

**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 III**

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## NOTE

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

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

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\* The present version of chapters XIV to XXVI is a consolidation of the following documents as they appeared in provisional form: A/34/23/Add.4 of 3 October 1979 and A/34/23/Add.5 of 28 September 1979.

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\* The Gilbert Islands acceded to independence on 12 July 1979 as Kiribati.

\*\* St. Lucia acceded to independence on 22 February 1979 as Saint Lucia.

## CHAPTER XIV\*

### COCOS (KEELING) ISLANDS

#### A. Consideration by the Special Committee

1. At its 1135th meeting, on 9 February 1979, by adopting the suggestions put forward by the Chairman relating to the organization of its work (A/AC.109/L.1280 and Add.1), the Special Committee decided, inter alia, to refer the question of the Cocos (Keeling) Islands to the Sub-Committee on Small Territories for consideration and report.
2. The Special Committee considered the Territory at its 1149th meeting, on 1 August.
3. In its consideration of the item, the Special Committee took into account the provisions of the relevant General Assembly resolutions, including in particular resolution 33/44 of 13 December 1978 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 12 of that resolution, the Assembly requested the Special Committee, inter alia, "to continue to seek suitable means for the immediate and full implementation of General Assembly resolution 1514 (XV) in all Territories which have not yet attained independence and, in particular: ... to formulate specific proposals for the elimination of the remaining manifestations of colonialism and to report thereon to the General Assembly at its thirty-fourth session". The Special Committee also took into account General Assembly decision 33/411 of 13 December 1978, by which the Assembly requested the Committee "in continued co-operation with the administering Power, to seek the best ways and means of implementing the Declaration with respect to the Territory, in the light of the information to be provided by the administering Power in 1979 ...".
4. During its consideration of the Cocos (Keeling) Islands, the Special Committee had before it a working paper prepared by the Secretariat (see annex to the present chapter) containing information on developments concerning the Territory.
5. Australia, the administering Power concerned, continued to participate in the work of the Special Committee during its consideration of the item.
6. At the 1149th meeting, on 1 August, the Rapporteur of the Sub-Committee on Small Territories, in a statement before the Special Committee (A/AC.109/PV.1149), introduced the report of the Sub-Committee (A/AC.109/L.1312) containing an account of its consideration of the Territory.
7. At the same meeting, the Special Committee adopted without objection the report of the Sub-Committee on Small Territories and approved the draft consensus contained therein (see para. 9 below).
8. On 1 August, the text of the consensus was transmitted to the Permanent Representative of Australia to the United Nations for the attention of his Government.

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\* Previously issued as part of A/34/23/Add.4.

## B. Decision of the Special Committee

9. The text of the consensus concerning the Cocos (Keeling) Islands, adopted by the Special Committee at its 1149th meeting, on 1 August 1979, to which reference is made in paragraph 7 above, is reproduced below:

The Special Committee, having heard the statements of the representative of Australia with regard to the Cocos (Keeling) Islands, notes with appreciation the continuing co-operation of the Government of Australia, as the administering Power, in reporting on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples, contained in General Assembly resolution 1514 (XV) of 14 December 1960. The Committee particularly welcomes the invitation of the Government of Australia to send a visiting mission to the Cocos (Keeling) Islands in the second half of 1980, which will enable the Committee to obtain first-hand information on the progress being made in the Territory. The Committee notes with satisfaction the statement of the administering Power that it remains committed to the political, social, economic and educational advancement of the people of the Cocos (Keeling) Islands and that its overriding objective is to bring about as speedily as possible conditions which will enable those people to exercise freely their right to self-determination. In this regard, the Committee endorses the approach that it must be for the people of the Cocos (Keeling) Islands to determine freely their own future political status in conformity with resolution 1514 (XV). The Committee notes that during the period under review, significant developments have occurred in the Territory, and notes in particular the measures taken to establish the Cocos (Keeling) Islands Council and the Cocos Islands Co-operative Society. The Committee considers that these developments are positive steps towards the implementation of the Declaration contained in resolution 1514 (XV). The Committee notes with interest measures being taken by the administering Power to improve the quality of life for the people of the Territory, in particular projects to improve the electric power and water supply and the provision of sewerage facilities on Home Island.

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Working paper prepared by the Secretariat

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\* Previously issued under the symbol A/AC.109/L.1305.

1. GENERAL

1. The Territory of the Cocos (Keeling) Islands consists of 27 small coral islands in two separate atolls with a total area of about 14 square kilometres. It is situated in the Indian Ocean approximately 2,768 kilometres north-west of Perth and 3,685 kilometres west of Darwin, Australia. The administrative headquarters of the Territory are located on West Island.
2. At 30 June 1978, the population of the Territory totalled 435, of whom 279 were residents of Home Island and 156 were residents of West Island.
3. The largest segment of the population consists of the descendants of original Malayan settlers brought to the Territory between 1827 and 1831 by Captain John Clunies Ross, a Scottish seaman. Known as Cocos Islanders or Cocos Malays this group lives on Home Island. Although the people are generally of Malay origin, a number trace their ancestry to East Africa, China, Indonesia, India and Sri Lanka. The Cocos Islanders are Moslem by tradition and speak a local dialect of Malay. Other inhabitants include employees of government departments, members of the Clunies Ross family and employees of the Shell Company (Pacific Islands), Ltd., and Commonwealth Accommodation and Catering Services, Ltd., together with their families.
4. In the early 1970s, a number of Cocos Malays living on Christmas Island (in the Indian Ocean) migrated to Australia, settling in towns in western Australia, namely Katanning, Port Hedland, Geraldton and Perth. Since August 1975, a strong interest in direct emigration to Australia has developed, and since mid-1975 some 234 people (about 46 per cent of the population at that time) have left the Territory. The continuing movement reflects the close contact maintained between those who have moved and those who have remained on Home Island and the impressions of life in Australia of those who have settled there.
5. During his visit in January 1978, the Minister for Home Affairs of Australia counselled the islands against migrating until they understood his Government's plans for the islands. The Minister said that he would wish the Islanders to be fully aware of the effects of the proposed changes before they made the important decision to leave. Concessional air fares have been introduced to enable Cocos Malay residents to visit relatives in Australia.
6. In early 1979, the citizenship provisions of the Cocos (Keeling) Islands Act (see para. 7 below) were amended to extend Australian citizenship to any person (not already an Australian citizen) who had been ordinarily resident in the Cocos Islands immediately before his or her transfer to Australia, and who is now ordinarily resident in Australia or an external Territory and wishes to take up Australian citizenship. The amending act and certain related regulations came

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

into operation on 21 March 1979. So far, 120 applications have been received. When these have been processed, only 18 Cocos Malays domiciled in the Cocos Islands will not be Australian citizens.

## 2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

### A. General

7. The basis of the Territory's administrative, legislative and judicial systems is the Cocos (Keeling) Islands Act, 1955-1979. b/

8. The Act empowers the Governor-General of Australia to make ordinances for the peace, order and good government of the Territory. Ordinances are required to be tabled in the Australian Parliament and are subject to disallowance in part or in whole by the Parliament. Generally, Australian legislation does not apply to the Territory unless specifically indicated. Currently, some 100 Australian acts apply, in whole or in part, to the Cocos (Keeling) Islands. Mr. Charles Ivens Buffett, appointed by the Governor-General to the office of Administrator of the Territory under the Administration Ordinance, 1975, assumed his duties in the Territory on 16 November 1977. He succeeded Mr. Robert James Linford, who had held the office of Administrator from 30 July 1975 to 15 November 1977.

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

10. The courts with jurisdiction in the Territory are: the Supreme Court of the Territory of Cocos (Keeling) Islands, the District Court, the Magistrate's Court and the Coroner's Court. There were no cases for hearing by any of the courts in the period 1976 to 1978.

### B. Future status of the Territory

11. In his statement to the Fourth Committee at the thirty-third session of the General Assembly, c/ the Permanent Representative of Australia to the United Nations said that on 2 July 1978, Mr. Robert Ellicott, had announced that his Government had agreed to purchase from Mr. John Clunies Ross the whole of his interests in

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b/ Official Records of the General Assembly, Twenty-ninth Session, Supplement No. 23 (A/9623/Rev.1), vol. IV, chap. XX, annex, appendix III.

c/ Ibid., Thirty-third Session, Fourth Committee, 26th meeting, paras. 10-14.

the Cocos (Keeling) Islands, with the exception of his residence and an associated dwelling. The purchase, which included the copra plantation, the village area and all the plant and equipment, had been completed on 1 September 1978. The purchase had been welcomed, as part of his Government's policies for the advancement of the Territory, by the first elected Advisory Council of the Territory, established in March 1978, and also by the Cocos Malay community of the islands.

12. The Permanent Representative stated that a comprehensive programme for the implementation of his Government's policies for the Territory was under way or in an advanced stage of planning. On 17 May 1979, a local government ordinance had been passed, providing for the establishment of the Cocos (Keeling) Islands Council which would replace the interim Advisory Council. The Council would have responsibility for a wide range of functions in the village area of Home Island. Ownership of the village area would be transferred to the Council to be held in trust for the benefit, advancement and well-being of the Cocos Malay community. The ordinance also provided that the Council might advise the Administrator on any other matters affecting the Territory.

### 3. ECONOMIC CONDITIONS

#### A. General

13. The commercial life of the Territory is based principally on the production and export of copra and contract work undertaken for the government authorities and Shell Company (Pacific Islands), Ltd., on West Island. The contracts are generally for building, maintenance and repairs.

14. According to the latest report of the administering Power, the economy of the Cocos Malay community is now largely in its own hands. Within the limits of its present standards, the community is basically self-sufficient but, because of fluctuations in copra production and price levels, it also relies on contract work from the Government to supplement its revenue.

15. The Government provides significant direct financial assistance to Home Island through the provision of educational and health services. The territorial Administration, the airfield and related services provide indirect benefits to the Home Island community.

#### B. High security animal quarantine station

16. Following the visit to the Territory of the Minister for Home Affairs in January 1978 (see para. 6 above), the Australian Government completed negotiations with Mr. Clunies Ross for the purchase of a site for the quarantine station. An agreement of sale was signed on 24 February 1978, and following consideration by its Parliamentary Standing Committee on Public Works, the Australian Parliament decided on 1 June 1978 that construction of the station could proceed. Construction began in September 1978 and the station is scheduled to come into operation in 1981.

### C. Agriculture

17. The sole economic crop in the Territory is the coconut, which is grown throughout the islands. Copra is produced by hot-air drying methods, and the crop is sold in Singapore, where it usually commands a premium price due to its superior quality. At present, there are about 185,000 palms on the estate. Some felling and replacement of inferior palms and improvement of marginal areas has been carried out since 1963. Recent plantings of trees (198 palms to the hectare) are less dense than in the longer established areas. In 1977/78, copra exports amounted to 231 metric tons.

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

### D. Fishing

19. The Cocos Malays catch large numbers of fish in the lagoon and in the open seas for their own consumption.

### E. Business enterprises

20. Home Island has a slip-way and shipwright's shop for the building and maintenance of small craft, as well as a powerhouse and a well-equipped workshop. Almost all households on Home Island have one or more small sailing boats for fishing and travel among the islands.

21. The Australian Department of Home Affairs and the Administrator, with the Australian Department of Housing Construction as agent, are responsible for all construction and maintenance activity on West Island, including the airfield. A substantial amount of work was undertaken in the past by the Clunies Ross Estate and more recently by the Co-operative Society on a contract basis using Home Island labour. Under arrangements initiated in 1975, the terms of such contracts provide that a proportion of the contract payment shall be paid into a Cocos Community Fund under the control of and for use by the islander community (see below). The Fund holds an account with the Commonwealth Bank of Australia and earns interest at the appropriate bank rate. At 31 March 1979, the balance of the Fund was \$A 75,038. d/

22. At present, electricity on Home Island is provided for lighting purposes only. A government project to improve the electricity supply was to be started in the fiscal year 1978/79 and completed by August 1979.

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d/ The local currency is the Australian dollar (\$A 1.00). At 17 June 1979, \$A 1.00 equalled \$US 1.11. According to the administering Power, the use of tokens (rupiahs) has ceased.

#### F. Public finance

23. In 1977/78, revenue amounted to \$A 59,250 (\$A 63,784 in 1976/77) and expenditure to \$A 2.4 million (\$A 1.6 million in 1976/77). Expenditure on administration and on capital works and services is financed from moneys appropriated for the Australian government departments represented in the Territory. Some revenue is derived from mess charges, hospital and medical fees, aircraft landing and handling charges and from miscellaneous sources. The Australian Government has also decided to establish separate postal and philatelic services in the Territory, the revenue from which is to be placed in a special community fund to be used in consultation with the Cocos (Keeling) Islands Council. The postal service is scheduled to begin operation on 3 September 1979.

#### G. Transport and communications

24. On 15 December 1976, the Administrator became the licensee of the international airport. Since July 1976, the charter service for passengers and freight conducted by Trans-Australia Airlines (TAA) and Ansett Airlines of Australia has operated basically on a fortnightly schedule. The number of passenger arrivals and departures via air charter exceeded 700 in 1977/78. A shipping service also services the Territory at intervals of several months.

### 4. SOCIAL CONDITIONS

#### A. Co-operatives

25. Following consideration of a study prepared by a private consultant appointed by the Australian Government to advise it on the feasibility of establishing a co-operative, the Cocos Islands Co-operative Society was registered on 16 January 1979. On 30 January 1979, the Australian Government leased the copra plantation to the society at a nominal rental for 10 years, with options for two renewals on similar terms. In accordance with its by-laws, the Society will operate the plantation and carry out maintenance and construction contracts for the Government, as well as undertake any other business. At the end of the financial year, the Society and the Council will decide on the distribution of surplus funds as dividends.

#### B. Labour

26. To date, Australia has not made any declaration to the International Labour Organisation (ILO) in respect of the Cocos (Keeling) Islands on the conventions which it has ratified. A major difficulty has been the inability to give a guarantee of practical compliance with the terms of the conventions. The conventions are now being examined in the light of recent changes in community arrangements with a view to making such declarations.

27. In consultation with the interim Advisory Council the Co-operative Society has recently adopted a 40-hour working week and a revised wage structure.

### C. Public health

28. A government medical officer and three nursing sisters are attached to the Administration to provide medical attention to the Home Island community and to all West Island residents. One of the nursing sisters speaks Malay and visits Home Island each working day. Proposals are currently under consideration for the extension of the dispensary on Home Island to provide residential accommodation.

29. There is at present no water reticulation or sewage disposal system on Home Island. A preliminary study of the island's water resources is under way and the Government proposes to begin work in 1979/80 on the installation of sewerage facilities and a water reticulation service.

### 5. EDUCATIONAL CONDITIONS

30. Attendance at the school on Home Island is not compulsory, but a child must attend regularly once enrolled. At present, all children reaching school age are being enrolled. At 31 March 1979 40 children (17 boys and 23 girls) were attending the Home Island school. On 1 February 1978, eight Cocos Malays left for Australia for special training to improve their general educational background and their clerical and teaching skills.

31. During 1978, the Australian Department of Home Affairs arranged with the Western Australian Department of Education for the secondment of a second teacher to the Home Island school in December of that year.

CHAPTER XV \*

NEW HEBRIDES

A. Consideration by the Special Committee

1. At its 1135th meeting, on 9 February 1979, by adopting the suggestions put forward by the Chairman relating to the organization of its work (A/AC.109/L.1280 and Add.1), the Special Committee decided, inter alia, to refer the questions of the New Hebrides to the Sub-Committee on Small Territories for consideration and report.
2. The Special Committee considered the Territory at its 1149th meeting, on 1 August.
3. In its consideration of the item, the Special Committee took into account the provisions of the relevant General Assembly resolutions, including in particular resolution 33/44 of 13 December 1978 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 12 of that resolution, the Assembly requested the Special Committee, inter alia, "to continue to seek suitable means for the immediate and full implementation of General Assembly resolution 1514 (XV) in all Territories which have not yet attained independence and, in particular: ... to formulate specific proposals for the elimination of the remaining manifestations of colonialism and to report thereon to the General Assembly at its thirty-fourth session". The Special Committee also took into account General Assembly resolution 33/30 of 13 December 1978, by paragraph 11 of which the Assembly requested the Committee, inter alia: "to continue to seek the best ways and means for the implementation of the Declaration with respect to the New Hebrides, including the early dispatch of a visiting mission to the Territory ...".
4. During its consideration of the New Hebrides, the Special Committee had before it a working paper prepared by the Secretariat (see annex to the present chapter) containing information on developments concerning the Territory. A letter dated 26 February 1979 from the Permanent Representatives of France and the United Kingdom of Great Britain and Northern Ireland to the United Nations, addressed to the Secretary-General, also contained related information (see A/34/103).
5. The representatives of France and of the United Kingdom, as the administering Powers concerned, participated in the work of the Special Committee during its consideration of the item.
6. At the 1149th meeting, on 1 August, the Rapporteur of the Sub-Committee on Small Territories, in a statement to the Special Committee (A/AC.109/PV.1149), introduced the report of the Sub-Committee (A/AC.109/L.1310) containing an account of its consideration of the Territory.

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\* Previously issued as part of A/34/23/Add.4.

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

8. On 1 August, the text of the conclusions and recommendations was transmitted to the Permanent Representatives of France and the United Kingdom for the attention of their respective Governments.

#### B. Decision of the Special Committee

9. The text of the conclusions and recommendations concerning the New Hebrides, adopted by the Special Committee at its 1149th meeting, on 1 August 1979, 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 New Hebrides to self-determination and independence in conformity with the Declaration on the Granting of Independence to Colonial Countries and Peoples, contained in General Assembly resolution 1514 (XV) of 14 December 1960.

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

(3) The Special Committee commends the continued co-operation extended to it by the joint administering Powers and their participation in the work on this item, and reiterates its view that such co-operation assists the Committee in the discharge of its responsibilities and leads to a more informed and constructive examination of the situation in the Territory. The Committee welcomes all efforts of the administering Powers that facilitate the accession to independence of the people of the New Hebrides. In this regard, the Committee is mindful of the commitment of the administering Powers, as reiterated in their statements and in their letter dated 26 February 1979 1/ to bring the Territory to independence by 1980.

(4) To this end, the Special Committee notes with interest the important recent political developments which have taken place in the Territory during the period under review, in particular the establishment of the Government of National Unity on 21 December 1978. The Committee welcomes the participation of the major voices of political expression of the Territory in this Government. It is the Committee's hope that the new Government will be able to work together closely and loyally regardless of past differences or divergent views and interests.

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1/ A/34/103.

(5) The Special Committee views with interest the measures taken to implement the much needed administrative reforms in the Territory. The Committee considers that special attention needs to be focused in particular on the unification and nationalization of the three former services of the Territory and on the transfer of responsibilities to the New Hebrideans themselves. In the Committee's view, such a step will be certain to help promote a sense of national unity which may have been previously lacking because of the existence of three separate administrative machines.

(6) The Special Committee also wishes to emphasize the importance which it attaches to a truly national and representative public service. It considers that in the past the rate of localization of posts in the New Hebrides has been less than satisfactory, particularly with regard to the more senior positions. The Committee accordingly welcomes the increasing indigenization of senior positions brought about by the Government of National Unity, and stresses the positive role that can be played by the administering Powers in ensuring that localization is implemented in a just and equitable fashion.

(7) The Special Committee, while welcoming the substantial growth that has occurred in most sectors of the economy in the period under review, notes that the economy nevertheless continues to be based mainly on subsistence gardening and the production of copra. It therefore urges the administering Powers to take all necessary measures to strengthen the economy and to work out concrete programmes of assistance and economic development, thereby better preparing the Territory for its impending independence.

(8) The Special Committee calls once again upon the administering Powers to safeguard and ensure the right of the people of the Territory to own and dispose of their land and natural resources and to establish and maintain control over their future development.

(9) In this regard, the Special Committee notes that an Ad Hoc Committee on Land Reform was established in 1977. The Committee looks forward to the clear and positive recommendations which it anticipates will emerge from the Ad Hoc Committee and expresses the hope that any measures taken concerning the distribution of land will be consistent with the views of all the people of the Territory.

(10) The Special Committee notes that fisheries continue to play an important role in the economy of the Territory. To ensure the continued enjoyment of this important resource by the people of the New Hebrides, the Committee urges the administering Powers to take all necessary measures to protect these resources from over-exploitation and from any dangerous sources of man-imposed contamination of the surrounding seas.

(11) Recalling its concern about educational conditions in the Territory (and bearing in mind the statement by the representative of France that on 17 February 1979 a convention was signed at Porte-Vila transferring to the territorial Government matters concerned with public primary education, the

financing of which nevertheless remains the domain of the administering Powers), the Special Committee urges the administering Powers to exert every effort, in co-operation with the people of the New Hebrides, to promote a unitary system of education in the Territory and to provide greater opportunities for those who wish to continue to study at higher levels.

(12) The Special Committee, recalling in particular paragraphs 10 and 11 of General Assembly resolution 33/30 of 13 December 1978 and noting with the greatest interest that the administering Powers are now giving very careful and positive consideration to inviting a United Nations mission to visit the New Hebrides, urges the administering Powers to ensure that such a mission would visit the Territory at a time before the process of self-determination reaches its final phase. The Committee considers that a primary purpose of such a mission should be to evaluate the situation in the Territory and, from discussions with all sections of political opinion there, to ascertain that the wishes and aspirations of the New Hebrideans are being fully respected in the ultimate stages of the decolonization of the Territory.

ANNEX\*

Working paper prepared by the Secretariat

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\* Previously issued under the symbol A/AC.109/L.1282.

## NEW HEBRIDES a/

### 1. GENERAL

1. The Territory of the New Hebrides forms an irregular chain of islands in the south-western Pacific Ocean covering an area of 11,882 square kilometres. According to the annual report of the Government of France, at 31 December 1976, the indigenous population was estimated at 97,715, compared with 96,532 the previous year. There are an estimated 5,000 Europeans living in the Territory. It should be noted that the last census was taken in 1967. In addition to French citizens and British subjects, non-indigenous inhabitants include Wallis Islanders, Tahitians, Vietnamese, Chinese, Fijians and Gilbertese. Vila, on the island of Efate, is the administrative headquarters of the Territory.

### 2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

#### A. Administration

2. The Territory of the New Hebrides, a condominium since 1906, is administered jointly by France and the United Kingdom according to the terms of the Anglo-French Protocol of 6 August 1914, as amended on 15 September 1977 to provide for the progressive transfer of authority to a new, territorial Representative Assembly and Council of Ministers. A referendum on independence is scheduled to be held in 1980. A Chief Minister is the head of the territorial administration. British and French resident commissioners remain to act on behalf of non-resident high commissioners responsible for discharging the residual responsibilities of the administering Powers. The three former services (British National Service, French National Service and Joint (Condominium) Services) are being unified and placed under the control of New Hebridean ministers.

#### B. Legislature

3. Until 1975, there was an Advisory Council made up of 24 unofficial and 6 official members, including the British and French resident commissioners. It held its final meeting in April of that year. The Council was replaced by a Representative Assembly composed of 42 members: 4 representatives of the Chiefs, 29 members elected by universal suffrage and 9 specially elected from among the economic interests of the Territory.

4. Elections for a new 39-member Assembly with increased powers were held in November 1977. In August 1978, the Assembly endorsed a recommendation of an all-

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a/ The information contained in this paper has been derived from published reports and from information transmitted to the Secretary-General under Article 73 e of the Charter of the United Nations by the Government of the United Kingdom of Great Britain and Northern Ireland on 28 August 1978 for the year ending 31 December 1977, and by the Government of France on 21 December 1978 for the year ending 31 December 1977.

party election reform committee to lower the voting age from 21 to 18 years, thus enabling a further 8,000 persons to vote in the elections to the Representative Assembly expected later in 1979. At the time of the November 1977 elections, there were 32,059 registered voters.

5. In December 1974, legislation was enacted providing for the establishment of community councils to replace local councils. Members of community councils are elected by universal suffrage.

6. The latest constitutional and political developments in the New Hebrides were referred to in statements by the representatives of the United Kingdom b/ and France c/ before the Fourth Committee of the General Assembly at its thirty-third session, as well as by two petitioners from the Territory, Mr. George Kalsakau, Chief Minister of the New Hebrides, d/ and Mr. A. G. Kalkoa, Vice-Chairman of the Executive Committee, Vanua aku Pati (VAP). e/

#### C. Political parties

7. In addition to VAP, f/ the Federation of Independence was formed on 11 February 1977, reportedly by French businessmen, and the Tanh-Union Party was formed four days later by the Union des communautés des Nouvelles-Hébrides (UCNH) with the Jon Frum, Kabriel and Tabwemasana parties. Natatok was formed at Vila on 12 July 1977. The other active party, Mouvement autonomiste des Nouvelles-Hébrides (MANH) (also known as the Mouvement d'action des Nouvelles-Hébrides), was formed in 1972.

#### D. Future status of the Territory

8. On 15 December 1978, it was reported that the Representative Assembly had voted to censure the Government of Chief Minister Kalsakau. As a consequence of the censure, Father Gerard Leymang, a Roman Catholic priest and the main force of the Tanh-Union Party, was elected the new Chief Minister, whose task was to negotiate, with the representatives of VAP, the formation of a National Union Government. VAP had refused to collaborate with the Government of Mr. Kalsakau. The new Chief Minister was able to reach agreement with VAP, whose President, the Reverend Walter Lini, became the Deputy Chief Minister of the National Union Government. Within the Government, the parties formerly in power and VAP are represented equally.

9. The establishment of the National Union Government thus completed the first phase of the joint proposals put to New Hebrides authorities in August 1978 by

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b/ Official Records of the General Assembly, Thirty-third Session, Fourth Committee, 24th meeting, para. 28.

c/ Ibid., 32nd meeting, paras. 49-54.

d/ Ibid., 22nd meeting, paras. 68-75.

e/ Ibid., 23rd meeting, paras. 35-43.

f/ For information on VAP and other political parties in the Territory, see Official Records of the General Assembly, Thirty-second Session, Supplement No. 23 (A/32/23/Rev.1), vol. III, chap. XVIII, annex, para. 13.

Mr. Paul Dijoud, the French Secretary of State for Overseas Departments and Territories, on behalf of the French and British Governments. In the second phase, the National Union Government is to draft a constitution for the Territory and to prepare for fresh elections leading to independence.

#### E. Public service

10. In its annual report for the year under review, the Government of the United Kingdom stated that, as at 31 December 1977, the British National Service numbered 607 posts. The British Service Advisory Board met regularly during the year to consider the claims of local officers for promotion to higher grades. During 1977, all posts at the junior level (452) were filled by New Hebrideans as were an increasing number of posts at the senior level (48). All vacancies were advertised locally and overseas recruitment was allowed only when the Advisory Board was satisfied that no New Hebridean officer with the necessary qualification was available for promotion or recruitment.

11. In 1977, 26 students received post-secondary education abroad. During that year, seven New Hebrideans received diplomas or degrees and returned to the Territory to take up administrative, medical and educational posts. Some 34 other students studied engineering, telecommunications, seamanship and other technical subjects, while 54 received apprentice and clerical training. In-service training was continued locally as well as abroad.

12. In its annual report, the French Government states that, owing to the political changes in the Territory during 1978 and the introduction of internal self-government, including the creation of a Ministry of Social Affairs, the usual annual report on the French National Service had not been prepared. In the previous year, however, posts in the service numbered 1,174, of which 752 were occupied by New Hebrideans, 378 by Europeans and assimilés and 44 by other Pacific Islanders.

### 3. ECONOMIC CONDITIONS

#### A. General

13. The economy of the New Hebrides is based mainly on subsistence gardening and the production of copra (mainly for export), which is generally restricted to the coastal plains and low plateaux. Other export products are coffee and cocoa, meat (both frozen and canned) and frozen fish. According to the annual report of the United Kingdom, despite recent political and administrative changes, the status of the economy was extremely good, with most sectors undergoing substantial growth. Copra production exceeded previous records and the prices throughout the year were good. Cocoa prices were extremely high, and the fish catch rose dramatically. The tourist industry had its best year, with a considerable increase in the number of holiday visitors. Progress was made on the establishment of a satellite station to aid external communications.

14. In 1978, it was reported that Japanese companies were expanding their involvement in the New Hebrides economy, in such areas as shipping, mineral exploration, copra production and processing, timber, beef and some small-scale manufacturing. Japanese companies have invested in a large self-contained fishing base at Palekula (Espiritu Santo) and a country club and hotel near Vila (see paras. 34 and 43 below), as well as in off-shore companies registered under both United Kingdom and French tax-haven regulations.

#### B. Land

15. The New Hebrides is not considered a territorial possession of either Power concerned. There are no Crown lands or their equivalent. All land is considered to belong or to have belonged (until alienated) to the indigenous inhabitants. The Anglo-French Protocol regulates the acquisition of unregistered land from indigenous persons and the registration of land claims. It also provides for the creation of inalienable indigenous reserves and for the control of sales of land by indigenous persons to non-indigenous persons.

16. Mr. Barak Sope, a member of VAP, states in his pamphlet, Land and Politics in the New Hebrides, <sup>g/</sup> that maldistributicn of land between Europeans and New Hebrideans is a major problem: Europeans make up only 3 per cent of the population but own 36 per cent of the land. According to Mr. Sope, land ownership is a political problem, and any steps taken to solve it would entail political consequences. In his pamphlet, he emphasizes that VAP, which was founded on the land issue in 1971, is determined that all alienated lands should revert to their original owners, the indigenous inhabitants of the New Hebrides.

17. Following its election in November 1977, the Representative Assembly set up an Ad Hoc Committee on Land Reform. The total area of the New Hebrides is 1,188,166 hectares. At 31 March 1978, 241,686 hectares had been registered.

#### C. Agriculture and livestock

18. The New Hebrides is the second largest copra-producing country in the South Pacific, surpassed only by Papua New Guinea. Virtually all copra produced in the Territory is exported, mainly in bulk, although copra in sacks is exported to Japan. Most of the copra is produced on large plantations, although there are some small-scale local enterprises.

19. In 1977, copra production totalled 43,861 metric tons, compared with 34,228 metric tons in 1976. Exports were valued at FNH 1,107 million <sup>h/</sup> compared with FNH 520.9 million in 1976. Annual production fluctuates in sequence with world

<sup>g/</sup> Official Records of the General Assembly, Thirty-third Session, Supplement No.23 (A/33/23/Rev.1), vol. III, chap. XIII, annex, para. 30.

