All signatory Governments noted the declared intention of the Governments of Antigua and Montserrat to give urgent consideration to joining in the Accord.

8. The Treaty establishing CARICOM was signed by the four independent States at Chaguaramas, Trinidad and Tobago, on 4 July 1973. CARICOM was officially brought into operation on 1 August. After signing the Accord on 10 December, Montserrat joined with five other members of CARIFTA h/ in signing the Treaty of Chaguaramas in Castries, St. Lucia, on 17 April 1974. By doing so, these countries became Member States of CARICOM on 1 May. St. Kitts-Nevis-Anguilla, another member of CARIFTA, did not sign the Treaty. Its Premier explained that in a letter recently received from the United Kingdom Government, he had been advised not to do so "for the time being" on behalf of Anguilla. i/ However, he asked the Member States of CARICOM to try to find a way to include his country in it without formal membership. In response to this request, the signatories of the Treaty passed a resolution announcing their intention to maintain closest possible economic relations with St. Kitts-Nevis-Anguilla until the Territory could join CARICOM. Later, Mr. Richard F. Gillett, the deputy representative of the United Kingdom Government for the Associated States, was reported to have said that his Government had no wish to put any obstacles in the way of any of those States joining CARICOM. He added that in the view of his Government, "it is politically necessary to make a reservation that the Treaty shall not extend to Anguilla for the time being", and that "this does not do anything more than recognize the de facto position of Anguilla as it has been for the past three years, that is, under a separate administration".

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f/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 23 (A/9023/Rev.1), vol. V, chap. XXVI, annex, paras. 19-40.

g/ Belize, Dominica, Grenada, St. Kitts-Nevis-Anguilla, St. Lucia and St. Vincent.

h/ Belize, Dominica, Grenada, St. Lucia and St. Vincent.

i/ Under the terms of the Anguilla Act, 1971, the United Kingdom Government resumed direct responsibility for the affairs of Anguilla.

9. The signing ceremony was also attended by representatives of other countries having close relations with the signatories of the Treaty and by representatives of several regional and international institutions. A number of non-English-speaking countries were represented.

10. Nevertheless, Antigua did not send a representative. The question of its accession to the Treaty was discussed by the Common Market Council of CARICOM (see below) at a meeting held towards the end of April. Until then, Antigua had argued that it had not benefited to any extent from membership in CARIFTA and could not enter into CARICOM without reservations. In the course of the discussion, Mr. P. J. Patterson, Chairman of the meeting (also Jamaica's Minister of Industry, Commerce and Tourism), drew attention to a letter which he had received from the Antiguan Government, formally requesting the Council to make a recommendation on its behalf as "the country was not yet in a position to sign the Treaty". But at the same time, that Government stated in the letter that it was reviewing certain considerations and would be able to make a positive statement at an early date. The Council therefore agreed to recommend to Member States that arrangements be instituted to permit them to continue the CARIFTA relationship with Antigua for a period of three months commencing on 1 May. In making the recommendation, the Council expressed appreciation of the Antiguan Government's commitment to Caribbean economic integration and reaffirmed its desire to have that Territory participate in the movement. This desire was complied with on 4 July.

11. At the same meeting, the non-participation of St. Kitts-Nevis-Anguilla in CARICOM also formed a subject of discussion. Having expressed concern over this matter, the Council agreed that it was of extreme importance to the continued progress of the Caribbean integration movement that that Associated State should fully participate in the arrangements contemplated by the Treaty, having been satisfied as to the constitutional integrity of that State. The Council recommended as a matter of urgency that to enable St. Kitts-Nevis-Anguilla to become a contracting party to the Treaty before 1 May, that State sign and ratify it on the same terms and conditions as the other Associated States in time.

12. On the eve of the Castries signing ceremony, the Community Secretariat indicated that although the Bahamas would not be represented, it was nevertheless expected to become a Member State of CARICOM only - not the Common Market - by 1 May, and was conducting a study of the implications.

13. Following is a summary of the main provisions of the Treaty (see paras. 23-35 below for provisions relating to the Common Market as contained in the annex to the Treaty).

#### Principles

14. The Treaty provides for the establishment by the contracting parties of CARICOM. Its membership is open to the above-mentioned 13 States and any other State of the Caribbean region that is, in the opinion of the Conference of Heads of Government, able and willing to exercise the rights and assume the obligations

of membership under the terms of the Treaty. The Governments of those States signing and ratifying the Treaty are Member States of CARICOM. Of these 13 States, Barbados, Guyana, Jamaica, Trinidad and Tobago are designated More Developed Countries (MDCs), and the remainder, other than the Bahamas, are designated Less Developed Countries (LDCs) until such time as the Conference otherwise determines.

15. CARICOM has as its objectives:

(a) The economic integration of the Member States by the establishment of a common market in accordance with the provisions of the Annex to the Treaty with the following aims:

- (i) The strengthening, co-ordination and regulation of the economic and trade relations among Member States;
  - (ii) The sustained expansion and continuing integration of economic activities, the benefits of which will be equitably shared, taking into account the need to provide special opportunities for the LDCs;
  - (iii) The achievement of a greater measure of economic independence and effectiveness of its Member States in dealing with states, groups of states and entities of whatever description;
- (b) The co-ordination of the foreign policies of Member States; and
- (c) Functional co-operation, including:
- (i) The efficient operation of certain common services and activities;
  - (ii) The promotion of greater understanding among its peoples and the advancement of their social, cultural and technological development;
  - (iii) Activities in the fields specified in the Treaty.

#### Organs and institutions

16. CARICOM has two principal organs - the Conference and the Common Market Council established under the Annex to the Treaty.

17. The Conference, consisting of the Heads of Government of Member States, has the primary responsibility for the determination of the policy of CARICOM. The Conference may establish institutions of CARICOM in addition to those set out below, as it deems fit for the achievement of the objectives of CARICOM. It may also issue directions as to the policy to be pursued by the Council and the institutions of CARICOM. The Conference is the final authority for the conclusion of treaties on behalf of CARICOM and for entering into relationships between CARICOM and international organizations and states. A decision taken by the Conference, but not its recommendation, is binding upon each Member State.

18. Institutions of CARICOM include the Conference of Ministers responsible for health and the standing committees dealing with agriculture, education, finance, foreign affairs, labour and mines and comprising ministers concerned. Each Member State designates a minister of Government as its representative on each such institution. The Conference may set up any other institution and determine its composition. Subject to the general directions of the Conference, the institutions may formulate policies and perform functions within their respective spheres of competence, and may create such subsidiary bodies as they consider necessary. Their recommendations have no binding force. A number of institutions such as the Caribbean Development Bank, the Caribbean Investment Corporation, the West Indies Associated States Council of Ministers and the East Caribbean Common Market Council of Ministers are recognized as associate institutions of CARICOM. They may establish such relationships with CARICOM as will promote the achievement of its objectives.

19. The Commonwealth Caribbean Regional Secretariat is recognized as the Community Secretariat. It is the principal administrative organ of CARICOM with headquarters located in Georgetown, Guyana, and with a Secretary-General appointed by the Conference as the chief administrative officer. Each Member State undertakes to respect the exclusively international character of the responsibilities of the Secretary-General and his staff. The functions of the Secretariat are purely administrative and technical in scope.

#### Co-ordination and functional co-operation

20. Provision is made for the establishment of a Standing Committee of Ministers responsible for Foreign Affairs, with the power to make recommendations to Governments of Member States represented thereon. Only Member States possessing the necessary competence with respect to the matters under consideration from time to time may take part in the deliberations of the Committee. Where after the coming into force of the Treaty a Member State achieves full sovereign status, such State has the right to elect whether it wishes to be bound by these provisions. In furtherance of the objectives of CARICOM, Member States undertake to make every effort to co-operate in the following fields: shipping, air transport, meteorological services and hurricane insurance, health, intraregional technical assistance, intraregional public service arrangements, education and training, broadcasting and information, culture, harmonization of the law and legal systems of Member States, position of women in Caribbean society, travel within the region, labour administration and industrial relations, technological and scientific research, social security and such other common services and areas of functional co-operation as may be determined by the Conference.

#### General and final provisions

21. CARICOM has full juridical personality. After the coming into operation of the Treaty on 1 August 1973, its amendment will be effected by a decision of the Conference, save as otherwise provided for in the Annex. However, no such

amendments may be made prior to 1 May 1974. Any Member State may withdraw from CARICOM by giving twelve months' notice in writing. Provision is also made for associate membership. All the provisions relating to the Common Market are contained in one section of the Treaty - the Common Market Annex.

First meeting of the Conference of Heads of Governments of CARICOM

22. The first meeting of the Conference of Heads of Government of CARICOM was held in Castries, St. Lucia, from 15 to 18 July 1974 and was attended by representatives of 11 Member States of CARICOM and 2 other Commonwealth Caribbean countries (St. Kitts-Nevis-Anguilla and the Bahamas). According to the communiqué issued by the Community secretariat, discussions at the meeting were devoted to a wide range of topics relating to the internal operations of CARICOM and its relations with the outside world. Those decisions taken by the Conference concerning certain economic and trade matters affecting the Caribbean Common Market are described later in this paper (see paras. 41-42 below). A summary of other decisions follows.

23. The Conference:

(a) Adopted resolutions on the territorial integrity of Belize and St. Kitts-Nevis-Anguilla, and gave consideration to the latter's participation in CARICOM (for further information, see paras. 41-42 below);

(b) Took the opportunity of clarifying the position of the Bahamas, involving its possible adherence to the Treaty of Chaguaramas without participating in the Common Market;

(c) Noted an application made by the Government of Haiti for membership in CARICOM and referred the application to the Secretariat for study;

(d) Appointed Mr. Alister McIntyre, currently Director of the Institute of Social and Economic Research at Mona, Jamaica as the new Secretary-General as of 1 September 1974, when his predecessor, Mr. William Demas, will assume his duty as the President of the Caribbean Development Bank;

(e) Considered the manner in which the Caribbean Development Bank could more fully realize its purpose of contributing to the harmonious economic growth of Member States and agreed on proposals which the latter will submit to the Board of Governors of the Bank for consideration;

(f) Agreed to accord the Caribbean Assembly of Youth consultative status with CARICOM;

(g) Decided to create two new standing committees of Ministers responsible for industry and transport;

(h) Agreed, in principle, to set up a Caribbean School of Navigation to be located in one of the LDCs;

(i) Called for the early establishment of a Caribbean News Agency and a programme of regional library development;

(j) Decided to permit nationals of Member States to travel on a regional travel document, to adopt a common immigration card for use by these nationals travelling within the region, and to approve and implement the principle of dual nationality between Member States, a matter on which the delegation of Trinidad and Tobago abstained because its Constitution is currently under review;

(k) Agreed that Caribbean Community Day should be observed on 4 July with effect from 1975 and that the Secretariat should seek professional assistance in designing a Community emblem;

(l) Agreed on regional collaboration regarding the Commonwealth Prime Ministers' Conference which will take place in Jamaica during April/May 1975;

(m) Endorsed the proposal for a meeting to be held preferably by independent Member States of CARICOM with Presidents and Prime Ministers of Latin America.

#### B. Economic developments

##### Common Market annex

24. An outline of the Common Market Annex is set out below.

##### Principles

25. Provision is made for the establishment of the Common Market, whose membership is open to the above-mentioned 13 States except the Bahamas and any other State of the Caribbean region if it fulfils such terms and conditions as the Conference may determine. These 12 States, the Governments of which are parties to the Treaty, will become members of the Common Market. Its objectives are the same as those set out in paragraph 15 (a) above.

##### Organs

26. The Council named in paragraph 16 above is the principal organ of the Common Market. Its responsibilities include: (a) exercising such powers and performing such duties as are conferred or imposed upon it by the annex; (b) ensuring the efficient operation and development of the Common Market; (c) keeping the annex under constant review with a view to making proposals to the Conference for the progressive development of the Common Market;



(d) receiving and considering references alleging breaches of any obligations arising under the annex and deciding thereon; and (e) submitting to the Conference proposals for facilitating the establishment of closer economic and commercial links with other States, association of States or international organizations. The Council may create such committees and other bodies as it deems necessary to perform its functions. Its decisions are binding upon each member State to which they are directed, but its recommendations have no binding force.

27. The secretariat referred to in paragraph 19 above is responsible for the administrative functions of the Common Market. In the annex, procedures are set out for the settlement of any dispute within the Common Market by the Council or an ad hoc tribunal consisting of arbitrators selected from among the jurists nominated by the member States.

#### Trade liberalization

28. The main provisions regarding the promotion of trade liberalization within the Common Market are summarized below:

(a) Goods meeting one of the following three conditions are said to be of Common Market origin:

- (i) The commodity must not contain any raw materials imported from non-member States;
- (ii) Such materials used in its manufacture must not exceed in value more than 50 per cent of the export price of the commodity (60 per cent in the case of LDCs);
- (iii) Goods must have been produced within the Common Market by a specified process described in a list of processes to be established by the Council's decision (in the compilation of the list, the special needs of LDCs will be taken into account);

(b) Member States are required to remove import duties on all imported goods of Common Market origin subject to certain conditions. Special arrangements are made for the progressive elimination by LDCs within 10 years from 1 May 1973 of the following:

- (i) Import duties on 35 specified items;
- (ii) Protective revenue duty applied to imported goods;

(c) Member States are required to remove duties on the exportation of goods to other member States. However, there are exemptions in respect of a specified list of commodities set out in the annex;

(d) Except where otherwise provided in the annex, member States are required

to remove quantitative restrictions (basically import licensing or quota requirements) on the import of goods of Common Market origin and exports to any other member State;

(e) Certain types of government aids, by subsidizing the operations of export industries, could considerably strengthen their competitive position against industries in other member States. To prevent such a situation developing, it is provided that goods receiving such aid may be denied the benefits of free trade under the Treaty. An exception is made for exports from LDCs to MDCs excluding such exports to Barbados;

(f) Member States are required to ensure the elimination in the practices of public undertaking, of the following:

- (i) Measures which afford protection of domestic production which would be inconsistent with the annex if achieved by means of duties or quantitative restrictions or government aid (this part of the clause being not applicable to LDCs);
- (ii) Trade discrimination on grounds of territorial origin in so far as it frustrates the benefits expected from such removal of duties and quantitative restrictions as is required by the annex. An exception is made, however, for trade in agricultural products until a Common Market policy concerning production and marketing (including subsidies) of these products has been agreed upon;

(g) The annex makes provisions for the prevention of restrictive business or dumping practices and for the harmonization of laws and practices with respect to trademarks, patents, standards, labelling, etc.;

(h) A member State may continue to pursue a policy of granting protection to domestic industries before the end of the periods specified under prior agreements with the manufacturers concerned, but is required to take all reasonable steps open to it to come into line with the provisions of the annex. For limited periods, member States may impose quantitative restrictions in order to deal with deficits in their balance of payments or difficulties in particular industries. They may also do so for a number of special reasons, including the protection of public morals, the prevention of disorder or crime, the protection of human, animal or plant life and the need to protect or relieve critical shortages of food-stuffs or to preserve exhaustible natural resources.

#### Common protective policy

29. Member States agree to establish and maintain a common external tariff in respect of all commodities imported from third countries in accordance with a plan and schedule to be adopted on the entry into force of the annex. However, such a tariff will not be implemented immediately and in the case of the LDCs, all of them except Belize and Montserrat will be free to continue until 1 August 1977 to

apply the customs tariffs under the East Caribbean Common Market Agreement. Belize and Montserrat are free to continue applying their existing tariffs, but are required to progressively phase them. Montserrat is required to introduce the common external tariff not later than 1 August 1981. The MDCs are expected to implement this tariff at the end of a period of three years from its entry into force.

30. During the period of 1981, member States undertake to pursue policies concerning quantitative restrictions on imports from third countries as would facilitate the implementation of a common policy for the protection of industries in the region as soon as practicable after this transitional period. Member States are obliged to seek progressively to co-ordinate their trade relations with third countries or groups of third countries.

#### Establishment, services and movement of capital

31. Each member State recognizes that restrictions on the establishment and operation of economic enterprises therein by nationals of other member States should not be applied, through accord to such persons of treatment which is less favourable than accorded in such matters to nationals of that member State. Nothing in the annex is to prevent the adoption and enforcement by a member State of measures for the control of entry, residence, activity and departure of persons where such measures are justified by reasons of public order, public health or morality or national security of that member State.

32. Each member State agrees as far as practicable to extend to persons belonging to other member States preferential treatment over persons belonging to States outside the Common Market with regard to the provision of services. The term "services" means services for remuneration, provided that they are not governed by provisions relating to trade and the right of establishment or movement of capital.

33. The annex provides that the Council should examine ways and means of introducing a scheme for the regulated movement of capital within the Common Market, giving particular attention to the development needs of the LDCs.