<sup>h/</sup> The pound sterling and the French franc are legal tender in the Territory. The currency in use, however, is the New Hebrides franc (FNH); FNH 100 is equivalent to one Australian dollar (\$A 1.00). At 22 February 1979, \$A 1.00 equalled \$US 1.13.

prices paid for copra, 1972 being a particularly bad year. On a European plantation, the current cost of producing a metric ton of copra is about FNH 9,000. When prices fall below this level, there is usually a concomitant slump in production. In 1976/77, the price for copra varied from FNH 18,000 to FNH 35,000 a metric ton, resulting in higher export figures.

20. In its annual report, the Government of France states that a coconut oil mill was established at Santo i/ during 1978, with a processing capacity of 20,000 metric tons of copra a year, or approximately 50 per cent of local production. Tests are still being carried out at the mill.

21. In 1977, 873 metric tons of cocoa and 51 metric tons of coffee were exported (611 metric tons and 25 metric tons, respectively, in 1976) at a value of FNH 168.7 million and FNH 16.5 million respectively (FNH 61.8 million and FNH 4.3 million in 1976).

22. In 1977, the budget of the Condominium Department of Rural Development amounted to FNH 50.1 million (FNH 35.8 million for salaries and FNH 14.3 million for other expenses), compared with FNH 51.9 million in 1976.

23. In 1977, there were an estimated 120,000 head of cattle in the Territory (110,000 in 1976), of which about 25,000 head were owned by New Hebrideans. In 1976, local consumption of meat in the urban areas totalled 831,770 metric tons.

24. Exports of beef and other animal products in 1977 were as follows: 268 metric tons of frozen meat (347 metric tons in 1976); 205 metric tons of canned beef (153 metric tons in 1976); and 12 metric tons of offal (14 metric tons in 1976). Most of the exports were sent to New Caledonia. In 1977, 34 head of live cattle were exported to New Caledonia and French Polynesia, compared with 430 head exported to New Caledonia and the French West Indies the previous year.

25. The Animal Disease Survey financed under the Joint Development Plan, 1971-1975 (which has been extended pending the issuance of a new plan), was completed in 1975 by a team of veterinarians from the Food and Agriculture Organization of the United Nations (FAO). The team remained in the Territory until early 1975 under a new project (Strengthening of the Veterinary Services), to rewrite legislation concerning the importation of animals and animal products and to continue testing animals with a view to eliminating diseases.

26. A further FAO mission, a Disease Investigation Unit, arrived in the Territory at the end of 1977 charged with the eradication of tuberculosis and brucellosis on Efate and Santo and with conducting studies on internal and external animal parasites.

27. Although meat exports declined in 1977 from the previous year (see para. 24 above), the current meat marketing policy should enable meat to become a much more

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

important export in the future. A new abattoir at Santo, to which would be attached a cannery, was to open towards the end of 1978, and would handle 30 to 35 head of cattle a day. A new cannery, capable of producing 100,000 tins of meat a day, was opened at Vila and started exporting to Fiji, French Polynesia and New Caledonia in the last quarter 1978.

28. Two new chicken farms on Efate, supplementing those already in existence, were expected to make the New Hebrides self-sufficient in poultry.

29. It is reported that for the second year in succession the Kiwanis Club of Vila held a "Snail Day" in August 1978 to help ease the problem of the Great African Snail (Achatma Fulica) in and around the capital city. Originally from East Africa, the snails were introduced into the Pacific area by the Japanese during the Second World War as a source of food. Since arriving in the New Hebrides in 1973 with a shipload of timber, they have become a widespread pest. The problem has allegedly grown to unmanageable proportions despite the introduction of predator snails and the use of poisons.

30. Snail Day was organized in 1977 by the Kiwanis International Clubs after discussions with the Condominium Department of Rural Development and requests from concerned residents. Volunteer collectors, vying for various prices, collected 30 metric tons of snails in 1977 and 25 metric tons in 1978.

31. A New Hebrides company is treating and canning large quantities of the snail for sale in an attempt to transform a major pest into a commercial enterprise.

#### D. Fisheries

32. Pending the appointment of a fisheries officer, as agreed upon by the Joint Administration in 1977, fisheries matters continued to be dealt with by the Condominium Department of Rural Development. Fish, mainly tuna and related species, are caught by a fleet of longline fishing vessels from other Pacific island countries. Exports of fish rose to 9,927 metric tons in 1977 (6,091 metric tons in 1976), valued at FNH 1,057 million. As a result of the increased value of fish exports in 1977, fishing became the second most important industry in the Territory.

33. A fisheries training school, financed by the French Administration, is operated on the island of Tanna; trainees undertake small fisheries projects from which they supply the local and Vila markets.

34. In its annual report, the Government of France states that fisheries remain mainly in the hands of Japanese business concerns. A Japanese company uses the Palekula fishing base to process some 10,000 metric tons of fish caught annually in the Coral and Solomon Seas and destined for markets in the United States. Recently, the New Hebrides Government acquired a 10 per cent interest in the company and a seat on its board for the Minister of Finance.

#### E. Forestry

35. The Forestry Section of the Condominium Department of Rural Development consists of a forestry officer, four trained forest guards, a forester from the Voluntary Service Overseas (VSO) and a technician from the Voluntaire de l'Aide technique (VAT). The budget of the Forestry Section during the period under review was FNH 1.1 million, compared with FNH 1.4 million the previous year.

36. During 1976, an inventory was taken of some 5,200 hectares on the southern part of the island of Aneityum, on which 50 species were recorded. The average volume of exportable timber per hectare was found to be 15 cubic metres. In 1977, small local sawmills on Efate and Santo produced about 2,000 cubic metres of sawn timber and 1,000 cubic metres of logs (1,700 and 250 cubic metres respectively in 1976). Most of this production was exported. In addition, the Forest Section maintained 16 experimental plots (15 in 1976).

37. In February 1978, after several years of study sponsored by the Japanese Government, the Chief Minister decided to permit Mitsubishi Sumitomo to set up a wood-chip mill at Santo at a cost of more than \$A 6 million.

#### F. Mining

38. In 1977, the budget for the Condominium Department of Mines and Hydrology totalled FNH 6.5 million (FNH 7.1 million in 1977). The staff of the Department now includes a hydro-geologist. During the year, 34,293 metric tons of manganese ore were extracted (31,444 metric tons in 1976) and 23,040 metric tons of manganese were exported to Japan (35,794 metric tons in 1976). In 1977/78, the budget of the Geological Survey Department was \$A 102,320.

#### G. Power

39. Vila and Santo are the only towns with public electricity supplies. In Vila, electricity is supplied by the Union electrique d'Outremer (UNELCO), a public company incorporated in France in 1929, under the terms of a 40-year concession agreement signed in 1939. A 15-year extension was signed with effect from June 1976. Power is supplied at different tariffs, including a low consumer's special flat rate for those using a smaller amount of electricity which benefits the poorer sections of the urban community. A productivity factor forms part of the standard and industrial tariffs, thus making electricity available at a relatively cheaper price for larger consumers.

40. In 1977, Vila had installed power of 5,220 kVA, with 1,533 consumers and Santo installed power of 870 kVA with 406 consumers. Solar cells are in use on some outer islands to produce power for radio transceivers located in dispensaries.

## H. Industry

41. The Joint Development Plan, 1971-1975 (see also para. 25 above), concentrated on the improvement of the governmental infrastructure, mainly in agriculture and communications. Funds for major development came from the Governments of France and the United Kingdom, with increasing donations from the Governments of Australia and New Zealand. In 1977, the Joint Office of Development Planning drew up draft development objectives which were being examined during the period under review. Present industrial units are a fish-freezing canny, an abattoir and a brewery.

## I. Tourism

42. In 1977, the tourist industry was stimulated by an increase in the number of visitors, with more than 55,000 tourists arriving on cruise ship tours and 20,000 by air. The latter figure represents a 50 per cent increase over 1976. At present, there are 390 hotel rooms at Vila, 285 of which are in two hotels of international standard; 65 rooms at Santo; and 18 rooms in hotels and resorts on other islands of the Territory.

43. In 1977, some 2,700 Japanese tourists visited the New Hebrides, an increase of 187 per cent over 1976. The stimulus for this increase has been Japanese control of Le Lagon Hotel, owned by the Tokyu Hotel organization which spent more than \$A 500,000 on improvements and reorganization of the management and services of Le Lagon.

## J. Public finance

44. The Territory has three budgets. Estimated revenue and expenditure during the period under review were as follows:

	<u>Revenue</u>	<u>Expenditure</u>
	(in millions)	
Joint (Condominium) Services <u>a/</u>	FNH 1,163.0	FNH 968.0
British National Service <u>b/</u>	\$A 9.4	\$A 9.7
French National Service <u>a/</u>	FNH 375.0	FNH 1,163.0

a/ Calendar year 1977.

b/ Fiscal year 1977/78.

Although the value of exports increased by 96 per cent during the period under review (from FNH 1.3 billion in 1976 to FNH 2.5 billion in 1977), that of imports rose by almost 20 per cent, from FNH 2.6 billion to FNH 3.1 billion, leaving a visible trade deficit of FNH 615.0 million.

## K. Transport and communications

45. At the end of 1976, there were 4,254 vehicles registered in the Territory, of which 3,097 (73 per cent) were on Efate and 1,018 (24 per cent) on Espiritu Santo. Bus services are becoming increasingly accepted in Port Vila and bus fleets have grown accordingly.

46. In 1977, 280 ships entered the international ports of Vila, Santo, Palekula and Forari (351 in 1976), including 64 cruise ships. There were 1,009 international flights to the Territory in 1977 (892 in 1976).

## 4. SOCIAL CONDITIONS

### A. Human rights

47. According to the annual report of the United Kingdom for the period under review, the New Hebrides Government is about to consider proposals for a major reform of the legal system, which would provide for unification of the judicial system and the adoption of single codes of civil and criminal law and rules of procedure equally applicable to all irrespective of nationality. To date, no circumstances have arisen in the Territory to necessitate the enactment of anti-discrimination legislation.

### B. Co-operative societies

48. British supervised co-operative societies in the Territory are administered by the Co-operative Department at Vila, comprising a chief officer, two senior officers, three junior officers, nine inspectors, an assistant inspector and two clerk/typists. This staff, however, was below its full strength during the period under review. Total membership of co-operative societies under British supervision numbered 12,117 (heads of families only) in 1976 (11,417 in 1975). Expenditure by the Department totalled \$A 162,987 in 1976/77 (\$A 111,307 in 1975/76). In 1977, there were 198 co-operative societies grouped under a single organization, the New Hebrides Co-operative Federation (182 in 1975). The total primary turnover of the Federation amounted to \$A 4.6 million in 1976 (\$A 3.7 million in 1975).

49. There were 83 co-operative societies under French administration in 1977, consisting of 3,906 members.

### C. Labour

50. Although the labour force in the Territory is estimated at some 45,000 persons, about 75 per cent are involved in traditional agriculture, the remainder holding various salaried positions in commercial and service industries. In 1976, 11,111 persons were employed in the cash sector and 36,400 in the subsistence sector.

51. According to the annual report of the United Kingdom, the recovery of copra prices (reported in 1976) was maintained throughout the year. Although employment for copra cutters was available on the larger, European-owned plantations, the general employment situation remained unchanged throughout the year. The introduction of Joint Regulation No. 28 of 1977 (Work Permit), towards the end of 1977, designed to phase out the necessity for employing expatriates in many trades and professions, resulted in an increase in opportunities for career employment for New Hebridean school leavers.

52. The Governments of the South Pacific region have been concerned about the growing rate of migration to towns of rural youth seeking job opportunities which have not expanded proportionately. In order to solve the problem, the Governments, including that of the New Hebrides, have decided to initiate innovative vocational training programmes mainly for self-employment and for out-of-school, unskilled and unemployed youth in rural areas.

53. Since 1975, the United Nations Development Programme (UNDP) has provided advisory assistance (through a \$NZ 258,300 <sup>j/</sup> contribution) in the identification of specific needs in the field of vocational training, formulation of long-term plans, development of training courses and related materials and evaluation of training schemes. The objective of the project is to establish suitable vocational training programmes leading to the improvement of the living conditions of people in rural areas.

#### D. Public health

54. Government medical and health services in the Territory are provided by a rural health department and by the medical units of the two national services with the assistance of World Health Organization (WHO) and a number of voluntary agencies. In the past, the national services were responsible for public health and sanitation but increasingly the main responsibilities are devolving upon a newly formed Ministry of Social Services. In addition, responsibility for sanitary measures in the two urban areas centres has passed to the newly elected municipalities. In all there are about 100 medical units, the majority of which are small rural dispensaries located in the outer islands and supervised from centres in the main islands.

55. According to the annual report of the Government of France, at 31 December 1977, medical and health staff in the Territory included 26 doctors (24 in the government service, including 5 with local degrees only, 1 at a mission hospital and 1 in private practice); 3 pharmacists and 2 dentists in government service and the same number in the private sector; 1 locally certified midwife; 4 sanitary inspectors; 8 laboratory technicians; and 197 nurses (165 employed by the Government and 32 by the missions).

56. Vila has two hospitals (the new French government Hospital completed in 1974

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<sup>j/</sup> At 22 February 1979, one New Zealand dollar (\$NZ 1.00) was equivalent to \$US 1.05.

and a new British hospital to replace the former Presbyterian John G. Paton Memorial Hospital); and Santo has a French government hospital. The three hospitals have a total bed capacity of 393. There are eight cottage hospitals, with a bed capacity of 334, limited to servicing less serious cases; 57 dispensaries exclusively for the treatment of out-patients; and 45 dispensaries having a total of 274 beds for lighter cases which may be subsequently referred to the general hospitals.

57. The training of village level sanitarians continued in 1977 with the assistance of WHO and the New Zealand Leper Trust Board which provided FNH 273,000. Eleven students completed the training successfully during that year.

58. In 1976/77, recurrent expenditure for medical and health services was as follows: French National Service, FNH 135 million; British National Service, \$A 155,562; and Joint (Condominium) Services, FNH 39 million. Expenditure on health in 1977 was 10 per cent of total government expenditure.

## 5. EDUCATIONAL CONDITIONS

### A. General

59. There are two separate and parallel systems of education in the New Hebrides, British and French. Education in the British sector is neither free nor compulsory; fees are charged at all levels (except for overseas scholarships). Statistically, the two services between them provide a primary school place for every child, although some remote and sparsely populated areas are without schools, as are a few areas where there is still local opposition to formal education. According to the annual report of the United Kingdom, that opposition is steadily decreasing, however, and it is estimated that from 85 to 90 per cent of children of primary school age actually attend schools.

60. Access to secondary education is selective. In 1977, places were available in the secondary schools for 14 per cent of those completing the six-year primary course. As a matter of policy, the provision of secondary school places is related to anticipated employment opportunities within the cash economy.

61. Tertiary and technical education is carried out entirely overseas through a scholarship system. The majority of the students sent overseas go to regional institutions in the South Pacific, mostly in Fiji and the Solomon Islands.

62. In 1974, illiteracy in the Territory was said to be approximately 15 per cent of the total population of 10 years of age and over. The number of children of school age in the period under review was estimated at some 28,000, of whom 26,000 were indigenous.

### B. Primary education

63. In 1977, there were 10,987 pupils in the British primary schools, of whom

9,864 were in 136 public schools and 1,123 in 31 independent schools. Some 11,540 pupils (10,321 of whom were indigenous) attended the French primary schools: 6,524 in public schools and 5,016 in independent schools. Altogether there were 37 schools.

#### C. Secondary education

64. During the year under review, secondary education was offered in four British public schools and one British independent school (1,021 students) and in two French public schools (958 students). There were 283 students at the vocational high school.

#### D. Vocational and higher education

65. According to the annual report of the United Kingdom, in 1977, 19 students attended vocational schools (18 in the South Pacific area and 1 in the United Kingdom); 59 attended the Teachers Training College at Vila; and 30 attended higher educational institutes (29 in the South Pacific and 1 in the United Kingdom). In this connexion, it was reported that the former Kawenu Teachers Training College was amalgamated with the British secondary school in January 1977 to become Malapoa College. Malapoa College has assumed all of the functions of Kawenu College, including curriculum development and in-service teacher training.

66. According to the report of the French Government, 35 students attended overseas institutions on scholarships: 14 in higher education and 4 in secondary education in France, and 17 in New Caledonia.

67. In 1977, the total budget for education for French educational services amounted to F 65.0 million k/ and for British educational services to \$A 2.0 million.

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k/ At 22 February 1979, one French franc (F 1.00) was equivalent to \$US 0.23.

## CHAPTER XVI\*

### TOKELAU

#### A. Consideration by the Special Committee

1. At its 1135th meeting, on 9 February 1979, by adopting the suggestions put forward by the Chairman relating to the organization of its work (A/AC.109/L.1280 and Add.1), the Special Committee decided, inter alia, to refer the question of Tokelau to the Sub-Committee on Small Territories for consideration and report.
2. The Special Committee considered the item at its 1146th and 1147th meetings, on 21 and 22 June, respectively.
3. In its consideration of the item, the Special Committee took into account the provisions of the relevant General Assembly resolutions, including in particular resolution 33/44 of 13 December 1978 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 12 of that resolution, the Assembly requested the Committee, inter alia, "to continue to seek suitable means for the immediate and full implementation of General Assembly resolution 1514 (XV) in all Territories which have not yet attained independence and, in particular: ... to formulate specific proposals for the elimination of the remaining manifestations of colonialism and to report thereon to the General Assembly at its thirty-fourth session". The Committee also took into account General Assembly decision 33/409 of 13 December 1978, by which the Assembly requested the Committee, inter alia, "to continue to seek the best ways and means, in co-operation with the administering Power, of implementing the Declaration with respect to Tokelau, including the possible dispatch of a further visiting mission to the Territory at an appropriate stage ...".
4. During its consideration of Tokelau, the Special Committee had before it a working paper prepared by the Secretariat (see annex to the present chapter) containing information on developments concerning the Territory.
5. The representative of New Zealand, as the administering Power concerned, participated in the work of the Special Committee during its consideration of the item.
6. At the 1146th meeting, on 21 June, the Rapporteur of the Sub-Committee on Small Territories, in a statement to the Special Committee (A/AC.109/PV.1146), introduced the report of the Sub-Committee (A/AC.109/L.1306) containing an account of its consideration of the Territory.
7. At the 1147th meeting, on 22 June, the representative of the Union of Soviet Socialist Republics proposed the following amendments to the conclusions and recommendations contained in the report of the Sub-Committee (A/AC.109/L.1306), by which:

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\* Previously issued as part of A/34/23/Add.4.

(a) In paragraph 6 (1), the words "and independence" would be added after the word "self-determination";

(b) In paragraph 6 (3), the word "all" would be deleted from the phrase "of all the possibilities open to them";

(c) In paragraph 6 (4), in the first sentence, the word "alternative" would be deleted from the phrase "the alternative avenues of constitutional development open to them";

(d) In paragraph 6 (4), the second sentence, which read:

"The Committee welcomes the fact that, in accordance with the programme, the Tokelauans are moving to take responsibility for their own affairs at a pace commensurate with increased political education and awareness",

would be replaced by:

"The Committee welcomes the fact that, in accordance with the programme, the Tokelauans are moving to take responsibility for their own affairs";

(e) Paragraph 6 (7) would be deleted;

(f) In paragraph 6 (9), the phrase "The Special Committee reiterates its expression of appreciation" would be replaced by the phrase "Reaffirming the primary responsibility of the administering Power for the socio-economic development of the Territory, the Special Committee nevertheless expresses its appreciation".

8. Following statements by the representatives of Australia and the Soviet Union (A/AC.109/PV.1147), the Chairman submitted a subamendment to the amendment by the Soviet Union, referred to in paragraph 7 (d) above, by which the phrase "and in accordance with their own wishes," would be inserted after the phrase "in accordance with the programme". The representative of Australia thereupon submitted a further amendment to the subamendment proposed by the Chairman, by which the second sentence would now read:

"The Committee welcomes the fact that, in accordance with the programme, the Tokelauans are moving to take responsibility for their own affairs in accordance with their own wishes".

The representative of the Soviet Union and the Chairman made further statements (A/AC.109/PV.1147).

9. Following statements by the representatives of Australia, Chile, New Zealand, China, Bulgaria, the Soviet Union and Fiji (A/AC.109/PV.1147), and having regard to the amendment referred to in paragraph 7 (e) above, the representative of Sweden submitted amendments by which paragraph 6 (7) of the conclusions and recommendations contained in the report of the Sub-Committee (A/AC.109/L.1306), which read:

"(7) In this regard, and bearing in mind the importance of the resources of the sea to island economies, the Special Committee welcomes the recent enactment of legislation by the New Zealand Parliament providing for the establishment of an exclusive 200-mile economic zone around Tokelau and notes with satisfaction the affirmation of the administering Power that the benefits of this zone will accrue to the people of the Territory".

would be replaced by:

"(7) In this regard, and bearing in mind the importance of the resources of the sea to island economies, the Special Committee welcomes the recent enactment of legislation by the New Zealand Parliament to protect the resources around Tokelau and notes with satisfaction the reaffirmation of the administering Power that the benefits of this zone will accrue to the people of the Territory".

10. Following statements by the representatives of Sierra Leone and Mali (A/AC.109/PV.1147), the Chairman submitted a subamendment to the above amendments by Sweden, by which the words "The Special Committee welcomes" would be replaced by the words "The Special Committee takes note of" and the words "notes with satisfaction", by the word "notes". Statements were made by the representatives of the Soviet Union and Ethiopia (A/AC.109/PV.1147).

11. Following a further exchange of views in which the representatives of Ethiopia, Australia, New Zealand, Chile, the Soviet Union and Mali, as well as the Chairman, took part (A/AC.109/PV.1147), the Chairman submitted a revised subamendment to that referred to in paragraph 9 above, by which paragraph 6 (7) of the conclusions and recommendations would now read:

"(7) In this regard, the Special Committee takes note of the recent legislative steps taken by the administering Power to protect the marine resources of the Territory and notes the affirmation of the administering Power that the benefits of this zone will accrue to the people of the Territory".

12. The representative of China thereupon submitted a further amendment to the revised subamendment proposed by the Chairman (see para. 10 above), by which the clause "the benefits of this zone will accrue to the people of the Territory" would be replaced by the clause "the benefits therefrom will accrue to the people of the Territory".

13. Following statements by the representatives of Australia, the Soviet Union and the Congo, as well as by the Chairman (A/AC.109/PV.1147), the representative of the Ivory Coast, having regard to the amendment by the Soviet Union referred to in paragraph 7 (f) above, proposed that, rather than amending the paragraph 6 (9) of the conclusions and recommendations contained in the report of the Sub-Committee, as suggested by the representative of the Soviet Union (see para. 7 (f) above), the second sentence in paragraph 6 (6), which read:

"In this connexion, the Committee reiterates its call to the administering Power, in co-operation with the territorial Government to continue to take effective measures to safeguard and guarantee the rights of the people of Tokelau to their national resources and to establish and maintain control of their future development".

should be replaced by the following:

"In this connexion, the Committee reaffirms the primary responsibility of the administering Power for the economic and social development of the Territory and reiterates its call to the administering Power, in co-operation with the territorial Government, to continue to take effective measures to safeguard and guarantee the rights of the people of Tokelau to their natural resources and to establish and maintain control of their future development".

14. At the same meeting, the Special Committee took the following action on the conclusions and recommendations contained in the report of the Sub-Committee (A/AC.109/L.1306) and the amendments thereto referred to in paragraphs 7 to 13 above:

(a) The amendments by the Soviet Union referred to in paragraph 7 (a), (b) and (c) were adopted without objection;

(b) The amendment by Australia to the subamendment by the Chairman, referred to in paragraph 8 above, was adopted without objection;

(c) The amendment by China to the revised subamendment by the Chairman to the amendment by Sweden, referred to in paragraph 12 above, was adopted without objection;

(d) The revised subamendment by the Chairman to the amendment by Sweden, as further amended by China, referred to in paragraph 11 above, was adopted without objection;

(e) The proposal by the Ivory Coast referred to in paragraph 13 above was adopted without objection;

(f) The Special Committee thereupon adopted the report of the Sub-Committee (A/AC.109/L.1306) and endorsed the conclusions and recommendations contained therein, as amended as indicated above, as a whole.

15. On 22 June, the text of the conclusions and recommendations was transmitted to the Permanent Representative of New Zealand to the United Nations for the attention of his Government.

## B. Decision of the Special Committee

16. The text of the conclusions and recommendations adopted by the Special Committee at its 1147th meeting, on 22 June 1979, to which reference is made in paragraph 14 above, is reproduced below:

(1) The Special Committee reaffirms the inalienable right of the people of Tokelau 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 Tokelau, owing to such factors as its size, geographical location, population and limited natural resources, the Special Committee reiterates the view that these circumstances should in no way delay the implementation of the Declaration contained in resolution 1514 (XV).

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

(4) In this connexion, the Special Committee notes with satisfaction that the administering Power has instituted, in consultation with the people of the Territory, a multifaceted political education programme designed to alert the people of Tokelau to the avenues of constitutional development open to them. The Committee welcomes the fact that, in accordance with the programme, the Tokelauans are moving to take responsibility for their own affairs, in accordance with their own wishes. As one aspect of this process, the Committee considers that the promotion of an increased interrelationship with newly independent nations in the region is of particular value to the people of Tokelau as they consider their future.

(5) The Special Committee, recalling the willingness of the administering Power to be guided by the wishes of the people with regard to their future, in full accordance with the Declaration contained in resolution 1514 (XV), notes with satisfaction that the administering Power has assured the people of Tokelau of its continuing administrative, financial and technical assistance, should they wish it, in the event that they desire to change their present status.

(6) The Special Committee notes that work is continuing in the major areas of agricultural improvement, fisheries exploitation and revenue development to ascertain whether the economy of the Territory can be placed on a more viable basis. In this connexion, the Committee reaffirms the primary responsibility of the administering Power for the economic and social development of the Territory and reiterates its call to the administering Power, in co-operation with the territorial Government, to continue to take

effective measures to safeguard and guarantee the rights of the people of Tokelau to their natural resources and to establish and maintain control of their future development.

(7) In this regard, the Special Committee takes note of the recent legislative steps taken by the administering Power to protect the marine resources of the Territory and notes the affirmation of the administering Power that the benefits therefrom will accrue to the people of the Territory.

(8) The Special Committee notes the continuing efforts of the administering Power to improve the social and educational facilities of the local population. Mindful of the number of students who continue their education outside the Territory, the Committee reiterates its hope that suitable arrangements will be made with regard to the provision of secondary educational facilities for Tokelauans.

(9) The Special Committee reiterates its expression of appreciation to the specialized agencies and other organizations and bodies within the United Nations system, as well as to the regional organizations, for their assistance to Tokelau and expresses the hope that it will continue.

(10) Mindful of the effective means provided by United Nations visiting missions to assess the situation in the Territories, and recalling that the 1976 Visiting Mission considered that conditions in Tokelau should be kept under constant review, 1/ the Special Committee is of the opinion that the possibility of sending a second mission to the Territory at an appropriate time should be kept under review, taking into account, in particular, the wishes of the people of Tokelau.

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1/ Official Records of the General Assembly, Thirty-first Session, Supplement No. 23 (A/31/23/Rev.1), vol. III, chap. XVII, para. 11 (40).

ANNEX\*

Working paper prepared by the Secretariat

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\* Previously issued under the symbol A/AC.109/L.1285.

## TOKELAU a/

### 1. GENERAL

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

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

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

### 2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

#### A. General

3. Tokelau is included within the boundaries of New Zealand. It is administered under the authority of the Tokelau Islands Act, 1948, and its amendments. b/ Under the provisions of the British Nationality and New Zealand Citizenship Act, 1948, Tokelauans are New Zealand citizens.

4. Having no viable economic base, and being remote and very small, Tokelau presents special problems in respect of decolonization. The declared policy of the New Zealand Government has been to disturb as little as possible the internal institutions which make up the Tokelauan way of life. The current annual report of the administering Power states that in many respects the islands today are already self-governing. They are serviced by the Tokelau Public Service (see paras. 11-14 below), which takes its direction from Tokelau rather than from New Zealand. For

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a/ The information contained in this paper has been derived from published reports from information transmitted to the Secretary-General by the Government of New Zealand under Article 73 e of the Charter of the United Nations on 25 July 1978 for the year ending 31 March 1978.

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

its part, the administering Power reports that it is continuing to ensure that the public service is properly responsive to, and equipped to meet, Tokelau's needs and wishes.

5. Although the Secretary of Foreign Affairs of New Zealand continues to be the Administrator of Tokelau and is responsible to the New Zealand Minister of Foreign Affairs, in practice, most of the powers of the Administrator are now exercised by the Official Secretary of the Office for Tokelau Affairs who is head of the Tokelau Public Service. By agreement with the Government of Samoa, the Office is still based at Apia and there is close administrative co-operation between that Government and the Tokelau Public Service. Officers of the Samoan Government, such as medical officers and radio technicians, visit the Territory regularly.

6. The dominant political institution in each village is the taupulega (council of elders). It comprises the heads of family groups together with the faipule and the pulenuku (mayor). The faipule represents the village in its dealings with the administering Power and the Tokelau Public Service, and presides over the village fono (council) and the court. The pulenuku is responsible for the administration of village affairs. The faipule and pulenuku are democratically elected by universal adult suffrage every three years.

7. In late 1977, Tokelau's three faipule visited New Zealand, as guests of the Government, for discussions on the future of the Territory. They attended, among other things, meetings with the Tokelauan communities of New Zealand. Agreement was reached on the continuation of the process whereby decision-making and servicing responsibility is progressively being transferred to Tokelau by means of the restructured Tokelau Public Service.

8. Tokelau is included in the area covered by the activities and programmes of the South Pacific Commission and benefits from the work carried out by that organization. In October 1977, Tokelau was represented by a four-person delegation at the seventeenth Annual South Pacific Conference held in American Samoa. The Commission is currently assisting Tokelau in a number of developmental areas, in particular in water supply projects and technical training.

9. The basis of Tokelau's legislative and judicial systems is the Tokelau Islands Act, 1948, as amended. New Zealand statute law applies to Tokelau only where explicit reference is made to the Territory. The Governor-General of New Zealand is empowered to make all such regulations as he thinks necessary for the peace, order and good government of Tokelau. The following legislation was enacted during the year under review: Tokelau (Territorial Sea and Exclusive Economic Zone) Act, 1977; Commonwealth Countries Act, 1977; Seal of New Zealand Act, 1977; and Citizenship Act, 1977.