#### Co-ordination of economic policies and development planning

34. Member States intend to pursue their economic and financial policies in a manner which serves to promote the objectives of the Common Market. To this end, they agree to: (a) co-ordinate their economic policies and statistical services in areas affecting the operation of the Common Market; (b) adopt a joint approach on the question of representation in international economic and financial forums; (c) harmonize such legislation and practices as directly affect fiscal incentives to industry, with special reference to the needs of the LDCs; (d) establish régimes for the harmonization of fiscal incentives to agriculture and tourism with appropriate differentials in favour of the LDCs; (e) approach their negotiations

for double taxation agreements with third countries and adopt a similar intraregional agreement with a view to encouraging the regulated movement of capital particularly to the LDCs; (f) harmonize monetary, payments and exchange rate policies; and (g) keep under review the question of ownership and control of regional resources with the aim of increasing the extent of national participation in the economies and working towards the adoption, as far as possible, of a common policy on foreign investment.

35. Additionally, the annex provides for: (a) the preparation of a long-term perspective plan for the Common Market; (b) regular consultations among member States in drawing up their medium-term operational development plans; (c) a process of industrial programming within a regional perspective, designed to accelerate the rate of industrial growth and achieve the equitable distribution of the benefits of industrialization, paying particular attention to the need to locate more industries in the LDCs; (d) the adoption of a policy aimed at developing joint projects for the increased utilization of natural resources of the region and the making of arrangements for collaboration in promoting research and the exchange of information; (e) the establishment of a scheme for the rationalization of agricultural production within the Common Market with a view to encouraging complementarity in national agricultural programmes and providing special opportunities for agricultural development in the LDCs; and (f) the taking of joint action in the exporting of non-traditional agricultural commodities to third countries and in the production of such commodities in a more efficient way, with special attention to the need for increasing production in the LDCs.

#### Special régime for the LDCs

36. The annex provides a series of measures specifically designed to further the development of the LDCs and to reduce the disparities between them and the MDCs. Apart from those described above, the following measures are provided:

(a) With the approval of the Council, the LDCs may introduce tariffs or quantitative restrictions on imports from the MDCs in order to encourage the development of an industry in any one of the LDCs. The latter have the right of access to the markets of the MDCs, except Barbados which may take similar action on the like description of imports from the LDCs.

(b) The MDCs agree to encourage the flow of investment capital to the LDCs and also to provide opportunities for the use of their technological and research facilities by the LDCs.

(c) The Council will review annually the need to strengthen the existing mechanisms or to introduce new ones to provide greater benefits to the LDCs.

#### General and final provisions

37. As in the case of CARICOM, the Common Market is endowed with international

juridical personality. Except where the annex provides otherwise, amendments thereto will come into force when they have been approved by the Council and ratified by all member States. The conditions relating to the withdrawal of member States from the Common Market are the same as those applicable to withdrawal from CARICOM as stated above. Provision is also made for associate membership. On entry into force of the annex, the CARIFTA Agreement will be superseded by the provisions of the annex as between the parties to whom these provisions apply.

#### Implementation of the annex

38. Some of the provisions of the annex have already been implemented. These have included: (a) a separate regional agreement on fiscal harmonization whereby the LDCs are free to offer more favourable terms to investors from the MDCs; (b) a double taxation scheme between the two groups; (c) arrangements for the marketing of certain selected agricultural commodities (including oil and fat products); (d) an agreement for the formation of the Caribbean Investment Corporation <sup>j/</sup> to promote the establishment of industries in the LDCs; (e) equalization of the revenue duties by all member States except that the LDCs would have 10 years (up to 1983) to comply in the case of the rum industry; (f) adoption of a common approach on economic relations with non-member States and international organizations (including, in particular, the European Economic Community (EEC)); and (g) the dissolution of CARIFTA.

39. At its final meeting held in late April 1974, the CARIFTA Council of Ministers emphasized that the transformation of CARIFTA into the Caribbean Common Market provided an opportunity to ensure closer regional co-operation over an increasing range of economic activities. It also endorsed the view expressed by Mr. Patterson, Chairman of the meeting, that "the new realities of today demand that we pool our human and natural resources" and that "we have got to work towards maximizing the benefits that are to be derived from the region" and maintaining "a common unity with the external bodies with which we deal". Later, at its first meeting, the Common Market Council agreed that the region must now work assiduously to develop an export market and also to establish viable agro-industrial processes in the LDCs so as to enable them to participate meaningfully in CARICOM and the Common Market.

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<sup>j/</sup> The Corporation aims to provide industrialists in the LDCs with loans and equity capital in amounts ranging from \$EC 20,000 to \$EC 200,000. One pound sterling (£) is equivalent to 4.80 East Caribbean dollars (\$EC).

40. During June, it was announced that the Governing Council of the United Nations Development Programme (UNDP) had approved a project for agricultural development in seven LDCs (the five associated States, Grenada and Montserrat). In doing so, the Council had recognized that in the Caribbean region, farming would probably remain the key economic activity, and that its progress would help strengthen any further efforts towards regional economic integration. The project is scheduled for completion in March 1975 at a total estimated cost of \$US 275,703, of which \$US 149,550 will be met by UNDP and \$US 126,153 by the Governments of these countries. The long-term objective of the project is to establish the basic framework for the subsequent large-scale project originally envisaged to assist the Governments concerned to stimulate agricultural development and trade. The immediate objectives are to: (a) identify the resources available in these countries; (b) initiate studies and research in selected areas; (c) locate the site or sites for the large-scale follow-up project; and (d) plan for technical assistance required for the follow-up phase.

41. At a meeting held in Castries, St. Lucia, on 12 and 13 July, the Common Market Council discussed industrial development, intraregional trade and external economic relations. After considering these and other matters at its first meeting from 15 to 18 July, the Conference of Heads of Government of the Caribbean Community decided to create a standing committee of Ministers responsible for industry (see para. 23 (g) above). This new institution will have as its prime responsibility the formulation and implementation of industrial development programmes for the Caribbean region. Moreover, the Conference took up the question of making proper arrangements for commodities entering into regional trade and decided to refer the matter to the Community Secretariat for further study. Regarding national, regional and foreign investment and the development of technology in the Common Market, the Conference agreed to refer these matters to a working party for consideration. The Conference also agreed in principle on the development of regional agricultural projects as an instrument for achieving greater rationalization of agriculture, as well as on the reorganization of the regional research centre to enable it to play a more meaningful role in national and regional programmes of agricultural development. As for the proposed regional commission on prices and standards, it was agreed to study this proposal further.

42. The Conference made two important decisions on external economic relations. First, it endorsed the proposal for the establishment of formal relations between the Community Secretariat and the Secretariats of the Central American Common Market (Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua) and the Andean Common Market (Bolivia, Chile, Colombia, Ecuador, Peru and Venezuela). Secondly, it reaffirmed its commitment to a joint approach within the African, Caribbean and Pacific (ACP) Group on economic relations with EEC. In this connexion, it noted the offer by EEC to provide free access for manufactured and semi-manufactured goods and expressed concern that the offer would be of little practical value unless the rules of origin determining whether the goods would qualify for preferential access were considerably relaxed. The position regarding bananas and sugar was discussed and approaches were agreed upon with a view to maintaining, through the negotiating framework, continued access for these commodities to the markets of EEC, on the most favourable terms.

## 2. ANTIGUA

### A. General

43. At the last census, taken in April 1970, the population of the Territory numbered 70,000, almost entirely of African and mixed descent. In 1973, the population was estimated to be 72,000, of whom over 1,000 were on Barbuda, the Territory's principal dependency. In addition, many Antiguan were living overseas, including 2,645 employed in the United States Virgin Islands. The Government has sought to limit the future growth of population through the establishment of a family planning programme, the control of immigration and the acceleration of economic development.

### B. Political developments

#### Political parties and elections

44. The last general elections for the 17 seats in the House of Representatives took place in February 1971. They were contested by the Progressive Labour Movement (PLM), led by Mr. George Walter; the Antigua Labour Party (ALP), led by Mr. V. L. Bird; and the Antigua People's Party (APP), led by Mr. Rowan Henry. All the parties except APP had trade union support. The PLM was backed by the Antigua Workers' Union (AWU) and ALP by the Antigua Trades and Labour Union (ATLU). In the final results, these two parties won 13 and 4 seats respectively. The former Premier and head of ALP, Mr. Bird, was defeated in his own district.

45. Following the elections, Mr. Walter was appointed Premier and Mr. Ernest Williams (ALP) was appointed Leader of the Opposition. Until January 1974, the Cabinet consisted of eight ministers and three parliamentary secretaries. In that month, a number of ministerial changes in the Government occurred. Premier Walter's responsibility as Minister of Finance was entrusted to Mr. S. U. Prince, the former Minister for Public Works and Housing, who was also asked to take over the portfolio of trade, industry and commerce, previously held by Mr. S. A. Walter. The latter and Mr. D. A. S. Halstead, formerly Minister of Home Affairs and Labour, were removed from their ministries and were offered the posts of Ministers without Portfolio in the Premier's Office. Both men refused these appointments, but decided to retain their seats in the House of Representatives and support government policies. Mr. G. O. A. Watt, former Minister of Public Utilities and Communications, was appointed Minister of National Security, Legal Affairs and Labour (a newly created ministry).

#### Future status of the Territory

46. On 13 August, soon after the Caribbean Community (CARICOM) had been officially brought into operation, Premier Walter announced at a public meeting that his Government had decided not to join the new regional body. After reiterating that Antigua had not benefited to any extent from membership in the Caribbean Free Trade

Association (CARIFTA), the Premier stated that he did not intend to sacrifice Antigua's economic well-being for regional development. In public statements made in the following month, he maintained this stand and repeated his previous promise to seek a mandate at the next general elections (to be held not later than February 1976) to lead Antigua to full independence.

47. Upon learning of the Government's decision, the Opposition ALP issued statements calling for general elections to reverse the recent trend towards isolation and insularity in favour of regional integration. The party stated that, with its limited population and lack of natural resources, Antigua needed affiliation with a regional economic bloc. It pointed out that after joining CARIFTA, the Territory had succeeded in setting up most of the important export industries, and had also benefited from exports to CARIFTA partners. It therefore considered that: "We must seek not only to be independent but interdependent." During November, three members of ALP (including Mr. Williams, the Opposition Leader) visited Georgetown, to present a resolution to the Community Secretariat. In this resolution, ALP, among other things, stressed Antigua's need for an expanded and protected market through which to develop economic self-sufficiency and pledged the party's full support to the Community.

48. Subsequently, Premier Walter said that his country could not accede to the Treaty of Chaguaramas in its present form, k/ but pointed out that his Government was not against Caribbean unity. On 31 January 1974, the Government announced its decision to reappraise its position vis-à-vis the Treaty. This decision was a result of certain agreements reached at a meeting between the West Indies Associated States Council of Ministers and the Secretary-General of CARICOM. On 10 April, a government spokesman stated that the Government had established a five-member committee headed by Mr. D. A. S. Halstead, former Minister of Home Affairs and Labour, to explore the possibility of joining the regional economic grouping, and that the committee has just submitted to the Premier a report, which would be studied by the Cabinet. In response to a request from the Government, the Common Market Council of CARICOM later recommended that member States be permitted to continue the CARIFTA relationship with Antigua for a period of three months commencing on 1 May (see para. 10 above).

49. At a meeting of the members of the East Caribbean Common Market (ECCM) l/ held in St. John's, during June, Mr. Walter said that his country was prepared to join CARICOM only if members of ECCM formed a unified block within it, a view which, he said, had been unanimously endorsed by the other participants in the meeting. On 4 July, a day after the House of Representatives had ratified the Government's decision to join CARICOM, Mr. Walter signed the Treaty of Chaguaramas in a ceremony in St. John's. He said that this action would not result in an immediate improvement in the local situation, but that membership in CARICOM meant that Antigua was now forging further towards independence.

k/ Treaty establishing the Caribbean Community (as revised subsequent to the Georgetown Accord and signed on 4 July 1973). The Treaty was signed at Chaguaramas, Trinidad and Tobago, on 4 July 1973. See also para. 8 above.

l/ Antigua, Dominica, Grenada, Montserrat, St. Kitts-Nevis-Anguilla, St. Lucia and St. Vincent.



## Question of secession

50. Secessionists on Barbuda began to campaign against political administration from Antigua in 1968. The United Kingdom Government rejected two petitions from them (one in that year and the other in 1970) on the ground that Barbuda was constitutionally part of Antigua. It also pointed out that secession could only be granted with the consent of the Antigua Government.

51. The secessionist movement then became dormant but was revived in late September 1973. A petition signed by 124 of Barbuda's 480 voters was sent to the Antigua Government, requesting that their representative in the Territory's legislature, Mr. Claude Earl Francis, should resign or be forced out of office. The petitioners criticized him for failing to support the demand recently made by the Barbudans to the Governments of Antigua and the United Kingdom to the effect that the United Kingdom should resume political administration of the island or append it to another Caribbean country. A spokesman for the Barbudans told newsmen in St. John's that: "He /Mr. Francis/ has done nothing for us and the present Antigua Government means no good for Barbuda. We are neglected."

52. Demonstrators seeking freedom from Antiguan rule held up "Back to Britain" placards and cheered Mr. E. O. Laird, the United Kingdom representative to the West Indies Associated States, when he visited Barbuda on 30 September. There was no official reaction in St. John's to the latest developments affecting the secessionist movement.

## Freedom of the press

53. Information on this subject prior to July 1972 is contained in the previous report of the Special Committee. m/ It will be recalled that legislation was introduced on 1 January of that year, requiring each newspaper published in the Territory to pay an annual licence fee of \$EC 600, n/ and to deposit with the Treasury the sum of \$EC 10,000 as a surety against damages for libel or slander. On 15 June, Mr. Justice Allan Louisy of the Antigua High Court ruled that the newly introduced legislation was void, because it was repugnant to the Antigua Constitution which guarantees the fundamental right of freedom of opinion and expression. His ruling was given when the Antigua Times, a supporter of APP, challenged the constitutional validity of the legislation.

54. On 13 June 1973, the West Indies Associated States Court of Appeal, by a 2 to 1 decision, dismissed with cost an appeal by the Antigua Government against Justice Louisy's ruling. Mr. Justice Neville Peterkin held that the question of a licence fee was not unconstitutional, but declared that the question of a surety was. Both Acting Chief Justice Percy Cecil Lewis and Mr. Justice Elvin St. Bernard upheld the decision of Justice Louisy.

55. On 28 June, Mr. D. A. S. Halstead, then Minister of Home Affairs and Labour, who had proposed the legislation in the House of Representatives, announced that the Government would take the case to the Privy Council in London.

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

n/ \$EC 4.80 equals approximately £1 or \$US 2.41.

56. In late July, Mr. Clarence Pilgrim, the proprietor of a small commercial printing shop in St. John's, was arrested and charged with printing and possessing seditious literature as a result of the discovery by the police of large quantities of an underground newspaper, the Antigua Freedom Fighters, on his premises. He was also charged with unlawful possession of arms and ammunition. In early August, he appeared before Magistrate Victor Browne, but hearing of charges against him was adjourned. He was refused bail. Despite Mr. Pilgrim's arrest and detention, the paper was reportedly back in circulation. Since its first appearance in 1971, the paper has strongly criticized government policies and ministers.

57. In an address delivered at the opening of the fourth assembly of the Caribbean Broadcasters' Union on 22 October, Premier Walter stated that some sections of the press in Antigua were deliberately misrepresenting facts by "colouring information and events to suit their political ends". He further stated that the press had a duty to speak out on vital issues affecting the community, but that the Government "could not allow freedom of newspapers to go unregulated and put the character of large sections of the community in jeopardy". In this connexion, he explained that the above-mentioned press legislation was designed to encourage and develop a sense of responsibility and integrity in newspaper publications.

### C. Economic conditions

#### General

58. Between 1953 and 1967, the Territory enjoyed a rapid economic expansion, based mainly on the related activities of tourism and construction. Under the impact of the recession in certain developed countries, however, Antigua's gross domestic product dropped to \$EC 38.9 million in 1971, of which 80 per cent was accounted for by tourism. The contribution of agriculture and industry was comparatively small. The main exports were sugar, cotton, oil and rum. The leading industrial concerns were engaged in oil refining, cement production, rum distilling, and the manufacture of garments and furniture. In 1972, the economy as a whole recovered from the 1971 depressed level, largely because of the strengthening of the tourist industry's competitive position. Nevertheless, the Government found it necessary to close down the sugar industry which had experienced difficulties for many years. Despite government efforts to promote agricultural diversification and expanded tourist and building activities, the Territory was reported to be in deep depression in June 1973 with even tourism declining. As a result, unemployment was estimated at 45 per cent of the labour force. Other problems confronting Antigua included persistent inflation and a chronic trade deficit. In his speech at the opening of the fourth session of Parliament on 3 January 1974, the Governor said that the Government was embarking on a five-year development plan aimed at revitalizing and strengthening the economy (see paras. 70-72 below).

## Tourism

59. Tourism in Antigua is relatively well developed. In January 1973, it had a resort capacity of 1,200 rooms. In 1973, efforts to expand tourism were mainly directed towards reducing the industry's dependence on the United States (the origin of approximately 75 per cent of the tourists), establishing a hotel training school and accelerating the development of hotel accommodation.