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

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c/ Ibid., appendix III.

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

#### B. Public service

11. Part I of the Tokelau Islands Amendment Act, 1967, which came into force on 1 January 1969, established a separate Tokelau Public Service under the jurisdiction of the New Zealand State Services Commission.

12. In December 1976, a comprehensive review was made of the Tokelau Public Service to ensure that it was properly equipped to perform its tasks and to carry out the new functions and responsibilities now devolving upon it. The outcome of the review was a restructured and strengthened public service comprising some 143 permanent employees. The staff of the Office for Tokelau Affairs at Apia was increased to 23 (including a number of positions at the level of director). Each island's public service establishment was set at approximately 40.

13. Conditions of employment for Tokelau's public servants have been upgraded and steps have been taken to increase the initial and in-service training opportunities available to government employees. An effort has also been made to persuade skilled and qualified Tokelauans now in New Zealand to return to the Tokelau Public Service. Between March 1977 and March 1978, 11 persons returned to take appointments in the service.

14. According to the report of the administering Power, measures are under way to ensure that there are a sufficient number of Tokelauans available in future to staff the service at all levels. In-service training opportunities for public servants have been increased; a manpower development plan is under preparation; and advantage is being taken of the numerous regional seminars and meetings on such topics as public administration and management.

#### C. Future status of the Territory

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

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

16. On 24 November 1978, the representative of the administering Power informed the Fourth Committee of the General Assembly, at its thirty-third session, that the period under review had essentially been one of consolidation of programmes initiated following the visit of the 1976 United Nations Visiting Mission, including a programme of visits by leaders of the Territory to other newly independent nations in the region and discussions between the representatives of the local inhabitants and the administering Power on political issues, including the political options for the future of the Territory. e/

### 3. ECONOMIC CONDITIONS

#### A. General

17. The economy of Tokelau is based mainly on the resources of the sea and on the coconut and pandanus palms. Copra production is increasing satisfactorily. Dislocation of the labour force arising from a heavy public works programme has diminished with the completion of new projects. Families obtain part of their cash income from relatives in New Zealand; funds are also received from Tokelauan communities in New Zealand to finance village and church projects. A new outlet has recently been created for the export and sale of wood-work, plaited ware and other handicrafts. Three freezer chests provided by the United Nations Development Programme (UNDP) have been installed in each village for the storage of fish. In recent months, revenue-earning possibilities such as stamps, coins and handicrafts, have received increased attention.

#### B. Land

18. The numerous uninhabited islets at each atoll are used as plantations. Local timber is used to build canoes and houses and in the manufacture of domestic utensils and handicrafts. The coconut palm, which is predominant in the atolls, provides a staple export in the form of copra.

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

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e/ Ibid., Thirty-third Session, Fourth Committee, 25th meeting, paras. 28-33.

f/ Ibid., Thirty-first Session, Supplement No. 23 (A/31/23/Rev.1), vol. III, chap. XVII, annex, appendix II.

### C. Agriculture

20. Tokelau's soil is thin and infertile and has resisted efforts to increase its production through the application of fertilizers. Apart from copra, agricultural products are of a basic subsistence nature. Food crops consist of coconuts, ta'amua and pulaka (root vegetables), bread-fruit, pawpaw, the fruit of the edible pandanus and bananas. With the assistance of UNDP and the College of Agriculture of the University of the South Pacific at Apia, experimental vegetable plantings were introduced in 1977 in each atoll, using carefully selected seeds and fertilizers.

### D. Livestock and fisheries

21. Livestock in Tokelau consists of pigs and poultry. A piggery with a capacity of 130 animals has been established at Nukunonu to meet local consumer needs.

22. Dietary staples include ocean and lagoon fish and shellfish, all of which are available in quantity. The most common species of fish caught are tuna, bonito, trevally and mullet. Two fisheries advisers from UNDP/Food and Agriculture Organization of the United Nations (FAO) visited Tokelau in February 1977 and a further visit by a fisheries expert was arranged in February 1978. Tokelau is participating in the assessment programme for skipjack tuna resources organized by the South Pacific Commission.

23. In December 1977, the New Zealand Parliament enacted legislation providing for the establishment at an appropriate time of a 200-mile exclusive economic zone around Tokelau. The New Zealand Government has affirmed that the benefits of this zone will accrue to the people of Tokelau.

### E. Transport and communications

24. During the year under review, the MV Cenpac Rounder, a vessel owned by the Nauru Pacific Line, was chartered for five voyages. The towboat built by the Office for Tokelau Affairs in early 1975 is to be replaced by a heavy duty aluminium craft.

25. Three of Tokelau's four radio stations are now transmitting weather reports and commercial traffic schedules at four-hour intervals. A new, single sideband radio set has been provided for each island, and new aerials are being erected at Atafu and Fakaofu.

26. A new definitive issue of Tokelauan stamps was issued in 1977. The stamps were designed by Mr. Faraino Paulo, a Tokelauan artist who attended art courses in New Zealand.

27. Tokelau's first commemorative coin, a silver dollar, also designed by Mr. Paulo, was issued in 1978. One side of the coin bears the portrait of Queen Elizabeth II and the other side depicts a Tokelauan scene. The coin is legal tender in Tokelau.

28. A newsletter, published regularly in Tokelauan and English, by the Office for Tokelau Affairs, is widely distributed in Tokelau as well as among the Tokelauan communities in Samoa, American Samoa and New Zealand.

#### F. Public finance

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

30. In 1977/78, the Government of New Zealand contributed a total of \$NZ 900,000 in financial aid to Tokelau.

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

#### G. Trade

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

### 4. SOCIAL AND EDUCATIONAL CONDITIONS

#### A. General

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

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g/ The local currency is the New Zealand dollar (\$NZ). At 22 February 1979, \$NZ 1.00 was equivalent to \$US 1.06.

## B. Human rights and status of women

34. According to the annual report of the administering Power, policies relating to human rights which obtain in New Zealand are applicable also in Tokelau. Reinforcing statute law, local custom and usage guarantee the rights of the individual, with no discrimination being made between men and women. It is the declared policy of the New Zealand Government that the general provisions of the Universal Declaration of Human Rights should be applied to Tokelau in so far as is compatible with the needs of the people and the conditions peculiar to the small atolls which constitute the Territory.

## C. Housing

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

## D. Public Health

36. The medical staff of the Government of Samoa assists the medical services on Tokelau and makes regular visits to the atolls. Three Tokelauan medical officers and a medical officer from Tuvalu serve in the Territory.

37. In late 1978, it was reported that a United States Peace Corps volunteer had identified for the first time in Tokelau a variety of mosquito known to be a bearer of dengue fever.

38. Skin diseases resulting from the limited supply of fresh water for personal hygiene are common but are kept fairly well under control. In an effort to improve the supply of fresh water, several large water tanks have been installed in association with the building programme. There is a certain amount of eye trouble, partly due to irritation caused by sand and water which enter the eyes during fishing and partly to the effects of sunshine glare from the lagoons and ocean.

## E. Labour

39. Copra production and the manufacture of plaited ware and wood-work are the only industries of significance in Tokelau, and supervision of employment conditions in these industries is not considered necessary. Most labour is devoted to procuring food, maintaining the village and producing woven mats, fans and curios. The various public works programmes and projects also provide useful employment.

40. As a result of the assisted resettlement scheme, whereby families were offered the opportunity of resettlement in New Zealand, h/ the population now seems to be

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

in a better state of equilibrium with available resources. At the request of the general Fono (council), the scheme has now been suspended.

#### F. Education

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

42. Tokelau has 37 qualified teachers and 16 teachers' aides. The schools are equipped with radio sets, tape recorders and slide and movie projectors. Each island has a parents' committee, which helps to raise funds and organize school activities.

43. In 1977/78, 13 children began secondary schooling in New Zealand under the latter's bilateral aid programme, and an additional 24 entered secondary school in Samoa on scholarships arranged by the Office for Tokelau Affairs. In 1978, four more children were accepted for secondary education in Niue, also under the sponsorship of the Office for Tokelau Affairs.

44. At 31 March 1978, 166 Tokelauan students and trainees were studying abroad under official sponsorship, compared with 133 in the previous year.

## PITCAIRN

A. Consideration by the Special Committee

1. At its 1135th meeting, on 9 February 1979, by adopting the suggestion put forward by the Chairman relating to the organization of its work (A/AC.109/L.1280 and Add.1), the Special Committee decided, inter alia, to refer the question of Pitcairn to the Sub-Committee on Small Territories for consideration and report.
2. The Special Committee considered the Territory at its 1146th and 1147th meetings, on 21 and 22 June respectively.
3. In its consideration of the item, the Special Committee took into account the provisions of the relevant General Assembly resolutions, including in particular resolution 33/44 of 13 December 1978 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 12 of that resolution, the Assembly requested the Special Committee, inter alia, "to continue to seek suitable means for the immediate and full implementation of General Assembly resolution 1514 (XV) in all Territories which have not yet attained independence and, in particular: ... to formulate specific proposals for the elimination of the remaining manifestations of colonialism and to report thereon to the General Assembly at its thirty-fourth session". The Special Committee also took into account General Assembly decision 33/413 of 13 December 1978, by which the Assembly decided to defer until its thirty-fourth session consideration of the question of Pitcairn.
4. During its consideration of Pitcairn, the Special Committee had before it a working paper prepared by the Secretariat (see annex to the present chapter) containing information on developments concerning the Territory.
5. The representative of the United Kingdom of Great Britain and Northern Ireland, as the administering Power concerned, participated in the work of the Special Committee during its consideration of the item.
6. At the 1146th meeting, on 21 June, the Rapporteur of the Sub-Committee on Small Territories, in a statement to the Special Committee (A/AC.109/PV.1146), introduced the report of the Sub-Committee (A/AC.109/L.1308) containing an account of its consideration of the Territory.
7. At its 1147th meeting, on 22 June, the Special Committee adopted without objection the report of the Sub-Committee on Small Territories and approved the draft consensus contained therein (see para. 9 below).
8. On 22 June, the text of the consensus was transmitted to the Permanent Representative of the United Kingdom to the United Nations for the attention of his Government.

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\* Previously issued as part of A/34/23/Add.4.

B. Decision of the Special Committee

9. The text of the consensus concerning Pitcairn adopted by the Special Committee at its 1147th meeting, on 22 June 1979, to which reference is made in paragraph 7 above, is reproduced below:

The Special Committee, having examined the question of Pitcairn, takes note of the statement of the representative of the United Kingdom of Great Britain and Northern Ireland reaffirming the wish of the administering Power to preserve the island community life for as long as practicable and possible. The Committee notes that the gradual decline of the population to its present size, as the result of emigration, raises the question of the capacity of the islanders to maintain the essential services of education, medical welfare and the launching of long boats on which their trade with passing ships depends. The Committee calls once again on the administering Power to continue to safeguard the interests of the people of the Territory so as not to abandon them to an uncertain future, and with a view to encouraging them to remain on the island. The Committee notes with satisfaction that, largely as a result of philatelic sales, the general financial state of the Territory is healthy.

ANNEX\*

Working paper prepared by the Secretariat

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\* Previously issued under the symbol A/AC.109/L.1283.

## PITCAIRN a/

### 1. GENERAL

1. In 1977, the population of Pitcairn numbered about 60; two deaths and one birth were reported during the year. In the recent past Pitcairn Islanders have expressed fear that, because of a diminishing population, they might have to leave their island.

### 2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

2. Since the independence of Fiji in 1970, responsibility for the Territory has been in the hands of the United Kingdom High Commissioner to New Zealand, designated as Governor of Pitcairn. Pitcairn Islanders manage their internal affairs through an Island Council consisting of 10 members: the Island Magistrate, elected for three years; 3 councillors, elected each year, the Island Secretary, who is a public officer serving ex officio; 1 member appointed by the Governor; 2 members chosen by the elected members; and 2 non-voting advisory members (one chosen by the Governor and the other chosen by the rest of the Council).

3. The Internal Committee comprises the elected Chairman and any other members the Island Council may appoint. Its principal function is to organize and implement the works programme.

4. The Island Court consists of the Island Magistrate and two councillors. Its jurisdiction is limited to offences under the Island Code and civil actions between residents of the Territory or those which arise in territorial waters. There is provision for appeal to the Supreme Court of Pitcairn, which the Governor has the power to constitute and which also has jurisdiction in cases outside the competence of the Island Court.

### 3. ECONOMIC CONDITIONS

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

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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 7 August 1978 for the year ending 31 December 1977.

6. The Government operates one 9 1/4-kVA and two 8-kVA diesel generators for school and telecommunications requirements: a larger 35 kVA diesel generator supplies power for public lighting (including navigational lights) and sells power to private homes in Adamstown. A second 35 kVA diesel-powered generator has been installed, thus providing an identical back-up unit. The Island Council had indicated its preference for this combination rather than direct replacement of the 56 kVA generator which was destroyed by fire in 1976. A few households operate small private generators and one privately owned 2-kW wind generator is being used experimentally.
7. Sea communication is maintained by three shipping companies which collaborate to support a limited, scheduled service by cargo vessels travelling between New Zealand and Panama. In 1977, this service to Pitcairn was reduced from approximately one call every three months in each direction to three calls a year in the north-bound direction only, with south-bound calls being made on an ad hoc basis. During 1977, 30 ships called at Pitcairn (34 in 1976 and 48 in 1975).
8. A development scheme, jointly financed by the Pitcairn Island Council and the United Kingdom Government, was completed in March 1977. The major undertaking included construction of a new jetty at the island's only marine landing facility, deepening and clearing the approach to the jetty, improving the ship-way and the boat-houses and improving the road from the landing. The jetty was officially opened on 23 January 1977.
9. In 1977/78, Pitcairn's revenue and expenditure amounted to \$NZ 321,100 b/ and \$NZ 208,500 respectively (\$NZ 249,200 and \$NZ 127,400 in 1976/77). Revenue comprised stamp sales, \$NZ 263,000 (\$NZ 188,800 in 1976/77); interest and dividends \$NZ 50,700 (\$NZ 54,900 in 1976/77); and miscellaneous \$NZ 7,400 (\$NZ 5,500 in 1976/77). There were no development grants during the year under review.
10. Expenditures comprised the following: postal services, \$NZ 83,300; public works and marine operations \$NZ 45,800; administration (including allowances for local government officials, local services, general administrative expenses and contribution to the office of the Governor in Auckland), \$NZ 32,900; education, \$NZ 25,900; public health, \$NZ 11,100; radio operations, \$NZ 8,200; and agriculture, \$NZ 1,300.
11. Imports, mostly for home consumption consist principally of cereals, eggs, fats, meats, milk, and sugar, machinery, fuel, lubricating oil and building materials. Exports consist of handicrafts, fruits and vegetables, which are sold mainly to passing vessels.

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b/ The local currency is the New Zealand dollar (\$NZ). At 7 February 1979, \$NZ 1.00 was equivalent to \$US 1.05.

#### 4. SOCIAL CONDITIONS

12. In its annual report for the period under review, the administering Power states that there are no obstacles to personal or corporate freedom. After an examination of Pitcairn's laws, it was concluded that no changes were needed to bring the ordinances into accord with the requirements of United Nations conventions on human rights.

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

14. A co-operative consumer's society, established in 1967, with a membership of about 30, owns the only shop in the Territory. Inasmuch as capital is limited, the stock is restricted to basic food-stuffs, kitchenware and toilet requisites. The turnover in 1977 was \$NZ 22,400, compared with \$NZ 13,200 in 1976.

15. There is a well-equipped government clinic run by a registered nurse in co-operation with a church organization. The Government meets the cost of medical supplies and drugs. In May 1977, a dental surgeon and a technician visited the Territory for three weeks, during which time they carried out full dental examinations on all inhabitants and performed the necessary maintenance and remedial work.

#### 5. EDUCATIONAL CONDITIONS

16. In 1977, the school roll comprised five girls and five boys (five girls and four boys in 1976).

17. In May 1978, it was reported that the New Zealand Department of Education was advertising for a school teacher to instruct seven children in the Territory. Owing to the remoteness of Pitcairn, the New Zealand Government requested a teacher who could also serve as the island auditor, adviser to the Island Council, educational officer and controller of the school.

## ST. HELENA

A. Consideration by the Special Committee

1. At its 1135th meeting, on 9 February 1979, by adopting the suggestions put forward by the Chairman relating to the organization of its work (A/AC.109/L.1280 and Add.1), the Special Committee decided, inter alia, to refer the question of St. Helena to the Sub-Committee on Small Territories for consideration and report.
2. The Special Committee considered the Territory at its 1146th and 1147th meetings, on 21 and 22 June respectively.
3. In its consideration of the item, the Special Committee took into account the provisions of the relevant General Assembly resolutions, including in particular resolution 33/44 of 13 December 1978 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 12 of that resolution, the Assembly requested the Special Committee, inter alia, "to continue to seek suitable means for the immediate and full implementation of General Assembly resolution 1514 (XV) in all Territories which have not yet attained independence and, in particular: ... to formulate specific proposals for the elimination of the remaining manifestations of colonialism and to report thereon to the General Assembly at its thirty-fourth session". The Special Committee also took into account General Assembly decision 33/410 of 13 December 1978, by which the Assembly requested the Special Committee, "in continued co-operation with the administering Power, to seek the best ways and means of implementing the Declaration with respect to St. Helena ...".
4. During its consideration of St. Helena the Special Committee had before it a working paper prepared by the Secretariat (see annex to the present chapter) containing information on developments concerning the Territory.
5. The representative of the United Kingdom of Great Britain and Northern Ireland, as the administering Power concerned, participated in the work of the Special Committee during its consideration of the item.
6. At the 1146th meeting, on 21 June, the Rapporteur of the Sub-Committee on Small Territories, in a statement to the Special Committee (A/AC.109/PV.1146), introduced the report of the Sub-Committee (A/AC.109/L.1309) containing an account of its consideration of the Territory.
7. At its 1147th meeting, on 22 June, the Special Committee adopted without objection the report of the Sub-Committee on Small Territories and approved the draft consensus contained therein (see para. 9 below).
8. On 22 June, the text of the consensus was transmitted to the Permanent Representative of the United Kingdom to the United Nations for the attention of his Government.

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\* Previously issued as part of A/34/23/Add.4.

## B. Decision of the Special Committee

9. The text of the consensus concerning St. Helena, adopted by the Special Committee at its 1147th meeting, on 22 June, to which reference is made in paragraph 7 above, is reproduced below:

(1) The Special Committee, having heard the statement of the representative of the United Kingdom of Great Britain and Northern Ireland, as the administering Power, and having examined conditions in St. Helena for the period under review, 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. The Committee notes the commitment of the United Kingdom Government to respect the wishes of the people of St. Helena in this regard. Accordingly, the Committee calls once again upon the administering Power, in consultation with the freely elected representatives of the people of St. Helena, to continue to take all necessary steps to ensure the speedy and full attainment of the goals set forth in the Declaration with respect to this Territory.

(2) The Special Committee notes from the statement of the representative of the administering Power that St. Helena, while making quiet progress in the fields of agriculture, fisheries and forestry, as well as in the revived handicrafts industry of lacemaking, nevertheless has suffered economically in the period under review because of inflation, largely in the price of imported food-stuffs, and the absence of regular seagoing communications. The Committee therefore reaffirms that continued development assistance from the administering Power, together with any assistance that the international community may be able to provide, constitutes an important means of developing the economic potential of the Territory and of enhancing the capacity of its people to fully realize the goals set forth in the relevant provisions of the Charter of the United Nations. In this regard, the Committee notes the commitment of the administering Power to continue to foster the Territory's economic and social development, including education, in co-operation with its inhabitants and their elected representatives.

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

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

ANNEX\*

Working paper prepared by the Secretariat

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\* Previously issued under the symbol A/AC.109/L.1286.

## ST. HELENA a/

### 1. GENERAL

1. The Territory of St. Helena lies in the South Atlantic, approximately 1,931 kilometres from Angola and 2,896 kilometres from Brazil. The Territory, covering an area of 412 square kilometres, consists of the island of St. Helena and two dependencies: Ascension Island and a group of six islands (five uninhabited) forming the dependency of Tristan da Cunha. St. Helena is the largest island of the Territory, with an area of 122 square kilometres and a population mainly of African, Asian and British descent. A census conducted on 31 October 1976 indicated that the population of St. Helena was 5,147, including 1,516 in Jamestown, the capital. Estimates at the end of 1977 indicated a population of 5,150. The number of inhabitants on Ascension, which has an area of 88 square kilometres, varies from year to year according to the availability of local employment. At 30 June 1978, Tristan da Cunha, with an area of 99 square kilometres, had 290 inhabitants, also of mixed origin. In addition, there were 26 expatriate government officers.

### 2. CONSTITUTIONAL ARRANGEMENTS

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

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

4. In May 1978, the representative of the United Kingdom informed the Sub-Committee on Small Territories that it was the policy of the United Kingdom Government to continue to foster St. Helena's constitutional, economic and social development in co-operation with its inhabitants and their elected leaders.

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a/ The information contained in this paper has been derived from published reports and from information transmitted to the Secretary-General by the Government of the United Kingdom of Great Britain and Northern Ireland under Article 73 e of the Charter of the United Nations on 22 September 1978 for the year 1977/78.

5. In regard to constitutional affairs, his Government respected the rights of the people of St. Helena to self-determination and would be prepared to grant independence to St. Helena if that were the wish of the people. However, the question of independence was not a matter of active debate in St. Helena and the freely elected Legislative Council had never formulated any proposals for independence. The nature of the economy of St. Helena was such that the United Kingdom Government would continue to provide development and budgetary aid to the Territory. Economically, the Territory had not had a good year. The withdrawal of two major employers from Ascension had caused unemployment on the island. Attempts were being made to find work on St. Helena for those affected by the withdrawal.

6. In reply to a question regarding the diversification of the Territory's economy, the representative of the United Kingdom outlined efforts being made to combat difficulties arising from the diversification programme.

7. First, a large-scale afforestation project was under way, covering both watershed areas and barren land in an effort to make the island self-sufficient in timber. Second, pastures and breeding herds were being developed to attain self-sufficiency in beef, mutton and pork. A fisheries survey of in-shore waters was also in progress with the aim of making fish available year round for local consumption and for export. Third, a handicraft centre had been started in an attempt to develop local skills and revive the traditional island craft of hand-made lace. Fourth, technical training had been expanded. Plans for the future included developing and improving water supplies and opening a quarry to provide a supply of stone and sand for use in a large-scale housing programme.

### 3. ECONOMIC CONDITIONS

#### A. General

8. World inflation has continued to have a marked effect on the cost of living in the Territory. Taking 1975 as a base (100), the retail price index of basic, essential consumer goods had risen to 130.80 by January 1977. In the ensuing 12 months, up to January 1978, it continued upward to 166.86. An increase of 36.06. Table 1 below shows the percentage of increase for the years 1976/77 and 1977/78. As will be noted, the largest rise in the retail price index has been in the area of food, which rose 44.83 per cent over the previous two years.

Table 1

Percentage rise of retail price index, 1976-1978

Item	1976/77	1977/78
Food	18.60	44.83
Fuel and light	7.12	10.52
Clothing	3.54	7.71
Manufactured and unmanufactured articles	1.52	3.80
Total	30.78	66.86

B. Agriculture and livestock

9. In 1976, the newly constituted Agricultural Development Authority (ADA), one of the corner-stones in the development plan for the transformation of agriculture in the Territory, was separated from the Agriculture and Forestry Department. The aim of ADA is reported to be twofold: (a) initially, to improve productivity of the government farm lands to make the Territory more self-sufficient in produce; and (b) eventually, in the longer term, to encourage the emergence of a stronger private farming sector by making available suitable land to adequately trained smallholders. Islanders in general hold only small parcels of agricultural land, usually less than 1 hectare in area around their dwellings, but also lease gardens. Smallholders who earn their living entirely from the land are few in number. The rest of the land is held by the Government.

10. As a first step towards developing self-sufficiency for the island, it was decided that ADA should take over the Government's meat and milk herds and the production of potato and fodder crops, but that the Agriculture and Forestry Department and private farmers should remain responsible for the production of other vegetables and of fruit. Information on the results achieved is not available.

11. Agricultural expenditure for the period 1 April 1977 to 31 March 1978 was £238,919, b/ excluding £68,742 spent on development projects. Expenditures for the period 1 April 1976 to 31 March 1977 totalled £186,596, excluding £93,536 spent on development projects.

12. The production and value of the Territory's principal crops from 1975 to 1978 are shown in table 2 below.

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b/ Until February 1976, the local currency was the pound sterling (£). See also para. 26 below.

Table 2

Principal crops, 1975-1978

Principal crops	Area (in hectares)			Production (in metric tons)			Value (in pounds sterling)		
	1975/76	1976/77	1977/78	1975/76	1976/77	1977/78	1975/76	1976/77	1977/78
Potatoes	40	49	49	508	549	553	72,000	86,400	99,008
Vegetables	24	26	26	122	183	183	21,504	24,192	34,944
Sweet potatoes	20	20	20	203	203	183	16,000	16,000	17,230
Fruit (including bananas)	12	12	12	51	152	132	5,600	16,800	14,560
Fodder crops	8	8	8	102	203	122	1,400	3,000	1,800

13. Statistics on the annual production of livestock on St. Helena for the period 1975/76 are given below:

Table 3

Livestock, 1975-1978

	Cattle			Sheep			Pigs		
	1975/76	1976/77	1977/78	1975/76	1976/77	1977/78	1975/76	1976/77	1977/78
No.	793	... a/	1,034	1,304	... a/	1,389	381	... a/	831
No. slaughtered	141	150	202	74	107	161	302	509	827
Value of annual production (in pounds sterling)	12,000	14,250	19,190	500	1,498	2,254	10,000	31,600	59,544

a/ No census.

14. Milk production increased from 20,889 litres in 1975/76 to 30,840 litres in 1977/78.

### C. Fisheries

15. Many kinds of fish are found in the waters around St. Helena, but the catch has usually been insufficient to meet the demand. According to the administering Power, a pilot project for the development of commercial fishing is in progress (see para. 7 above).

16. The annual production of the different species of fish is shown in table 4 below:

Table 4

#### Annual fish catch, 1975-1978

	<u>Volume</u>			<u>Value</u>		
	<u>(in metric tons)</u>			<u>(in pounds sterling)</u>		
	<u>1975/76</u>	<u>1976/77</u>	<u>1977/78</u>	<u>1975/76</u>	<u>1976/77</u>	<u>1977/78</u>
Tuna	50	111	...	9,136	12,304	14,502
Mackerel	66	37	...	7,000	5,829	4,082
Skipjack	36	26	...	4,070	2,794	1,720
Wahoo	5	3	...	860	352	282

According to the administering Power, from 1975 to 1978, the price of fish decreased in the case of tuna and wahoo but rose in the case of mackerel.

### D. Industry

17. There is no industry of importance on St. Helena. The production of flax ceased in 1966, when natural fibre, tow, rope and twine were largely replaced by man-made fibres in the world market. There is no significant mining activity on the island and whatever minerals have been found are not in sufficient quantity to be worth exploiting.

18. The administering Power is seeking to develop the local Handicrafts Association which undertakes lace and embroidery work (see para. 7 above).

### E. Transportation and communications

19. In the period under review, there were 83.5 kilometres of surfaced road compared with 82.9 kilometres at the end of March 1975. Motor vehicles now number 1,118 (791 in March 1975), including 89 taxis and 29 privately owned vehicles operating on occasion as buses.

20. In 1977/78, eight cargo-passenger mail vessels made 21 scheduled calls to the island.

### F. Public finance

21. The five-year Development Plan, 1974-1979, which was approved by the Legislative Council in June 1974, is still in effect. Particular emphasis has been placed on the development of natural resources, such as the plentiful supply of fish in the waters surrounding St. Helena. Inflation, however, has affected the implementation of the original plan which envisaged an expenditure of approximately £1.5 million over the five-year period. In 1977/78, an additional £564,156 was provided for capital projects.

22. Development aid expenditures for the years 1975 to 1978 are shown in table 5 below:

Table 5  
Development aid expenditures, 1975-1978

(in pounds sterling)

Department	1975/76	1976/77	1977/78
Treasury	58,613	154,554	124,801
Public works	133,635	85,209	86,010
ADA	1,512	13,059	77,996
Agriculture	63,096	93,536	68,742
Education	1,750	25,731	28,531
Public health	12,797	1,921	28,318
Social welfare	981	(-) 7	7,030
Police	-	2,551	5,198
Electricity	18,617	44,860	4,903
Secretariat	-	-	4,821
Total	291,001	421,414	436,350

23. In addition to the funds for the implementation of the development plan, the United Kingdom has been providing annual grants-in-aid which represent more than half the Territory's revenue. Price increases have generally led to substantial recurrent government expenditures necessitating larger grants-in-aid. It is significant that these increased by almost 50 per cent from 1975 to 1978.

24. Table 6 below lists recurrent territorial revenue and expenditure from 1975 to 1978, including grants-in-aid and development aid provided by the United Kingdom.

Table 6

Revenue and expenditure, 1975-1978

(in pounds sterling)

Item	1975/76	1976/77	1977/78
<u>A. Revenue</u>			
Customs	93 039	122 029	150 438
Post office	39 117	128 875	84 042
Electricity and telephones	91 486	101 538	74 529
Miscellaneous	8 789	56 891	74 240
Fees and reimbursements	44 066	42 191	63 949
Licenses and taxes	44 824	44 896	63 324
Port and marine	20 935	25 686	32 588
Revenue from properties	14 734	15 975	25 239
Interest	13 552	15 160	18 969
ADA	50 655	...	...
Grant-in-aid	791 500	1 065 000	1 187 366
Development aid	268 842	396 740	469 865
Total	1 481 539	2 014 981	2 244 549
<u>B. Expenditure</u>			
Public works, annual recurrent	140 175	280 915	315 951
Agriculture and forestry	113 496	186 596	238 919
Miscellaneous	402 500	265 231	202 236
Public health	106 651	166 203	186 707
Electricity and telephones	93 501	102 574	174 479
Social welfare	84 523	110 504	152 572
Education	79 198	113 304	140 095
Public works	37 046	58 392	83 319
Pensions and gratuities	35 268	66 736	62 769
Police and gaol	22 625	35 152	55 505
Treasury and customs	22 285	32 461	46 449
Secretariat	25 526	37 820	44 353
Post office	18 852	47 350	26 429
Governor	12 642	16 368	23 739
Audit	3 141	4 383	5 908
Judicial	4 941	7 238	4 518
ADA	50 655	-	-
Development aid	291 002	421 415	436 350
Total	1 544 027	1 952 642	2 200 298

### G. Banking and credit

25. At 31 March 1978, deposits with the Government Savings Bank amounted to £886,089 (£726,660 in 1977).

26. A total of £553,000 in local currency notes was in circulation at 31 March 1978. (The currency is on a par with the pound sterling and is fully backed by United Kingdom government stocks.) It will be recalled that the Government established the St. Helena Currency Board in February 1976.