60. According to Premier Walter, investment in the tourist industry had previously been made almost exclusively by nationals of Canada, the United Kingdom and the United States. His Government was actively seeking private capital from other foreign countries to achieve a more stable level of development and employment protected from the fluctuations in the economy of the United States. The Government was also reported to be encouraging the United Nations Development Programme (UNDP) to set up a hotel training school in the Territory, to have offered to purchase Michaels Mount Hotel in St. John's for that purpose.

61. Two new tourism projects are envisaged, financed primarily by investors from the Federal Republic of Germany. The first is Five Islands tourist centre scheduled to be started in the summer of 1974 and expected to cost an estimated \$US 40 million. In April, Mr. Christopher Klein, the head of Weekgemeinschaft Bau a German construction company, stated that in the first phase of the project, accommodation would be provided for 700 to 1,000 tourists with cottages on 2,000 acres of privately owned beachfront, about four miles from St. John's. Facilities at the centre would also be available to local people. Agriculture in the area would be intensified in order to reduce imports of food. Towards the end of the month, a total of 23 students from the Territory would be sent to the Federal Republic of Germany to undertake agricultural and other courses. Mr. Klein also said that the delay in starting the project was chiefly due to the fact that his Government was no longer a strong supporter of the idea of financing tourism in developing countries.

62. The second project for the construction of a smaller resort complex on 250 acres of government-owned beachfront at Coconut Hall on Antigua's northeastern side, was initiated in December 1972 by Antigua Hotel and Casino Bau, a publicly held company formed in Frankfurt. This project will cost \$US 25.5 million, of which \$US 3.5 million will be furnished by the Antigua Government and the rest by German investors. It will contain a 375-room hotel, an 18-hole golf course, and, at a later date, condominiums.

63. In June 1973, the Caribbean Development Bank was reported to have approved a loan of \$EC 463,370 to develop an additional tourist facility at Nelson's Dockyard. The loan will be used to finance the construction of 12 apartments.

## Agriculture, livestock and fisheries

64. Farmlands occupy more than 18,000 acres (28 per cent) of the Territory's total land area. Prior to the closure of the sugar industry in December 1972, about 12,000 acres had been devoted to sugar cane. Antigua also produces sea

island cotton for export. Food crops, fruits and vegetables are also grown. Although the Government encourages farmers to increase food production, the Territory has yet to become self-supporting in food-stuffs. Vegetables are now plentiful and export markets are being found. The Antigua black pineapple, a premium quality product, is being developed.

65. Both the sugar and cotton industries have encountered difficulties in recent years, owing largely to rising costs, drought and low prices. Following the Government's decision to terminate the sugar industry, efforts have been made to diversify and expand the agricultural sector by bringing scrub and former sugar land under cultivation for cotton, pasture and other crops, and by improving the internal marketing system.

66. Livestock, mainly pigs, poultry and cattle, is raised to supplement food supplies. In reply to a question in the United Kingdom House of Commons, the then Minister of Overseas Development said on 7 March 1973 that a large-scale livestock scheme was being established on Antigua to assist tenant livestock producers; its cost (£64,000) would be met by a loan from the Caribbean Development Bank. The United Kingdom Government was allocating £37,000 for an agricultural/livestock project on Barbuda.

67. The Government is seeking to modernize the fishing industry, bearing in mind that it remains for the most part under-developed.

#### Communications and other basic facilities

68. Although some of the basic infrastructure has been established for further development of tourism, light industries and, to some extent, agriculture, the Government reportedly intends to expand and improve other facilities, including the transport and communications systems, in order to stimulate economic growth.

69. Four important developments occurred during 1973: (a) the construction of roads needed to support the new tourism projects referred to above; (b) the inauguration by Leeward Islands Air Transport (LIAT), one of the seven commercial airlines serving the Territory, of flights from the eastern Caribbean direct to Antigua and Jamaica; (c) an allocation of about \$EC 112,000 by the United Kingdom Government for the water distribution scheme, thus bringing the total aid for the development of water supplies on Antigua to \$EC 6.26 million since 1966; and (d) the establishment of two new statutory bodies - the Port Authority (to operate St. John's deep water harbour) and the Public Utilities Authority (to run the water, electricity and telephone departments).

#### Development plan

70. The development plan for 1974-1978 envisages a total expenditure of approximately \$EC 125 million, to be financed by aid from Canada, the United Kingdom, the United States and other countries, as well as by budgetary surpluses and loans. It would concentrate on the promotion of tourism, the creation of new industries, the reorganization and diversification of agriculture and a more equitable distribution of national income.

71. Earlier, Premier Walter stated in a National Day address that the massive development envisaged called for concerted action by both the public and private sectors. As a forerunner to the plan, two major agencies, the Central Marketing Corporation and the Central Planning and Housing Authority had been established in 1973. These agencies were carrying out the task of reducing the cost of living by making the Territory self-sufficient in meat, fish and a variety of agricultural products. They were also undertaking the development of an accelerated housing programme. Furthermore, the Government was planning to create additional agencies to deal with agricultural, industrial and tourist development. Finally, Mr. Walter said that when these bodies succeeded in their venture, local people would be allowed to acquire shares issued by them.

72. In presenting the Territory's budget for 1974 to the House of Representatives on 7 January of that year, Mr. S. U. Prince, Minister of Finance, stated that the development plan provided for the creation of industrial estates; extensions to terminal facilities at Coolidge airport some six miles north-east of St. John's; and several other large projects, namely, livestock and fisheries development, recreational facilities at Fort James Beach, electricity and telephone services, water conservation, housing and hospital construction.

#### Public finance

73. The budget estimates for 1974 envisage an expenditure of \$EC 38.2 million, compared with \$EC 39.2 million in the previous year. During this period, revenue, mainly derived from customs and excise duties, income and consumption taxes and licence fees, is estimated to have risen from \$EC 28.2 million to \$EC 38.8 million.

74. On 14 January 1974, the House of Representatives passed two new legislative measures to raise \$EC 200,000 annually by increasing certain indirect taxes and the consumption tax. In introducing these measures, the Minister of Finance said that they would not bring any hardship on the community.

75. Until 1969, the projects undertaken by UNDP in the Caribbean area (including Antigua) had been financed on a contingency basis. From 1969 through 1971 country target figures had been allocated, and, for 1972-1976, an undistributed indicative planning figure had been assigned. 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 1967-1973 amounted to \$US 650,677, and assistance envisaged for 1974-1978 totals \$US 796,300.

#### D. Social conditions

76. The unemployment rate in the Territory is one of the highest in the Caribbean and in July 1971 was officially estimated at 40 per cent of a labour force of about 22,000. As noted above, the sugar industry ceased its operations in December 1972. The industry had employed 4,500 older workers, who were expected

to encounter difficulties in securing alternative employment. According to an estimate, unemployment rose to 45 per cent of the labour force by June 1973, when the economic recession deepened. Owing to limited opportunities for wage earning in the Territory, many Antiguan migrate abroad to work. During 1973, 2,645 Antiguan were employed in the United States Virgin Islands alone. Under the newly enacted immigration laws, which were noted by the Special Committee in its previous report, o/ the Government has continued to control the inflow of foreign workers. In his recent budget speech, the Minister of Finance said that the development plan for the period 1974-1978 would generate enough economic activity to absorb Antigua's total labour force.

77. During 1974, an expert, previously sent to the Territory by UNDP, continued to assist the Department of Labour. The Governor announced that during the year, the Statistical Office of the United Nations would conduct surveys of family budgets, national income and employment and manpower in Antigua.

#### E. Educational conditions

78. During 1973, there was no significant change in the educational conditions in Antigua.

#### 3. DOMINICA

##### A. General

79. According to the last census, taken in 1970, the population of the Territory was 70,302, most of whom were of African or mixed descent. Roseau, the capital, had a population of about 16,800. In January 1974, the population was estimated at 73,000.

#### B. Constitutional and political developments

##### Government

80. The constitutional arrangements in force provide for: (a) a Governor appointed by the Queen; (b) a Cabinet comprising a Premier, not more than five other ministers and the Attorney General, ex officio; and (c) a House of Assembly comprising a Speaker, members elected from single-member constituencies (11 at present) and three nominated members (2 appointed by the Governor on the advice of the Premier and 1 on the advice of the Leader of the Opposition).

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o/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 23 (A/9023/Rev.1), vol. V, chap. XXVI, annex, para. 80.

81. Soon after the last general election, held on 26 October 1970, the two factions of the Dominica Labour Party (DLP), unanimously re-elected Mr. Edward Oliver LeBlanc its leader. As a result, DLP held 9 of the 11 elected seats in the House of Assembly and the Dominica Freedom Party (DFP) held the other two. Mr. LeBlanc and Mr. Anthony Moise were appointed Premier and Leader of the Opposition respectively. Subsequently, Mr. W. S. Stevens resigned from the ruling DLP and became an independent member of the House. His seat was taken by Mr. Pat Stevens, an independent in a by-election held on 10 September 1973.

82. In 1973 Mr. Ronald Armour, then Deputy Premier, relinquished his portfolios apparently as a result of political differences with the Premier. He was replaced by Mr. Patrick R. John, who was also Minister of Finance, Trade and Industry.

83. Three other important developments affected governmental structure. The first was the promulgation on 25 October 1973 of the Boundaries Commission Order, under which the Territory will be divided into 21 single-member constituencies, effective on the dissolution of the present House, due in 1975. The order is based on the recommendations of a commission appointed by the Government to undertake a review of the existing constituency boundaries. The commission consisted of five members with Mr. Eustace Francis, Speaker of the House, as its chairman.

84. The second important development occurred on 10 July 1974, when Mr. LeBlanc resigned his position as political leader of the ruling DLP. At an emergency meeting held by the party's executive on 12 July, Mr. John, the Deputy Premier, won nomination and election as head of the party. Mr. LeBlanc resigned as Premier on 26 July - and was subsequently replaced by Mr. John. Mr. LeBlanc also resigned as a member of the House of Assembly. But no by-election was expected, because it was widely believed that a new general election would be called before the end of 1974. The new Premier was reported to have indicated that he would take a strong stand on law and order and would seek to embrace more proposals put forward by the Opposition than his predecessor. The new Premier assumed responsibility for finance and development, and Mr. Thomas Etienne, the Minister for Agriculture, Trade and Natural Resources, was named Deputy Premier. The rest of the Cabinet remained unchanged.

85. The third important development was the expulsion of Mr. Armour from DLP at a meeting of its executive held on 11 August. This action was taken in the wake of statements made by him which the party considered prejudicial to its best interests. Two days earlier, he had supported an opposition censure motion concerning the Speaker of the House, debate on which was scheduled to be resumed later in the month. He had called on the Speaker to vacate the Chair because of his "conflicting interests", alleging that there were irregularities within DLP and promising that responsible leadership would soon emerge. Political observers in Dominica believed that DLP would eventually split into two factions, and forecast bitter intra-party fighting in the coming months.

## Opposition in Dominica

### Defiance of the Government

86. Other important opposition groups in the Territory included the civil servants, labour organizations, merchants and some sections of the rural population. These groups were responsible for protest actions against the Government. Given below is an account of the political unrest that occurred during 1973 and 1974 and the measures taken by the Government to restore peace in Dominica.

#### (a) General strike

87. On 13 June 1973, the 700 members of the Civil Service Association (CSA) went on strike following the Government's decision to transfer Mr. Daniel Caudeiron, the popular announcer of the government-owned Radio Dominica, to a less politically sensitive post in the civil service for allegedly presenting anti-government views in his programme. Later, merchants and trade unions joined the strikers, thus bringing the economy to a virtual standstill. On 15 June, the Governor declared a state of emergency in the Territory.

88. Under the state of emergency (lifted on 15 August) the Government took a series of measures to maintain law and order, including the following: (a) public meetings and demonstrations were banned; (b) gunsmiths were prohibited from possessing firearms; (c) the police were given the power to search and question without warrant; (d) press censorship was imposed; (e) rules were issued to govern the performance of duties by staff members of Radio Dominica; and (f) three executive members of CSA were restricted to their homes from dusk to dawn and were required to report their movements to the police. On 22 June, five days after merchants and trade unionists had returned to work, CSA decided to end the strike.

89. On 17 July, following consideration of a motion filed by the three executive members of CSA questioning the constitutionality of the Government's order referred to in (f) above, Justice John Barry Benwick of Dominica's High Court declared in a judgement that the Emergency Powers Ordinance of the Revised Laws of Dominica and most of the regulations made thereunder were constitutional. He added, however, that the detention order issued against the three men and the press censorship regulations were unconstitutional. Subsequently, the West Indies Court of Appeals upheld his decision.

#### (b) Legislation affecting internal security

90. In October, the House of Assembly approved two bills concerning internal security and the activities of civil servants. The Firearms Act, 1973, empowered the police to stop and search without warrant persons suspected of violating the law, and authorized the Commissioner of Police to suspend licences and recall firearms if he considered it necessary to safeguard public safety. The Civil Service Act, 1973: (a) limited the right of government workers to strike; (b) required the public officers to take oaths of loyalty to the Government and swear vows of secrecy in matters relating to their work; and (c) disallowed an officer to answer a legitimate query by a member of the public unless specially instructed to do so.



91. Between late 1973 and August 1974, CSA made a number of complaints against the Government, although the newly elected president of CSA, Mr. Caudeiron, agreed with Premier LeBlanc that a genuine effort should be made by both sides to work amicably for the benefit of the Territory. Among the more important complaints were those concerning the implementation of certain provisions of the Civil Service Act which CSA stated was unacceptable in its present form. Another major complaint was the introduction of regulations governing programming and broadcasts over Radio Dominica. The main provisions of the regulations included: (a) submission of all programme material to the Senior Assistant Secretary in the Premier's Office for approval; and (b) a ban on political statements and "offensive" or "provocative" songs. Subsequently, the manager of Radio Dominica resigned his post in protest against the regulations.

92. On 7 August, the House passed the Telecommunication Act, 1974, designed primarily to tighten government control of telecommunication services. The bill empowered the Government to block the transmission of any direct telegram which might appear dangerous to the security of the Territory, in contravention of any law, or against public order or decency. The Government was also empowered to order the suspension of any private telephone or telegraph communication on the same three grounds. The new law drew sharp criticism from the Opposition, which claimed that it was an unwarranted invasion of privacy and was only the beginning of a campaign to stifle opposition thought. The journalists in Dominica commented that the measure was aimed at keeping the Territory in a perpetual state of emergency.

(c) Grand Bay disturbances

93. In March 1974, violence erupted in the parish of St. Patrick, where an unidentified group of persons besieged and ravaged a foreign-owned coconut estate at Geneva, claimed the property as their own and committed additional destructive acts mainly in the Grand Bay area. On 3 April, the Governor declared a state of emergency in the parish, banned all public meetings and gatherings except religious assemblies and recruited special constables to assist the regular police force in keeping law and order. Ten young men were arrested for questioning in connexion with violence.

94. Later, Mr. Ralph Stanley Fadelle, a member of the House of Assembly for the southern electoral district (including the Grand Bay area) issued a statement on the situation in the area, in which he expressed his regret that the Government had allowed the situation to deteriorate to such an extent. On 31 March, he called a meeting which was attended by representatives from the village of Grand Bay. At that meeting, it was revealed that the villagers were desperately in need of employment and land, and that the owner of the Geneva estate was allegedly holding vast areas of undeveloped agricultural lands. Mr. Fadelle promised to negotiate with the owner on behalf of the people of Grand Bay, but subsequent rapid developments ruled this out.

95. On 4 April, after discussions with Premier LeBlanc, Mr. Fadelle convened another meeting at which representatives of the people concerned unanimously adopted a resolution asking the Government to negotiate as a matter of urgency for the purchase of lands at Geneva for the use of the people of the Grand Bay area. It was also proposed that, pending completion of negotiations, the estate would be run as an entity to provide immediate relief in the unemployment situation. On

10 April, Mr. LeBlanc promised to set up a negotiating team (including three of the delegates present) to purchase the estate, adding that only at this meeting had the Government become aware of the dire needs of the people at Grand Bay. Finally, Mr. Fadelle stated that because of the proper conduct of the police force and the responsible behaviour of the people of Grand Bay during the state of emergency, normality now prevailed. On 13 April, the Premier stated that on receipt of the report of the negotiating team he would direct the Land Management Authority to take over the estate on behalf of the Government, to which the people concerned would eventually repay the cost of lands bought for them. Earlier, the Governor had appointed a four-member commission to investigate the Grand Bay disturbances.

96. A small organization called the Movement for a New Dominica (MND) appears to have some influence in a number of villages, including Grand Bay. Its basic objective is the introduction of land reforms and other fundamental changes in the system existing in the Territory. MND maintains close ties with student councils and groups from various villages. It publishes a weekly journal, meets regularly at its centre at Goodwill and receives support from overseas followers.

#### Party organizations

97. At an annual conference of the Opposition DFP, held at La Plaine on 9 June 1974, Mr. Alvin Amantrading was elected president to replace Miss Mary Eugenia Charles, a nominated member of the House of Assembly. In her address to the conference, which was attended by 2,000 persons, she accused the LeBlanc Government of failing to "get its priorities straight" and bringing Dominica to the brink of disaster. She criticized the Government's agricultural, economic, development, investment and regional policies.

98. In a resolution unanimously adopted at the conference, DFP alleged that Mr. LeBlanc was responsible for the following: (a) introducing the Aliens Land Holding Regulation Act, which prevented investors from coming to the Territory, thus causing unemployment; (b) creating a storm of hatred in Dominica: non-white against white, rich against poor, husband against wife and children against parents; and (c) appointing an unqualified man as Minister for Home Affairs. The conference also unanimously passed another resolution, calling on the then Premier to permit all members of the Opposition access to the publicly owned Radio Dominica.

99. Until 12 July, the only opposition political party in Dominica was DFP. At a joint meeting held on that date, the labour organizations of the Territory announced their decision to enter the political scene, taking into account the current situation in Dominica. In making this announcement, a joint union working committee made up of the Dominica Trade Union, Dominica Amalgamated Workers Union, Waterfront and Allied Workers Union and the Civil Service Association, said in a press release that the political uncertainties created by the resignation of Mr. LeBlanc at a time when the Territory was faced with a "severe economic crisis" made it clear that the time had come for the trade union movement to take a more active role in national politics. In the press release, it was also stated that:

"The performance of the Labour Party Government over the years has shown that the trade union movement must have meaningful representation in the House of Assembly, if the rights of the worker are to be protected from

being eaten away by the legislative programme of government. The joint union working committee has therefore decided that each of its four affiliated unions should seek to nominate a candidate or candidates to contest the forthcoming general election."

### Future status of the Territory

100. In an interview held in early December 1973, Mr. LeBlanc stated that the present constitutional arrangements gave him all the powers he required to govern, even in the area of external affairs and that he was not rushing to obtain full independence because the present association with the United Kingdom meant that some measure of aid could be counted on as one of its responsibilities. He further stated that because the Constitution required a two-thirds majority support by referendum for a decision on independence, it was likely that traditional aversion to drastic change would not yield the necessary vote. In another interview, granted to the New Chronicle, a local newspaper, in late March 1974, Mr. LeBlanc indicated no change in the position of his party with regard to the question of independence. He also said that at present, economic and social development was of more importance than full nationhood, but thought that the Territory might have to seek complete independence within the decade or so.

101. Under the terms of the Georgetown Accord, p/ of which Dominica is a signatory, the territorial Government on 17 April signed the treaty establishing the Caribbean Community (CARICOM). By doing so, the Territory became a member of CARICOM on 1 May. Subsequently, it endorsed a proposal put forward by the Government of Antigua for the establishment by the members of the East Caribbean Common Market of a unified bloc within CARICOM. Although abiding by its decision to join CARICOM, the territorial Government has shown no interest in participating in any moves towards the eventual creation of a political union among the remaining non-independent Commonwealth Caribbean countries. After rejecting this stand of the LeBlanc Government, DFP pledged its support for "a satisfactorily designed union".

102. In her address to the recent annual conference of DFP, Miss Charles, its outgoing president, reaffirmed the party's position on the question of regional unification, and expressed the view that meaningful integration was necessary for the political, economic and social survival of the Caribbean mini-States. Concerning the Territory's future status, she said that the party intended to proceed according to the wishes of the Dominicans themselves, and that the politicians should not take a decision on such a major issue.

### C. Economic conditions

#### General

103. The economy is primarily based on agriculture, and to a lesser extent on the building and tourist industries. Apart from a number of small industrial concerns, some of whose products are exported, the two largest firms engaged in processing local raw materials for export are foreign-controlled: the L. Rose Company, which produces lime juice, and the Dominica Mining Company, Ltd., which mines and processes pumice, the only known mineral in the Territory. Fishing, livestock and

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p/ Ibid., paras. 19-40.

forestry contribute only marginally to the economy. The export sector is dominated by bananas, which are purchased and marketed by Guest Industries, Ltd. of the United Kingdom. Dominica is beset with an increasing trade deficit owing to its heavy dependence on imports of food-stuffs and other goods. It also faces problems of persistent inflation (currently aggravated by tight fuel supplies), rising unemployment and an inadequate economic and social infrastructure.

104. In a budget address delivered to the House of Assembly on 15 January 1974, Mr. Patrick John, then Deputy Premier and Minister of Finance, Trade and Industry, referred to the depressing economic situation prevailing in Dominica. He placed the blame for the lack of economic growth and investment capital on "political disturbances" in the Territory in the recent past, "apathy" to government programmes and bad faith on the part of business. He stated that "full recovery may not be expected in the near future", but that good progress was being made on the regional front. Expressing particular concern over labour surpluses and the adverse balance of payments, he pledged to continue the Government's agricultural policy and to give priority to labour-intensive and those industries producing goods for export. Mr. John ended his budget address with a call for national unity and harmony in the Territory's productive efforts during 1974, an appeal which he repeated in two radio broadcasts after being appointed Premier on 26 July.

#### Development plan

105. Dominica has a development plan for the period 1971-1975, details of which are contained in the previous report of the Special Committee. <sup>g/</sup> The two basic objectives of the plan are: (a) raising the standard of living by increasing real income and as widely as possible fostering its equitable distribution; and (b) providing full employment for the growing labour force. In July 1974, the Government was reported to have set up a committee to deal with questions relating to development, consisting of representatives of the public and private sectors.

#### Land

106. In December 1971, the Governor outlined a new land policy to be pursued by the Government. Under the policy, land in the Territory would be owned primarily by Dominicans, and the ownership of land by aliens and non-Dominicans would be restricted and controlled. In further explaining this policy, the Ministry of Agriculture, Land and Co-operatives stated in July 1972 that aliens or non-Dominicans would be barred from purchasing land without a licence, and that for the purposes of agricultural, industrial and hotel enterprises or tourism development, licences would only be granted to foreigners on the basis of leasehold tenure of varying duration. The Ministry further stated that the Government's policy was not inconsistent with the need to attract foreign investment to the Territory, a view which DFP has criticized extensively (see para. 98 above). On the question of land ownership by foreigners, the Government in late 1973 said that it had continued to take measures to enable foreign enterprises to obtain sufficient land for industrial and other development projects. One prominent example was the signing in November of an agreement with a United States investment and development company (Val-Hal-La) for joint participation in a tourism project, covering some 700 acres of land in Cabrits.

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<sup>g/</sup> Ibid., paras. 89, 90, 98 and 114.

107. In an interview held in late 1974, Mr. Julian Johnson, a leading member of MND, made the following observations concerning the need for land reform. Of the 76,165 acres under farms, 45,817 acres, or 60 per cent (all located in valleys) were held by 175 owners of estates of 50 acres and above, and the remainder (all plateau lands) by approximately 7,000 persons. Therefore, Dominica had a "highly skewed land distribution pattern". Moreover, although large portions of the plantations were uncultivated, peasants had to make a living from the hillsides. Furthermore, many estate owners concentrated on the production of coconuts; MND considered that such a situation could not continue.

## Agriculture

### Policies and programmes

108. Under the development plan for the period 1971-1975, it was proposed to provide low-interest loans to farmers through the Dominica Agricultural and Industrial Development Bank (to which the Caribbean Development Bank has granted five loans, including \$EC 700,470 for farm improvement). Another significant development was the passage of the Land Management Authority Act, 1973, which came into operation on 30 May of that year. The objectives of the Authority are to develop plans for the proper use of all land in the Territory, to purchase land for the creation of economic farm units, to borrow funds and make loans to farmers, to provide them with training and to promote agricultural development generally (including the marketing of farm produce). The Authority is run by a Board of Management, consisting of seven members appointed by the Minister of Agriculture. According to Mr. J. J. Robinson, the Board's Chairman, the Authority has thus far established land settlement schemes through the acquisition of three estates covering a total of 3,600 acres of land. At present, these estates are used for the production of bananas, citrus, coconuts and copra.

109. In November 1973, the Government announced its decision to declare 1974 as an agricultural year and to increase local food production through the diversification of crops. In her address to the recent annual conference of DFP, Miss Charles stated that despite this decision, the Government was paying only "lip service" to the farmers.

### Production

110. The most important single export crop is bananas, with which 17,000 acres are planted. In 1974, the value of banana exports (mainly to the United Kingdom) was expected to rise substantially, owing to a general upward movement in the United Kingdom market price. It rose from £90 per ton in January 1973 to £142 per ton in May 1974, but then dropped to £136 per ton in mid-July. According to a report recently published by the Dominica Banana Growers' Association (DBGA), monthly exports in the first four months of 1974 averaged 2,500 tons (valued at \$EC 1 million), compared with 5,000 tons in 1969 (a record high) just before banana cultivation began decreasing. This decline was attributed principally to falling prices. The quality of the fruit has recently become the best in the Windward Islands. Once price stability is reasonably assured, Dominican farmers are expected to replant on a large scale. The replanting of 1,000 acres in the north-east of Dominica was started in 1973, with grants totalling \$EC 490,000 from

the British Development Division in the Caribbean, an extension of the United Kingdom Ministry of Overseas Development. Canada has also provided the industry with financial assistance, including a loan of \$EC 800,000.

111. The second most important export crop is coconuts. Most of Dominica's coconut products are marketed to several members of CARICOM, except for about 2 to 3 million dry coconuts (seed nuts) which are exported to the United Kingdom annually. In January 1974, the Government successfully concluded negotiations for a 28 per cent increase in the price of Dominica's copra and raw coconut oil and a 30 per cent increase in the price of refined oil; both of these products are exported to Barbados, Guyana, Jamaica and Trinidad and Tobago. In May, the Government decided to limit exports of dry coconuts from the Territory to a maximum of 10 per cent of production primarily for the purpose of meeting its regional commitments in coconut oil.

112. Third in economic importance are citrus fruits (including grapefruit, limes and oranges). In November 1973, an advisory team from UNDP conducted an investigation of the industry. In its report, published in March 1974, the team pointed out that the development of the industry in the next three to five years would depend largely on the implementation of the new citrus packing plant project (which was being financed by a loan of \$US 427,350 from the Caribbean Development Bank) and the juicing plant of the L. Rose Company, due to become operational in 1974/75. On the recommendation of the advisory team, legislation to create a citrus production and marketing board was being drafted. The basic objectives of the proposed board would be to control the various activities of plant distribution, advisory services, crop production, packaging, transport and marketing, but not processing. The board would consist of representatives of all the sectors involved, as well as advisory members.

### Industry

113. Measures taken by the Government for promoting industrial development have included import duty concessions, income tax incentives, the encouragement of the establishment of labour-intensive and those industries using local raw materials to produce goods for export and the creation of the Dominica Agricultural and Industrial Development Bank (to which the Caribbean Development Bank granted \$US 317,300 for industrial projects). In 1973, there were 27 small-scale industries in various stages of development. Major projects include: (a) the citrus packing plant and lime juicing plant (see para. 34 above); (b) completion of the major stage of a bulk cement storage system at an estimated cost of \$EC 750,000; and (c) the passage by the legislature on 7 August of an act creating the Dominica Industrial Development Corporation to stimulate, facilitate and undertake industrial development.

### Tourism

114. At the annual general meeting of the East Caribbean Tourist Association (of which Dominica is a member), held in Roseau on 18 January 1974, Mr. Patrick John, then Deputy Premier, called on all concerned to adopt a more united approach to the problems confronting tourism, especially because of the uncertainties created by fuel shortages. He stressed that the Eastern Caribbean countries must maintain their own way of life and culture, the chief attraction to visitors, and that their

Governments must play a decisive role in the promotion of tourism by: (a) aligning with agricultural and other industries; (b) raising the standards of all tourist services; (c) providing genuine value for money spent by visitors; and (d) carrying out an adequate and suitable promotion programme. In a statement to the Dominica Tourist Development Board after he had become the Premier, Mr. John said that the Government would provide adequate infrastructure and planned to control the quality of the tourist services offered.

115. In announcing the closure of the Layou River Hotel on 8 March, a spokesman stated that there had been a steady decline in the tourist trade owing to the recent attacks on overseas visitors. In supporting this statement, Miss Charles, then president of DFP, agreed with Mr. John and the Leader of the Opposition that the present racial tension was adversely affecting the Territory and should be eradicated. Mr. John also said that the Government would take appropriate action to bring the assailants to justice and would introduce legislation to strengthen the hands of the police in dealing with any acts of racial violence. Meanwhile, a national council composed of representatives of both the Government and the Opposition was expected to be set up to investigate the problem of race relations. Despite increased racial tension, a total of 5,649 tourists visited Dominica in the first four months of 1974, an increase of 1,046 over the corresponding period of 1972 (figures for 1973 are unavailable). This upsurge was attributed mainly to the successful operation of safari tours.

116. On 9 May 1974, the Government signed a contract with Interstate Inns, Inc. of the United States to form a local, jointly owned, subsidiary. The contract provides for the erection of hotels, a casino, a marina and an international airport.

#### Communications and other basic facilities

117. Among the major projects initiated or planned during the period under review were the following: (a) expansion and improvement of the road system, financed partly by grants from the United Kingdom (\$EC 1.3 million) and partly by loans from the Caribbean Development Bank (\$EC 1.8 million); (b) a feasibility study of possible improvements to the Melville Hall Airport, being carried out by a team of experts from Venezuela; (c) a rural electrification scheme, the initial phase of which would be financed by a grant of \$EC 344,000 from the United Kingdom; and (d) the establishment on Dominica of a relay point in a microwave radio system which Cable and Wireless, Ltd. plans to set up in the Eastern Caribbean; the system is planned to cover 800 miles, from the British Virgin Islands to Trinidad and Tobago.

#### Public finance

118. According to the budget estimates for 1974, the Government plans to spend \$EC 25.4 million (\$EC 26.9 million in 1973). Recurrent expenditure is estimated at \$EC 16.5 million (\$EC 300,000 more than in 1973), of which 51.9 per cent is to be allocated to administration and the remainder mainly to agriculture and transportation services. Capital expenditure is set at \$EC 8.9 million (\$EC 1.8 million less than in 1973) which is to be financed largely by loan funds and grants from the United Kingdom. The major portion of this expenditure is to be devoted to the development of agriculture, education and water supplies.

119. In presenting his estimates, Mr. Patrick John, then Deputy Premier and Minister of Finance, Trade and Industry also proposed a consumption tax on certain

commodities such as liquor and an increase in export duties on agricultural products except bananas "for the time being".

120. In a circular to government departments published during June 1974, Mr. Arthur Watty, Financial Secretary, stated that: "The financial situation of the Government is not showing signs of improvement and is now becoming frightfully disconcerting. With this in view, it is necessary to further curtail expenditure on the maintenance budget."

121. Until 1969, the projects undertaken by UNDP in the Caribbean area (including Dominica) had been financed on a contingency basis. From 1969 through 1971 country target figures had been allocated, and, for 1972-1976, an undistributed 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 1967/73 amounted to \$US 570,656; assistance envisaged for 1974-1978 is expected to total \$US 302,300.

#### D. Social conditions

##### Labour

122. Agriculture absorbed more than half of the total labour force of 22,500 in 1960, and increased substantially during the ensuing decade. The discontent of the organized civil servants resulted in a general strike in June 1973. The Government therefore declared a state of emergency in the Territory followed by the adoption of a series of measures to cope with the situation. Stressing the need to protect the rights of the worker against the Government's legislative programme, the first movement of labour as a group took place in July 1974 with the formation of a joint union working committee consisting of the four labour organizations in Dominica.

123. In July 1974, when the economic slowdown worsened, unemployment was estimated at between 15 and 20 per cent of the labour force. Young and rural people were most heavily affected. The grievances of some came to a head in March in the Grand Bay disturbances (see paras. 93-95 above). At about the same time, racial tension increased (see para. 115 above). Meanwhile, the problems confronting labour remain unresolved. Local workers continued to look for employment abroad, notably in the United States Virgin Islands, where a total of 1,100 Dominicans found work in 1973.

##### Public health

124. The most important development in the field of public health was the announcement in October 1973 that the United Kingdom Government had agreed in principle to finance a seven-year scheme to expand and improve Princess Margaret Hospital, the main medical institution of the Territory; work was due to begin shortly on the first phase which would cover water tank storage facilities and a standby electricity generator. Plans were also being made for the enlargement of other facilities, including a 100 per cent increase in the number of hospital beds to 400. The scheme is expected to cost an estimated \$EC 6 million.



## E. Educational conditions

125. In an interview held in March 1974, Mr. LeBlanc stated that the Government had sought to improve the standard of education by substantially increasing the number of scholarships awarded to suitably qualified students attending secondary schools, and that efforts were being made further to expand educational facilities.

126. The three most important educational developments during the period under review were: (a) the formal opening of the Technical College and the Teachers Training College; (b) the decision of the Government to convert one of the primary schools in Portsmouth into a junior secondary school with a capacity of 1,000 students; and (c) the announcement by the Protestant Central Agency for Development Aid of the Federal Republic of Germany of a loan of DM 540,000 (\$EC 426,000) for the construction of a boys industrial school in Portsmouth, with the objective of providing training for 40 maladjusted students in agriculture, joinery and auto mechanics.