### H. International trade

27. In the period under review, St. Helena imported goods valued at £1,758,337 (£1,430,168 in 1976/77).

28. The principal imports and their value are shown in table 7 below:

Table 7

#### Imports, 1975-1978

(in pounds sterling)

Item	1975/76	1976/77	1977/78
Manufactured articles	634,526	732,868	942,621
Food, beverages and tobacco	531,145	594,340	758,966
Raw materials and unmanufactured articles	26,747	102,960	56,750
Total	1,192,418	1,430,168	1,758,337

St Helena's main imports include flour, canned milk, beer and stout, canned meats and fish, bacon and hams, sausage and meat preparations, fuel oil and spirits, animal feed, motor vehicles, machinery and spare parts.

29. Most of St. Helena's international trade is with the United Kingdom and South Africa, which together account for over 90 per cent of the total, as shown in table 8 below:

Table 8

International trade, 1975-1978

(in pounds sterling)

Country	1975/76		1976/77		1977/78	
	Value	Per cent	Value	Per cent	Value	Per cent
United Kingdom	706,800	59.3	743,175	52.0	945,076	53.7
South Africa	405,285	34.0	514,992	36.0	737,558	42.0
New Zealand	13,383	1.1	21,338	1.5	22,710	1.3
Belgium	-	-	-	-	16,814	.9
Ghana	-	-	77,786	5.4	11,556	.7
United States of America	-	-	15,956	1.1	6,617	.4
Holland	2,772	.2	1,675	.1	4,506	.2
Denmark	5,840	.5	2,718	.2	1,110	.1
Australia	316	.1	1,566	.1	-	-
Other countries	58,022	4.9	50,962	3.6	12,390	.7
<b>Total</b>	<b>1,192,418</b>	<b>100.0</b>	<b>1,430,168</b>	<b>100.0</b>	<b>1,758,337</b>	<b>100.0</b>

4. SOCIAL CONDITIONS

A. Labour and employment

30. The principal categories of wage earners in St. Helena during the period under review were: agricultural labourers, 287; skilled and general labourers, 321; building tradesmen and apprentices, 199; fishermen and boatmen, 12; and mechanics, engine and motor-car drivers, 63.

31. In an effort to offset inflation, all government employees, who form 70 per cent of the total work force, received a 25 per cent increase in basic salaries and wages as at 1 January 1978; most other employers followed the Government lead.

32. The average weekly rates of pay for government and commercial employees were as follows: agricultural labourers, £11.28 to £18.60; general labourers, £11.28 to £18.60; skilled labourers, £12.22 to £24.00; and apprentices, £9.00 to £17.00.

B. Public health

33. Table 9 below gives the recurrent and capital expenditure on public health, together with its relation to total government expenditure, for the period 1975 to 1978.

Table 9

Public health: recurrent and capital expenditure, 1975-1978

(in pounds sterling)

Expenditure	1975/76	1976/77	1977/78
Recurrent expenditure	106,651	166,203	186,707
Capital expenditure	12,797	1,921	28,318
Percentage of total government expenditure	7.7	8.6	9.5

5. EDUCATIONAL CONDITIONS

34. The Territory has 12 schools with an enrolment of approximately 1,300 pupils. There are 74 full-time and 5 part-time teachers in addition to 6 part-time and 6 other teachers and officers who are currently receiving additional training overseas.

35. Table 10 below shows recurrent and capital expenditure on education, together with its relation to total government expenditure, for the period 1975 to 1978.

Table 10

Education: recurrent and capital expenditure, 1975-1978

(in pounds sterling)

Expenditure	1975/76	1976/77	1977/78
Recurrent expenditure	79,198	113,304	140,095
Capital expenditure	1,750	25,731	28,531
Percentage of total government expenditure	5.2	7.1	7.5

6. DEPENDENCIES OF ST. HELENA

A. Tristan da Cunha

36. At 30 June 1978, the population of Tristan da Cunha numbered 290, including 26 expatriate government officers, their wives and children. During the year, one local young woman emigrated to the United Kingdom with the family of a returning expatriate; no immigration was reported.

37. The Administrator is responsible to the Governor of St. Helena for the administration of the dependency, but owing to communications problems, the Administrator usually reports directly to the United Kingdom Foreign and Commonwealth Office in London. The Governor receives copies of the more important letters and dispatches.
38. The Administrator is advised by an Island Council of eight elected and three appointed members, which is required to meet at intervals of not more than three months. Committees of the Council are elected from among members and non-members to advise on agriculture and natural resources; public health and public works; and education and social welfare.
39. A general election was held in April 1976 and, unless the Council is dissolved earlier, the next election is scheduled for 1979. All persons over 18 years of age are eligible to vote, and are listed in an electoral roll which is published annually. Candidates must be over 21 years of age. The elected member polling the highest number of votes becomes Chief Islander and Leader of the Island Council for the ensuing three years. It is required that one member of the Island Council be a woman.
40. The concession for crayfishing, the main industry, is held under agreement by Tristan Investments, Ltd., whose payments of fisheries royalties are the principal source of government revenue. The industry provides much local employment for men and women, the latter being engaged to pack the catch after processing for export to the United States, where Tristan crayfish commands a ready market. The other major source of revenue is the sale of postage stamps.
41. In 1977/78, estimated recurrent revenue of £410,000 exceeded by £246,000 the estimated expenditures of £164,000. Comparable figures for 1976/77 were estimated recurrent revenue, £139,140; and expenditure, £107,702. Development aid provided by the United Kingdom Government totalled £53,000 (£28,000 in 1976/77). Principal development aid expenditure was for the harbour, road works, a new sewage system and agricultural development. The dependency is free of any form of direct taxation, apart from a nominal 65 new pence per annum paid by all males between the ages of 18 and 65 years.
42. All employees contribute 3 per cent of their earnings up to a certain maximum to a government pension scheme. Employers contribute a similar amount. Pensions are paid to all persons over 65 years of age, to widows, their dependent children and orphans.
43. In 1977/78, recurrent expenditure for public health amounted to an estimated £15,000 and capital expenditure to £8,544 (£8,815 and £5,125 in 1976/77).
44. Education is free and compulsory for all children between the ages of 5 and 15 years. Evening classes are held and a number of young persons, already employed, are being encouraged to return to school for further education under "day release". A new school was built in 1975 with aid from the United Kingdom.
45. In 1977/78 recurrent expenditure on education amounted to an estimated £6,800 and capital expenditure to £200 (£6,935 to £10,400 in 1976/77).

B. Ascension Island

46. The small island of Ascension lies approximately 1,120 kilometres north-west of St. Helena. The island is an important communications centre serving as a relay station, operated by the South Atlantic Cable Company, for cables between South Africa and Europe.

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

CHAPTER XIX\*

AMERICAN SAMOA

A. Consideration by the Special Committee

1. At its 1135th meeting, on 9 February 1979, by adopting the suggestions put forward by the Chairman relating to the organization of its work (A/AC.109/L.1280 and Add.1), the Special Committee decided, inter alia, to refer the question of American Samoa to the Sub-Committee on Small Territories for consideration and report.
2. The Special Committee considered the Territory at its 1153rd to 1155th meetings between 7 and 9 August.
3. In its consideration of the item, the Special Committee took into account the provisions of the relevant General Assembly resolutions, including in particular resolution 33/44 of 13 December 1978 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 12 of that resolution, the Assembly requested the Special Committee, inter alia, "to continue to seek suitable means for the immediate and full implementation of General Assembly resolution 1514 (XV) in all Territories which have not yet attained independence and, in particular: ... to formulate specific proposals for the elimination of the remaining manifestations of colonialism and to report thereon to the General Assembly at its thirty-fourth session". The Special Committee also took into account General Assembly resolution 33/32 of 13 December 1978, by paragraph 11 of which the Assembly requested the Committee, inter alia, "to continue to seek the best ways and means for the implementation of the Declaration with respect to American Samoa, including the dispatch of a visiting mission to the Territory in consultation with the administering Power ...".
4. During its consideration of American Samoa, the Special Committee had before it a working paper prepared by the Secretariat (see annex to the present chapter) containing information on developments concerning the Territory.
5. The representative of the United States of America, as the administering Power concerned, participated in the work of the Special Committee during its consideration of the item.
6. At the 1153rd meeting, on 7 August, the Rapporteur of the Sub-Committee on Small Territories, in a statement to the Special Committee (A/AC.109/PV.1153), introduced the report of the Sub-Committee (A/AC.109/L.1329) containing an account of its consideration of the Territory.
7. At the 1154th meeting, on 8 August, there was an exchange of views on the item in which the representatives of the Union of Soviet Socialist Republics, Cuba, Australia (as the Rapporteur of the Sub-Committee), Bulgaria, the Congo, Czechoslovakia and Ethiopia as well as the Chairman took part (A/AC.109/PV.1154).

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\* Previously issued as part of A/34/23/Add.4.

8. At the 1155th meeting, on 9 August, the Rapporteur of the Sub-Committee on Small Territories informed the Special Committee (A/AC.109/PV.1155) that, on the basis of consultations held in that regard, subparagraph 6 (4) of the report should be deleted. Subparagraph 6 (4) read as follows:

"(4) The Special Committee notes the passage of a bill by the United States Congress whereby American Samoa would be represented in the United States House of Representatives by a non-voting delegate with the right to introduce bills and to vote in committee, but not in the House itself. The Committee also notes that a bill recently signed into law provides the statutory basis for jury trials in criminal cases in the light of a recent federal court decision requiring a jury system in the Territory."

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

10. On 9 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

11. The text of the conclusions and recommendations concerning American Samoa, adopted by the Special Committee at its 1155th meeting, on 9 August 1979, to which reference is made in paragraph 9 above, is reproduced below:

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

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

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

(4) The Special Committee notes with interest the establishment of a 12-member Second Temporary Future Political Status Commission with tenure until 31 January 1980, to study the future political status of the Territory. The Committee notes that a preliminary report is expected to be completed by August 1979.

(5) In this regard, the Special Committee is of the view that it remains the obligation of the administering Power to carry out a thorough programme of political education so as to ensure that the people of American Samoa are made fully aware of their right to self-determination and independence in conformity with resolution 1514 (XV). The Committee therefore calls upon the administering Power to take all necessary steps, taking into account the expressed wishes of the people of American Samoa to expedite the process of decolonization in accordance with the relevant provisions of the Charter of the United Nations and the Declaration contained in resolution 1514 (XV).

(6) The Special Committee notes with interest that the Office of Economic Development Planning of the Government of American Samoa has recently completed the drafting of the Territory's first Five-Year Economic Development Plan, which focuses on an over-all economic development strategy designed to diversify the Territory's economy. The Committee notes that the planning documents concern economic development, land use and housing.

(7) The Special Committee notes with satisfaction that the Government of American Samoa is working to raise its level of regional co-operation with the emerging nations of the South Pacific to promote the economic welfare of the area.

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

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

ANNEX\*

Working paper prepared by the Secretariat

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\* Previously issued under the symbol A/AC.109/L.1299.

## AMERICAN SAMOA a/

### 1. GENERAL

1. American Samoa, an unincorporated Territory administered by the United States, consists of seven islands of the Samoan group east of 171° west longitude. The total land area is 197 square kilometres. Tutuila, the largest of the seven islands, is bisected by the harbour at Pago Pago and has an area of 115 square kilometres. Aunu'u is a small island off the south-eastern tip of Tutuila. There are three islands in the Manu'a group about 100 kilometres east of Tutuila: Ta'u (44 square kilometres), Olosera and Ofu (13 square kilometres combined). Swain's Island, 450 kilometres north of Tutuila, is a small, privately-owned coral atoll, approximately 2 kilometres in diameter. Rose Island, 400 kilometres east of Tutuila, is a tiny uninhabited atoll.

2. In January 1978, American Samoa had an estimated population of 30,600 (15,250 men and 15,350 women), of whom 16,710 (55 per cent) were 18 years of age or younger. It is estimated that between 30,000 and 60,000 American Samoans live in the United States, principally in Hawaii, California and the state of Washington. They migrate seeking better employment opportunities, education for their children and an improved standard of living, but most are reported to have expressed the hope that someday they will return to the islands.

### 2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

#### A. General

3. American Samoans are nationals of the United States and thus entitled to the full protection of the United States Government. Samoa has not been the subject of an organic act, as in the case of Guam.

#### Executive

4. The Government of American Samoa is composed of three branches: executive, legislative and judicial. The executive branch consists of the Governor, Lieutenant Governor and departmental heads. Until 1977, the Governor and Lieutenant Governor, as the chief executives, were appointed by the United States Secretary of the Interior and exercised their authority under the direction of the Department of the Interior. As the result of a plebiscite held in August 1976 on the question, the proposal to make these positions elective was carried and subsequently, in November 1977, Mr. Peter Tali Coleman became the first elected Governor and Mr. Tufele Li'a Lieutenant Governor.

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a/ The information contained in this paper has been derived from published reports and from information transmitted to the Secretary-General by the Government of the United States of America under Article 73 e of the Charter of the United Nations on 27 December 1978 and 1 March 1979 for the year ending 30 September 1978.

## Legislature

5. The Legislature, or Fono, of the Territory comprises an 18-member Senate whose members are elected every four years and a 21-member House of Representatives, consisting of 20 members elected every two years, and 1 non-voting delegate from Swains Island who is elected at an open meeting by the island's adult permanent population. The Legislature, under a revised Constitution which came into force in 1967, has the sole authority to enact laws, subject always to the Governor's approval.
6. In October 1978, the United States Congress passed a bill by which the Territory would have the right to representation by a non-voting delegate in its House of Representatives. The first delegate would be elected in 1980 under regulations to be established by the territorial Government and would take office in January 1981. The delegate would be able to introduce bills and vote in committee, as do the non-voting delegates of Guam and the United States Virgin Islands, but he could not vote in the House itself.
7. On 31 October, the President of the United States signed the bill into law. In a statement released at that time, the President said, inter alia, that the United States should recognize that American Samoa was a permanent part of the political life of the United States, deserving of representation in the United States Congress and that the legislation provided that recognition. He stated that "By signing this bill, I am signaling to the world that the United States remains committed to the well-being of American Samoa, to the development of democratic representation and to our close brotherhood with the people of American Samoa."
8. At present, there is a delegate-at-large in Washington, D.C., who does not have official status and is obliged to work through other congressmen to achieve his goals. In the election on 7 November 1978, which was also the day members of the Sixteenth Legislature were elected, Senator Fofu I.F. Sunia was elected delegate-at-large, replacing Mr. A. P. Lutali.
9. There were also three constitutional amendments on the ballot. These amendments had been considered and approved by both Houses of the Legislature, but could not be enacted without approval by the voters.
10. The first proposed amendment, recommended by the Temporary Study Commission on Reapportionment of the Legislature and adopted by the Fifteenth Legislature at its fourth regular session, called for an increase in the number of senators from Manu'a, from 3 to 5, which would, in turn, increase the membership of the Senate from 18 to 20. At present, there are three senators from Manu'a, nine from the Eastern District and six from the Western District.
11. The second proposed amendment, passed by the Fifteenth Legislature at its first regular session, recommended that the number of days for the Fono to meet in regular session be increased from 30 to 45, with the first session each year to begin on the second Monday in January and the second session to begin on the second Monday in July.

12. The first proposed amendment, passed by the Fifteenth Legislature during its first regular session, recommended that the Legislative Counsel should be appointed by the President of the Senate and the Speaker of the House rather than the Governor, and that the Counsel be employed full time with commensurate compensation. The amendment further provided for the Legislative Counsel to be the Director of the Legislative Reference Bureau.

13. According to official and certified results, all three amendments were accepted by popular vote: the first, by 3,025 votes to 1,057; the second, by 2,653 votes to 1,940; and the third, by 2,960 votes to 2,024.

14. At the Sixth Special Session of the Fifteenth Legislature, which met from 20 to 31 March 1978, seven bills and five resolutions were introduced. As a result of the special session, the Governor, inter alia, signed into law a bill appropriating \$US 294,000 b/ from the general fund for the operation of the Governor's office during the balance of the fiscal year 1978 (until 30 September) to support the newly created office of Federal Comptroller. He also signed into law a bill to increase the authorized term of leases on indigenous land which the Governor might approve from a maximum of 30 to 55 years on the ground that lenders would be more inclined to increase the term of financing and investors would put more extensive and attractive improvements on leased land, thereby stimulating economic development. Under Public Law No. 15-90, the office of the Legislative Financial Advisor was created to provide useful service to both the legislative and executive branches on government financial matters.

15. The fourth regular session of the Fifteenth Legislature opened on 10 July and adjourned on 15 September 1978. Of the 120 pieces of legislation and resolutions submitted for consideration, 12 bills were passed and signed by the Governor.

16. The seventh and eighth special sessions of the Fifteenth Legislature were convened by Governor Coleman on 2 August and 11 September 1978, respectively. The seventh special session was called to approve reprogramming for the fiscal year 1978, to review the budget and approve additional appropriations for the fiscal year 1978 and to review and approve in principle the preliminary budget for the fiscal year 1980. The eighth special session was called to review the budget and approve the appropriation for the fiscal year 1979.

17. As a result of the election of 7 November 1978, the Sixteenth Legislature was elected and held its first regular session, beginning on 3 January 1979. Mr. Galea'i P. Poumele was elected President of the Senate, succeeding Mr. Salanoa S. P. Aumoeualogo. Mr. Tuana'itau was re-elected for the fourth time as Speaker of the House.

### Judiciary

18. The judicial branch consists of a High Court having territorial jurisdiction throughout the islands and a district court for each of the five judicial districts

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

into which the Territory is divided. There are four divisions of the High Court: appellate, trial, probate and land and titles. The Trial Division includes small claims traffic and circuit courts; the Probate Division handles decedants' estates while the Land and Titles Division covers land disputes and matai (chief) title cases; and the Appellate Division covers appeals from all the other divisions and has original jurisdiction in election contests. The small claims, traffic and matai courts are presided over by Samoan judges. The Chief Justice and the Associate Justice are appointed by the United States Secretary of the Interior, and the Samoan associate judges. The Chief Justice and the Associate Justice are appointed by the United States Secretary of the Interior, and the Samoan associate judges are appointed by the Governor on the recommendation of the Chief Justice.

19. One of the first bills which Governor Coleman signed into law was Public Law 15-84 which amends various provisions of the Judiciary Code to revise the appellate system of the High Court. It provides for five judges in the Appellate Division, including two associate judges, who will fully participate in the decision-making process. Additional associate justices, who will not be connected in any way with the trial division of the High Court, will be selected by the United States Secretary of the Interior as appellate judges. This change, according to Governor Coleman, should significantly contribute to over-all improvement in the administration of justice in the Territory.

20. Public Law 15-100, another bill recently signed into law by the Governor, provides the statutory basis for jury trials in criminal cases in the light of a recent federal court decision requiring a jury system in the Territory, c/ stipulating 6 jurors instead of 12, which is normally the case. The juries are to handle felony cases in the Trial Division of the High Court. Two associate judges sit with either the Chief or Associate Justice as presiding judge in all jury trials. All questions of law are ruled upon by the presiding judge.

21. In December 1978, Mr. Richard Miyamoto was appointed to serve as Chief Justice of the High Court. A former resident of Hawaii, he had been an associate judge for the past two and a half years. Previously, he had served for five years as Attorney General for the Trust Territory of the Pacific Islands.

#### Local government

22. The Office of Samoan Affairs, also known as the Office of Local Government, supervises operations carried out at the district, county and village level. The office is a link between the Samoan people and territorial government officials. The Secretary of Samoan Affairs is one of the traditional leading chiefs.

23. Within the Samoan administration there are 3 district governors, 14 country chiefs and 53 pulenu'us (village mayors), 6 village police officers and 3 district clerks. The Office of Samoan Affairs conducts elections and is also responsible at the local level for village problems, such as water systems, roads, sanitation, agriculture, schools and land disputes.

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c/ Official Records of the General Assembly, Thirty-third Session, Supplement No. 23 (A/33/23/Rev.1), vol. III, chap. XIX, annex, paras. 8 and 9.

24. On 12 February 1979, Governor Coleman began an inspection tour eventually intended to encompass all the villages in the Territory. The inspection programme, which has been organized and co-ordinated with local governments through the Office of Samoan Affairs, is intended to underline the administration's concern for the health and welfare of the people of the Territory and to enable the Governor to review the status of government assistance programmes from the local government to the village level. The visits will also give the village chiefs the opportunity to report directly to the Governor any problems or projects where the assistance of the administration may be necessary. The majority of complaints appeared to involve road improvements and the erection of sea walls to prevent shore-line erosion and damage to property during periods of high waves and tides.

25. Accompanying the Governor on the first visit to Aunu'u were the directors of public works, public health and agriculture, a representative of the Department of Education and members of the Governor's staff.

#### Co-operative association with Samoa

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

#### B. Future status of the Territory

27. In 1970, the American Samoan Fono established a Political Status Commission to study and report on the type of system the Territory should adopt in the future. The Commission visited many island nations and Territories in the South Pacific, including its neighbour, Samoa, to study the political systems of those countries and to see how they might be used in the Territory. In its report, the Commission rejected the idea of an organic act, which would have made American Samoa an official Territory of the United States (it will be recalled that American Samoa is still an unincorporated unorganized Territory of the United States). It also rejected union with the state of Hawaii or the independent State of Samoa, as well as the option of independence.

28. After taking office, Governor Coleman set aside a House bill concerning a proposed future political status commission. It was his view that broader membership for the proposed body might be advisable and that the Legislature should be given additional time to consider the question. He recommended that additional time be taken to consider fully and carefully all interests in the community to be properly represented on the proposed body.

29. On 19 April 1978, Governor Coleman signed legislation creating a Second Temporary Future Political Status Commission. The Commission, which will exist until 31 January 1980, is studying alternative forms of future political status open to American Samoa by appraising the status of political units comparable or relevant to American Samoa both within and outside the jurisdiction of the United States.

30. In an editorial in the Honolulu Star-Bulletin (Hawaii) of 11 April 1979, it was stated that American Samoa had been "quietly making significant gains in self-government". Members of the American Samoa Future Political Status Commission had met with Senator Spark Matsunaga of Hawaii, who had reported the commissioner's concern that the land rights of American Samoans might not be adequately protected under either an organic act or a commonwealth. Senator Matsunaga had also reported that consequently, the Commissioners were considering possible retention of territorial status, with its protections from land alienation established by treaty, but with greater autonomy granted by the Congress through the elimination of the veto power which the United States Secretary of the Interior held over the Governor of American Samoa and the Fono. The editorial also stated that the Status Commission had ruled out separation from the United States and unification with Samoa. According to the editorial, election of the governor was a major step towards autonomy and elimination of the veto power appeared to be the logical next step to take in the evolution of American Samoa's political status.

### C. Public service

31. According to the local Department of Manpower Resources, at 31 August 1978, the Territorial Government employed 2,790 full-time, locally hired career service employees; 147 contract employees; 43 elected officials; 6 part-time local employees; 2 federal employees; and 547 full-time and 242 part-time special programme work force employees. At 30 September 1977, there were 3,595 employees in territorial Government.

32. In October 1978, Governor Coleman established an American Samoa Liaison Office in Honolulu, Hawaii, and appointed a director of the office. The Office is intended to help American Samoans communicate with the Government of American Samoa and help them with problems that arise in their community in Hawaii. Another function is to recruit some of Hawaii's 32,000 American Samoans for placement in the Territory. The Governor is said to be planning to open a second such office in California, if the Fono is satisfied with the work of the Hawaiian office.

33. In the meantime, the Government of American Samoa is reported to have begun compiling a list of skilled American Samoans working in Hawaii, on the west coast of the United States and elsewhere in an effort to recruit them for work back to the islands.

34. A council for the improvement of government personnel systems, inter alia, in the Territories of American Samoa and Guam and in the Northern Mariana Islands of the Trust Territory of the Pacific Islands has been organized in Honolulu. The programme will be federally financed under the Federal Intergovernmental Personnel Act. The council will provide a forum in which the experiences and expert skills and knowledge of all the members may be shared in order to improve the personnel systems of each member's Government.

### 3. ECONOMIC CONDITIONS

#### A. General

35. American Samoa, unlike most other island groups in the South Pacific, does not base its economy on copra. Although the Territory is relatively strong economically owing to a thriving fishing industry and its by-products, it is seriously lacking in other resources. The question of economic development in relation to the amount of funds necessary to maintain the islands is critical. Moreover, there is a lack of opportunity for the young which has obliged many to migrate to Hawaii and the mainland of the United States. As stated elsewhere, there are now more Samoans in the United States than in American Samoa.

36. In 1978, it was reported that the economic development co-ordinator for the Governor and the officer-in-charge of economic planning for the Territory had travelled to Apia, the capital of Samoa, for a closer study of development activities in those islands with a view to determining whether complementary development in the two countries might be feasible.

37. From 8 to 12 January 1979, the Pacific Islands Development Commission (PIDC) met at Pago Pago. PIDC is an organization composed of the chief executives of American Samoa, Guam, the Trust Territory of the Pacific Islands and the state of Hawaii. In his capacity as Chairman of the Commission, Governor Coleman also invited the Prime Ministers of Tonga and Tuvalu, the Premiers of Niue and the Cook Islands and prominent ministers from Samoa and French Polynesia to attend the meetings. The Commission discussed the tuna industries in the Pacific, the 200-mile economic zone, tourism, air transport and inter-island shipping.

38. Subsequently, while visiting Hawaii to meet representatives of the American Samoan community living in that state, and to discuss with state legislators stronger links between American Samoa and Hawaii, Governor Coleman addressed the State Senate of Hawaii, giving a wide-ranging review of the economic problems of island countries. According to the Governor, most small islands depended on a few main commodities to earn overseas exchange, usually coconut products, fruit, sugar, spices, minerals or fish. The average Pacific island derived more than half of its export earnings from one main commodity. For most Pacific countries, primary exports were subject to extreme price fluctuations on the world market. The Pacific islands' share of production on the world market was too small to offset world prices in any of those commodities.

39. The Governor stated that the only major operating scheme to help small islands economically was Stabex, established under the ACP-EEC /African, Caribbean and Pacific Group-European Economic Community/ Convention of Lomé of 28 February 1975 (A/AC.176/7). According to the Governor, Stabex had provided its four Pacific members with valuable stabilization funds. Although there were also other bilateral marketing agreements, unfortunately American Samoa and other island countries did not share in those benefits.

40. Because of existing transport services and old colonial links, Pacific trade had been very tightly tied to particular metropolitan powers and exports were

concentrated in traditional markets although those might not be the closest or the most profitable for the islands. Only 30 per cent of Pacific trade was among the islands themselves. Although some attempts had been made through the South Pacific Bureau for Economic Co-operation (SPEC) to arrange regional marketing agreements, islands of the Pacific controlled only a tiny proportion of world production.

41. Governor Coleman noted that foreign aid was becoming increasingly the most important source of funds for small island countries; most of the aid was provided on a bilateral basis. In 1976, each country or Territory had received an average of 85 per cent of its aid from one donor country. That pattern, which was also based on colonial ties, was now changing, in some Pacific island countries, as Japan, Western European countries, Canada and regional development organizations became major donors.

42. American Samoa, however, had been totally dependent on the United States for budgetary aid. For economic development purposes, the Territory had received about \$US 1 million and was not eligible for development loans from international financing bodies.

43. According to Governor Coleman, American Samoa is the gateway to the South Pacific for Hawaii and is in turn the gateway through which other small island regional neighbours can channel their trade with Hawaii and the mainland United States. He concluded by stating: "We are already an integral geographical part of the South Pacific. We are determined to become an integral economic part of the South Pacific."

#### B. Public finance

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

45. In October 1978, it was reported that Governor Coleman had approved the appropriations act for the fiscal year 1978/79. Funds appropriated totalled \$US 50.8 million, 14 per cent more than that budgeted in 1977/78 (\$US 44.6 million). A breakdown of funds allocated to certain areas and a percentage comparison with the final 1977/78 budget is given below:

	(thousand United States dollars)	<u>Percentage change</u>
Department of Education	9,926	+ 17
Health	6,091	+ 5
Administrative services	1,866	+ 3
Board of Higher Education	1,819	- 6
Legislature	1,112	+ 15
Port administration	800	- 3
Governor's office	694	+ 35
Local government	486	- 5
Manpower resources	433	+ 4
High Court	418	+ 10
Agriculture	346	+ 30
Marine resources	236	+ 19
Tourism	189	- 45
Development planning	149	- 37
Local judiciary	106	+ 30

46. A total of 22 capital projects valued at \$US 8.0 million were approved for 1978/79 (\$US 8.2 million in 1977/78).

47. Also in October, the Tax Manager of American Samoa announced that, based on preliminary figures, 1977/78 had been the second-best year in the history of the Territory: unaudited figures showed corporate revenue of \$US 6.2 million and individual revenue of \$US 3.8 million, a total of more than \$US 10.0 million. The record year was 1974, with a total of \$US 12.9 million.

48. In April 1978, Governor Coleman signed into law a bill (Public Law No. 15-87) affecting the tax code relating to dividends of corporations. According to the Governor, the law would assist the economic development of American Samoa by permitting corporations at present in business in the Territory to repatriate profits after taxes to the United States without imposition of a confiscatory penalty. The new law would enable corporations to realize a reasonable return on their investment and might encourage other companies to invest in the Territory.

49. Under Secretarial Order No. 3009 dated 13 September 1977, the United States Secretary of the Interior created the Office of Government Comptroller for American Samoa within the United States Department of the Interior. The Comptroller reports directly to the Secretary of the Interior and his principal responsibility is to perform specific and comprehensive audits of all activities, entities and branches of the American Samoan Government.