## 4. ST. KITTS-NEVIS-ANGUILLA

### A. General

127. At the 1970 census, the population of St. Kitts and Nevis was 45,457, of whom about 16,000 lived in Basseterre, the capital, located on St. Kitts. According to a census taken in April 1974, the population of Anguilla, which was not included in the 1970 census, stood at 6,524, or about 11 per cent more than the figures provided by the 1960 census. The majority of the population of the Territory is of African or mixed descent.

### B. Constitutional and political developments

#### Political parties and elections

128. The main political party in the Territory is the ruling Labour Party (LP), headed by the Premier, Mr. Robert Bradshaw. Three parties are active in Nevis: the People's Action Movement (PAM), headed by Mr. William Herbert; the Nevis Reformation Party (NRP), headed by Mr. S. Daniel; and the United National Movement (UNM), headed by Mr. Eugene Walwyn. The only political organization in Anguilla is the People's Progressive Party (PPP), led by Mr. Ronald Webster.

129. The constitutional arrangements in force provide for a House of Assembly with 10 of its members elected under universal adult suffrage in single-member constituencies as follows: 7 in St. Kitts, 2 in Nevis and 1 in Anguilla. In the last general elections, held on 10 May 1971, LP won all seven seats in St. Kitts. PAM and NRP each secured one seat in Nevis. No election took place in Anguilla because of special circumstances affecting that island which are explained below. Following the elections, Mr. Bradshaw was reappointed Premier of the Territory. In early 1973, it was reported that, after having resigned from LP and joined PAM, Mr. Calvin Ivan Degrasse had been appointed the Leader of the Opposition.

## Special situation in Anguilla

130. 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. r/ 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 for Anguilla. Since late July 1972, the Council has comprised seven elected members, six from PPP, led by Mr. Ronald Webster, who had been the leader of the previous Council. Upon being re-elected to that post, 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-Anguilla. 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 this question in 1974 as previously promised.

131. In a radio broadcast on 28 December 1973, Mr. Webster again called for the complete severance of the constitutional relationships between Anguilla and the Territory, as well as for the establishment of the island's firm ties with the United Kingdom. Believing that uncertainty about Anguilla's future could affect foreign investment, he urged the United Kingdom Government to provide an opportunity for fresh negotiations by holding a referendum in the island not later than 1974. He said that the majority of the Anguillans wished to have a status equal to that of the Cayman Islands, Montserrat and the British Virgin Islands.

132. In a statement to the United Kingdom House of Lords on 22 May 1974, Lord Goronwy-Roberts, Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs, gave the following information on the question of Anguilla (see also paras. 138-143 below). In March 1974, the Anguilla Council had appointed a special committee to seek the views of Anguillans on the direction that constitutional evolution should take. Mr. Webster had produced a draft constitution as a working paper for the Committee. Upon receipt of the latter's report, the United Kingdom Government would give it careful study and consideration. The previous Government of the United Kingdom had undertaken to complete the review of the status of Anguilla some time in 1974. The present Government had this matter very much under consideration, but no date had been fixed for the review pending receipt of the draft constitution for Anguilla. Finally, Lord Goronwy-Roberts gave an assurance that if St. Kitts-Nevis-Anguilla decided to terminate its associated status, Anguilla would no longer be required to form part of the Territory against the wishes of the Anguillans.

133. In reply to a question in the United Kingdom House of Commons, Miss Joan Lester, Parliamentary Secretary of State for Foreign and Commonwealth Affairs, said on 10 June that the United Kingdom Government's position regarding

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r/ For the most recent, see Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 23 (A/8723/Rev.1), vol. V, chap. XXIV, annex, paras. 94-97; *ibid.*, Twenty-eighth Session, Supplement No. 23 (A/9023/Rev.1), vol. V, chap. XXVI, annex, paras. 180-184.

the question of reviewing Anguilla's constitutional status remained as described in the recent statement by Lord Goronwy-Roberts. According to press reports, Mr. David Ennals, the United Kingdom Minister of State for Foreign and Commonwealth Affairs, also made this point in his statement to Parliament on 17 July, adding that he had no reason to believe that the people of Anguilla would agree to bring the island within the scope of the United Nations trusteeship system. Earlier, the territorial Government had reportedly expressed the view that Anguilla was constitutionally part of the Territory, whose Constitution could not be changed by the United Kingdom unilaterally.

#### Status of Nevis

134. In early March 1974, the Nevis Local Council (which has nine elected members, six from NRP and three from UNM) was reported to have adopted a resolution demanding that the island be separated from the Territory of St. Kitts-Nevis-Anguilla. In the resolution, the Council recalled that the people of Nevis had first presented a secession petition to the United Kingdom in 1961 and that during that year, secessionists from the island had marched through Basseterre in protest against political administration from St. Kitts. The Council stated that the territorial Government had neglected the economic development and social welfare of the island and that its people wanted to be ruled by a government they could elect. The Council therefore called upon the territorial Government to refrain from exercising "arbitrary" control and administration over Nevis.

135. In late May, the Council approved a draft constitution for Nevis, under which the United Kingdom would reassume direct responsibility for the administration of the island. The Council sent a secession petition together with the draft constitution to the United Kingdom Government through its representative to the West Indies Associated States. In the petition, the Council asked that the 1967 Constitution of St. Kitts-Nevis-Anguilla be revoked. It argued that the Constitution had already "proved to be unacceptable and unworkable and in fact wholly suspended" in the case of the State, a reference to Anguilla's de facto separation therefrom.

136. On 2 June, a crowd estimated at about 8,000 (comprising more than half of the population of Nevis) marched through the streets of its principal city, Charlestown, waving placards which carried such slogans as "No more Bradshaw rule" and "Let Nevisians look after Nevis affairs". The march was led by Mr. S. Daniel, leader of NRP, who is also Chairman of the Council. Also in the march was Mr. Eugene Walwyn, leader of UNM, once linked with the ruling LP.

137. On 22 June, Premier Bradshaw announced that he had authorized Parliamentary Secretary Frederick Parris to administer a number of government services in Nevis. He reiterated his objection to any possibility of Nevis seceding from the Territory on constitutional grounds. He also said that the United Kingdom representative to the West Indies Associated States had advised the Nevis Local Council that the United Kingdom Government could not interfere in the internal affairs of the Territory.

#### Regional unification

138. On 5 April 1974, the House of Assembly approved the Territory's entry into CARICOM by 1 May. However, St. Kitts-Nevis-Anguilla did not join with five other

members of the Caribbean Free Trade Association (CARIFTA) in signing the Treaty of Chaguaramas in Castries, on 17 April. The question of the Territory's accession to the Treaty was first considered by its signatories and subsequently by the Common Market Council of CARICOM at a meeting held towards the end of that month (see also para. 11 above).

139. Upon learning that Premier Bradshaw had protested against the reservation made by the United Kingdom Government that the Treaty should not extend to Anguilla for the time being, Mr. Webster, leader of the Anguilla Council, declared that "there would be bloodshed if they (the St. Kitts Administration) tried to force us back", and that "what we want is for Britain to maintain her promise not to do anything to prejudice our position". He expressed the belief that the overwhelming majority of the Anguillans favoured a "permanent break" with the Territory.

140. In his recent statement to the United Kingdom House of Lords, Lord Goronwy-Roberts referred to his Government's position in regard to the Treaty of Chaguaramas. He stated that authority for signing it had been delegated to the Territory of St. Kitts-Nevis-Anguilla, but that, flowing from the Anguilla Act, 1971, a reservation had been made so that the Territory "might sign but without extending the signature to Anguilla for the time being". He further stated that Premier Bradshaw had resented this and had not signed the Treaty. Consultations, he continued, would certainly be held with the five Associated States and with the Anguillan people and Government concerning the whole question of their relationship. Meanwhile, no final decision would be made on Anguilla's constitutional future.

141. At its first meeting, held in Castries, from 15 to 18 July, the Conference of Heads of Government of CARICOM adopted a resolution on the territorial integrity of St. Kitts-Nevis-Anguilla. In this resolution, the Conference recognized the competence of the Government of St. Kitts-Nevis-Anguilla to adhere to the Treaty on behalf of the State in a manner consistent with its constitutional status and full territorial integrity. It therefore agreed that:

(a) CARICOM, acting in consultation with that Government, would contribute actively to the search for and implementation of measures and mechanisms intended to help bring about constructive resolution of constitutional and developmental problems of that State.

(b) The United Kingdom Government should be requested to co-operate with CARICOM in its efforts towards such a solution and to refrain from any course of action inconsistent with the evolution of such efforts and the progressive development of the Caribbean integration movement.

(c) The continuing decision of the Government of St. Kitts-Nevis-Anguilla to accede to the Treaty on behalf of the entire State was still further evidence of the long-standing commitment of that Government to the objectives of Caribbean unity and a source of deep satisfaction to the other members of CARICOM.

142. On 19 July, Mr. Michael Manley, Prime Minister of Jamaica, was reported to have said that the Conference had taken no decision to delegate himself and Mr. S. S. Ramphal, Guyana's Minister of Foreign Affairs and Justice, to discuss the Anguilla problem with the United Kingdom Government. He added that both had

only been requested to use their offices to have informal discussions on the matter with two United Kingdom representatives and Premier Bradshaw in the next few days when they were expected to be in Jamaica for a meeting between the African, Caribbean and Pacific (ACP) Group and the European Economic Community (EEC). Commenting on the action of the Conference, Mr. Webster stated that any decision on the future of Anguilla should be left to the Anguillans themselves, and that Caribbean political leaders should not interfere with the island's affairs.

143. Premier Bradshaw signed the Treaty on behalf of St. Kitts-Nevis-Anguilla in Kingston, on 26 July. He declared that the step had been taken "after due consideration and advice on the constitutional validity of the United Kingdom Government's objection". Three days later, the Advocate-News, a Barbados newspaper, said editorially that despite Mr. Bradshaw's action, his Government could not make any decision that would automatically apply to Anguilla, and that until the review was made (probably later in 1974) of Anguilla's position in its relationship with the United Kingdom and a decision reached, the present status quo remained.

144. Other actions taken by the territorial Government included: (a) ratification of a decision made at a recent meeting of the West Indies Associated States Council of Ministers concerning the appointment of a commission to investigate the possibility of eventually creating a political union among the remaining non-independent Commonwealth Caribbean countries; and (b) the endorsement of a proposal put forward by the Government of Antigua for the establishment by members of the East Caribbean Common Market of a unified bloc within CARICOM (see also para. 49 above).

### C. Economic conditions

#### General

145. The economy depends in a large measure on agriculture and the earnings of labour employed abroad, and to a lesser extent on the tourist trade. The Territory is an exporter of agricultural commodities, the most important being sugar and sugar preparations (produced mainly on St. Kitts) which account for some 96 per cent of all exports. For many years, the farming sector has declined and has experienced great difficulties in meeting production targets. Recognizing that whatever form the economy takes in the future, the Territory will have to rely for some time on sugar, a United Kingdom firm of consultants was appointed to investigate this industry. Measures have been taken to implement its recommendations for improving the industry's efficiency.

146. Tourism is being developed. Its growth has been restricted in the past by a lack of basic facilities. The Government has not only encouraged the construction of new hotels, but has also expanded the infrastructure, notably the airport.

147. Even with the scant natural resources, there is a scope for the industrial sector to play a significant role in meeting the aspirations for economic progress. The Government has set up a Development and Finance Corporation to offer generous incentives and provide essential facilities.

148. Nearly all the local requirements are imported. In recent years, the Territory has been faced with the problems of growing unemployment, persistent inflation and a chronic trade deficit.

149. In the case of Anguilla, its main exports are lobsters, salt and small stock. The tourist industry is still at an early stage of development. Since late 1971, a development programme, financed by grants of \$EC 5 million from the United Kingdom, has been undertaken in an attempt to diversify the island's economy. As noted above, the secessionist movement of Nevis, like that of Anguilla, has been partly based on allegations of neglect from the territorial Government.

150. In a message delivered to the people of the Territory on 25 December 1973, Premier Bradshaw predicted that the economic outlook for 1974 would be bleak owing mainly to: (a) dwindling sugar production resulting from the 1973 drought, perhaps the worst in 41 years; (b) rocketing world commodity prices; (c) the United Kingdom's economic problems with the consequent prospects of a cutback in aid; and (d) the desire of local workers to receive higher pay for less work. Emphasizing that "our economic situation is so serious that we must face it with action", he said that the Government proposed to: (a) organize if not mobilize the people to produce more and import less; (b) seek special powers over the entire productive capacity of the Territory including, in particular, full control of land and direction of labour; (c) encourage people to adopt a new attitude towards work so as to enable them to attain and maintain a reasonable standard of living; (d) make every effort to attract small industries; and (e) continue to expand tourist facilities by carrying out the development programme for Frigate Bay on St. Kitts.

151. These proposals were embodied in the Territory's budget for 1974 which Mr. C. A. P. Southwell, Deputy Premier and Minister of Finance, Trade, Development and Tourism, presented to the House of Assembly on 21 January. He said that the budget was designed as a strategy for survival. He particularly stressed the following points: (a) a substantial increase in the amount of flow of the community's savings to new investment; (b) intensification of efforts towards strengthening and revitalizing the sugar industry; (c) reduction of the Territory's trade deficit through the imposition of restrictions on unnecessary and avoidable imports; and (d) provision of adequate and suitable training for local workers.

152. Contrary to the prediction of the Premier, it is reported that considerable economic progress might be achieved in 1974, because the prospects for the sugar industry, on which the economy is mainly based, have brightened since the beginning of the year (see below). As a member of CARICOM, the Territory also expects to receive assistance from other member States in tackling its constitutional and developmental problems.

### Agriculture

153. On St. Kitts, sugar cane covers about 80 per cent of the arable land (11,818 acres in 1971), which is divided into 38 large estates. The remainder of the cultivated land is used for growing sea island cotton and vegetables (mainly potatoes and yams). Agriculture on Nevis is almost exclusively on a peasant smallholding basis, although there are five large coconut estates and small livestock farms. The main crops are cotton, coconuts, sugar cane and vegetables. Farming on Anguilla follows a similar pattern to that of Nevis, though livestock raising is more prevalent.

154. It will be recalled s/ that in December 1972, an agreement between the Government and the St. Kitts Sugar Producers' Association was signed providing for the general control and direction of sugar estates to be vested in the hands of the Minister of Agriculture, Housing and Labour for the period 1973-1975 inclusive. In May 1973, the Sugar Industry Rescue Operation (SIRO) was launched when the Minister took over as director of the industry and his Permanent Secretary was made Chief Executive. The Government guaranteed loans totalling \$EC 3.6 million for the rehabilitation of the industry with the objective of reaching a target production of 40,000 tons per year.

155. In his recent message, Premier Bradshaw said that in 1973, sugar output had been lower than in the previous year, and that the declining trend would continue into 1974. However, two subsequent important developments have had a very favourable effect on the industry, namely, a continued sharp increase in the price of sugar and an appreciable expansion of its production. In February 1974, the Labour Spokesman, a news organ of the ruling LP, said that, owing to the ever-increasing demand, the world market price of sugar had soared to \$EC 960 per ton, but that the United States and the United Kingdom were paying \$EC 480 and \$EC 292 per ton respectively. Therefore, the Territory, together with the other Commonwealth Caribbean countries were demanding that better prices for their sugar should be guaranteed by consuming nations, particularly the United Kingdom. Despite reported opposition from some members of the European Economic Community (EEC), the United Kingdom Government towards the end of the month announced its decision to fix the price of Commonwealth sugar at \$EC 398.4 per ton retroactive to 1972 - before the United Kingdom's entry into EEC. In an article published in The New York Times on 13 August, the author stated that the price of raw sugar in the New York spot market had risen from about \$US 230 per ton on 1 January to \$US 640 in August, and that there was no indication that a peak had been reached, a trend which augered well for the industry.

156. After joining CARICOM, the Territory agreed with other members to adopt a common approach on economic relations with non-member States and international organizations, including EEC. The outcome of negotiations between CARICOM and EEC on this matter, particularly special arrangements for certain commodities such as sugar, is expected to have a significant impact both on the Territory's trade position and on the future of the industry after the expiration in 1975 of the agreements on sugar quotas and prices guaranteed by the United Kingdom and the United States.

157. During the crop year ending July 1974, the St. Kitts (Basseterre) Sugar Factory, the only one in the Territory, produced 26,101 tons of sugar (an increase of 2,243 tons over the previous year). Of the 1974 output, 20,000 tons were expected to be exported to the United Kingdom under the Commonwealth Sugar Agreement.

#### Agricultural diversification

158. In January 1974, three important bills were approved by the House of Assembly.

s/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 23 (A/9023/Rev.1), vol. V, chap. XXVI, annex, paras. 191-192.

The first would aim chiefly to promote higher income, more jobs and a better standard of living for farmers and agricultural workers. Provision would be made for the establishment of an agricultural land development authority, which would receive loans guaranteed by the Government for financing development of all farmlands not used for sugar cane cultivation. The first assignment of the authority would be to create economically sized farm units ranging from 12 acres for vegetable cultivation to 100 acres for livestock development, beginning with the division of government-owned lands. The Government would be empowered to enter into agreements with the Caribbean Development Bank for loans to finance agricultural projects. Prior to the passage of this bill, the Bank had granted the Government two such loans totalling \$US 194,240. The second bill would provide for the creation of a central marketing corporation to develop and carry out a co-ordinated programme for purchasing, selling, handling, storing, distributing and transporting agricultural produce other than sugar or cotton, and possibly, at a later stage, handicraft products. Under the third bill, the Government would have the power to control the use of pesticides.

159. In February, officials of SIRO revealed that experiments were being conducted on St. Kitts to determine which crops could be grown economically and the areas in which the best yields could be obtained as part of an agricultural diversification scheme. At least 17 of the 38 St. Kitts estates (31 of which were directly under SIRO control) were engaged in the diversification scheme. It was also announced that experiments would soon be extended to Nevis where particular attention was to be given to the cultivation of peanuts. According to a recent survey, the peanut yield on St. Kitts is about 8,000 pounds per acre which is considered commendable. In the context of the Caribbean area, which imports 5 million pounds of peanuts per annum, there is a substantial regional market available. Farmers on St. Kitts have also found ways of producing certain other vegetables in abundance, including cabbages, onions, potatoes, tomatoes and yams.

### Tourism

160. The Government has continued to accelerate tourism development. At its inaugural meeting, held in June 1973, the Frigate Bay Corporation, recently established by the Government to implement a multimillion dollar tourist development project (covering 860 acres of land), created two committees, one dealing with promotion and publicity and the other with building plans and landscape. The project includes a 48-room hotel, an 18-hole golf course, 9 hotel sites, a marina, 650 residential lots and sites for condominium development. The hotel and the golf course to be built at an estimated cost of \$EC 2.4 million, were expected to be completed by the end of 1974.

161. In May 1974, after his return from a promotion tour of North America, Mr. C. A. P. Southwell, Deputy Premier and Minister of Finance, Trade, Development and Tourism, was reported to have viewed tourist prospects with cautious optimism. He announced that the new 7,600-foot runway at the Golden Rock Airport on St. Kitts was scheduled for completion in October, and that every effort was being made to ensure at least one weekly direct flight to the Territory.

### Industry

162. The Development and Finance Corporation (DFC) has been set up to encourage the establishment of new industries, particularly those not dependent on local



agricultural produce. Between 1971 and 1973, the Caribbean Development Bank approved three loans totalling \$US 415,659 to DFC for the initiation of a small industry scheme (\$US 125,000) and the construction of industrial estates and factory buildings (\$US 290,659).

163. In his statements made in October 1973 and January 1974, Mr. Southwell drew particular attention to the following developments: (a) Curtis Mathes of the United States, which manufactures television component parts, intended to expand its operations; (b) Calypso Clothes, a garment manufacturer, had joined with Kirpalani's of Trinidad and Tobago in formulating a plan for a furniture factory; (c) a handicrafts industry would soon be developed with assistance from UNDP; (d) a shoe factory had been established as a joint venture of Venezuelan and local interests; and (e) the Government was making vigorous efforts to attract more electronic industries to the Territory.

#### Transport and communications

164. In 1973, air communications were further improved through: (a) the inauguration by National Airways, Ltd. (the Territory's new airline) of regular services between St. Kitts, Nevis and the United States Virgin Islands; (b) the construction of the new Golden Rock Airport with grants totalling £3.5 million from the United Kingdom; and (c) the extension of the runway to 3,600 feet at Anguilla's airport, the cost of which was being met by United Kingdom development aid totalling \$EC 1.5 million.

#### Public finance

165. On 21 January 1974, Mr. Southwell presented to the House of Assembly a \$EC 31.2 million budget for 1974, representing a decrease of \$EC 3.2 million from the figure for the previous year. Recurrent expenditure was estimated at \$EC 16.2 million, which was to be covered mainly by local revenue (\$EC 13.8 million) and a United Kingdom grant-in-aid (\$EC 2.2 million). Capital expenditure was put at \$EC 15.0 million to be financed partly by capital revenue (\$EC 5.1 million), partly by loan funds (\$EC 5.0 million) and partly by development aid (\$EC 4.9 million).

166. According to the budget estimates for 1974 approved by the Anguilla Council, the island's revenue was expected to amount to \$EC 1.8 million (including a United Kingdom grant-in-aid of \$EC 871,800) and expenditure to \$EC 1.8 million.

167. Until 1969, the projects undertaken by UNDP in the Caribbean area (including St. Kitts-Nevis-Anguilla) had been financed on a contingency basis. From 1969 through 1971, country target figures were allocated, and, for 1972-1976, an undistributed 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 1967/73 amounted to \$US 546,290; assistance envisaged for 1974/78 totalled \$US 520,500.

#### D. Social conditions

168. In 1971, the last year for which labour statistics are available, there were

approximately 10,750 workers (8,935 in 1970) in the private sector of the economy. Of this number, 4,350 (4,600 in 1970) were employed by the sugar industry, the most important single source of employment. The Government, the second largest employer in the Territory, had 2,777 (3,421 in 1970) employees. The remainder worked mainly for various concerns engaged in commerce, construction, tourism, manufacture and transport.

169. In recent years, however, the economy has not expanded fast enough to provide adequate opportunities for local workers, particularly the new entrants into the labour force. This has resulted in the steady migration of local labour for work abroad, notably in the United States Virgin Islands; the number of migrants employed there increased from 3,800 in 1971 to 4,255 in 1972 and 4,440 in 1973. In his recent budget speech, Mr. Southwell said that, in formulating its current economic policies and programmes, the Government had taken into account the high level of unemployment and the growing number of school leavers, and stressed that it was committed to the provision of adequate and suitable training for local workers, better medical services and increased social benefits.

#### E. Educational conditions

170. Two important educational developments were: (a) the announcement made in September 1973 by the British Development Division in the Caribbean that an allocation of \$EC 327,000 had been made for the erection of a primary school on St. Kitts and extensions to two secondary schools on Nevis; and (b) the opening in January 1974 of a new primary school at East End on Anguilla, marking the completion of a three-year school building programme which had been financed by grants of over \$EC 500,000 from the above-mentioned Division.

171. Government expenditure on education in 1974 was estimated at \$EC 2.5 million, or 15.4 per cent of the Territory's total estimated recurrent expenditure.

### 5. ST. LUCIA

#### A. General

172. According to the last census, taken in 1970, the population of the Territory was 101,000 (mainly of African descent), of whom about 45,000 lived in Castries, the capital. The population increased at an average annual rate of about 2.5 per cent between 1960 and 1971, and is currently estimated at more than 110,000. In addition, many St. Lucians are living overseas (including 1,615 employed in the United States Virgin Islands during 1973).

#### B. Constitutional and political developments

##### Constitutional reform

173. It will be recalled t/ that on 14 September 1972, Premier John Compton, who

t/ Ibid., paras. 207-212.

is also the head of the United Workers' Party (UWP), announced that the Government would propose to the House of Assembly the creation of a commission to examine the present Constitution of St. Lucia, in an effort to devise a system of government most suited to the Territory, and that the commission would be expected to report before the next general elections.

174. In December 1972, Mr. Ira Simmons, the newly appointed Governor of the Territory, announced that, upon receipt of the report of the recently appointed Boundaries Commission, the Government would introduce legislation for redivision of existing constituency boundaries.

175. The Boundaries Commission comprised two members from each of the two political parties (UWP and the Opposition Labour Party (LP)), headed by Mr. Martin J. Baptiste, the Speaker of the House of Assembly. On the basis of the report of the Boundaries Commission, the House in December 1973 adopted, by a vote of 6 to 3 with 1 abstention, a motion to increase the number of elected parliamentary seats from 10 to 17 at the next general elections, which were to take place on 6 May 1974 (see paras. 181-183 below).

176. In announcing the election date, Premier Compton had informed the House that if his party was returned to power, he would propose to amend the present Constitution by eliminating the provision for nominated members in the existing House and by adding a new clause establishing a senate. It may thus be inferred that he had decided not to create the constitutional commission referred to in paragraph 173 above, taking into account the political situation prevailing in the Territory.

#### Opposition in St. Lucia

177. A new opposition party, the Labour Action Movement (LAM), was formed in September 1972, headed by Mr. George Odlum, and including former members of UWP and LP. Among the latter were Messrs. Julian Hunte, Neville Cenac and Carlisle J. N. Baptiste. In December, LAM announced that Messrs. Odlum and Hunte were to be two of its candidates for the forthcoming general elections. Shortly after this announcement, the party reportedly began to lose the support of many former followers, thus prompting it to seek an alliance with LP.

178. It was a time of crisis for LP, however; Mr. Kenneth Foster, its political leader since 1968, was reported to have rejected a request from the party's executive to relinquish his post, claiming that the only constitutional authority with power to challenge his position was the party's annual convention. As a result, Mr. George Murray resigned as party secretary. He was believed to have been the main force behind the moves to evict Mr. Foster from office, and to amalgamate with LAM. Mr. Foster was re-elected as the political leader of LP at its annual convention, held on 1 May 1973, after Mr. Murray led a walkout. The issue split the party into two factions. Mr. Murray refused to recognize Mr. Foster's re-election, declaring that it was unconstitutional. The proposed merger between LP and LAM was not discussed at the convention, and was later rejected by Mr. Foster.

179. In June, LAM was reported to have been plunged into a near crisis with the resignation of four of its key members, among them Mr. Hunte and Mr. Hilary Modeste, another former UWP member.

180. In October, the two factions of LP reunited and merged with LAM to contest the coming general elections. Mr. Allan Louisy, former acting Justice of Appeal of the West Indies Associated States Supreme Court, who had helped to bring about the reunion, was appointed Chairman of the campaign committee, and Mr. Foster retained the post of political leader of the new alliance. Mr. Baptiste, then Leader of the Opposition in the House of Assembly, did not attend public meetings organized by LP following its granting of admission of LAM, and announced that he might not seek re-election. Mr. Hunter Francois, former Minister of Education and Health, decided to join LP and to contest the election on its ticket.

#### General elections

181. Elections under the newly amended Constitution for the 17 seats in the House of Assembly were held on 6 May 1974 and were mainly contested by UWP and LP. Premier Compton had called the elections five months before they were constitutionally due because he said that his party wished to obtain a two-thirds majority to bring about the fundamental changes necessary for the development of St. Lucia and to put an end to uncertainty among potential foreign investors. With a new mandate, his Government could actively encourage foreign investment in tourism and light industry which had spurred development faster than in any of the less-developed countries of the area. He reiterated that the basic objective of his party was to attain independence within five years, preferably in association with other non-independent Territories in the Commonwealth Caribbean (see below).

182. According to the election results, UWP secured 10 seats in the enlarged House of Assembly and LP won 7 seats. Mr. Compton was reappointed Premier. Approximately 83 per cent of the electorate voted and UWP received 53 per cent of the valid votes cast. Despite strong objections by Mr. Foster, of LP, the Governor appointed Mr. Allan Louisy the Leader of the Opposition in the new House of Assembly. The appointment of its three nominated members was also announced.

183. In a speech delivered at the first meeting of the House, held on 14 June, the Governor stated that the Government machinery would be restructured to make it responsive to the needs of a rapidly changing society and in fact would be the principal instrument for initiating such change. He also outlined the Government's policies and programmes in various fields of endeavour. These are described below.

#### Future status of the Territory

184. In a speech delivered to the annual congress of his party on 9 October 1973, Premier Compton referred to an agreement concluded in June 1972 between the Governments of Grenada, St. Lucia and St. Vincent on the proposed unification of the three Territories. u/ He said that the agreement was intended as an initial move towards more comprehensive economic and political co-operation leading to the formation of an independent unit of the three Associated States, but that Grenada's decision to achieve unilateral independence had put an end to this hope. He added that, if returned to power in the forthcoming general elections, his Government during its next term of office would seek to reach an understanding with one or more of the Associated States so that they could together attain

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u/ Ibid., paras. 13 and ff.

independence. Failing that, the Government would take the necessary steps to enable St. Lucia to move alone towards independence. At its closing session, the congress unanimously adopted a resolution to that effect.

185. In an address at the opening of a new session of the House of Assembly on 20 December 1973, the Governor reiterated the views of Mr. Compton, adding that St. Lucia had pledged to become a member of the Caribbean Community (CARICOM). On 17 April 1974, in accordance with the decision of the House, St. Lucia became a member of CARICOM. Other actions taken by the Government during the period under review included: (a) ratification of a decision made at a recent meeting of the West Indies Associated States Council of Ministers concerning the appointment of a commission to investigate the possibility of creating a political union among the remaining non-independent Commonwealth Caribbean countries; and (b) the endorsement of a proposal put forward by the Government of Antigua for the establishment by the members of the East Caribbean Common Market of a unified bloc within CARICOM (see para. 49 above).

### C. Economic conditions

#### General

186. The Territory enjoyed a rapid economic expansion over the period 1964-1970, with a slight decline in 1971 which was reversed in 1972. Agriculture is by far the largest sector of the economy. Bananas are the principal crop, representing about 80 per cent of all domestic exports. In terms of growth rate, however, construction and engineering, transportation and tourism have contributed most to the economy. Until very recently, export agriculture has grown very slowly while domestic agriculture has shown signs of decline.

187. In a budget speech delivered to the House of Assembly on 20 December 1973, Premier Compton said that despite the adverse effects of international economic instability and fuel shortages, the economic prospects for St. Lucia in 1974 would be brighter. For example, the banana industry, which had declined considerably from 1970 to 1973, showed indications that it might return in 1975 to its peak level of 85,000 tons, formerly achieved in 1969. At the same time, he warned that the rate of inflation could become much higher and that there would be further shortages of food unless St. Lucians made concerted efforts to increase production for local consumption. The Government promised substantial financial assistance in this connexion and also planned to undertake major tourist and construction projects (see below).

188. Mr. Compton also noted that the Government was attempting to cope with persistent trade deficits and unemployment, by participating in the expanding integration movement in the Caribbean region, particularly the Eastern Caribbean, and had sought and received financial and technical assistance from international sources. The Government was also preparing the final draft of a development plan for the period 1974-1979.

#### Investment policy

189. In an address to the UWP congress in October 1973, Premier Compton said that although the Government would continue to encourage foreign investment in the

Territory, a decision had been made to broaden its base primarily through greater control of St. Lucia's economic development and an increase in local ownership and/or participation in business activity, where feasible. He listed a number of areas exclusively reserved for St. Lucians or locally controlled companies. Among these were: small hotels and guest houses, car rental services, new financial institutions dealing in the local capital market, road construction, except large projects specifically exempted by the Government, automobile and other repair services, real estate, advertising newspapers and broadcasting. Other areas included enterprises with capitalization under \$EC 250,000, agricultural production, import-export and distribution activities, handicrafts, quarrying and the manufacture of concrete products.

### Agriculture and livestock

190. The major agricultural crop is bananas, most of which is for export. Copra is the only other major export crop. At present, the economy is heavily dependent on these crops, a situation which is not expected to change in the near future. Certain other crops, such as cassava, yams, citrus fruits and vegetables are grown mainly for local consumption. In 1973, the value of imports of food-stuffs exceeded that of agricultural exports by \$EC 4.3 million. In his recent budget speech, Premier Compton announced a \$EC 2.5 million agricultural expansion programme for 1974. Of this sum, \$EC 2.0 million would be allocated to finance the requirements of the food production drive and the remainder would be used for the operation of agricultural stations throughout the Territory. He also announced that a livestock scheme, costing \$EC 270,000, would be undertaken with a view to alleviating St. Lucia's meat shortage. Shortly before these announcements, the following three important agricultural developments had occurred: (a) the Government signed an agreement for technical co-operation in farming between St. Lucia and Venezuela; (b) the Caribbean Development Bank approved a loan, totalling \$EC 2.3 million, to finance construction of access roads to banana-producing areas; and (c) nurseries were established with funds from United Kingdom development aid (\$EC 60,000) in order to introduce two new varieties of the fruit.

191. In early 1974, banana production in the Territory outstripped the capacity of the ships owned by Geest Industries (United Kingdom) which had to increase the numbers of its ships' calls at Castries. It was also announced that the Government had successfully concluded negotiations for a 20 per cent increase in the price of St. Lucia's copra and raw coconut oil exported to Barbados, Guyana, Jamaica and Trinidad and Tobago. Nevertheless, the St. Lucia Copra Manufacturers Association reported that production had been poor during the current season, and that the Territory might not be able to meet its copra commitment to other Caribbean countries in 1974. In his speech of 14 June 1974, the Governor stated that the Government intended to strengthen the agricultural sector, particularly through the creation of a separate Ministry of Agriculture and the initiation of land reforms.