50. In October 1978, the United States General Accounting Office released a report stating that American Samoa had not made substantial progress towards self-sufficiency even though it had received an abundant amount of federal funds. Representative Phillip Burton, Chairman of the House Insular Affairs Committee (United States Congress) had requested the report, in which it was stated that American Samoa had obtained more funds than it was capable of managing, did not know how the monies were being expended and had failed to make progress towards economic independence. The report noted that American Samoa had received \$US 271.0 million in federal funds since 1951 and that 82 per cent of its revenues came from the Federal Government. At 31 December 1977, \$US 26.5 million of \$US 57.5 million provided by the Federal Government was unobligated.

51. Among the conclusions in the report it was asserted that the Department of the Interior and other agencies had not provided enough direction and technical aid to assist the Territory to become self-supporting, and that American Samoa had suffered from fragmented planning efforts because of the lack of central authority. The General Accounting Office urged stricter accounting procedures, more training and American Samoan personnel and improved co-ordination among agencies.

52. It was further reported that Governor Coleman was gratified with the report, although he did not agree with all of its conclusions. According to the Governor, it was a reflection of the past, and provided the new Government with a check-list of "where we should go and what we should do". He agreed that local staff was inadequate in number and in training to manage the funds and that the problem stemmed from former administrations' "inordinate reliance on transient personnel in the form of ... mainland contractors whose employment tenure averaged two years. Qualified local people were not recruited and continuity of management in the upper echelons of government became a severe problem". His administration was giving self-sufficiency its highest priority in the Territory's comprehensive development plan.

53. Under Public Law 15-85, funds were provided for a Joint Temporary Study Commission on Economic Development. The Commission was called upon to submit its final report and any accompanying draft legislation to the first regular session of the Sixteenth Legislature when it convened in January 1979, although Governor Coleman has since proposed an additional six months for completion of the task assigned to the Joint Commission.

### Trade

54. American Samoa enjoys a highly favourable trade balance, owing to its prosperous fish industry which accounts for more than 90 per cent of the value of exports. In 1976/77, imports amounted to \$US 38 million and exports to \$US 65 million. Main imports were food-stuffs, beverages and fuel oil. The United States is the major supplier of imports.

### C. Land

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

### D. Agriculture and livestock

56. There are about 70 semi-commercial farmers, 10 to 15 of whom produce wholly for the local market. There are 36 licensed produce importers from Samoa and Tonga. In 1977, approximately 300 hectares of taro were under cultivation in Western District, 12 hectares in Manu'a and 6 hectares in Eastern District, a total of 318 hectares (about 5 million plants). The Taputimu Experimental Farm was reactivated in January 1978 with the planting of 3,000 taro tops, a gift from the Samoan Government. The taros later provided planting materials for the local farmers who bought more than 30,000 tops after the first harvest. Approximately 145 hectares of bananas were under cultivation in Western District, 12 hectares in Eastern District and 8 hectares in Manu'a, a total of 165 hectares (about 250,000 plants). There were 35 vegetable farms (covering an area of 16 hectares), most of which were concentrated in Western District. Improved piggeries numbered 50, 35 of which had from 2 to 4 sows and 15 from 5 to 10 sows. The Territory also has two commercial poultry units with a total of 3,700 laying hens.

57. Marketing Services supervises the Farmers Market at Fagatogo and co-ordinates sales between farmers and stores, markets, hotels and other establishments. Farmers bring produce to the market daily and rent stalls at \$US 2.00 per stall per day. Other produce is sold directly to stores, supermarkets and Asian fishing boats. Approximately 32,380 kilograms of taros, 30,600 kilograms of bananas, 900 kilograms of vegetables and 2,040 kilograms of fruit were supplied to the school lunch programme in 1977.

58. As previously reported, the giant African snail was discovered in March 1977 in the Satala-Atu'u area fronting the two fish canneries. So far, the snail is limited to Tutuila but could easily invade Aunu'u and Manu'a. The Legislature has granted a request for further financing of the snail control programme, which has included the release, by the Department of Agriculture, of a number of special carnivorous snails (gonaxis Kibweziensis) which feed on the African species.

### E. Fisheries

59. The fishing industry is largely controlled by the Van Camp Sea Food Company of the United States, which took over the Pago Pago factory in 1954, and Star Kist Samoa, Inc., which began operations in the Territory in 1963. Fishing boats from Asian countries supply the canneries, which are located at Satala, across Pago Pago Bay from Fagatogo. Several companies process shark fins in sufficient quantities for export.

60. The Department of Marine Resources has the responsibility of defining, developing and managing the potential aquatic resources of American Samoa. The operating budget of the department (\$US 241,500) for the fiscal year 1976/77 included \$US 105,125 in local funds, \$US 90,375 from the Commercial Fisheries Research and Development Act and \$US 46,000 from the Fish Restoration Act. Its basic operational budget for 1977/78 is reported by the administering Power as being financed from a federal grant.

61. The Asian longline fishing fleet showed an increase of 34 per cent in vessel landings, from 292 in 1975/76 to 390 in 1976/77. In the latter year, 10 locally owned and built fishing dories, in addition to two larger vessels, were selling their catches locally, a considerable decrease from the 21 vessels listed in 1975/76. There were no records for three dories, seven others were laid up for repairs and never fished, while another was lost in rough weather. It was more difficult to collect catch and other economic data from the fleet owing to the growing number of outlets for fresh fish. The total catch of the 12 vessels operating was approximately 19,600 kilograms (valued at \$US 30,265) with an average of about 82 kilograms per trip. Catches to fishermen were worth \$US 1.54 a kilogram on an average.

62. In 1977, five projects were undertaken for further development of commercial fisheries in the Territory, three of which (baitfish, statistical analysis and sportfishing surveys) were continued from the previous year. The two new projects initiated were a fishery technical assistance programme and an aquaculture feasibility study. The main objective of the new fishery technical assistance programme is to provide training to local fishermen in the use of more advanced techniques, to develop a catalogue of recommended gear and suppliers for fleet usage, to provide advisory services for market management and to improve marketing techniques for proper fish handling and preservation.

63. The main purpose of the aquaculture feasibility study is to make an extensive study of aquaculture possibilities in American Samoa. The only previous such study was a short survey of oyster farming conducted by VISTA volunteers on which no written report was made. Studies will be made on the possibility of raising food fish, but local experts are not available and will have to be recruited from elsewhere. The study, to be completely financed by the Government of American Samoa, was to be continued in 1977/78.

#### F. Industry and development

64. Government policy is aimed at diversifying the economy as much as possible. The Sultan Jewellery Company of Hawaii has a small plant in the Territory and is training American Samoans as skilled operators. Other recent new enterprises include a plant of the Meadowgold Milk and Ice Cream Company, some new local retail businesses and a bowling alley. A new gas plant was under construction in the period under review.

65. Further development may be expected in an industrial park at Tafuna, near the international airport. It is the policy of the territorial Government to encourage overseas industry to invest in the Territory, while at the same time ensuring the participation of the local people. Since 1974 there has been considerable investment in roads, water projects, sewerage systems, power projects, airport and harbour construction, the telephone system, educational buildings, health services and other capital works.

66. To complement the supply of rainwater, a well-drilling programme is under way to tap ground-water reserves in such areas as the Tafuna plain. Extra pipelines and pumping stations have been built to bring much needed supplies into the Pago Pago harbour area. Most villages have their own reticulated water supply.

67. Electric power of 110 volts is now supplied throughout Tutuila and on the Manu'a Islands of Ta'u, Ofu and Olosega. The main supplies on Tutuila come from the Satala and Tafuna power plants. Pilot installations of solar water-heating in government houses were made in 1976/77.

68. In March 1979, the Farmers Home Administration (FHA) of the United States Department of Agriculture announced that it was prepared to offer guaranteed business and industrial loans to local inhabitants in an effort to make available greater credit to businesses, with priority being given to those enterprises providing greater employment.

#### G. Tourism

69. In 1976/77, the Office of Tourism had an operational budget of \$US 112,500. The current tourism programme is placing major emphasis on developing local facilities to provide better services and enhance activities for those visiting the islands. An overseas tourist promotional campaign has been launched in Canada, the west coast of the United States and Hawaii.

70. In October 1978, it was reported that the United States House of Representatives had passed and sent to the President of the United States a bill increasing the personal duty exemption from \$US 200 to \$US 600 on goods purchased in American Samoa, Guam and the United States Virgin Islands.

#### H. Transport and communications

71. The Department of Port Administration reported a 77 per cent increase in revenue during 1977/78, compared with the previous year. Over-all revenue, exclusive of the excise taxes on imported petroleum paid directly to the Treasurer's Office by fuel importers, amounted to \$US 2.4 million, derived from the Department's four divisions: customs, harbour masters, water transportation and the airport. The Customs Division entered and cleared 790 vessels in that period, compared with 801 vessels in the previous year, when it collected excise taxes of \$US 1.3 million in addition to \$US 16,333 for customs and quarantine services.

72. During 1977/78, the Port Administration handled 56 container ships, 48 general cargo ships, 22 cruise ships, 19 cannery supply ships, 13 oil tankers, 8 naval vessels, 2 tugs and tows and 1 training vessel. A total of 275 yachts also visited the port of Pago Pago.

73. Farrell Lines offer a monthly service between Australia and the United States, via Pago Pago. The Daiwa Line and Kyowa Shipping Line each provides a monthly service from Japan. The Union Steam Ship Company of New Zealand operates a fully containerized fortnightly service out of New Zealand. Pacific Islands Transport Lines services the islands from the west coast of the United States.

74. Pago Pago International Airport operates under the Port Administration. During 1977/78, it handled 10,418 flights and processed 72,148 inbound passengers, 72,148 outbound and 28,597 in transit. The airport serviced aircraft ranging from Boeing 747s to Cessna DeHavilland Otters. Among the airlines using the airport were Air New Zealand, Pan American Airways, Polynesian Airlines, South Pacific Island Airways (SPIA) and the Union des Transports Aériens, as well as the United States Air Force.

75. International airline service is available to Australia, New Zealand, Tahiti, Honolulu and the United States mainland. SPIA provides regularly scheduled flights from the Territory to Samoa, the Manu'a Islands, Tonga and Niue. Polynesian Airlines, based at Apia, also provides services between Apia and Pago Pago. As from 1 May 1979 Continental Airlines was to begin services to Australia and New Zealand through Pago Pago. During the period under review, Evergreen International Airlines, Inc., a charter service airline based in Arizona (United States) was granted authority by the United States Civil Aeronautics Board (CAB) to provide supplemental service to the Territory, from the United States including the Trust Territory of the Pacific Islands.

76. Early in 1979, CAB held meetings in Seattle (Washington), to determine how to ensure essential air service to all United States communities currently authorized to receive airline service. The United States Airline Deregulation Act of 1978 (PL 95-504) requires the Board to consult local officials before establishing guidelines for essential air service. During the meetings, Mr. Sunia, the American Samoan Delegate-at-large in Washington, D.C., stated that the supplementary service would help meet the needs of visitors to American Samoa.

77. In March 1979, executives from 12 South Pacific regional carriers, including Polynesian Airlines, met at Suva, Fiji, to discuss a proposal to form an association of South Pacific airlines. The meeting was called at the suggestion of the member countries of the Pacific Forum to foster closer co-operation and co-ordination among those airlines serving the South Pacific region. At the conclusion of the meeting, an agreement was reached to establish an autonomous Association of South Pacific Airlines. The General Manager of Polynesian Airlines was named Chairman pro tem. Full membership in the Association is available to all airlines with headquarters in the South Pacific. According to participants, the talks established a milestone in regional civil aviation co-operation and although it was not expected to resolve all the problems of each airline member, it had provided an invaluable opportunity for the airlines to initiate meetings on a regular basis to discuss problems and ideas common to the area and the countries involved.

78. The Facilities Division of the Department of Public Works is responsible for the maintenance of highways. Most of the roads, paved and unpaved, are on Tutuila. In 1978, the total number of vehicles of all kinds was 3,266.

79. In October 1978, it was announced that the United States Army Corps of Engineers had awarded a \$US 2.3 million contract to the Hawaiian Dredging and Construction Corp of Agaña, Guam, for the long-awaited construction of small-boat harbours at Aunu'u and Auasi. The work will involve dredging of channels, turning and mooring areas and the construction of breakwaters, revetments and wave absorbers. A local construction crew under the supervision of the Public Works Department will construct docks, moorings and back-up areas at the cost of \$US 328,000 from territorial government funds.

#### 4. SOCIAL CONDITIONS

##### A. Cost-of-living

80. Since the compilation of the consumer price index in 1974, prices for all items had increased 43 per cent by 30 September 1978. The index is composed of food, housing, clothing, transportation and miscellaneous categories. Among the reasons given for the increase are the rising freight rates resulting from higher adjustment in fuel prices and labour costs in the shipping/transportation industry, as well as inflationary pressures.

##### B. Labour

81. The largest single employer in American Samoa is the territorial Government, which is responsible for about half of all employment in the Territory (3,892 at 30 September 1978). The Office of Manpower Resources provides services for the territorial Government in the fields of personnel administration, classification, recruitment of contract employees, the training of current employees to improve knowledge and skills, administration of the workmen's compensation and retirement programme and forecasts of future government personnel needs.

82. At the end of 1977, the labour force stood at 9,180, of whom 7,815 were employed and 1,365 (15 per cent) were unemployed. The territorial Development Planning Office reported in its Statistical Bulletin for 1978 that some controversy existed concerning the interpretation of employment/unemployment figures. Some were of the opinion that the high unemployment figures recorded did not carry the same connotation as it would in mainland United States. The rationale was based on the fact that although many American Samoans were able to work, they preferred to work at home on their plantations to provide staple foods for the family. The same group contended that custom demanded that wives stay at home and look after the children. Other members of the family working in paid employment helped to support those members of the family; the latter should not therefore be counted in the labour force.

83. The Development Planning Office pointed out in its report the irony of the high unemployment rate, while the canneries frequently advertised for workers. On most occasions, the Immigration Board was petitioned to allow nationals of Samoa to fill posted vacancies. In its conclusions, the Planning Office considered the situation to be indicative of the reluctance of American Samoans to accept that type of work.

84. The Bulletin also stated that the high schools in the Territory graduate 400 to 500 students each year, more than half of whom leave the Territory either by joining the United States armed forces or by going to live with families in Hawaii or on the mainland. American Samoa thus lost much of its developed human resources.

85. Moreover, an investigation of the private sector revealed that a major portion of those employed were not American Samoans. The Bulletin concluded that the trend would no doubt continue until employment opportunities and wages in the neighbouring islands were brought into line with those of the Territory. Implementation of a new pay plan for "blue collar" workers began in November 1978 when the minimum wage was set at \$US 1.40 an hour.

#### C. Public health

86. The main hospital in the Territory is the Lyndon B. Johnson Tropical Medical Center, which has 181 beds, including tuberculosis, leprosy and obstetrics units. The Department of Health also operates dispensaries throughout the islands.

87. At the end of 1977/78 the medical staff included 11 medical doctors, 3 expatriate dentists, 16 American Samoan medical officers, 4 American Samoan dentists, 19 registered nurses, 156 licensed practical nurses and 14 nurses aides.

88. The main health problems continue to be filariasis, venereal diseases and tuberculosis. There are still a few cases of leprosy and in September 1978 an outbreak of typhoid fever was reported in the Territory. Health officials were urgently investigating local water and sewerage systems in an attempt to control the disease.

89. The basic operational budget of the Department of Health for 1977/78 was \$US 4.3 million.

#### 5. EDUCATIONAL CONDITIONS

90. The educational system is based on the pattern of eight years of elementary school and four years of secondary school. During the 1960s, television was the primary medium of instruction. In recent years, however, greater emphasis has been placed on the role of the classroom teacher.

91. As mandated under Title 18 of the American Samoa Code, public education in the Territory is the responsibility of the American Samoan Government, and this responsibility has been delegated by law and executive regulations to the local Department of Education. The Department is divided into two major units: educational services and business services. The educational services have seven divisions, of which five are instructional and two are supportive. The instructional divisions include Early Childhood Education (ECE), elementary education, secondary education, vocational education and special education. The support services divisions are instructional development and library services. The Business Services Unit has six divisions: school lunch, transportation and maintenance, supply and publication, personnel, planning and finance and accounting. The long-range goal of the Department is to provide every child from 2 1/2 to 18 years of age who is enrolled in the public schools with an opportunity to develop and reach his or her fullest potential as an individual.

92. In 1978 there were 8,997 pupils enrolled in public schools and 1,749 in private schools. There were 24 public elementary schools and four high schools. More attention has been given to the ECE programme, which in 1977/78 served 1,505 children, 2 1/2 to 5 years of age, at 135 centres.

93. During 1977/78, the American Samoa Community College began a \$US 3.9 million building programme. New buildings being constructed in the first phase include a gymnasium, a student centre, a fine arts building, a science building and an automobile body repair laboratory. The new construction will almost double the size of the existing plant. The new buildings will provide much needed facilities for student activities, a cafeteria; counselling offices; and additional facilities for science and nursing, as well as for new programmes in physical education, recreation and automobile body repair.

94. During the period under review, the United States Department of Health, Education and Welfare (HEW) awarded the Community College with a \$US 1.5 million grant in order to establish a five-year Teacher Corps project for the Territory, beginning in July 1978. The project is designed to assist the college and local schools to improve programmes of teacher training and retraining through pre-service and in-service programmes.

95. A total of 1,326 students were enrolled in the 1978 summer session of the Community College and 777 in the 1978 fall semester (an increase of 12 per cent over the previous year), 245 of whom were enrolled in teacher-training courses, 198 in business administration, 74 in law enforcement, 55 in nursing, 20 in auto mechanics, 14 in health and 10 in construction.

96. In 1978, a total of 193 students were receiving scholarships (70 men and 123 women), including 26 at the Community College.

97. In 1977/78, the budget of the Department of Education was \$US 9.4 million (\$US 4.3 million in grants-in-aid from the United States Department of the Interior, \$US 4.1 million from federal grants and \$US 1.0 million from local appropriations).

## TRUST TERRITORY OF THE PACIFIC ISLANDS

A. Consideration by the Special Committee

1. At its 1135th meeting, on 9 February 1979, by adopting the suggestions put forward by the Chairman relating to the organization of its work (A/AC.109/L.1280 and Add.1), the Special Committee decided, inter alia, to refer the question of the Trust Territory of the Pacific Islands to the Sub-Committee on Small Territories for consideration and report.
2. The Special Committee considered the Trust Territory at its 1161st meeting, on 16 August.
3. In its consideration of the item, the Special Committee took into account the provisions of the relevant General Assembly resolutions, including in particular resolution 33/44 of 13 December 1978 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 12 of that resolution, the Assembly requested the Special Committee, inter alia, "to continue to seek suitable means for the immediate and full implementation of General Assembly resolution 1514 (XV) in all Territories which have not yet attained independence and, in particular: ... to formulate specific proposals for the elimination of the remaining manifestations of colonialism and to report thereon to the General Assembly at its thirty-fourth session".
4. During its consideration of the Trust Territory of the Pacific Islands, the Special Committee had before it a working paper prepared by the Secretariat (see annex to the present chapter) containing information on developments concerning the Trust Territory.
5. In connexion with its consideration of the item, the Special Committee, at its 1161st meeting, on 16 August, granted a request for hearing from The International League for Human Rights. At the same meeting, statements were made by Mr. William J. Alexander, Mr. Glenn H. Alealay and Mr. James Gutman (A/AC.109/PV.1161).
6. At the same meeting, the Rapporteur of the Sub-Committee on Small Territories, in a statement to the Special Committee (A/AC.109/PV.1161), introduced the report of the Sub-Committee (A/AC.109/L.1340) containing an account of its consideration of the Trust Territory.
7. At the same meeting, following statements by the representatives of Czechoslovakia, the Union of Soviet Socialist Republics, Cuba, the Congo and Bulgaria (A/AC.109/PV.1161), the Special Committee adopted the report of the Sub-Committee on Small Territories and endorsed the conclusions and recommendations contained therein (see para. 11 below), it being understood that the reservations expressed by members would be reflected in the record of the meeting.

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\* Previously issued as part of A/34/23/Add.4.

8. Having regard to the statements made by the petitioners on the item, to which reference is made in paragraph 5 above, the Special Committee decided to transmit to the President of the Trusteeship Council and to the Administering Authority concerned the record of the meeting.

9. On 17 August, the text of the conclusions and recommendations was transmitted to the Permanent Representative of the United States of America to the United Nations for the attention of his Government.

10. On 21 August, the record of the 1161st meeting of the Special Committee was transmitted to the President of the Trusteeship Council and to the Permanent Representative of the United States of America to the United Nations.

#### B. Decision of the Special Committee

11. The text of the conclusions and recommendations concerning the Trust Territory of the Pacific Islands, adopted by the Special Committee at its 1161st meeting, on 16 August 1979, 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 Trust Territory of the Pacific Islands to self-determination, including the right to independence in conformity with the Charter of the United Nations and with the Declaration on the Granting of Independence to Colonial Countries and Peoples, contained in General Assembly resolution 1514 (XV) of 14 December 1960. It also takes note of the Trusteeship Agreement concluded between the Administering Authority and the Security Council with regard to that Territory. The Committee reaffirms the importance of ensuring that the people of the Trust Territory fully and freely exercise their rights in this respect and that the obligations of the Administering Authority are duly discharged.

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

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

(4) The Special Committee, mindful of the principles contained in the Charter and in Declaration set forth in resolution 1514 (XV), as well as in the Trusteeship Agreement, relating to the exercise of the right of self-determination and independence, recalls that the Administering Authority has the duty to ensure that the people of the Trust Territory are kept fully informed of all options in conformity with the Declaration. Consequently, the Committee reiterates its request to the Administering Authority to provide details on political education in the Trust Territory so as to enable the Committee to ascertain that all options have been offered to the people of Micronesia.

(5) The Special Committee takes notes of all developments that have taken place in the Trust Territory during the period under review. The Committee notes as well the intention of the Administering Authority, in strict compliance with the relevant provisions of the Charter, to terminate the Trusteeship Agreement for the Trust Territory in 1981, and, recognizing that it is ultimately for the people of the Trust Territory themselves to decide their political destiny, calls upon the Administering Authority to preserve the unity of the Trust Territory until the latter has exercised its right to self-determination in accordance with the Declaration contained in resolution 1514 (XV).

(6) The Special Committee notes that, in accordance with the Constitution adopted on 12 July 1978, the Congress of the Federated States of Micronesia was inaugurated on 10 May 1979. In that connexion, the Committee reiterates its concern regarding the veto power of the High Commissioner and urges the Administering Authority to transfer the remaining powers to the elected leaders of the Trust Territory and to act on previous recommendations that regulations should be adopted so as to restrict effectively as far as possible the use of the veto power of the High Commissioner.

(7) The Special Committee continues to regret the lack of significant economic development in the Trust Territory, and in particular its lack of sufficient funds to meet administrative and social expenditures. Dependence on grants from the Administering Authority is as great as in the past. The Committee endorses the recommendation of the Trusteeship Council to the Administering Authority urging it to promote the development of the kinds of production that can meet the population's needs, particularly for food, and to discourage purchases of similar products from abroad.

(8) The Special Committee recalls its previous recommendation concerning the five-year indicative development plan. 1/

(9) The Special Committee notes that, according to Secretarial Order No. 3039, the High Commissioner retains extensive powers to make decisions

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1/ Official Records of the General Assembly, Thirty-third Session, Supplement No. 23 (A/33/23/Rev.1), vol. III, chap. XX, para. 11 (8).

and to supervise the budget of the Trust Territory. The Committee, bearing in mind that the period of trusteeship is drawing to a close and that institutional changes have recently taken place, reiterates its strong view that the elected leaders of the Trust Territory should participate fully in the budget process, in particular in determining priority expenditures.

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

(11) In that connexion, the Special Committee takes note of recent legislative steps taken by the elected representatives of the people in the Trust Territory to protect the marine resources of the Territory and expresses the hope that all benefits therefrom will accrue to the people of Micronesia. The Committee welcomes in particular the services of the Micronesian Mariculture Demonstration Center set up on Palau.

(12) The Special Committee notes with satisfaction the material assistance which the World Health Organization and the United Nations Development Programme, the United Nations Asian and Pacific Development Institute and the South Pacific Commission are providing to the Trust Territory. The Committee joins the Trusteeship Council in strongly urging the leadership of the Trust Territory to avail itself of the assistance provided by various regional and international agencies, in particular those from within the United Nations system.

ANNEX\*

Working paper prepared by the Secretariat

Information on recent developments concerning the Trust Territory which was placed before the Trusteeship Council at its forth-sixth session, together with the supplementary information furnished by the Administering Authority to the Council at the same session, is contained in the report of the Trusteeship Council to the Security Council (9 June 1978-15 June 1979). a/

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\* Previously issued under the symbol A/AC.109/L.1315.

a/ Official Records of the Security Council, Thirty-fourth Year, Special Supplement No. 1 (S/13759).

## CHAPTER XXI\*

### BERMUDA

#### A. Consideration by the Special Committee

1. At its 1135th meeting, on 9 February 1979, by adopting the suggestions relating to the organization of its work put forward by the Chairman (A/AC.109/L.1280 and Add.1), the Special Committee decided, inter alia, to refer Bermuda to the Sub-Committee on Small Territories for consideration and report.
2. The Special Committee considered the Territory at its 1149th meeting, on 1 August.
3. In its consideration of the item, the Special Committee took into account the provisions of the relevant General Assembly resolutions, including in particular resolution 33/44 of 13 December 1978 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 12 of that resolution, the Assembly requested the Special Committee "to continue to seek suitable means for the immediate and full implementation of General Assembly resolution 1514 (XV) in all Territories which have not yet attained independence and, in particular: ... to formulate specific proposals for the elimination of the remaining manifestations of colonialism and to report thereon to the General Assembly at its thirty-fourth session". The Committee also took into account General Assembly resolution 33/35 of 13 December 1978, concerning five Territories, including Bermuda. By paragraph 10 of that resolution, the Assembly requested the Special Committee "to continue to seek the best ways and means for the implementation of the Declaration with respect to Bermuda ... including the possible dispatch of visiting missions in consultation with the administering Power ...".
4. During its consideration of the Territory, the Special Committee had before it a working paper prepared by the Secretariat (see annex to the present chapter) containing information on the latest developments concerning the Territory.
5. The representative of the United Kingdom of Great Britain and Northern Ireland, as the administering Power concerned, participated in the work of the Special Committee during its consideration of the item.
6. At the 1149th meeting, on 1 August, the Rapporteur of the Sub-Committee on Small Territories, in a statement to the Special Committee (A/AC.109/PV.1149), introduced the report of the Sub-Committee (A/AC.109/L.1311) containing an account of its consideration of the Territory.
7. At the same meeting, following statements by the representatives of the Union of Soviet Socialist Republics, Bulgaria, Cuba, China, the Syrian Arab Republic and Afghanistan (A/AC.109/PV.1149), the Special Committee adopted the report of the Sub-Committee and endorsed the conclusions and recommendations contained therein (see para. 9 below), it being understood that the reservations expressed by members would be reflected in the record of the meeting.

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\* Previously issued as part of A/34/23/Add.5.

8. On 1 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 1149th meeting, on 1 August 1979 to which reference is made in paragraph 7 above, is reproduced below:

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

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

(3) The Special Committee welcomes the co-operation extended to it by the United Kingdom of Great Britain and Northern Ireland, which contributes significantly to informed consideration of conditions in the Territory by the Committee.

(4) The Special Committee also welcomes the statement by the representative of the administering Power that his Government will respect the wishes of the people of Bermuda in determining their future constitutional status. In this regard, the Committee urges the administering Power to ensure that the people of the Territory are kept fully aware of their inalienable right to self-determination in accordance with resolution 1514 (XV). It further urges the administering Power, in consultation with the freely elected representatives of the people of Bermuda, to continue to take all necessary steps to ensure the full and speedy attainment of the goals set forth in the Declaration contained in resolution 1514 (XV).

(5) The Special Committee notes that significant political developments have taken place in the Territory in the period under review. In this regard, it welcomes the holding of the Constitutional Conference recommended by the Royal Commission into the 1977 Disturbances 1/ and the agreement of the parties on most of the issues raised at the Conference.

(6) The Special Committee reiterates the view that the electoral system should accurately reflect the wishes of the majority of Bermudians.

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1/ Report of the Royal Commission into the 1977 Disturbances, Bermuda, July 1978.

(7) The Special Committee expresses the hope that all necessary measures will be taken to foster national unity and a national identity.

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

(9) The Special Committee once again urges the administering Power, in co-operation with the territorial Government, to continue to take all effective measures to guarantee the rights of the people of Bermuda to own and dispose of their natural resources and to establish and maintain control of their future development.

(10) The Special Committee, noting that the economy of the Territory continues to depend heavily on tourism and international company business, and that this economic structure was a factor in the 1977 disturbances, strongly urges the administering Power, in consultation with the Bermudian Government, to make every effort to diversify the economy of Bermuda, including increased efforts to promote agriculture and fisheries.

(11) The Special Committee, taking note of the manpower survey recently carried out in the Territory, calls on the administering Power, in close co-operation with the territorial administration, to continue to expedite the process of "bermudianization", through the provision of adequate training facilities locally, and by providing more scholarships for training abroad.

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

ANNEX<sup>3</sup>

Working paper prepared by the Secretariat

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\* Previously issued under the symbol A/AC.109/L.1294.

BERMUDA a/

1. GENERAL

A. Land and people

1. The Bermuda, or Somers, Islands are an isolated group of about 150 small islands in the Western Atlantic Ocean, 570 nautical miles east of the North Carolina coast of the United States of America. The 10 principal islands are connected by bridges or causeway, and are about 35 kilometres long, with an average width of between 0.8 and 1.6 kilometres. The Territory has a total area of 53 square kilometres of which 5.8 square kilometres are at present leased to the United States Government for military bases. The largest island, about 23 kilometres long, with a maximum width of 3.2 kilometres, lies approximately at the centre of the group and covers an area of about 3,642 hectares.

2. According to the last census, taken in 1970, the resident civil population of the Territory comprised 30,897 non-whites and 21,433 whites and others. Of the 52,330 inhabitants, 14,496 were foreign born (including 10,438 immigrants without Bermudian status). At the end of 1977, the resident civil population was estimated to be 57,000.