### Tourism

192. Tourism has made substantial gains since the late 1960s. During the period 1970-1972, it surpassed banana exports as the Territory's principal foreign exchange earner. According to the Government, St. Lucia earned \$EC 10 million from tourism in 1972, compared with \$EC 5.6 million from banana exports. Apart from its exchange earning potential, the tourist industry is considered essential

as a means of encouraging economic diversification, creating employment and providing an important outlet for agricultural products. Efforts to expand tourist and other basic facilities include an increase in the number of hotel rooms (1,200 in 1972), the expansion of two hotels and the construction of a condominium complex in the southern town of Vieux Fort and a tourist and residential complex at Rodney Bay. These projects represent an investment of \$EC 3.75 million for 1974 and would give employment to more than 500 persons. It will be recalled that, in January 1972, local hotel managers and the Government were reported to have reached an agreement by which all hotels in the Territory would be managed by St. Lucians within the next five years. v/ In July 1973, the British Development Division in the Caribbean approved a grant of \$EC 250,000 for the construction of a new hotel trades division of the St. Lucia Technical College at Mourne Fortune. The new buildings were expected to provide facilities for the training of hotel employees. The first courses were scheduled to begin in September 1974. A major problem confronting the tourist industry remained the inadequacy of air services direct from North America, the United Kingdom and other European countries (see below).

### Industry

193. In an effort to accelerate the rate of industrial growth, the Government has set up the National Development Corporation (NDC). In 1972, the Caribbean Development Bank granted NDC three loans, totalling \$EC 1.1 million, of which \$EC 680,000 was spent on two industrial estates. In early 1974, the Bank approved another loan of \$EC 950,000 to NDC for the expansion of the larger estate at Vieux Fort.

194. Industrial activities have been largely confined to the processing of local agricultural produce and to certain light industries producing consumer and other goods, mainly for the domestic market. Nevertheless, the manufacturing industry in St. Lucia will soon reach a more advanced stage of development than in other Territories under consideration. In his recent speeches, Premier Compton pointed to the success of St. Lucia's efforts in this sector which have already resulted in the establishment of some large industries. The two largest are a carton manufacturing plant built by the Windward Islands Packing Company at a cost of \$EC 5 million (a joint venture of the Governments of Dominica, Grenada, St. Lucia and St. Vincent, and Papelera Industrial of Venezuela) and a brewery (erected by Heineken Breweries of the Netherlands at a cost of \$EC 7 million, financed by Heineken (51 per cent) and the Windward Islands (49 per cent)). Other industries include a structural steel fabricating plant, a garment factory, and seven new factories planned for the Vieux Fort industrial estate.

### Communications and other basic facilities

195. A major problem confronting the Territory is the need for further development of the economic infrastructure. In order to meet this need, the Government undertook the following projects in 1973, all of which were financed by loans from the Caribbean Development Bank: Castries Port, \$US 2,560,000; feeder roads, \$US 1,125,568; bridges, \$US 466,680; water supplies, \$US 443,960; and a terminal building at Vigie Airport, \$US 258,000.

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v/ Ibid., para. 224.

196. At a press conference held on 4 October, Mr. Peter Bergasse, Chairman of the Tourist Board, stated that because of the inadequacy of air services between St. Lucia, North America, the United Kingdom and other European countries, the Territory was relying heavily on charter flights to fill its hotel rooms. Tourists coming in on such flights stayed only for short periods and contributed little financially to St. Lucia. If the present situation continued, \$EC 2 million in tourist revenue could be lost during the winter season. He pointed out that the Territory was being served on a scheduled basis only by British Airways (twice weekly from London and New York), which had not yet agreed to increase its flights to St. Lucia. He also said that some local hotels had already reported losses running up to \$EC 100,000, owing to cancellations of reservations.

197. Three important developments during early 1974 were: (a) a decision taken by Cable and Wireless, Ltd. to establish on St. Lucia a relay point in a microwave which it plans to set up in the Eastern Caribbean; the system is planned to cover 800 miles, from the British Virgin Islands to Trinidad and Tobago; (b) an allocation of \$EC 500,000 by the United Kingdom for geothermal exploration; and (c) construction of a terminal building at Hewanorra International Airport, with assistance from Canada, at an estimated cost of \$EC 3 million.

198. On 27 July, Premier Compton announced that the Government intended to press ahead with plans to harness geothermal energy, reported to be accessible in substantial quantities in the mountainous Soufrière area, and would need some \$EC 10 million to finance the project. According to the Premier, successful completion of the project would make St. Lucia self-sufficient in electricity by 1977, and would enable it to become a major candidate for industrial development, thus revolutionizing the economy.

199. In July, the Government of Canada formally agreed to provide \$EC 3.5 million to meet the costs of the second phase of the water development scheme for Castries and to initiate work on a similar scheme for Vieux Fort. The Canadian Government had previously made available a total of \$EC 7.0 million to finance the initial phase of the Castries scheme. w/

#### Public finance

200. On 20 December 1973, Mr. Compton presented to the Legislature a record budget of \$EC 49.5 million for 1974, representing an increase of \$EC 7.0 million over the 1973 budget. The budget was to be financed partly by local revenue (\$EC 29.4 million), partly by United Kingdom development aid (\$EC 11.0 million) and partly by loans (\$EC 7.0 million) raised mainly from the Caribbean Development Bank. Expenditure on the administrative services was expected to rise by \$EC 3.8 million to \$EC 25.6 million; and top priority would be given to tourism, communications and works, geothermal energy development, water supplies, rural electrification, urban development, public health, education and recreational activities.

201. Until 1969, the projects undertaken by UNDP in the Caribbean area (including St. Lucia) had been financed on a contingency basis. From 1969 through 1971 country target figures were allocated, and, for 1972-1976, the Governing Council of UNDP approved an undistributed indicative planning figure which was

w/ Ibid., para. 229.



subsequently adjusted for the period 1974-1978. Total funds available to the Territory for 1967-1973 amounted to \$US 707,330; assistance envisaged for 1974-1978 totals \$US 608,800.

#### D. Social conditions

202. The banana and construction industries and the Government provide the main sources of employment in St. Lucia. Although a number of jobs are unfilled, there is nevertheless a high level of unemployment, principally among the youth in rural areas. Despite the establishment of a Technical College, there is still a complete lack of supervisory training in almost all sectors of the economy. As a result, the Government and the growing private sector are obliged to recruit foreigners to perform these supervisory duties. On the other hand, many local workers are leaving the Territory to seek employment abroad, especially in the United States Virgin Islands. The number of St. Lucians employed in that Territory increased from 1,540 in 1972 to 1,615 in 1973.

203. In June 1973, the Government appointed a five-member Commission of Inquiry under the chairmanship of Sir Kenneth Stoby, former Chief Justice of Barbados, to examine the wage structure and conditions of employment of agricultural workers. The establishment of the Commission followed the Government's unsuccessful attempts to resolve a six-week strike for higher wages by some 300 workers on two large banana estates owned by Geest Industries of the United Kingdom. In its report, published during September, the Commission criticized Messrs. George Odlum and Peter Josie, two members of LAM, for prolonging the strike after a settlement had been reached. It warned that the industry would be destroyed if their "excessive demands" were met, bearing in mind that they had sought increases of up to 100 per cent in wage rates for the workers. In his speech of 14 June 1974, the Governor stated that the Government intended to maintain industrial peace through the creation of an Industrial Relations Consultative Council. The Governor has also stressed the importance of broadening employment opportunities by taking steps to strengthen the economy (see above) and by encouraging St. Lucians to qualify for an increasing measure of technical and supervisory responsibility.

204. Other measures taken by the Government in 1973 included the following:  
(a) the granting of loans by the Housing Development Bank; (b) the establishment of four housing estates; (c) the creation of an Urban Development Corporation; and (d) the initiation of a medical programme expected to cost \$EC 3.8 million.

#### E. Educational conditions

205. In early 1974, the Government of Canada agreed to provide \$EC 1.5 million in aid funds for the expansion of three junior secondary schools. In the same year, a comprehensive school at Castries, also financed by a Canadian grant of \$EC 8 million was opened. The school accommodates 1,000 pupils and offers a wide variety of academic and technical courses. There are 90 educational institutions with 33,852 students and 1,053 teachers (including 613 qualified St. Lucians). At present, more than 219 teachers are receiving training. The Government is pursuing a policy aimed at the provision of trained teachers in all schools.

206. In 1974, recurrent expenditure on education amounted to \$EC 3.9 million.

## 6. ST. VINCENT

### A. General

207. At the last census, taken in 1970, the population of the Territory numbered 89,632, almost all of whom were of African and mixed descent. Kingstown, the capital, had a population of 23,645. In 1973, the population was estimated at 95,000 of which 60 per cent were under 25 years of age. St. Vincent has one of the highest birth-rates in the English-speaking Caribbean. This not only has resulted in a relatively large percentage of youth in the composition of the population, but also has aggravated the traditionally high level of unemployment. In late April 1974, a Territory-wide family planning programme, financed by a grant of \$EC 100,000 from the United Nations Fund for Population Activities, was established to check population growth. Additionally, the Government has taken steps aimed at easing the problem of unemployment. These steps are outlined in the relevant sections of the present paper.

### B. Political developments

#### Government

208. There are two political parties in the Territory: the St. Vincent Labour Party (SVLP) led by Mr. R. Milton Cato, the Premier in the previous Government, and the People's Political Party (PPP), led by Mr. Ebenezer T. Joshua. At the last general election, held in March 1972, each party won six seats in the House of Assembly, with the other seat going to Mr. J. F. Mitchell, an independent. In addition to the 13 elected members, the new House consists of 3 nominated members and 1 ex officio member (the Attorney General). Having entered into an alliance with PPP, Mr. Mitchell was invited by the Governor to form a new coalition Government. The Cabinet, as constituted at present, consists of the Premier, five other ministers and the Attorney General, who is an ex officio member.

209. In a speech delivered on 4 October 1973 to the second session of the House since the establishment of the new Government, the Governor said that more up-to-date models of electoral laws were being studied with the objective of improving the existing electoral system.

210. On 15 November, the House met in emergency session to debate an Opposition motion of no confidence in the Government. Both Mr. Mitchell and Mr. Clive L. Tannis, Minister of Home Affairs, Labour and Tourism, interrupted their visits abroad to return to the Territory for the debate. The motion was defeated by a vote of 7 to 6.

#### Regional unification

211. In his recent speech, the Governor announced the Government's intention to honour the Georgetown Accord (see para. 7 above) and to join CARICOM by 1 May 1974. To this end, he added that St. Vincent, along with other signatory Associated States would give notice of withdrawal from CARIFTA and that the Government would continue to pursue political unification in the Eastern Caribbean.

212. In public statements made in December, Premier Mitchell reiterated the call for Caribbean political unity and appealed for a strong central government for the Associated States because, in his view, it was senseless for them to pursue their insularity. He stressed that if there was to be any broad determination of purpose in the Caribbean as a whole, there had to be a certain equality among the States thus grouped. He was of the opinion that "it is hard to see how this can be accomplished without first a coming together of the minute Associated States with a single political voice presenting a single view in and beyond the region".

213. Based on these considerations, the Government of St. Vincent took the following actions during the first half of 1974: (a) the appointment of a commission to investigate the possibility of creating a political union among the remaining non-independent Commonwealth countries; (b) the signing of a treaty in St. Lucia under which St. Vincent joined CARICOM; and (c) the endorsement of a proposal put forward by the Government of Antigua for the formation by the members of the East Caribbean Common Market into a unified bloc within the CARICOM (see para. 49 above).

### C. Economic conditions

#### General

214. The economy is in a large measure dependent on agricultural production and to a lesser extent on tourism development. The agricultural sector provides about 50 per cent of the employment in the Territory, all of its exports and the bulk of the staple food-stuffs. Efforts have been made towards the expansion of livestock production. Fishing and forestry have contributed only marginally to the economy. Industrial development has been modest and confined in the main to those industries concerned with the processing of agricultural products.

215. The economic slowdown in 1970 was followed by an upsurge in 1971 and 1972. During this period, average per capita income, though still the lowest in the Eastern Caribbean, rose from \$US 205 to \$US 270. Despite the improvement in the economic situation, the problem of inflation has remained very serious. The Government has taken certain steps to cope with this problem including the introduction of price controls and restrictions on fuel consumption.

216. On 27 March 1974, when he presented the budget for the current financial year, Mr. Ebenezer T. Joshua, Deputy Premier and Minister of Finance and Information, expressed concern over persistent inflation, and the inflationary pressures discernible in the world's major economies. Among the factors contributing to the price spiral he cited food shortages, monetary instability and the energy crisis in particular. Mr. Joshua said that the Territory's only defence was an increase in interest rates in order to prevent an outflow of funds.

217. In an effort to cope with the problems of continuing trade deficits and high unemployment, the Government has been intensifying its efforts to promote economic and political integration in the Caribbean region, particularly the Eastern Caribbean (see above). It has also taken a series of measures aimed at stimulating economic growth in St. Vincent, which are described in the relevant subsections below.

## Land, agriculture, livestock and forestry

### Policies and programmes

218. The total land area in the Territory (including St. Vincent Grenadines) is 96,162 acres, of which a relatively small part (about 27,000 acres in 1973) is owned by the State and the rest is privately owned in freehold. All arable land is in the hands of local people and is about equally divided between large estates and small holdings.

219. In a radio broadcast on 29 June 1973, Premier Mitchell, who is also the Minister of Trade, Agriculture and Grenadines Affairs, said that the Government intended to introduce land reforms with a view to ensuring that land for families and food would be secured on a permanent basis; that further alienation of St. Vincent's limited and fertile land resources from proper agricultural utilization would be stopped; and that under a plan being prepared, the zoning of land for agriculture and forestry would be carefully differentiated from that for tourism.

220. On 8 August, the House of Assembly endorsed the Government's proposal to meet the cost of a number of projects (totalling over \$EC 10 million) partly through the sale of bonds worth \$EC 6.5 million. These projects included: (a) the initiation of a land reform scheme; (b) the establishment of small farms; (c) the allocation of land for tree crops and animal husbandry; and (d) the construction of new facilities for receiving, packaging, storing and shipping agricultural commodities. During the same month, a private estate was zoned as agricultural land in the Government's first move to implement the scheme.

221. In January 1974, the Government launched its agricultural revival programme for the current year, the basic objective being the establishment of a properly developed farm and livestock production system with the assistance of the Agricultural Department, the Agricultural and Co-operative Bank (a public institution formed in 1969), and the Marketing Board. In early March, about a month after the Government had prohibited the importation of a number of commodities, mostly food, farmers were reported to be working hard, buying less and saving more, indicating that the programme was making a significant impact. In his recent budget speech, Mr. Joshua announced plans to push ahead with agricultural development, with special attention to increasing the production of arrowroot, bananas, root crops and vegetables. He added that the aim was to restore output to the level required to meet local and overseas commitments in both quality and quantity. He also announced that the Government would take positive steps to expand the livestock population which, according to a survey, was declining. These would include: (a) the implementation of a breeding scheme to increase cattle and pig production and place restrictions on the export of certain classes of livestock; and (b) the drafting of legislation to prohibit the slaughter of pregnant and immature animals. An increase in the price of milk was being contemplated to encourage greater supplies. Referring to capital needed, he said that it would be mainly provided by the United Kingdom and the Caribbean Development Bank. Increasing assistance in the agricultural and livestock sectors had also been obtained from UNDP (see para. 240 below).

## Production

222. In March 1974, Mr. Tannis, Minister of Home Affairs, Labour and Tourism, was reported to have held discussions with representatives of the Canadian International Development Agency on the question of reviving the sugar industry. It was also reported that St. Vincent might return to the cultivation of its own variety of sea island cotton following talks between the Government and a buyer from the United Kingdom. Premier Mitchell indicated that the Government's decision would be based on an analysis of a new price of \$EC 3.20 per pound.

223. Although considerable progress has been made in the development of root crops, arrowroot and bananas remain the most important export crops.

224. More emphasis is being placed on the growing of arrowroot since new uses have been found for its starch in paper coating for the computer industry. It is estimated that the market can now absorb some 25,000 barrels of starch a year. Exports were expected to reach 10,000 barrels in the 1972/73 season. In late 1973, the Government and the Arrowroot Association accepted the recommendations contained in a report of the United Nations Development Advisory Team (UNDAT), which had made a detailed analysis of the status of the industry. These included increased profits to the farmer, an increase in the acreage under the crop, mechanization of harvesting, greater efficiency in processing, adequate extension services, a study to be undertaken by UNDP of the world's demand, and reactivation of research into varieties amenable to mechanized harvesting.

225. Almost the entire banana crop is exported to the United Kingdom. In 1972, the crop occupied about 8,000 acres of which 70 per cent was cultivated by small farmers. The banana industry encountered difficulties at the end of that year, but has since shown encouraging signs of recovery, owing largely to the steady rise in the United Kingdom market price. As part of government efforts to save the industry and pave the way for its future expansion, the replanting of 1,000 acres in the Marriagua Valley was started in November 1973. This scheme is being financed by a grant of \$EC 140,000 from the British Development Division in the Caribbean. Farmers are being assisted with loans, fertilizers and other agricultural chemicals.