B. Future development of the Territory

Pitt report

3. As previously noted, b/ soon after the rioting and arson which preceded and followed the execution on 2 December 1977 of two non-white Bermudians (Messrs. Erskine Burrows and Larry Winfield Tacklyn) convicted of murder, Sir Peter Ramsbotham, the Governor, met with Mr. J. D. Gibbons, the Premier, and Mrs. Lois Browne-Evans, the Leader of the Opposition, among others, to discuss setting up an inquiry, which, while identifying the causes of the disturbances, would make recommendations for the future. On 30 December, it was agreed that such an inquiry should take the form of a royal commission appointed by the Governor.

4. Subsequently, the Royal Commission into the 1977 Disturbances was established, consisting of six members: four Bermudians and two non-Bermudians (Lord Pitt, the Chairman, and Professor Michael Banton) appointed by the United Kingdom Secretary of State for Foreign and Commonwealth Affairs. The Commission held public hearings in

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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 24 October 1978, for the year ending 31 December 1977.

b/ Official Records of the General Assembly, Thirty-third Session, Supplement No. 23 (A/33/23/Rev.1), vol. III, chap. XXI, annex, paras. 50-65.

the Territory from 5 April to 23 May 1978, during which evidence was collected from more than 250 individuals and groups. On 14 July, the Commission submitted its report (known as the Pitt report) to the Governor. c/ It was published in Bermuda on 2 August and copies were placed in the libraries of both Houses of the United Kingdom Parliament.

5. In formulating its proposals, the Commission, among other things, took into account two reports: (a) a report on economic options for Bermuda prepared by Mr. Simon Reisman, a consultant engaged by the territorial Government in March 1977; and (b) a proposal for a comprehensive programme leading to racial integration and economic equity, based on preliminary findings by Clark, Phipps, Clark and Harris, Inc. (CPC and H) of the United States which the territorial Government had commissioned in October 1977.

6. In its report, the Commission drew up a series of conclusions and recommendations dealing with Bermuda's problems. These conclusions and recommendations and the decisions taken by the Government on the basis of the Pitt report are summarized in succeeding sections of the present paper; additional relevant comments by the two political parties in the Territory, namely the ruling United Bermuda Party (UBP) and the opposition Progressive Labour Party (PLP), as well as by the United Kingdom Government, are also reproduced. According to The Royal Gazette, a local newspaper, the Pitt report received broad support both in Bermuda and the United Kingdom.

#### Bermuda in transition

7. The Commission said in its report that many of Bermuda's problems stemmed from changes in its relations with the outside world. In a relatively short period of time, the Territory had passed from a low growth, low income, low immigration and comparatively isolated colonial society to a high growth, high income, high immigration society catering to an international demand for tourist and off-shore business facilities. During this period, lasting from the end of the Second World War to the early 1970s, racial divisions had been rapidly reduced, but racial tension remained quite high.

8. The Commission also said that the Territory was now entering a third transition stage - one of low growth, high income, low immigration and racial integration. To maintain a high national income meant remaining internationally competitive, which was never easy, and would be the more difficult in the Bermudian circumstances, if immigration was to be substantially reduced. Nevertheless, Bermuda had already embarked on an attempt to move to the third stage.

#### Causes of the 1977 disturbances

9. The Commission grouped the basic contributory causes underlying the 1977 disturbances as follows: (a) an irregular economic structure in Bermuda with power concentrated in Hamilton's Front Street (the Territory's commercial and financial centre) and the banks; (b) lack of support for small businesses, especially if they

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c/ Report of the Royal Commission into the 1977 Disturbances, Bermuda, July 1978.

were non-white; (c) lack of employment opportunities, training and "bermudianization"; (d) inadequacy of housing in certain areas and lack of accommodation for low income groups; (e) the problems of the family in Bermudian society, including in particular the deficiencies in the systems of criminal justice, education and social welfare; and (f) lack of a sense of national unity. The Commission also gave careful consideration to the suggestions made to it about constitutional and political factors as possible contributory causes.

10. Commenting on the causal factors on which the Commission had concentrated, Premier Gibbons made the following main points:

(a) Desegregation in Bermuda had been brought about by a group of the non-white population with a minimum of disorder. White people could not completely understand how deep the wounds of discrimination could strike into an individual's personality.

(b) There was no question that non-white ownership of properties in Hamilton's Front Street had ceased since the First World War. Whites had taken advantage of the situation because their greater degree of education and sophistication enabled them to see a growth potential. Today prices had risen to such enormous heights that it would be difficult to achieve a fairer distribution of land. The situation was not unique to Bermuda, however.

(c) Noting the statement by a 1954 select committee that the tourist business was "predominantly white", Mr. Gibbons, who was a member of the Tourist Board for 13 years, said that he had brought about the use of genuine non-white tourists and/or models to illustrate advertisements several years ago. That notwithstanding, Bermuda was still faced with the fact that most of the wealth in the United States, the most important origin of the tourists, was "in the hands of the white population".

(d) The Government had admitted that its policy was to tax consumption, rather than income, and to place the burden of taxation as much as possible on the tourist. He noted that a study just completed in the United Kingdom proposed to revise its taxation policy to put it largely on consumption.

(e) The incentive to wage-earning sometimes resulted in child neglect, because working mothers were not at home when their children returned from school. That was considered to be "a major problem in societies in the whole of the western world".

(f) The Government had conceded that the need to bring in non-Bermudians added to the strains and stresses confronting all Bermudians. It now had to prepare a plan to identify the pressures and distortions created by that policy, which was a vital cause of the disorders.

(g) Recognizing the widespread belief among non-white Bermudians that there was insufficient equality of economic opportunity, the Government, among other things, had commissioned a study by CPC and H in October 1977 and had received the report prepared by Mr. Reisman (see para. 5 above). Those actions were part of the Government's policy of laying a firm foundation to bring solutions to problems once they were identified.

### C. General response to the Pitt report

11. On 2 August 1978, following the publication of the Pitt report, PLP stated in a press release that "it is of paramount importance that swift action is taken on the important recommendations" contained therein. In particular, the party singled out the proposal for a constitutional conference before the end of the year (see para. 30 below).

12. In its first official response to the Pitt report, the Government said in a statement issued on 8 August that it "now has the responsibility for considering the far-reaching recommendations contained in the report and, where practicable, giving effect to those recommendations ... Each ministry affected will study the report's recommendations and, in due course, give Government an indication of what it plans to do ... It is the view of Government that the report will be extremely useful and valuable in assisting Government to chart new ways of improving the quality of life for all its people and eradicating ... ills ..." Subsequently, the Government established two committees, one dealing with electoral reform and the other responsible for the preparation of a white paper on independence.

13. In a press release issued on 10 August, UBP stated that "we still have strong reservations about some of the points cited in the /Pitt/ report as they conflict with the stated UBP platform". Specifically, the party mentioned independence and income tax (see paras. 10 (d) above and 37 and 93 below). However, it was impressed with the "lucidity and thoroughness" of the report, in which "a set of responsible guidelines" had been given.

#### Statement by the United Kingdom Minister of State for Foreign and Commonwealth Affairs

14. Upon his arrival in the Territory on 9 October 1978, Mr. Edward Rowlands, United Kingdom Minister of State at the Foreign and Commonwealth Office, said in a prepared statement:

"I know the Bermudian Government and Opposition - indeed all Bermudians - consider the Pitt report to be a major and serious report which addresses itself to the fundamental political, social and constitutional issues facing Bermuda.

"I am also sure that the overwhelming majority of Bermudians will not wish to see any dust gathering on the report. I know this also is the wish of the Bermudian Government and Opposition. It is also the British Government's.

"The British Government is involved directly and indirectly. The Secretary of State, Dr. /David/ Owen, has made clear in the House of Commons his own concern and interest.

"It seems timely, some two months after the publication of the report, that a British Government Minister, myself, should come to discuss with the Bermudian Government, Opposition leaders and representatives of Bermudian opinion, how the serious issues arising from the report should be taken forward."

## Statement by the Governor

15. At the opening session of the legislature, on 27 October 1978, the Governor delivered the speech from the throne which included a further response to the Pitt report. He stated that the legislature stood at the threshold of what promised to be one of the most significant sessions in the Territory's history, and should be proud of its achievements in recent years. He further stated that there was, of course, room for improvement, and that many things needed to be changed or adapted if the causes of dissatisfaction and unrest were to be eliminated.
16. The Governor went on to say that the Government was fully conscious of its responsibility to provide for the total well-being of all Bermudians. The challenge was great and it intended to accomplish its goal with a well-prepared, over-all plan. The Government would do everything in its power further to enhance the upward mobility of all Bermudians, and would make every possible effort to involve the people of the Territory in the efficient administration of their Government.
17. The Governor announced the Government's intention of pressing forward and attaining greater accomplishments in such general areas as economic development, equality of economic opportunity, housing, the elderly, the needy and education. After outlining the Government's plans for promoting further development in those areas, the Governor pointed out that such plans were new evidence of its determination to treat the recommendations set forth in the Pitt report with the seriousness they deserved. Many of them were, in effect, an endorsement of policies and programmes currently being pursued. He also pointed out that the Government had established two committees (see para. 12 above) to investigate other issues with which the Royal Commission had dealt. He believed that the Commission had provided Bermuda with a valuable forum for its citizens to speak and listen to each other.
18. According to the Governor, Bermuda was rapidly emerging from the difficult experiences of the preceding year. The Government was enthusiastic, optimistic and encouraged by the "very real and substantial recovery" that had ensued.
19. During the debate on the Governor's speech, held in the House of Assembly on 3 November 1978, PLP welcomed the Government's commitment to social changes, but took note of its lack of pledges for constitutional reform. Accordingly, PLP demanded that the Government "get on with the job of democratizing Bermuda".
20. Premier Gibbons responded that he would state the Government's position on constitutional matters on 10 November when the House was scheduled to discuss the Pitt report. He added that since the Government had built its legislative framework, it was interested in programmes, action and things to be accomplished. He expressed the hope that the Government would receive the full support of all members of the House in carrying out the plan announced by the Governor. Later, in the course of the debate on the Pitt report, Mr. Gibbons declared that he had received an interim report from the cabinet committee appointed to consider electoral reform as recommended by the Commission, and that a conference would be held not later than 1 May 1979 to discuss that subject. On his proposal, the House took note of the Pitt report.

## 2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

### A. Constitution

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

22. The Legislative Council consists of 11 nominated members, 5 appointed by the Governor at his discretion, 4 appointed on the advice of the Premier and 2 appointed on the advice of the Opposition Leader. The House of Assembly has 40 members elected by universal adult suffrage and lasts for five years unless dissolved earlier. The Legislative Council has 7 non-white and 4 white members; and the House of Assembly has 22 non-white and 18 white members. UBP, which has been in power continuously since 1968, holds 25 of the 40 seats in the House. Two thirds of its elected members are white. PLP holds 15 seats, with a membership of 14 non-white and 1 white.

23. For the purpose of elections to the House, each of the nine parishes of Bermuda is divided into two constituencies, with the exception of Pembroke Parish which is divided into four constituencies. Each constituency returns two members. To be qualified to register as an elector in a constituency, a person has to be (a) a British subject aged 21 years or over; (b) either possess Bermudian status or have been ordinarily resident in the Territory throughout the preceding period of three years; and (c) be ordinarily resident in that constituency.

24. The Cabinet consists of the Premier and at least six other members of the legislature. The Governor appoints the majority leader in the House as Premier who in turn nominates the other cabinet members. As previously noted, e/ the Cabinet was reorganized on 19 December 1977 and its composition has since remained unchanged. The present Cabinet includes 10 members in addition to the Premier, who is also responsible for finance. The multiracial nature of Bermudian society is also reflected in the Cabinet, which has five non-white and six white members.

25. The Premier and the Cabinet, through the legislature, have full responsibility for the Government, except for certain matters specifically reserved to the Governor. Responsibility for defence, external affairs, internal security and the police is retained by the Governor. On these matters, he is required to consult the Governor's Council but does not have to accept the advice of its members. The Council consists of the Governor as Chairman, the Premier and not less than two nor more than three other ministers appointed by the Governor after consultation with the Premier. The Governor has delegated some of his constitutional powers in respect of the Bermuda police to the Minister of Home Affairs.

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

e/ Ibid., Thirty-third Session, Supplement No. 23 (A/33/23/Rev.1), vol. III, chap. XXI, annex, paras. 7 and 8.

26. There are a Public Service Commission and an independent judiciary, with the Supreme Court as Bermuda's highest judicial authority. Until June 1978, the Court consisted of the Chief Justice and a puisne judge. In that month, the legislature passed a law permitting the Court to have two puisne judges, taking into consideration its work load. In early July, it was announced that the Governor had appointed Mr. Walter Robinson, former Opposition Leader, who was also a member of the Royal Commission into the 1977 Disturbances, and Mr. Hector Barcilon, then Assistant Justice, to the two posts on an acting basis. The Chief Justice and one of the acting puisne judges are non-white.

27. The Supreme Court has unlimited jurisdiction in all divisions of the law. It sits in criminal session four times a year and in matrimonial cases and civil matters three times a year. Appellate matters are convened as directed by the Chief Justice, on referral from the magistrates courts.

28. These courts are normally presided over by a senior magistrate and two magistrates. They have jurisdiction to try summary offences and certain indictable ones. Their jurisdiction is extended to all matrimonial proceedings and civil actions where claims do not exceed \$B 1,200. f/ The majority of all cases heard by the magistrates are for traffic or motor vehicle offences, penalties for which are harsh by comparison with other countries.

#### B. Future status of the Territory

##### Recommendations of the Pitt Commission

29. On constitutional issues, the Pitt Commission recommended, inter alia, that: (a) before appointing a new boundaries commission in early 1979, a constitutional amendment should be made to reduce the existing two-to-one disparity between the numbers of voters in constituencies, and the composition and mandate of the commission should be re-examined; (b) the proposed conference on Bermuda (see below) should bring to an end the provisions in the Territory's present Constitution for residential voting; (c) consideration should be given to the reduction of the voting age to 18 years; (d) the Attorney General (the principal legal adviser for the Government) should not be responsible for prosecutions when serving as a member of the Advisory Committee on the Prerogative of Mercy, and a post of Director of Public Prosecutions should be created; (e) regular consultations should be held between the Government and the Opposition, particularly about all appointments to be recommended by the Premier; and (f) the Deputy Speaker of the House of Assembly should be appointed from the opposition party.

30. After making the above-mentioned recommendations, the Pitt Commission urged the Governments of Bermuda and the United Kingdom to hold a conference by 31 December 1978, with the opposition party fully represented, to identify those matters that needed to be fully resolved prior to the next general election due in 1980. At that election, the question of independence for the Territory should be decided, and if so approved, a constitutional conference should follow. The Commission also considered it essential that the 1978 conference should establish a fair and equitable electoral system.

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

## Question of implementing the Commission's recommendations

31. The Pitt report evoked differing reactions from the two political parties in the Territory. PLP called for swift action on the important recommendations of the Pitt Commission, including in particular that concerning the holding of a conference on Bermuda by the end of 1978. On the other hand, the Government stated that it had decided to take measures to give effect to the Commission's recommendations, where practicable. Among those measures were the establishment of two committees dealing with the questions of electoral reform and independence (see para. 12 above).

32. Upon his arrival in the Territory on 9 October 1978, Mr. Rowlands, United Kingdom Minister of State at the Foreign and Commonwealth Office, issued a statement announcing his intention to have discussions with political and community leaders in an effort to take the Pitt report forward (see para. 14 above). At a press conference held before his departure, Mr. Rowlands said that the discussions had centred mainly on the timing and organization of a conference to consider strictly electoral issues, not independence. The Bermuda Government had been unable to commit itself to a December deadline for the proposed conference, pending a report to be prepared by its committee on electoral reform. The United Kingdom Government would await word from the Premier about a conference date. Mr. Rowlands also said, "I do not see the December suggestion as a deadline", ... "it was a recommendation of the Pitt Commission; the British Government is willing to assist in such a conference and accept such a deadline". In reply to a question, he expressed the hope that the conference would take place. He pointed out that in his Government's opinion, "it is one of the most important aspects of the Pitt report", and that there was unanimity on the principle of such a conference.

33. Soon after the departure of Mr. Rowlands, Premier Gibbons confirmed to reporters the territorial Government's position on the matter as described above. He stated that there were many other things in the Pitt report of more immediate concern to Bermudians, such as those relating to economic, social and educational matters. At the same time, he added, "all we can say is that we are treating the constitutional matter as one of great importance along with all the other matters in the Pitt report".

34. In a statement issued on 10 October, PLP accused the Bermuda Government of using delaying tactics on the proposed conference. Two days later, the party released another statement in which it stressed that electoral issues should not be confused with the question of independence for the Territory and that "a fair and equitable electoral process which allows the Bermudian people to elect a truly representative parliament must be a top priority concern, because the lack of this is the source of all other frustrations".

35. In his speech of 27 October, the Governor stated that a committee on electoral reform recently established by the Government should soon have a report ready for consideration. Recommendations could then be made for organizing a conference on that subject. A second Government committee was preparing a white paper on independence which would be presented to the legislature in due course.

36. Replying to the Governor's speech on behalf of PLP, Mrs. Browne-Evans told the House of Assembly that "nowhere could we find a decisive sentence concerning the

Government's intention to do something positive about electoral reform by 31 December 1978 or any specified date", adding that "Bermuda stands poised on the threshold of independence", and that "apart from a passing reference to the Government's intention to produce a white paper on the topic, we hear nothing about preparing our people to train for the jobs that will become necessary upon its attainment, now or within the next five years or ten years". In urging the Government to proceed with democratizing Bermuda, she said that the Government should "give each vote an equal value; abolish the foreign vote and reduce the voting age to 18 years".

37. Premier Gibbons promised to state the Government's position on matters relating to constitutional change and independence during the debate in the House on the Pitt report, which was scheduled to start on 10 November. Leading off that debate for the Government, he recalled that in late 1977, it had been decided to pursue constitutional issues by seeking the public's opinion on: (a) a voting age of 18 years; (b) the present system whereby expatriates are permitted to vote after three years' residence; and (c) the boundaries situation. He said that "maybe the Government will recommend solving some problems by the use of a referendum". He indicated that the Pitt Commission's other recommendations (see paras. 29 (d)-(f) above), were generally acceptable to the Government. He was convinced that independence was inevitable, the only question remaining being the date of its attainment, and asserted that neither independence nor constitutional change would suddenly rectify the Territory's economic ills.

38. In response, Mrs. Browne-Evans gave notice that the Opposition would move a motion at the end of the debate that "those recommendations with respect to electoral and constitutional reform be accepted and implemented in accordance with the time-table set out" in the Pitt report. She particularly noted that the Premier had not indicated in his statement whether Bermuda would achieve independence in his lifetime. It seemed to her that the Premier had begun to take on the trappings of gradualism.

39. Subsequently, following receipt of an interim report from the committee on electoral reform, Premier Gibbons announced that the conference recommended in the Pitt report would probably be held in late March or early April 1979, but definitely before 1 May. Following that announcement, the motion referred to in paragraph 38 above was defeated.

### C. Criminal justice and internal security

40. The Pitt Commission proposed a number of innovations in the systems of criminal justice and internal security. Among the more important proposals were the following:

(a) In the planning of future internal security in Bermuda, greater reliance should be placed on the regiment.

(b) A Bermuda police authority should be established, consisting of 15 members appointed by the Governor, 8 of whom should be nominated by the Premier in

consultation with the Leader of the Opposition, and the remaining 7 appointed directly by the Governor and drawn from various organizations in the local community, including the Bermuda Police Association. The authority should act in an advisory capacity to the Public Service Commission on the appointment of the Commissioner of Police, and to the Minister of Home Affairs on the establishment and maintenance of the Bermuda Police. In consultation with the Commissioner, it should formulate guidelines to expedite the "bermudianization" of the police force. The Commissioner, who should have responsibility for training, general organization and community relations, should consult the authority concerning his general policies, but should be completely independent with respect to all operational matters.

(c) During investigations of complaints against police misconduct, consideration should be given to introducing an independent element at the stage of adjudication.

(d) Steps should be taken to achieve "bermudianization" of the police through: (i) a substantial increase in police pay scales; (ii) maintenance of enthusiasm of Bermudians about the Junior Cadet Scheme started in 1974; (iii) provision by the Bermuda College of a suitable course for potential police recruits; (iv) the offering of non-renewable, five-year contracts, at the rank of police constable, to expatriates; (v) an amendment to the Pensions Act, 1970, to allow senior officers to take early retirement at relatively attractive rates of pension; and (vi) creation of two posts of assistant commissioner to enhance prospects for promotion.

(e) In the magistrates' courts, provision should be made for private hearings of matrimonial and affiliated cases.

41. During the debate on the Pitt report, both Premier Gibbons and the Minister of Home Affairs made statements concerning the above proposals, as follows:

(a) In accepting the proposal contained in subparagraph 40 (a), they stated that the Government was wholly determined to achieve the greatest possible self-sufficiency in internal security mainly by increasing the present regiment strength of 450 men and officers and 35 reserves to 684 and 70 respectively, and by training 6 platoons (each comprising about 30 men) in riot control and other internal security duties.

(b) In rejecting the proposal contained in subparagraph 40 (b), they pointed out that a police authority would, in effect, reduce the control of the Minister of Home Affairs over the police force. They had serious reservations about the transfer of responsibility for certain police areas from the Minister to the Commissioner.

(c) In concurring with the proposal contained in subparagraph 40 (c), they said that the presence of two independent observers at internal police hearings was at present under discussion.

(d) Having regard to the proposal contained in subparagraph 40 (d), they emphasized the need to establish a balance between attracting more Bermudians and

not creating more stresses. They stated that the Government was addressing itself to the problem of policy pay scales, that appointment of two assistant commissioners had been under consideration for some time and that there was a strong programme for "bermudianization" of the police.

(e) With regard to the proposal contained in subparagraph 40 (e), they indicated that the Chief Justice had discussed with the Senior Magistrate the suggestion for matrimonial courts, and it was hoped that some separation of quarters would be achieved.

#### D. Military installations

42. Canada maintains a military base at Daniel's Head, Somerset. Since 31 March 1976, the representation of the United Kingdom Royal Navy in the Territory has taken the form of a Senior Resident Naval Officer (Commander Tim Kitson) in charge of the HMS Malabar (with a total of 10 seamen under him). He is responsible for administration of the dockyard facilities on Ireland Island on behalf of the Commander-in-Chief, Fleet, at Northwood, Middlesex, England. In addition, he is the deputy island commander for the North Atlantic Treaty Organization (NATO). In this capacity, he reports to NATO through a United States admiral in Norfolk, Virginia (United States). In mid-June 1978, after his arrival in the Territory to succeed Commander David Aldrich, Commander Kitson stated that from a military point of view, Bermuda was a "strategic place from which to guard against interference in the shipping lanes of the North Atlantic".

43. At the western end of the Territory, the United States continues to operate two military bases (the Naval Air Station and King's Point Naval Station), occupying about one tenth of Bermuda's total area. As previously reported, g/ in 1975, the Governments of Bermuda and the United States began to hold informal talks on the possible return of unused areas of land at the two bases. On 6 December 1978, an agreement was signed between the two Governments providing for the immediate transfer to Bermuda of 12 hectares of land (of which over 80 per cent had been produced by the United States through land fill) with some buildings and facilities at the Naval Annex in Southampton and several other small areas. Under the agreement, the Bermuda Government is also allowed to lease for 20 years (at a rent of \$B 1.00), part of a former dining facility to be used for establishment of the government-owned fish-processing plant. The United Nations will provide assistance for this project.

44. The \$B 9.6 million housing project at the Naval Air Station was completed in December 1976. By June 1978, naval personnel had not yet occupied all of the 250 two-bedroom houses. According to Commander Kitson, there were approximately 1,100 men (and nine aircraft) stationed at the United States military bases in Bermuda during that month.

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g/ Official Records of the General Assembly, Thirty-second Session, Supplement No. 23 (A/32/23/Rev.1), vol. III, chap. XXIV, annex, para. 41.

### 3. ECONOMIC CONDITIONS

#### A. General

45. In recent years, the Territory's economy has been in a large measure dependent on the tourist trade and to a lesser extent on the development of an international finance industry. The contributions of agriculture, fishing and manufacturing have been comparatively small.

46. In a budget speech delivered to the House of Assembly on 24 February 1978, Mr. Gibbons made the following observations concerning the economic situation in Bermuda.

47. During most of 1977, the Territory had enjoyed a high level of economic activity, which had been severely interrupted later in the year. The number of tourists for the year as a whole had exceeded the 1976 total. In 1977, a hotel strike followed by the disturbances reported above, had had a more serious effect on the economy. Efforts were being made to restore confidence and generate sufficient additional business. On the other hand, the performance of the international finance industry had been very satisfactory, as evidenced by the fact that the number of exempted companies, the predominant sector, had increased by 432 to 3,559. Other economic sectors had continued for the most part to prosper.

48. Mr. Gibbons reiterated his warning that the future course of the economy would inevitably be limited by the physical constraints which nature had imposed on Bermuda. He further warned that the 1977 disturbances had shown conclusively that human behaviour could also have "a seriously damaging effect on the economy". In drawing attention to the decline in tourist projections (averaging more than 24 per cent a month over the period February-April 1978), he stressed that all Bermudians must now work together to ensure the bringing back of the Territory onto an even keel, both economically and socially.

49. In this connexion, the Pitt Commission expressed the view that the Territory's economic vulnerability was to be seen as "a major social and political constraint upon any policies for Bermuda's future economic growth". According to the Commission, the tourist trade had continued to decline between December 1977 and May 1978, but the international finance industry had shown steady improvement, with a total of 4,300 international companies registered in the Territory by the end of that period.

50. Statistics provided by the territorial Government indicate that 61,337 tourists visited Bermuda during September 1978. As a result, the total deficit in the number of visitors had declined from 14.2 per cent in May to 4.5 per cent in September.

51. In his speech of 27 October, the Governor noted the continuing expansion of the international finance sector of the economy and the sustained recovery and growth of the tourism sector.

## B. Policies and programmes

### Statement by the Governor

52. In the same speech, the Governor said that if Bermuda was to continue to prosper and thus provide a proper launching point for equal opportunities for all its citizens, there must be sustained economic growth. The Government had therefore committed itself to an annual economic growth rate of 3 per cent, and to the development of small businesses as a means of sustaining that growth. In considering all economic options for the Territory, the Government would move cautiously, but with determination.

53. The Governor also said that the Ministry of Tourism was at present engaged in developing new markets on the west coast and in the south-eastern areas of the United States, as well as in Europe. Steps were being taken to expand and improve the economic infrastructure required for further development, with special attention to improvement of the Civil Air Terminal. The Government was committed to the maintenance of stability in the tourism sector. Earlier, on 16 June, it was announced in the House of Assembly that the Government's new hotel phasing policy would permit, during the period 1978-1983, an increase of 756 additional beds (a growth rate of 1.66 per cent per year).

54. According to the Governor, the agriculture and fishing industries would continue to receive the Government's support. Emphasis would be placed on improving crop production and promoting horticulture. The Consumer Affairs Bureau was investigating, and dealing with, a wide spectrum of complaints and offering consumer advice.

55. In opening the debate on the Governor's speech, Premier Gibbons stated that guidelines were readily available for the upward mobility of non-white people and for certain governmental activities. The Ministry of Community Affairs was making a "tremendous" contribution to the well-being of all Bermudians. He particularly hoped that the Ministry would soon be able to implement a plan, based on the recommendations of the International Monetary Fund (IMF), for the establishment, with the participation of the local banks, of a financial organization to assist small businesses.

56. Commenting on the Governor's speech, Mrs. Browne-Evans said that it seemed to lack a "binding agent" which would hold the local community together and keep Bermuda on an economic and peaceful keel. PLP considered that the Government's plan to expand the tourism and international finance sectors would be in direct conflict with its stated proposal regarding "bermudianization", a view with which three UBP members (Mr. L. I. Swan, Mr. Sidney Stallard and Mrs. Anita Smith) did not agree. Aware of the reluctance on the part of the public and private sectors to provide the funds required for the implementation of that proposal, she did not believe that the existing educational system could produce qualified persons to fill the middle and upper management positions created by the expanded industries in question. She therefore called upon the Government to press on with its plans for education and training and not to forego "bermudianization" in exchange for its anticipated rate of economic growth.

57. Mr. Ralph Marshall, Minister of Works and Agriculture, pointed out that in the past few years, the Food and Agriculture Organization of the United Nations (FAO) had sent five experts to the Territory to assist its Government in promoting fisheries development. A sixth expert was there to give training in the tanning of sharkskin and hides. A seventh expert was expected to arrive in Bermuda shortly to provide the Government with advice on the type of boat that might be used for fisheries research. Farmers would also be encouraged and helped to diversify their crops. Noting that Bermuda's arable land was down to about 245 hectares from over 1,200 hectares, he said that his Ministry was about to set up a hydroponics plant to encourage people to grow vegetables in liquid nutrients. In that regard, Mr. Walter Brangman, a PLP member, stated that his party would fully support the Minister in schemes to bring a halt to the development of arable land.

58. Referring to the Consumer Affairs Bureau, Mr. Reginald Burrows, a PLP member, expressed the view that it should be educating people who were attempting to obtain credit: "We know that in a society which depends on tourism as its major industry, people like to have a high standard of living, ... but ... people have to be educated that they cannot live like the tourists".

#### Debate in the House of Assembly on the Pitt report

59. During the debate, Premier Gibbons stated that in formulating its economic policies and programmes, the Government had taken into account the relevant conclusions and recommendations contained in the report. Some of those policies and programmes had been announced by the Governor in his speech (see paras. 52-54 above). On the question of investigating monopoly elements in Bermuda's business structure, Mr. Gibbons told the House of Assembly that the Canadian Government had agreed to send a qualified economist to the Territory to make such investigations. Recalling that the Government had anticipated an annual growth rate of slightly over 1 per cent for the international finance industry, he said that with a continuing influx of exempted companies, there was no necessity to encourage economic growth by contemplating early licensing of international banks.

60. Mrs. Browne-Evans responded that "until the Premier really does something to show he really means that he is concerned about a greater distribution of the economic pie, the rest is just window dressing".

61. Mr. John W. D. Swan, Minister of Home Affairs, pointed out that Bermudians were holding 50 per cent of the hotel management jobs and more than 80 per cent of the senior positions in the civil service, a fact which reflected a movement into higher occupational levels. Perhaps Bermuda had not moved as fast as some other countries in terms of economic adjustments, but he hoped that "when we do make these moves, we would have some of the ingredients to support the change itself". His ministry now had the statistics, obtained through the manpower survey, on which to assess Bermuda's job market, and the Ministry of Education and the business community would use them in preparing training programmes.

62. Mr. Frederick Wade, Deputy Leader of the Opposition, remarked that although there had been much talk about upward mobility, Bermudians were still discontented

because they did not have the best jobs. He believed that although small businesses would be provided with money and advice, they would not get a share of the market until the monopolies were prepared to step aside.

### C. Public finance

63. In his budget speech of 24 February 1978, Mr. Gibbons stated that the budget estimates for 1978/79 envisaged an expenditure of almost \$B 89.1 million (\$B 78.4 million in 1977/78), of which \$B 80.5 million was on recurrent and \$B 8.6 million on capital account. Revenue, mainly derived from customs duties, was estimated at \$B 87.3 million (\$B 78.8 million in the previous year), thus leaving a deficit of \$B 1.8 million. The continued, albeit marred, recovery in the local economy had led to a greater budget surplus in 1977/78 than had been originally projected. Consequently, the Government was expected to be able to cover the projected shortfall for 1978/79 without having to resort to substantial increases in taxes. Among other things, he intended to propose: (a) reducing duty on certain imports to be used in the production of local goods such as materials for the printing and boat-building industries; (b) revising the tariff to help those engaged in commercial fishing, agriculture and horticulture (see also paras. 54 and 62 above); and (c) increasing the airport departure tax in order to finance major improvements to the Civil Air Terminal (see also para. 53 above).

64. Mr. Gibbons also said that the principal factors responsible for the increase in the total estimated recurrent expenditure for 1978/79 were higher salaries and wages for civil servants and government employees, partly resulting from the provision of new or expanded public services. The total estimated capital expenditure for the same year would include the following main allocations: school buildings, \$B 1.8 million; government office block, \$B 1.0 million; improvement of the Civil Air Terminal, \$B 600,000; prisons, \$B 550,000; development of public housing and Freeport, \$B 300,000; reconstruction of St. Brendan's Hospital, \$B 250,000; fisheries development in association with the United Nations Development Programme (UNDP), \$B 100,000 (see also para. 57 above); and other major capital works (including construction of roads and sewers), \$B 1.4 million. A further proposal was the establishment of a business development bank to help small businesses, with an initial capital of \$B 500,000, of which \$B 250,000 would be subscribed by the Government and the remainder by the financial community (see also para. 55 above).

65. In his recent speech, the Governor stated that estimates of the territorial revenue and expenditure for 1979/80 would be laid before the legislature. In that connexion, Mrs. Browne-Evans of PLP said that the Governor should have given some assurance that the Government had a definite, fair and progressive way to raise the revenue to make its plans for the Territory a reality.

## 4. SOCIAL CONDITIONS

### A. Labour

#### Results of the manpower survey

66. In August 1978, the Government conducted a manpower survey to obtain more

comprehensive information on job opportunities and the number of Bermudians and non-Bermudians in various occupations. According to the survey, which was released on 24 November, out of a total labour force of 28,276, 4,896 were non-Bermudians. The Government stated that the total represented a sharp decline from the 8,000 to 10,000 non-Bermudians employed in the early 1970s.

67. The following table shows the number of Bermudians and non-Bermudians in the 10 major occupational classifications:

<u>Occupation classification</u>	<u>Bermudians</u>	<u>Non-Bermudians</u>
Wholesale/retail trade and restaurants/hotels	9,612	1,789
Community, social and personal services	5,997	2,094
Financing, insurance, real estate and business services	2,385	504
Transport, storage and communications	2,114	114
Construction	1,534	110
Manufacturing/servicing	951	151
Electricity, gas and water	331	14
Agriculture and fishing	208	51
Quarrying	105	6
Others	<u>.143</u>	<u>63</u>
	23,380	4,896

#### Bermudianization and immigration

68. In his speech of 27 October 1978, the Governor stated that the Government had reorganized its Department of Management and Personnel Services. The administration of present training facilities had been improved and extended and an administrative trainee scheme had been launched to prepare Bermudians for senior administrative posts in the Government. The recent evaluation of civil service posts, together with the manpower survey, would be of great assistance to the Government in creating training programmes and charting future staffing requirements. Amendments to the Immigration and Protection Act of 1956 would also be introduced in the legislature.

69. Following the Governor's speech, Mrs. Browne-Evans, among others, made a statement on economic growth and "bermudianization" (see para. 56 above). During the debate in the House of Assembly on the Pitt report, Mr. Swan, Minister of

Home Affairs, in explaining the Government's position in that regard (see para. 61 above), drew attention to the results of the manpower survey. He observed that although the non-Bermudian work force had been cut in half in the past few years, there were still areas in which Bermudians were needed. He hoped that "with training and so forth, these areas will be areas where Bermudians can take over".

70. Concerning the Government's immigration policy, Mr. Swan stated that the Immigration and Protection Act was being completely reviewed in order to bring it up to date. In particular, he expressed the hope that the Government would find a solution to the problems facing second-generation Portuguese in Bermuda (noted by the Pitt Commission in its report) and its non-Bermudian long-term residents. As for two other points raised by the Commission, he said that any person with visitor status should leave the Territory as a visitor and that one arriving there as a worker should come in on that basis. The Government kept a record of Bermudians working overseas so that they could be made aware of job opportunities in their own country.

71. Commenting on the Commission's other conclusions and recommendations, Premier Gibbons told the House of Assembly that many employers might not be making a genuine attempt to fill positions with Bermudians; in any circumstances, it should be required that expatriates employed in the private sector train a Bermudian when available. The Government had already taken certain actions in response to the request of the Employers' Council that tax relief be more readily available for on-the-job training, and should the Bermuda Industrial Union (BIU) (the largest single labour organization) make concrete proposals to encourage incentives for training, the Government would certainly welcome them.

72. As regards the provision of more job opportunities for Bermudians both in the public and private sectors, Mr. Stanley Lowe, a PLP member, stated that much remained to be accomplished, adding that there were indications that something was basically wrong in the Government's training programmes.

#### B. Housing

73. In his speech of 27 October 1978, the Governor declared that the continued existence of substandard housing in Bermuda would no longer be tolerated. The legislature would be requested to consider a number of proposals to eliminate that intolerable and unacceptable condition. A housing programme consistent with the aspirations of Bermudians was being designed and would become a reality in the foreseeable future. The Government's older housing units would continue to be upgraded at an accelerated pace. Selected houses built by the Government would be sold as opportunity arose, in order to increase home ownership.

74. During the debate on the Governor's speech, Mr. Marshall, Minister of Works and Agriculture, informed the House of Assembly that the Government hoped to start solving housing problems on three fronts in early 1979, by increasing the ratio of Bermudian home ownership, now at 40 to 50 per cent to over 60 per cent; improving availability of rental units, including those for low-income families, and by upgrading substandard units.

75. Regarding housing development, PLP took the position that it was the Government's responsibility to build more low-cost houses and eradicate all substandard units.

76. Later, in the course of the debate in the House on the Pitt report, Premier Gibbons stated that the Bermuda Housing Corporation (BHC), a statutory body established in 1974, had formed a Housing Association in Bermuda as recommended in the report, and that the Government hoped to announce by February 1979 how it intended to proceed with the scheme of BHC to provide 22 single-family houses. In welcoming the formulation of the scheme, Mr. Stanley Lowe, a PLP member, suggested that BHC should extend its operation to promote home ownership by making financial arrangements for people to purchase their own homes.

### C. Health and social services

77. The major features of the health care system of the Territory were described in the last report of the Special Committee. <sup>h/</sup> In the budget for 1978/79, a sum of \$B 250,000 is included for St. Brendan's Hospital (one of the two hospitals maintained by the territorial Government, providing treatment for mental diseases) under a reconstruction programme which is expected to cost an estimated \$B 2.3 million. The programme will provide improved accommodation and facilities for both patients and staff at the hospital (see also para. 64 above).

78. In his recent speech, the Governor said that at the King Edward VII Memorial Hospital (the government general hospital), treatment was now available in the newly established renal dialysis unit as an insured hospital benefit, and that active consideration was being given to the inclusion of the treatment of alcoholics in the same insurance scheme.

79. The Governor also said that the Ministry of Health and Social Services welcomed the support of the Pitt Commission, especially for the social assistance programme and the child development project. The legislature would be asked to consider plans for further help for the aged and handicapped. Although older people had recently received a 50 per cent increase in old-age pensions and a reduction in bus and ferry fares the Government believed that it should contribute further to their well-being. Urgent attention should also be focused on the difficulties encountered by the handicapped, particularly with respect to pensions. It was intended to propose amendments to the Contributory Pensions Act of 1970.

80. The Governor went on to say that the Government had demonstrated its deep concern for those in need of social services by introducing a number of innovative programmes to tackle the problems of crime and juvenile delinquency. The Women's Prison and Casemates Prison would be replaced in the near future by modern facilities.

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<sup>h/</sup> Ibid., Thirty-third Session, Supplement No. 23 (A/33/23/Rev.1), vol. III, chap. XXI, annex, para. 96.

81. Finally, the Governor stated that the Ministry of Health and Social Services had already moved forward with a number of projects concerning child development (including one recently initiated in Devonshire Parish). The Government planned to demonstrate further its sensitivity and concern in the area of social services, particularly based on its fundamental acceptance and understanding that the family was the cornerstone of life in Bermuda.

82. During the debate on the Governor's speech, Mrs. Browne-Evans expressed the view of PLP that the Government should: (a) offer incentives to encourage preservation of marriage and the family; (b) propose how best to inculcate decent standards into family life; and (c) get on with its job in the area of social ills - giving senior citizens economic well-being, taking care of the handicapped, providing for youth and rehabilitating juvenile delinquents.

83. Mr. C. E. James, Minister of Health and Social Services, replied that the Government's duty was to spearhead methods by which problems for the local community could be solved, and to work closely with voluntary organizations. He pointed out that under the revised social assistance programme, single parents and their children would be provided with the necessities of life and that legislation would be proposed to improve the maintenance payment service.

84. In his comments on the Pitt report in the House of Assembly, Premier Gibbons made the following two main points: first, the Territory's Economic Forum (with participants representing the Government, the business community and the labour unions) was discussing the question of unemployment insurance, and it was hoped that firm recommendations would be forthcoming. Second, the problem facing single parents of children of pre-school age might have to be met by the expansion of nursery schools.

#### D. Social integration

85. According to the Governor, in his recent speech, the Government recognized that the Race Relations Council had not been able to function as effectively as had been anticipated and had made a firm commitment to change that situation. The introduction of a broad human rights bill was being considered, aimed at fostering racial harmony as well as equal opportunity for women. The Government planned to issue a green paper on sports and youth development for the broadest possible discussion of the subjects, which would ultimately lead to the formulation of national policies in those two important areas. He went on to say that plans were also being made to encourage the entire community to promote programmes aimed at enhancing Bermuda's heritage and fostering understanding, respect and unity among its people.

86. Statements made by three PLP members (Messrs. Stanley Morton, Walter Brangman and Reginald Burrows) during the debate on the Governor's speech contained the following main points:

(a) Only when racism, one of the social ills of Bermuda, was overcome, would the Territory's problems be resolved;

(b) The proposed human rights bill had some merit;

(c) They looked forward with enthusiasm to the promised green paper on sports and youth development.

87. During the debate on the Pitt report, Premier Gibbons confirmed to the House of Assembly that his Government was dedicated to building a totally integrated society, not an assimilated one as some had thought. He explained that integration meant living and working together but maintaining separate identities, which he believed to be "what the majority want". He claimed that the Government's dedication to integration extended to upward mobility and that "there have already been developments in this area, which the Ministry of Community Affairs had established well before the December disturbances". Mr. Gibbons said that in accordance with the Pitt Commission's proposal, the Minister had announced a new approach to bring about meaningful integration and upward mobility with assistance from CPC and H.

88. Regarding the Commission's recommendations on tax reform, Mr. Gibbons stated that although income tax was considered regularly and meticulously each year, the growth of the international finance industry in the Territory had created special problems. Moreover, he believed that Bermudians did not want such a tax. He also believed that the volume of business from the 3,000 to 4,000 foreign trusts set up in Bermuda produced far more income and employment than would ever be achieved from a tax on inherited wealth. He promised, however, that the matter would be reviewed, and that the Government would make changes as and when deemed advisable (see also para. 65 above).

89. Mr. J. L. Edness, Minister of Community Affairs, expressed his agreement with the Commission's recommendations affecting his ministry, stating that some were already in operation, and that efforts were being made to implement the more important recommendations. He quoted the following passage from the Pitt report:

"It is important that a Bermuda School Certificate tuition in civics should devote sufficient attention to the study of race relations and that other subjects (e.g., history and biology) should be taught in a way that relates to contemporary concerns about race relations. This is a matter for careful examination in collaboration with a Bermuda Race Relations Council with stronger powers. The same considerations apply equally to the study of the machinery of government under the sponsorship of both political parties."

In reply to a question raised by the Opposition, Mr. Edness said that the Government was prepared to take action to give effect to those recommendations. In particular, he pointed out that his ministry was trying to create a programme for community use of school facilities.

90. Turning to the problem of equal opportunity, Mr. Edness noted that trained young Bermudians, especially young non-whites, had the enthusiasm and energy to do well and ought to be able to move up economically, but were "coming up against a stone wall". ... "It is important that the Government attack this as vigorously

as possible. If the war has to be launched against Front Street, launch it, because Front Street, too, must be a part of resolving these problems. They are not without responsibility. The same thing is true of other areas of endeavour in this country - the tourism industry."

91. Mr. Edness said that the Government was sincerely trying to find ways to bring about upward mobility. Believing that it would not be achieved by the Government alone, he called on other sections of the local community to contribute to the promotion of economic equity. He also stressed that both the Government and Opposition must "get on and do things". The Opposition responded that "we will if you let us".

92. Mr. Edness concluded by saying that "we have several important documents before us, and what these reports should do for Bermuda, if we take them seriously, is to create a new order of respect, ... understanding, ... equality and ... responsibility".

## 5. EDUCATIONAL CONDITIONS

93. Mr. Ernest W. P. Vesey, Minister of Education, said at a press conference on 12 May 1978 that a statement on educational philosophy had just been tabled in the House of Assembly, to become effective immediately.

94. The statement was designed as a guide for setting and carrying out current educational priorities in the light of present needs. Bermuda's philosophy of education was based on the development of each individual into a sound, fully functioning human being and an effective citizen. In order to ensure this development, the Government was committed to the provision of equal educational opportunities for all at every level of education.

95. The statement set out plans to: (a) introduce a common curriculum in all schools; (b) inspect schools and teachers regularly and measure student achievement on a systematic basis; (c) promote an improved liaison between parents and teachers with a view to inculcating acceptable standards of behaviour in all students; (d) provide a pre-school child development programme; (e) remove the lack of continuity between primary and secondary schools; (f) abolish the secondary school entrance examination; (g) continue development of the Bermuda College, its basic objectives being to meet the educational and training needs of the local community and promote life-long learning by offering extension courses to adults; (h) introduce outside evaluations of the local educational system; (i) provide extra resources and support for compensatory education for under-privileged children; and (j) continue to make various forms of assistance available to those who need to pursue further education abroad. According to Mr. Vesey, much of what was contained in the statement was already in effect, and other ideas were being worked upon.

96. In his speech before the legislature on 27 October, the Governor referred to the strong emphasis being placed on the development of a sound education to enable Bermuda's young people to realize the goals of their country's future, and which

was recognized as the key to upward mobility and the foundation of a solid democracy. The Government planned to achieve that goal through the framework provided by the above-mentioned statement on educational philosophy.

97. The Governor also said that outside experts would undertake a complete evaluation of all aspects of the local educational system with a view to preparing strategies for its improvement; that the Government would provide certain tuition-free places at the Bermuda College to give mature students another chance to obtain qualifications; and that after announcing its plans for a new department of hotel technology in early 1979, the Government would start the first phase of construction of a unified Bermuda College campus.

98. In reply to the Governor's speech, PLP noted the Government's intention to obtain yet another evaluation of the educational system by outside experts. PLP recognized that the deficiencies in the system lay in the lack of that "binding agent" of motivation which would knit the parents, teachers and students as one, and which would also provide the Territory with qualified Bermudians to fill positions both in the public and private sectors.

99. On the points raised by PLP, Mr. Vesey, together with three other UBP members (Mr. Colin Benbow, Mr. Sidney Stallard and Mrs. Anita Smith), made the following observations. The Government believed that outside experts could make a realistic evaluation of the Territory's educational system. It was making every effort to improve the system, which was considered better than that in any other small country. It had every intention of ensuring that young Bermudians were trained to fill posts in the local community. Parents should do more to encourage their children to help themselves.

100. During the debate in the House of Assembly on the Pitt report, Premier Gibbons stated that the Government was concerned at the lack of integration in many schools. It was also concerned about the increase in the number of government scholarships from 20 to 45, indicating that the Government could respond immediately to a demonstrated need.

101. Noting the statement by Mr. Walter Brangman, a PLP member, that Bermuda should stop wasting its human resources, Sir John Sharpe, a UBP member and a former Premier, stated that although the Pitt Commission had made a series of good recommendations concerning educational development, virtually all of them were being worked on.

102. Three government leaders had commented on the recommendations of the Commission dealing with race relations, financial assistance to adult students, the Bermuda College and government scholarships (see also paras. 89, 97 and 100 above). Among its other more important recommendations were the following:

(a) The Commission endorsed the Government's proposal, contained in its statement on educational philosophy, that parents should think of themselves as principals in the educational process in partnership with the school.

(b) Bermudian and non-Bermudian teachers should be responsible for exhibiting good human relations. More authority should be delegated to head teachers in matters of administration as opposed to educational policy. There should be a substantial increase in activities in the field of parent-teacher associations. Greater emphasis should be placed on counselling in schools.

(c) Steps should be taken to monitor compensatory education at the primary school level with a view to ensuring that pupils enter into selection for secondary education on a basis that is as nearly equal as possible.

(d) The system of secondary school selection should be reformed while at the same time giving attention to upgrading those secondary schools not up to standard.

(e) The Government should draw up and widely publicize a list of those institutions of higher learning abroad offering a good degree course.

(f) Manpower surveys should be implemented to identify those areas where Bermudians with higher qualifications might be required in the future. (For the results of the first manpower survey conducted in Bermuda, see paras. 66-67 above.) Preference for financial assistance from the Government should be extended in those areas where there was a need for a particular skill to be acquired. In meeting its great need for people with professional skills in many fields, the Territory should avoid the prospect of having too many Bermudians trained in one area and thus competing for too few jobs.

## BRITISH VIRGIN ISLANDS

A. Consideration by the Special Committee

1. At its 1135th meeting, on 9 February 1979, by adopting the suggestions relating to the organization of its work put forward by the Chairman (A/AC.109/L.1280 and Add.1), the Special Committee decided, inter alia, to refer the British Virgin Islands to the Sub-Committee on Small Territories for consideration and report.
2. The Special Committee considered the Territory at its 1149th meeting, on 1 August.
3. In its consideration of the item, the Special Committee took into account the provisions of the relevant General Assembly resolutions, including in particular resolution 33/44 of 13 December 1978 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 12 of that resolution, the Assembly requested the Special Committee "to continue to seek suitable means for the immediate and full implementation of General Assembly resolution 1514 (XV) in all Territories which have not yet attained independence and, in particular: ... to formulate specific proposals for the elimination of the remaining manifestations of colonialism and to report thereon to the General Assembly at its thirty-fourth session". The Committee also took into account General Assembly resolution 33/35 of 13 December 1978 concerning five Territories, including the British Virgin Islands. By paragraph 10 of that resolution, the Assembly requested the Special Committee "to continue to seek the best ways and means for the implementation of the Declaration with respect to ... the British Virgin Islands ... including the possible dispatch of visiting missions in consultation with the administering Power ...".
4. During its consideration of the Territory, the Special Committee had before it a working paper prepared by the Secretariat (see annex to the present chapter) containing information on the latest developments concerning the Territory.
5. The representative of the United Kingdom of Great Britain and Northern Ireland, as the administering Power concerned, participated in the work of the Special Committee during its consideration of the item.
6. At the 1149th meeting, on 1 August, the Rapporteur of the Sub-Committee on Small Territories, in a statement to the Special Committee (A/AC.109/PV.1149), introduced the report of the Sub-Committee (A/AC.109/L.1321), containing an account of its consideration of the Territory.
7. At the same meeting, the Special Committee adopted without objection the report of the Sub-Committee and endorsed the conclusions and recommendations contained therein (see para. 9 below).

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\* Previously issued as part of A/34/23/Add.5.

8. On 1 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 1149th meeting, on 1 August 1979, to which reference is made in paragraph 7 above, is reproduced below:

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

(2) The Special Committee reiterates the view that such factors as size geographical location, population and limited natural resources should in no way delay the speedy implementation of the process of self-determination in accordance with the Declaration contained in resolution 1514 (XV), which fully applies to the Territory.

(3) With a view to accelerating the process of decolonization so as to ensure the rapid and complete implementation of the Declaration, the Special Committee notes with appreciation that the administering Power has continued to participate actively in the work of the Committee.

(4) Mindful that visiting missions to small Territories provide an effective means of ascertaining the situation in the Territories visited, the Special Committee considers that the possibility of sending further visiting missions to the British Virgin Islands at an appropriate time should be kept under review. In this regard, the Committee expresses its satisfaction at the willingness of the administering Power to receive visiting missions in the Territories under its administration.

(5) The Special Committee takes note of the statement of the representative of the administering Power that his Government will respect the wishes of the people of the Territory in determining their own future. The Committee is of the view, however, that it remains the obligation of the administering Power to carry out a thorough programme of political education so as to ensure that the people of the Territory are made fully aware of their right to self-determination in conformity with resolution 1514 (XV). The Committee therefore calls upon the administering Power to take all necessary steps, taking into account the expressed wishes of the people of the British Virgin Islands, to expedite the process of decolonization in accordance with the relevant provisions of the Charter of the United Nations and the Declaration.

(6) The Special Committee reaffirms once again the responsibilities of the administering Power under the Charter for the economic and social development of its dependent Territories. The Committee, noting the economic conditions existing in the British Virgin Islands, calls upon the administering Power to strengthen the economy of the Territory through diversification so as to reduce its dependence on any single activity.

(7) The Special Committee urges the administering Power, in co-operation with the territorial Government, to take effective measures to safeguard, guarantee and ensure the right of the people of the British Virgin Islands to own and dispose of their natural resources and to establish and maintain control of their future development.

(8) The Special Committee urges the specialized agencies and other organizations within the United Nations system, in particular the United Nations Development Programme, as well as regional institutions such as the Caribbean Community and the Caribbean Development Bank, to continue to pay special attention to the development needs of the British Virgin Islands.

(9) The Special Committee takes note of the recent constitutional developments in the British Virgin Islands and in particular of the decision to lower the voting age from 21 to 18 years.

(10) The Special Committee notes that the territorial Government has had some success in its efforts to achieve a viable economy. This notwithstanding, the Committee urges the administering Power to continue to co-operate with the local authorities in designing programmes to diversify the economy. In this connexion, the Committee stresses the need to enlist the assistance of the specialized agencies and other organizations within the United Nations system in the drive to strengthen the economy of the British Virgin Islands.

ANNEX\*

Working paper prepared by the Secretariat

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\* Previously issued under the symbol A/AC.109/L.1287

BRITISH VIRGIN ISLANDS a/

1. GENERAL

1. The British Virgin Islands comprise about 36 islands and islets, of which only 16 are inhabited. They cover a total of 153 square kilometres and lie about 96 kilometres east of Puerto Rico and 225 kilometres north-west of St. Kitts. The most important islands are Tortola (54 square kilometres), the largest island in the group, Anegada, Beef Island, Virgin Gorda, Jost Van Dyke, Peter Island and Cooper Island.
2. The final result of the census taken in 1970 showed a total population of 10,030, the majority (85 per cent) of whom are of African descent. Of that total, 8,666 lived on Tortola, 904 on Virgin Gorda, 269 on Anegada and the remainder on other islands. Road Town, the capital city, which is located on Tortola, had some 3,600 inhabitants at the time of the census.
3. Comparison of the 1970 census figures with those of the previous census, held in 1960, reveals that the total population increased by nearly 40 per cent over the decade. The population growth was largely the result of a considerable influx of immigrants, mainly from the Eastern Caribbean. They were admitted to the Territory, partly because many of its people had emigrated to work in the United States Virgin Islands and partly because the British Virgin Islands experienced a rapid but short-lived economic expansion in the late 1960s.
4. In mid-1977, the population was officially estimated at 11,500. During that year, movement to and from the British Virgin Islands continued to be substantial, as indicated by the fact that arrivals and departures totalled 137,099 and 133,743, respectively. As previously noted, b/ the territorial Government continued to be aware of the unfavourable effects on the social services of the Territory and on its relationship with the United States Virgin Islands if immigration were not closely controlled. Its policy has been directed towards discouraging the growth of a large, dependent immigration population. Under that policy, the Government granted "belonger" status to 2 persons and certificates of residence to 24 others in 1977.
5. At the opening session of the legislature on 26 October 1978, Mr. Alford E. Penn, the Acting Governor (see also paras. 11 and 21 below), outlined the future development of the Territory and reaffirmed the Government's policy to that end, stating that "vigilant and effective control must be maintained both at the ports of entry and through internal surveillance".

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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 7 August 1978, for the year ending 31 December 1977.

b/ Official Records of the General Assembly, Thirty-third Session, Supplement No. 23 (A/33/23/Rev.1), vol. III, chap. XXII, annex, paras. 4-5.

Mr. Penn added that existing policy on granting belonger status and certificates of residence would be kept under review to further that objective as well as to protect business and employment opportunities for the indigenous population and residents.

## 2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

### A. Constitution

6. The Virgin Islands (Constitution) Order, 1976, incorporates the proposals of the Legislative Council for the revision of the Territory's Constitution, c/ which was introduced in 1967 and amended in 1970 and 1971.

7. Under the Order, which came into operation on 1 June 1977, the Government's structure remains unaltered, comprising a Governor appointed by the Queen, an Executive Council and a Legislative Council. The principal changes in the Order are summarized below.

8. Finance is the responsibility of an elected minister. In the exercise of his remaining reserve powers (external affairs, defence, the civil service and administration of the courts) and internal security including police, the Governor is required to consult the Chief Minister. In the exercise of the powers of pardon, among others, the Governor is required to consult the Advisory Committee on the Prerogative of Mercy, consisting of the Attorney-General, the Chief Medical Officer and four members appointed by the Governor after consultation with the Chief Minister. There is provision for a Deputy Governor.

9. The Financial Secretary is no longer a member of the Executive Council and the Legislative Council, a factor leading to the modification of their composition. The Executive Council consists of the Governor (Chairman), the Chief Minister, two other ministers and one ex officio member (the Attorney-General). Provision is made for the appointment of a minister to the post of Deputy Chief Minister. The Legislative Council is to consist of a speaker, chosen from outside the Council, one ex officio member (the Attorney-General) and nine (instead of seven as provided for in the earlier orders) elected members returned from single-member constituencies. The last-mentioned provision and those eliminating the nominated seat in the Legislative Council and reducing the voting age from 21 to 18 years will come into effect at the next general election, due in the second half of 1979.

### B. Political parties and elections

10. At the last general elections, held on 1 September 1975, only two political parties were active in the Territory: the Virgin Islands Party (VIP) and the United Party (UP). They each won three seats, with the remaining seat going to Mr. Ralph O'Neal, an independent. On 3 September, Mr. Walter Wallace, who was then Governor, announced the formation of a coalition Government composed of members of

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c/ Ibid., paras. 6-9.

UP and VIP, and reappointed Mr. Willard Wheatley (UP) Chief Minister. Two other ministers were appointed from among the members of VIP: Mr. H. Lavitty Stoutt, Minister of Natural Resources and Public Health, and Mr. Alban Anthony, Minister of Communications, Works and Industry. Later in the month, it was reported that Mr. Wheatley had switched from UP to VIP. Subsequently, Mr. Austin Henley (UP) was recognized as Leader of the Opposition (see also para. 12 below).

11. Upon entry into force of the Order referred to in paragraphs 6-7 above, the three government ministers were reappointed to their respective posts. Messrs. Wheatley and Stoutt were also appointed Minister of Finance and Deputy Chief Minister, respectively. The appointment of Mr. Penn, a native of the British Virgin Islands, as Deputy Governor, was also announced.

12. Following the death of Mr. Henley on 21 October 1977, Mr. Oliver Cills (UP) became Leader of the Opposition. On 15 December, a by-election took place for the seat in the Legislative Council left vacant by Mr. Henley's death, and the VIP candidate was declared the victor.

C. Questions arising from the exercise by the Governor of certain powers

Action taken by the Governor

13. On 11 October 1977, Mr. Sylvester Gaston, a native of St. Lucia and temporary resident of the British Virgin Islands, was found guilty by a jury in the High Court of Justice d/ of the murder on 19 January 1977 of Mrs. Evelyn Rabsatt, a **shopkeeper** of Tortola and was sentenced to death by hanging. His conviction was heard and sustained by the Court of Appeal.

14. On 23 May 1978, following the rejection by the Privy Council in the United Kingdom of his judicial appeal, Mr. Gaston sent a letter of application for clemency to Governor Wallace, through the Advisory Committee on the Prerogative of Mercy (see also para. 8 above). According to press reports, despite massive public demonstrations calling for execution of the death sentence imposed on Mr. Gaston, the Governor commuted the sentence to life imprisonment. The decision was made on 5 July, shortly after the Advisory Committee, by a four to one majority, had recommended that the law should take its course.

15. In commuting the sentence, Governor Wallace said that he had relied on the reports of a psychiatrist following the trial that Mr. Gaston "lacked substantial mental capacity ... to appreciate his criminal act", and on a report from the trial judge in which "doubt was expressed as to whether there was the necessary criminal

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d/ The law of the Territory is administered by the West Indies Associated States Supreme Court. The latter consists of a Court of Appeal, comprising the Chief Justice appointed by the Queen and two justices of appeal, as well as a High Court of Justice, comprising the Chief Justice and six puisne judges. The High Court of Justice sits at Road Town on Tortola with a jury of nine for the trial of criminal cases.

intent to constitute an act of murder". The Governor pointed out that the trial judge had recommended commutation of the sentence. Mr. Wallace acknowledged his awareness of "the views of the majority of the community on capital punishment" and said that he understood fully "the feelings which any serious crime must arouse". Nevertheless, the medical and legal reports had left him "with no alternative but to commute the sentence to one of imprisonment for life".