226. At the twentieth annual general meeting of the St. Vincent Banana Growers' Association on 15 February 1974, its chairman stated that the industry now had the greatest buoyancy in its recent history with prices considerably better than in the previous year. He urged farmers to make every effort to increase production so as to benefit from current high prices and to maintain St. Vincent's position as a traditional supplier to the United Kingdom. At the same meeting, Premier Mitchell said that it was only by protecting the industry outside the Caribbean through negotiations with the United Kingdom and EEC and by controlling the volume of supplies from various parts of the world that the Windward Islands (including St. Vincent) could get a good regulated price for their bananas. In April, the Windward Island Packaging Company, in which the Government has an interest, began to operate its new plant producing corrugated cartons for the shipment of the fruit.

227. Tourism, St. Vincent's most important industry, showed a slight decline during the period under review.

228. In March 1973, the Development Corporation, a public body, announced a plan

for tourism development in the islands of Canouan and St. Vincent. The plan provided for further expansion of the economic infrastructure; the establishment of three hotels; and the development of a real estate scheme. Subsequently, the plan was modified to two hotels, one of which was to be built at a lower cost. The revised plan was to be financed mainly by aid from the United Kingdom and the sale of government bonds. The Government also applied to the Caribbean Development Bank for a loan of \$EC 1 million to meet part of the cost of the larger hotel.

229. In a radio broadcast on 22 October Mr. Tannis announced the Government's intention to ensure local management of all hotels and tourist facilities and drew attention to the following measures being taken to strengthen the industry's position: (a) the conduct of a strong publicity campaign to demonstrate excellent package tours offered by St. Vincent to the tourists; (b) the development of markets in certain Caribbean countries to cater for the off-season visitors; (c) the protection of beaches against pollution; and (d) the expansion of the hotel training programme at all levels. With regard to tourism development, Mr. Joshua stated in his recent budget speech that it would be organized in a way to integrate with agriculture. The Government was also seeking assistance from Canada for the tourist industry.

230. In January 1974, Mr. Walter Lauf, the head of a tourist agency based in the United States, assisted the St. Vincent Tourist Board in undertaking a survey aimed at improving the marketing of tourism.

#### Industry

231. Manufacturing industries in the Territory are still in their early stages. They are characterized by the predominance of small-scale production, mainly by private concerns. Industrial enterprises consist of arrowroot, cassava and copra processing, rum distilling, the bottling of aerated waters, tyre recapping and the manufacture of cigarettes and furniture.

232. The Development Corporation has continued to encourage the establishment of light industries to utilize local produce. In 1973, the Corporation approved loans totalling \$EC 360,000 to small businesses. These loans were all granted under the small industry scheme, which was financed partly by a loan of \$EC 500,000 from the Caribbean Development Bank and partly by government funds amounting to \$EC 250,000.

233. In early February 1974, the arrowroot factory at San Souci, the largest in the Territory (which processed about one third of its crop), was destroyed by fire. At the end of the month, Premier Mitchell met representatives of the Caribbean Development Bank, the Development Corporation and the Arrowroot Association to discuss the construction of a new factory at an estimated cost of \$EC 200,000. After the discussions, the Government announced that this project would be financed by the Bank. Canadian aid was also being sought in regard to the establishment of additional arrowroot factories and new canning plants.

234. In the following month, the Development Corporation disclosed that the first of the four factory buildings at the Campden Park industrial estate was nearing completion; that there had been a considerable demand for factory space on the estate; and that the proposed projects ranged from clothing manufacture to the manufacture of fibre glass boats. The development of the estate had been made

possible by the Government's provision of 30 acres of land to the Corporation, along with initial loans, totalling \$EC 540,000, from the Caribbean Development Bank.

235. In December 1972, x/ the Government granted the General Crude Oil and Minerals Company of the United States the right to search for oil and natural gas in the Territory. At the end of 1973, the company expressed cautious optimism about finding oil in the St. Vincent Grenadines. However, drilling operations were being delayed by pipe shortages.

#### Communications and other basic facilities

236. The Government has sought to promote further development of the economic infrastructure. Four important developments during 1973 were: (a) an allocation of \$EC 8 million by the United Kingdom for road construction; (b) the enlargement of a deep-water wharf in Kingstown, the cost of which would be covered by a loan from the Caribbean Development Bank; (c) the carrying out of feasibility studies for an international airport for St. Vincent and a suitable airport for Bequia; and (d) the erection by the St. Vincent Electricity Services, Ltd. (a company owned by the Commonwealth Development Corporation) of a power station on Union Island at a cost of \$EC 1.2 million.

237. Major projects scheduled for 1974 include the following (a) an airstrip for Canouan Island to be built with a grant of \$EC 880,000 from the United Kingdom; (b) the second stage of a water supply scheme financed by development aid from Canada, totalling \$CAN 1.65 million; and (c) a sewer system for Kingstown to be established with government funds amounting to \$EC 1.28 million..

#### Public finance

238. On 27 March 1974, Mr. Joshua presented to the legislature a record \$EC 31.9 million budget for the current financial year, representing an increase of \$EC 1.8 million over the budget for the previous year. He said that budgetary aid from the United Kingdom would be reduced by \$EC 480,000, and that this would call for efforts to raise additional local revenue. To this end, he proposed to: (a) increase postal rates; (b) impose a 10 per cent levy on exports of cooking oil, fish and livestock; (c) require all professionals in private practice to pay licence fees; and (d) improve the collection of the tax arrears.

239. Recurrent expenditure is estimated at \$EC 19.8 million (or \$EC 2.5 million more than in the previous year) of which 37 per cent is to be allocated to administration, 33 per cent to social services, 11 per cent to the servicing of the public debt; and 9 per cent to public works. Capital expenditure is put at \$EC 12.1 million (or \$EC 751,830 below the 1973/74 figure) which is to be covered by development grants from the United Kingdom (\$EC 5.9 million) and loans (\$EC 6.0 million). Of the latter, \$EC 1.1 million will be obtained from the Caribbean Development Bank and \$EC 635,000 from Canada.

240. Until 1969, the projects undertaken by UNDP in the Caribbean area (including St. Vincent) had been financed on a contingency basis. From 1969 through 1971,

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x/ Ibid., para. 252.

country target figures had been allocated, and, for 1972-1976, an undistributed 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 1967/73 amounted to \$US 330,333; assistance envisaged for 1974/1978 totals \$US 794,500.

#### D. Social conditions

241. Of a labour force of about 32,000 in 1973, approximately 50 per cent were engaged in agriculture, forestry and fishing, and between 20 and 25 per cent were unemployed. Underemployment was most acute in the rural areas, where there was also the greatest absence of skills among the unemployed. Despite government efforts to widen employment opportunities, the number of persons out of work showed no appreciable reduction during early 1974. Furthermore, the workers were facing much higher inflation and other economic difficulties. In protest against these conditions, a labour group marched through Kingstown on 11 and 12 February. With the assistance of UNDP, the Government announced plans to tackle the problems confronting labour.

242. The Government has pursued a policy aimed at the provision of suitable houses for the lower-income groups throughout the Territory. In his recent speech, the Governor said that a sizeable urban working class housing project would be implemented. In April 1974, the Langley Park housing scheme was established, which includes 19 two-bedroom houses, built with funds totalling \$EC 112,450 from the British Development Division in the Caribbean.

243. At a meeting of the Directing Council of the Pan American Health Organization held in Washington, D.C., during October 1973, Mr. Victor I. Cuffy, Minister of Health, Housing and Local Government, indicated that maternal and child health, family planning, malnutrition and gastro-enteritis problems were areas of concern in St. Vincent.

244. In March 1974, the Legislature held a debate on the budget for the current financial year. During the debate, Opposition Leader Cato criticized the Government for not publishing a report on St. Vincent's medical and health services, prepared by a commission of inquiry appointed by the Governor in January 1973. Mr. Cato also pointed to poor conditions at the Kingstown General Hospital and medical clinics. In May 1974, after the opening of the Park Hill medical clinic, the Government announced plans for a new hospital to be built at Largo Heights, two miles north of Kingstown.

#### E. Educational conditions

245. The two most important educational developments during the period under review were: (a) the decision taken by the territorial Government in November 1973 to introduce compulsory education by 1976; and (b) the announcement made in April 1974 that the Canadian Government would provide the Territory with financial assistance totalling \$CAN 600,000 to start on the first phase of a five-year educational development programme, including the construction of a new junior secondary school at Petit Bordel and extensions to a similar school at Barrouallie.



CHAPTER XXIX

(A/9623/Add.7)

INFORMATION FROM NON-SELF-GOVERNING TERRITORIES TRANSMITTED  
UNDER ARTICLE 73 e OF THE CHARTER OF THE UNITED NATIONS

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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 978th and 979th meetings, on 28 and 29 August 1974.

2. In its consideration of the item, the Special Committee took into account the relevant provisions of General Assembly resolution 3163 (XXVIII) of 14 December 1973 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 7 of General Assembly resolution 3110 (XXVIII) of 12 December 1973 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 twenty-ninth session.

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1/ Official Records of the General Assembly, Nineteenth Session, Annexes, Annex No. 8 (part I) (A/5800/Rev.1), chap. II.

3. During its consideration of the item, the Special Committee had before it the report of the Secretary-General (see annex I to the present chapter) containing information on the dates on which information from the Non-Self-Governing Territories concerned, called for under Article 73 e of the Charter, was transmitted for the years 1972 and 1973. The Committee also had before it a letter dated 14 August 1974 from the Permanent Representative of Portugal to the United Nations, addressed to the Chairman of the Special Committee (see annex II to the present chapter).

4. In addition, the Special Committee had before it a draft resolution on the item (A/AC.109/L.970) which was finally sponsored by Afghanistan, Ethiopia, India, Iran, Iraq, the Ivory Coast, Mali, Sierra Leone, the Syrian Arab Republic, Trinidad and Tobago, Tunisia, the United Republic of Tanzania and Yugoslavia.

5. At its 979th meeting, on 29 August, the Special Committee considered and adopted the draft resolution without objection (see para. 7 below) (A/AC.109/PV.979). The representatives of China and Denmark made statements (A/AC.109/PV.979).

6. On 12 September, the text of the resolution was transmitted to the administering Powers for their attention.

#### B. DECISION OF THE SPECIAL COMMITTEE

7. The text of the resolution (A/AC.109/460) adopted by the Special Committee at its 979th meeting, on 29 August, 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 on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples 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,

"Recalling also General Assembly resolution 3110 (XXVIII) of 12 December 1973, in which the Assembly requested the Special Committee to continue to discharge the functions entrusted to it under resolution 1970 (XVIII),

"Recalling further the provisions of paragraph 5 of resolution 3110 (XXVIII) in which the General Assembly urged 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

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2/ See annex I to the present chapter.

fullest possible information on political and constitutional developments in the Territories concerned,

"Noting with satisfaction the affirmation by the Government of Portugal of its obligations with regard to Chapter XI of the Charter 3/ and its declared intention 'to supply all the information requested by Article 73 of the Charter, and to implement General Assembly resolution 1514 (XV), and other relevant resolutions concerning the Territories under Portuguese administration', 4/

"1. Deeply deplores that, despite the repeated recommendations of the General Assembly and the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples, 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 of the United Nations, have transmitted insufficient information or have transmitted information too late;

"2. 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, the administering Power concerned should continue to transmit information under Article 73 e of the Charter with respect to that Territory;

"3. 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, and reiterates its request that the administering Powers transmit such information as early as possible and, at the latest, within a maximum period of six months following the expiration of the administrative year in the Non-Self-Governing Territories concerned;

"4. 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."

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3/ A/9694-S/11419.

4/ S/PV.1791; see also annex II to the present chapter.

ANNEX I\*

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 this subject a/ listed the dates on which information was transmitted to the Secretary-General under Article 73 e of the Charter up to 30 July 1973. The table at the end of the present report shows the dates on which such information was transmitted in respect of the years 1972 and 1973 up to 19 August 1974.
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 and 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 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 New Zealand and the United Kingdom concerning Territories under their administration.
3. No information has been transmitted to the Secretary-General concerning Territories under Portuguese administration, which the General Assembly, by resolution 1542 (XV) of 15 December 1960, considered to be Non-Self-Governing Territories within the meaning of Chapter XI of the Charter. The Secretary-General notes in that connexion that at the 1791st meeting of the Security Council, on 12 August 1974, the Permanent Representative of Portugal to the United Nations stated inter alia as follows: "The Portuguese Government is prepared to develop the process of decolonization, to supply all the information requested by Article 73 of the Charter, and to implement General Assembly resolution 1514 (XV), and other relevant resolutions concerning the Territories under Portuguese administration." b/
4. The Secretary-General has received no information concerning Antigua, Dominica, St. Kitts-Nevis-Anguilla, St. Lucia or St. Vincent. In that connexion, representatives of the United Kingdom Government had declared at previous sessions of the General Assembly that, having achieved the status of Associated States,

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\* Previously issued under the symbol A/AC.109/455 and Add.1.

a/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 23 (A/9023/Rev.1), vol. V, chap. XXIX, annex.

b/ S/PV.1791.

those Territories had attained "a full measure of self-government". c/ Furthermore, since notification by the Government of the United Kingdom in 1972 that, as a consequence of the agreement signed on 23 November 1971, Brunei had attained "full internal self-government" (A/8827), the Secretary-General has received no information with respect to Brunei. The General Assembly adopted resolution 3159 (XXVIII) concerning that Territory on 14 December 1973.

Study of information transmitted under Article 73 e  
of the Charter

5. 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 3110 (XXVIII) of 12 December 1973, the Secretariat has continued to use the information transmitted in the preparation of working papers for the Special Committee.

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c/ See also documents A/AC.109/341, A/C.4/725, A/AC.109/PV.762 and Corr.1, A/C.4/SR.1752 and A/C.4/SR.1867.

Table

Dates of transmission of information under Article 73 e  
of the Charter for 1972 and 1973 a/

	<u>1972</u>	<u>1973</u>
AUSTRALIA (1 July-30 June) <u>b/</u>		
Cocos (Keeling) Islands	20 June 1973	22 July 1974
Papua New Guinea	16 May 1973	1 May 1974
FRANCE (calendar year)		
Comoro Archipelago <u>c/</u>	-	-
French Somaliland <u>c/ d/</u>	-	-
New Hebrides (condominium with the United Kingdom)	21 January 1974	
NEW ZEALAND (1 April-31 March) <u>e/</u>		
Niue	10 August 1973	26 July 1974
Tokelau Islands	10 August 1973	26 July 1974
PORTUGAL		
Territories under Portuguese administration	-	-
SPAIN (calendar year)		
Spanish Sahara	30 June 1973	24 June 1974

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.

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.4/240) of 15 April 1968).

e/ Period extends from 1 April of the year listed to 31 March of the following year.

	<u>1972</u>	<u>1973</u>
<b>UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (calendar year)</b>		
Antigua	-	-
Belize	20 August 1973	30 May 1974
Bermuda	19 November 1973	
British Virgin Islands	9 August 1973	21 May 1974
Brunei	-	-
Cayman Islands	9 August 1973	10 May 1974
Dominica	-	-
Falkland Islands (Malvinas)	10 December 1973	
Gibraltar	9 August 1973	19 August 1974
Gilbert and Ellice Islands	14 August 1973	
Montserrat	27 August 1973	29 June 1974
New Hebrides (condominium with France)	8 September 1973	
Pitcairn f/	9 August 1973	21 May 1974
St. Helena	10 October 1973	
St. Kitts-Nevis-Anguilla	-	-
St. Lucia	-	-
St. Vincent	-	-
Seychelles	9 August 1973	22 July 1974
Solomon Islands	9 August 1973	22 July 1974
Southern Rhodesia	9 August 1973	19 August 1974
Turks and Caicos Islands	16 August 1973	23 May 1974
<b>UNITED STATES OF AMERICA (1 July-30 June) b/</b>		
American Samoa	19 October 1973	22 July 1974
Guam	19 October 1973	9 May 1974
United States Virgin Islands	23 November 1973	19 August 1974

f/ The period covered in the sections on financial aspects relates to the fiscal year 1 April-31 March and not the calendar year.

ANNEX II\*

LETTER DATED 14 AUGUST 1974 FROM THE PERMANENT REPRESENTATIVE  
OF PORTUGAL TO THE UNITED NATIONS ADDRESSED TO THE CHAIRMAN  
OF THE SPECIAL COMMITTEE

In accordance with my statement in the Security Council on 12 August 1974 (S/PV.1791) and as set out in the memorandum dated 3 August 1974 submitted to the Secretary-General by my Government (A/9694-S/11419), I have the honour to inform you that the Government of Portugal intends to supply to the Special Committee the information requested by Article 73 of the Charter of the United Nations, in conformity with established procedures.

(Signed) José VEIGA SIMÃO  
Permanent Representative of Portugal  
to the United Nations

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\* Previously issued under the symbol A/AC.109/456.



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