#### Resolution adopted by the Legislative Council

16. On 6 July, after learning of the Governor's decision, the Legislative Council held a meeting, during which it unanimously adopted a resolution proposed by Mr. O'Neal and seconded by Mr. Q. W. Osborne, a VIP member. By that resolution, the Council deplored "the action of His Excellency the Governor Walter Wallace in the exercise of the Royal Prerogative of Mercy on 5 July 1978" and requested that "His Excellency be recalled immediately", that "a British Virgin Islander be appointed as Governor" and that, in the exercise of the royal prerogative of mercy, the Governor "act in accordance with the advice of the Mercy Committee". The Council sent a copy of the resolution to Governor Wallace for forwarding to the United Kingdom Secretary of State for Foreign and Commonwealth Affairs.

#### Observations of the United Kingdom Government

17. In a dispatch dated 27 September 1978, addressed to the Governor, the Secretary of State said that, having examined the case file and other relevant information received, he had no doubt that the Governor had had no alternative in reaching his decision. He said that the Governor was required to exercise the powers of pardon, among others, on behalf of the Queen in his own deliberate judgement, having first consulted the Advisory Committee on the Prerogative of Mercy. He was not constitutionally obliged to follow the Committee's advice if, in his own deliberate judgement, he rejected it.

18. The Secretary of State was of the opinion that "there was nothing deplorable in the manner in which you exercised the prerogative of mercy in this case". He saw no grounds, therefore, to accede to the request that Mr. Wallace be recalled before the conclusion of his tour of duty in October 1978. He confirmed that Mr. Wallace was to be replaced in the following month by Mr. James Alfred Davidson of the United Kingdom, whose appointment had been approved by the Queen.

19. In his dispatch, the Secretary of State further declared that:

"It is not Her Majesty's Government's policy to appoint local persons as Governors prior to the grant of independence; this is because for so long as a Territory remains a dependency, ultimate responsibility for its affairs rests with Her Majesty's Government. If, however, it remains the unanimous wish of the Legislative Council not to have a Governor appointed from the United Kingdom to the Colony of the British Virgin Islands, then it would certainly be appropriate for the Council to consider the constitutional implication of their wish. Her Majesty's Government would be willing to consider any representations made in consequence of this."

## Other developments

20. Between the departure of Mr. Wallace on 24 October and the arrival of Mr. Davidson on 23 November, Mr. Penn, the Deputy Governor served as Acting Governor.

21. On 26 October, the Legislative Council adopted a motion inviting Mr. Penn to deliver a speech at its opening session (see also para. 5 above), and expressed its delight at having a native-born Acting Governor. During the debate on the motion, Mr. Osborne, whose views were shared by two other members (Messrs. Cills and O'Neal), referred to "recent opposition to the policies of former Governor Wallace", saying that the Territory had been through a "very unhappy" period. He was happy, however, "that an indigenous person will give the speech today" and hoped that it was "a sign of things to come". He went on to say that "as long as I am on my feet, I will fight to get the constitutional advance which will allow us to get our own Governor".

### D. Future status of the Territory

22. In its previous report, e/ the Special Committee noted a statement made by Governor Wallace at a public meeting in April 1977 in which he said that although the first aim of the territorial Government was to achieve a viable economy before considering the desirability of further constitutional change, this did not mean that major constitutional change would automatically follow the termination of United Kingdom grants-in-aid in 1979. According to Mr. Wallace, the most important factor at that time in considering future constitutional change was the motion, passed unanimously by the Legislative Council in November 1976, to the effect that there should be no major constitutional advance to full internal self-government or independence without a referendum or the testing of the issue at a general election.

23. In a dispatch to the Governor on 27 September 1978, the United Kingdom Secretary of State for Foreign and Commonwealth Affairs touched on the subject of the future status of the Territory, including the appointment of a British Virgin Islander as Governor (see para. 19 above). The Council took no decision on the matter of appointing a native-born Governor, although some members announced their intention to make a further appeal to the United Kingdom Government (see para. 21 above).

24. In Mr. Penn's speech of 26 October 1978 (see paras. 5 and 21 above), the Acting Governor drew attention to an agreement recently reached concerning a programme for the termination of grants-in-aid by the end of 1979, and outlined the territorial Government's policies aimed at accelerating economic and social development. He gave no information, however, concerning specific measures to be taken or contemplated for the attainment of full internal self-government or independence.

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e/ Official Records of the General Assembly, Thirty-third Session, Supplement No. 23 (A/33/23/Rev.1), vol. III, chap. XXII, annex, paras. 13-14.

25. In a statement before the Fourth Committee of the General Assembly, on 22 November 1978, f/ the representative of the United Kingdom reiterated that his Government respected the wishes of its dependent Territories to determine their own future in accordance with the principles of the Charter of the United Nations. He added that his Government would not force constitutional change on its dependent Territories, but believed that such change should take place at the rate at which the peoples of the Territories wished. In his view, the pace of constitutional advance in a small Territory with scarce economic resources could be at a slower pace than, or different from, that in other Territories. It was unrealistic, therefore, to urge that a time-scale be imposed on the achievement of independence by a Territory whose inhabitants felt that they needed more time and more preparation before starting that process.

26. The representative of the United Kingdom further stated that his Government attached great importance to developing a soundly based economy in its dependent Territories, as a counterpart to constitutional progress, and tried to pay particular attention to the Special Committee's recommendations to strengthen and diversify the economies of its small Caribbean and other Territories. He recalled that missions from the Special Committee had visited three Caribbean Territories under United Kingdom administration (including the British Virgin Islands). The reports of those missions to Montserrat, g/ the British Virgin Islands h/ and the Cayman Islands i/ showed that the Territories in question had no wish to proceed to independence at the present time. Should the position of the elected Governments of those Territories change at any time, his Government would of course be prepared to respond to a request for further constitutional change.

27. In his welcoming address to Governor Davidson at a special session of the Legislative Council, held on 24 November 1978, Mr. Wheatley, the Chief Minister, stated that:

"Your Excellency is aware of the fact that the whole thrust of our constitutional development has been to shift from the Office of Governor onto the elected representatives of the people in an ever-increasing range of responsibility for executive action while maintaining that the executive authority of the Virgin Islands rests in Her Majesty. This process of constitutional advance may even be taken a step further during Your Excellency's tenure of office, but this will depend entirely on whether the people desire and clearly demand such change."

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f/ Ibid., Fourth Committee, 24th meeting, paras. 23-30.

g/ Ibid., Thirtieth Session, Supplement No. 23 (A/10023/Rev.1), vol. IV, chap. XXVIII, annex.

h/ Ibid., Thirty-first Session, Supplement No. 23 (A/31/23/Rev.1), vol. IV, chap. XXVIII, annex.

i/ Ibid., Thirty-second Session, Supplement No. 23 (A/32/23/Rev.1), vol. IV, chap. XXVI, annex.

#### E. Localization of the civil service

28. A Public Service Commission advises the Governor on appointments to the civil service, which numbered 393 persons at the end of 1977, excluding primary school teachers and members of the police force. Of the 66 government employees serving on contract terms, 57 were expatriates (13 from the United Kingdom and the rest from the West Indies). Ten of the 22 senior positions were held by local officers. During the year under review, the Civil Service Association (CSA) continued its activities and its regular meetings provided a forum for public discussions on the problems of the service.

29. In his budget speech, delivered to the Legislative Council on 25 April 1978, Mr. Wheatley reported that negotiations with CSA on a further cost-of-living payment had reached a final stage, although he did not know the precise terms or cost of the anticipated settlement. Work was continuing towards a formal agreement and action was being taken to ascertain how best it might be financed.

30. In Mr. Penn's speech of 26 October 1978, at the opening session of the Legislative Council, the Acting Governor said that the territorial Government was continuing to emphasize the training of civil servants at all levels, and that efforts would be intensified to examine the manpower needs of the service and to prepare a programme of training requirements for the future.

31. In Mr. Wheatley's statement to the Legislature on 24 November 1978 (see para. 27 above), the Chief Minister expressed the hope that the development of the training programme would reduce the number of overseas personnel in the civil service, although those who were needed would still be made to feel at home.

#### F. Regional co-operation

32. The British Virgin Islands has co-operated with other Caribbean countries in various fields of endeavour and has participated in certain regional institutions and projects of the United Nations Development Programme (UNDP). j/ Relations between the Territory and the United States Virgin Islands have been particularly good, owing mainly to their geographical proximity, economic interdependence, social interrelationship and institutional ties in the informal sharing of certain services and facilities.

33. It is on the basis of that relationship that the Governments of the United Kingdom and the United States of America signed a Reciprocal Fisheries Agreement at Washington, D.C., on 24 June 1977. The Agreement, among other things, provides for the continuation of commercial fishing by vessels of the British Virgin Islands and the United States Virgin Islands in their respective exclusive fishery zones, in accordance with existing patterns and at current levels of catch. On 2 August 1978, the Governor of the United States Virgin Islands announced that the Agreement had

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j/ Ibid., Thirty-third Session, Supplement No. 23 (A/33/23/Rev.1), vol. III, chap. XXII, annex, paras. 20-26.

been ratified by the United States Senate, adding that that action now paved the way for full implementation of the Agreement and constituted a significant step in strengthening the long-standing close ties between the Governments and peoples of the two Territories.

34. Mr. Juan Francisco Luis, Governor of the United States Virgin Islands, and Acting Governor Penn, together with political leaders, government officials and representatives of various organizations of the two Territories met on 28 October in Road Town to celebrate the seventh Annual Friendship Day. In his welcome address, Mr. Penn, the Acting Governor of the British Virgin Islands, said that the original concept of Friendship Day as a bond of friendship between the two Territories had grown stronger both in areas of civic pride and governmental activity, so that specific problems could be discussed without violating the provisions of their respective constitutions. He cited police surveillance, immigration, education and health as areas in which the British Virgin Islands had received substantial assistance from the United States Virgin Islands. Governor Luis responded by saying that he would exert every effort to maintain and strengthen the cultural and economic ties between the two Territories, adding that "if in any way I or the United States Virgin Islands can co-operate, we are there to co-operate with you".

### 3. ECONOMIC CONDITIONS

#### A. General

35. In the late 1960s, the British Virgin Islands enjoyed a rapid economic expansion based mainly on the related activities of tourism (the Territory's most important industry and source of revenue), construction, land development and, to a lesser extent, the development of an international finance industry. The upsurge in the economy was followed by a decline from 1970 to June 1973. An upward trend continued until early 1976, when the economy again entered a slump.

36. According to an article in a local newspaper, The Island Sun of 17 January 1978, 1977 had generally been a profitable year, characterized by an accelerated pace of economic development. Tourists and other visitors had come in far greater numbers than in the previous year, thus offering a much wider base for stimulating the tourist industry. Employment, especially during the last four months of the year, took an upward turn and the general business trend appeared to be promising. As the year ended, there appeared to be a feeling of buoyancy and notable optimism for 1978. In his budget speech of 25 April 1978 (see para. 29 above), the Chief Minister made similar observations concerning the recent economic situation in the islands.

37. According to the information transmitted by the administering Power, agriculture, livestock and fishing have remained relatively under-developed; the manufacturing industry has contributed only marginally to the economy; and attempts to exploit mineral deposits have just begun. Although the Territory is an exporter of fish, livestock and other agricultural products, it shows a marked dependence on imports of certain food-stuffs (cereals, dairy products, meat, fruits and vegetables) and other goods.

38. The value of imports usually exceeds that of exports, but the adverse balance of trade is normally offset by financial aid from the United Kingdom, tourist spending and the influx of capital investment and remittances from abroad. In 1974, the last year for which complete statistical information is available, total imports and exports (including re-exports) were valued at \$US 11.6 million k/ and \$US 424,600 respectively. As in the past, trade was principally conducted with the United States, Puerto Rico, the United States Virgin Islands and the United Kingdom.

39. As previously noted, 1/ the territorial Government was expected to receive from the Economic Development Advisory Committee (established in 1976) a progress report in November 1977 and a detailed development programme covering the period 1979-1981 by July 1978. The reports were to form the basis of the Government's development plan for that period. To ensure that the Advisory Committee had expert advice and assistance, the United Nations was asked to supply a development planning adviser for one year; the expert arrived in March 1978. Earlier, the Advisory Committee had submitted its own progress report to the Chief Minister. Its draft development plan has not yet been published.

40. In his statement before the Council on 24 November 1978 (see para. 27 above), the Chief Minister referred to the development strategy of the Territory, in the preparation of which the territorial Government had taken into account the recommendations contained in the progress report of the Advisory Committee. That strategy was based upon the proper development and expansion of tourism, to be done gradually so as to avoid many of the problems now confronting certain Caribbean countries. He pointed out that the Government was also promoting the Territory as a tax relief centre and was attempting to resuscitate the agricultural, livestock and fishing industries.

41. In outlining economic policy, the Acting Governor stated in his speech of 26 October 1978 (see para. 5 above) that the Government intended to introduce measures offering greater incentives to indigenous businesses in an effort to encourage local participation in economic activities. Other proposals put forward by the Government are described below under the relevant subsections of the present report.

## B. Tourism

42. Tourism continues to be the dominant industry in the British Virgin Islands. According to the administering Power, the total number of tourists visiting the Territory increased from 22,800 in 1968 to 64,768 in 1975, reflecting an average annual growth of 14.2 per cent in the tourist industry. In 1976, however, tourist arrivals rose by only 8.5 per cent, to 70,287, a factor contributing to the sluggish

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

1/ Official Records of the General Assembly, Thirty-third Session, Supplement No. 23 (A/33/23/Rev.1), vol. III, chap. XXII, annex, para. 32.

performance of the economy. In 1977, the industry resumed its rapid growth, setting a new record of 84,929 visitors, a gain of 20.8 per cent over the previous year. Of this number, 45,713 arrived by air and 38,211 arrived by sea. There were 53,606 overnight visitors, of whom 30,073 stayed on charter boats, 19,441 at hotels and the remainder in other accommodations. The average length of stay declined from 7.6 nights in 1976 to 7.5 nights in 1977. Visitors from the United States during those two years accounted for 68.0 and 69.0 per cent of the respective totals for the two years.

43. On 12 September 1978, Chief Minister Wheatley told the Legislative Council that, despite the 20.8 per cent increase in tourist arrivals during 1977, it was necessary to recognize the powerful effect of external forces. The territorial Government was still concerned about the tiny proportion of the dollar flow which remained in the islands.

44. According to an article in The New York Times of 26 November 1978, the Territory's tourist trade was continuing to expand to the extent that it was difficult to find accommodations at any time and especially during the winter season. There were no more than 25 hotels scattered throughout the islands and rooms in hotels, guest houses and rental apartments numbered about 700. The author reported that the situation was improving slowly (see also para. 40 above), with the expansion of hotel facilities. Plans under way included the addition of 55 rooms at Prospect Reef Resort at Road Town, which, according to the article, will become the largest hotel in the Territory. On Tortola, the Long Bay Hotel was adding 12 beachfront units. Treasure Isle Hotel, also located on Tortola, was being merged with the new Mariner Inn, operated by Moorings, Ltd., a leading boat charterer in the Territory, to provide additional overnight accommodations for visiting yachtsmen. The author said that the British Virgin Islands had gained a reputation as the "sailing capital of the world": eight charter firms were operating more than 200 yachts for hire in the Territory.

45. During the period under review, the territorial Government took the following measures to expand tourism: (a) the granting of hotel aid concessions to four hotels for extensions to their premises; (b) further development of air communications; (c) the strengthening of the British Virgin Islands Tourist Board (a statutory body set up in 1969) by appointing Mr. Cyril Romney as its Chairman; (d) a substantial increase in budgetary provisions for effective promotion of travel to the islands; (e) the issuance of 54 trade licences for the establishment of various businesses related to tourism, including gift shops, restaurants and sail-making; and (f) implementation of programmes to equip unemployed and interested students from the British Virgin Islands High School with basic skills required for employment in the hotel industry.

46. In reaffirming the Government's commitment to develop tourism, the Acting Governor stated in his speech of 26 October 1978 that greater local participation in the industry would be encouraged. The Government hoped to attract more long-staying and cruise ship visitors through the newly reconstituted Tourist Board and the British Virgin Islands Hotel and Tourist Association (HTA) (founded in 1970). The Government also planned to introduce a bill on the protection of the environment aimed at preserving and maintaining historical and archaeological sites and creating marine parks.

### C. Land development

47. The total land area in the Territory is estimated at 15,260 hectares. Private ownership accounts for 9,140 hectares and 6,120 hectares are owned by the Crown. Land matters continue to be the responsibility of the Ministry of Natural Resources and Public Health. The administering Power reports that, in close co-operation with the Land Registry and the Town Planning Department, the Survey Department has carried out transfers of land without difficulty. There has been a steady increase in the number of land subdivisions recorded, a trend which is expected to continue. The Land Registry (established in 1972) handled 670 registered land dealings in 1977, 192 fewer than in the previous year. As a result, the amount of revenue collected decreased by \$US 2,080. Plans are still afoot to bring the Survey Department, the Land Registry and the Town Planning Department under the same roof.

48. Under the Alien Land Holding Regulation Act, licences are issued to "non-belongers" wishing to hold land in the Territory, usually on condition that the licensee undertakes to develop the land within a given period of time. In 1977, 66 such licences (45 in 1976) were issued with a total development commitment exceeding \$US 1.5 million (\$US 551,000 in 1976). In March 1978, the United Nations sent an expert in development planning to the Territory on a one-year assignment (see para. 39 above).

49. In Mr. Penn's speech, of 26 October 1978, the Acting Governor stated that in physical planning, area plans had been prepared for East End, Sea Cow Bay and West End to ensure optimum land use in those areas. He further stated that the Government would soon introduce measures to bring about more intensive control of land use. In the first 10 months of 1978, a total of 45 land-holding licences had been issued to non-belongers. Steps would be taken to ensure that development commitments amounting to \$US 900,000 under such licences would be honoured.

### D. Financial institutions

50. There were four commercial banks operating in the Territory during 1977: First Pennsylvania (established in 1961); Barclays Bank International, Ltd. (1965); the Chase Manhattan Bank (1968); and the Bank of Nova Scotia (1969).

51. A significant development was the announcement made by Bahamas International Trust Company (BITCO), Ltd. in mid-November 1978, that it planned to open a branch on Tortola which would be fully operational by the end of that month, and that back-up facilities for the new branch would be provided from the main office in Nassau and also by its sister company, Cayman International Trust Company, Ltd., as required. Shareholders in BITCO include the following international financial institutions: Barclays Bank International, Ltd.; Hambros; Rothschild and Flemings; Standard Chartered Bank; the Bank of New York; and the Royal Trust Company.

52. According to The Island Sun of 18 November 1978, Mr. Gordon Camble, Chairman of BITCO, said that "we are delighted to be the first large trust company

to set up in Tortola, as we believe that there is a growing interest in the islands' special role in international tax planning". In this connexion, Mr. Dennis Catt, Managing Director of BITCO, pointed out that the Territory was a low tax area with double taxation relief treaties with the United States and other industrial countries. While stressing that the branch had no intention of doing business with residents of the United States as such, Mr. Catt made it clear that the existence of a tax treaty with the United States made it possible to reduce the withholding tax of persons investing in the United States from countries with no such treaty and using the Territory as a "stepping stone".

#### E. Agriculture, livestock and fishing

53. Agricultural production is difficult in the islands, as a consequence of the severe limitations imposed by their rugged topography, steep slopes, meagre soil resources and an unreliable water supply. Numerous crops, including sugar cane (for the production of rum), have been grown in the past (mainly by small farmers), but production has always been marginal. Cultivation is confined almost exclusively to ground provisions for local consumption and export. The supply of fresh fruit and vegetables is increasingly inadequate to satisfy local requirements. The topography and climate are fairly well suited to the cultivation of grass, however, and for many years there has been a livestock industry. Since the Second World War, many local people have emigrated to work in the United States Virgin Islands, a situation which has had an adverse effect on the agricultural and livestock industries. Commercial fishing is primarily restricted to in-shore areas and operations are confined mainly to individual fishermen.

54. The territorial Government recognizes the importance of expanding the three last-mentioned industries. Its efforts have been directed mainly towards improving facilities and methods used in production and distribution, operating schemes for loans to farmers and fishermen and providing opportunities for local agricultural officers to receive training abroad (see also para. 57 below).

55. In 1977, as a result of government involvement and greater activity by farmers, local supermarkets became more interested in marketing local produce. There was an appreciable increase in livestock production, stimulated particularly by the opening of the market for exports to Guadeloupe and Martinique. Nevertheless, the lack of abattoirs remained a serious constraint on future livestock development. Farmers generally continued to show keen interest in rearing small stock (sheep and goats), mainly because of the very large demand for mutton and lamb; there was also a steady demand for poultry meat and eggs, some of which was being met by imports.

56. In 1977, the fishing industry made significant progress, encouraged by favourable markets locally and in the United States Virgin Islands. Owing to the

heavy concentration of in-shore fishing, however, the catch rate continued to decline, and it was decided to give more emphasis to deep-sea fishing. A comprehensive fisheries ordinance was being drafted, aimed at giving effect to the Reciprocal Fisheries Agreement recently reached between the Governments of the United Kingdom and the United States (see para. 33 above).

57. In Mr. Penn's speech, of 26 October 1978, the Acting Governor said that the outlook for agriculture, livestock and fisheries was generally favourable. Negotiations with the British Development Division in the Caribbean on a number of matters were progressing or were in their final stages. These included agricultural facilities, such as two inflatable tube dams m/ being sent from the United Kingdom; the construction of abattoirs and the importation of new strains of sheep and goats from the United Kingdom. Stock-breeding programmes were also showing satisfactory results.

58. Efforts to improve the marketing of crops and livestock had continued. With the assistance of the Commonwealth Fund for Technical Co-operation (CFTC), a survey had been undertaken with the objective of expanding fisheries through the creation of an organized marketing system.

59. According to the Acting Governor, the Government was looking for promising high school graduates for training in areas such as fisheries development, crop science and agronomy, livestock and animal husbandry, marketing and other related areas. Two students were following studies abroad in animal health and veterinary medicine.

60. Finally, Mr. Penn announced that an order would be issued declaring black coral an endangered species, and that maximum protection would be given to conch, lobsters, turtles and other rare marine species in danger of depletion from over-fishing.

#### F. Industry

61. Manufacturing industries in the Territory are still in their early stages. A number of small firms produce mainly for the local market. In its progress report, the Economic Development Advisory Committee made a series of recommendations based on its survey of the potential areas of industrial development (see para. 39 above). Among other things, it proposed that consideration should be given to establishing small import substitution industries such as the manufacture of non-alcoholic beverages, towels and bed linens, the assembling of car batteries and the recapping of tyres.

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m/ The dam consists of a flexible tube coated with a special chemical and an apron of the same material which serves as an anchorage to be dammed and then filled with water until the centre of the tube achieves the desired height. The dam, developed at the Hydraulics Research Station at Wallingford, England, is seen as a simple and inexpensive alternative to conventional dams and takes less than one month to install. The dam is viewed as having great potential for making water supplies available in the agricultural areas of the islands.

62. In his recent speech, of 26 October, the Acting Governor stated that the territorial Government was actively engaged in fostering development of light industries particularly in relation to tourism, agriculture and fisheries, and that, with assistance from CFTC, a survey had been undertaken with the aim of stimulating interest in souvenir-type industries.

#### G. Mining

63. Since 1975, several companies have shown an interest in prospecting for copper on Virgin Gorda and oil and gas in off-shore waters, as well as in dredging sand from the sea-bed. In his speech, the Acting Governor said that legislation would be introduced to enable the territorial Government to consider the application of the Mobil Oil Corporation (United States) for oil exploration and that a new ordinance would be proposed to permit the processing of an application to search for copper at Copper Mine Point on Virgin Gorda.

#### H. Communications and other basic facilities

64. The territorial Government is attempting to expand and improve the infrastructure required for further development.

65. In an editorial published on 21 October 1978, The Island Sun recalled that, during a recent official inspection on Virgin Gorda, the Minister of Communications, Works and Industry had admitted that the roads were in poor condition. In the editorial, it was stated that:

"We are aware that the Government has been constantly pleading with the British Development Division in the Caribbean for more funds that are desperately needed in putting the public roads in safe and adequately usable condition and to expand the road system in keeping with development strides which are taking place. The lack of funds for road construction has been, and continues to be, one of the greatest handicaps in getting the British Virgin Islands to move forward."

According to the editorial, most of the roads on Tortola were in deplorable condition, while those on Virgin Gorda were even worse. It noted that at a public meeting, held following the tour of inspection, a speaker had suggested using Crown lands as collateral to obtain a loan for road construction.

66. In Mr. Penn's speech of 26 October, the Acting Governor announced that the Government intended to undertake seven road projects on the two largest islands of **the Territory**. The British Development Division in the Caribbean had approved a \$US 330,000 grant for work on the North Sound road on Virgin Gorda, and work had been done to maintain the East End to West End route on Tortola. Improvements were also being made to the road at Carrot Bay.

67. An important development in December 1977 was the establishment of a new air link to North America through the inauguration of daily flights by AIR BVI between

Tortola and St. Croix in the United States Virgin Islands. In the speech referred to above, Mr. Penn stated that the rapid growth of civil aviation in the British Virgin Islands during the first half of 1978 had greatly overburdened the facilities at Beef Island Airport and that financial aid was being sought to implement the first phase of a master plan for airport development, completed with technical assistance from the United Kingdom Government.

68. Mr. Penn said that in order to ease the congestion caused by the growing passenger traffic and record cargo landings at Port Purcell, the principal port of entry on Tortola, the Government was putting into practice plans to extend the jetty at West End.

69. Finally, efforts would be made to accelerate development of the Territory's electric power, sewage disposal and water supply systems, and legislation would be reintroduced to convert the Electricity Department to an autonomous statutory body to be known as the British Virgin Islands Electricity Corporation.

#### I. Anegada and Wickhams Cay developments

70. Details of the plans for developing Anegada and Wickhams Cay (Tortola) are contained in previous reports of the Special Committee. n/ Briefly, since the collapse of the Anegada Development Corporation, Ltd., little or no progress has been made in the development of Anegada.

71. In 1978, five construction projects were initiated or completed on Wickhams Cay, the two largest being a new yacht haven erected by Moorings, Ltd., at a cost of \$US 1.3 million, and a shopping complex being financed by a loan of \$US 360,000 from the Caribbean Development Bank (CDB), in participation with 12 local persons. In his speech of 26 October, the Acting Governor said that the territorial Government was satisfied with progress at Wickhams Cay, particularly the work on the shopping complex which is scheduled for completion in June 1979.

#### J. Public finance

72. According to the approved budget estimates for 1978, local revenue was expected to amount to \$US 7.8 million and recurrent expenditure to \$US 7.9 million (excluding a United Kingdom grant-in-aid of \$US 119,000), compared with anticipated actual revenue and expenditure of \$US 6.5 million and \$US 7.0 million (excluding a United Kingdom grant-in-aid of \$US 459,000) in the previous year. The capital estimates for 1978 were to cover a large number of projects, the total cost of which was estimated at \$US 4.2 million. Funds for these projects were expected to come from: (a) development aid totalling \$US 3.7 million, of which \$US 1.8 million would be provided by the United Kingdom (\$US 1.0 million in the previous year); and (b) other sources, approximately \$US 500,000.

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n/ For the most recent, see Official Records of the General Assembly, Thirty-third Session, Supplement No. 23 (A/33/23/Rev.1), vol. III, chap. XXII, annex, paras. 60-64.

73. In Mr. Wheatley's budget speech on 29 April (see para. 29 above), the Chief Minister, in his capacity of Minister of Finance, stated that he regarded the occasion as historic, because "for the first time in the British Virgin Islands, the budget is being presented by an elected representative to whom has been assigned responsibility for the finance portfolio". More importantly, the gap between recurrent revenue and expenditure in 1978 would be narrowed to the point where the Territory's financial independence would be within its reach, a goal whose attainment was vital to the economic future of the Territory. He was confident that the Territory could achieve financial success in that year, unless thwarted by external factors. He looked forward to the termination of grant-in-aid from the United Kingdom in 1979 (see also para. 24 above).

74. In order to compensate for the reduction in 1978 of the United Kingdom grant-in-aid (see para. 72 above), Mr. Wheatley stressed the need to raise additional revenue, mainly through the imposition of new or higher taxes. He pointed out that provisions had been made for the following additional principal items: (a) creation of 20 new posts, ranging from director of tourism to plant operator at Port Purcell; (b) purchase of extra fuel to meet increased consumption of electric power; (c) repair work on the submarine cable supplying electricity to Virgin Gorda; (d) acquisition of a new launch for the Department of Customs; (e) co-ordination and upgrading of school maintenance; and (f) an increase in the cost-of-living allowance. These items would account for two thirds of the total additional expenditure for the year, the balance being required to cover rising costs.

75. Turning to capital estimates, the Chief Minister stated that available funds would be used for such projects as road construction, airport development, water supplies, sewage disposal, environmental protection, school buildings, hospital expansion and the development of agriculture and livestock. Other desirable projects would be established subject to the availability of funds. Finally, Mr. Wheatley declared that even if capital expenditure were curtailed by limited aid funds, government spending would for the first time probably exceed \$US 10.0 million in one year.

76. Until 1969, the projects undertaken by UNDP in the Caribbean area (including the British Virgin Islands) were financed on a contingency basis. From 1969 through 1971, country target figures were allocated, and for 1972-1976, an undistributed indicative planning figure was assigned. Total funds available to the Territory under the country programme of UNDP for the latter period amounted to \$US 159,042. For 1977-1981, an adjusted indicative planning figure of \$US 450,000 was allocated, including \$US 9,158 provided in 1977 and \$US 55,000 expected to be disbursed in 1978. In addition, the Territory has participated in the multi-island and regional projects of UNDP.

#### 4. SOCIAL CONDITIONS

##### A. Labour

77. According to the administering Power, in 1977, the working population was estimated at 3,500, of whom 1,197 were expatriates. The territorial Government is making every effort to train local people in essential skills. In its annual report, the British Virgin Islands Technical Vocational Training Board stated that it had focused its attention on training needs, and as a result of its efforts, anticipated that legislation regarding apprenticeship training would be enacted in 1978; however, it would still be necessary to bring in an undisclosed number of foreign workers. One of the principles specified in the Labour Code Ordinance of 1975, which provides, inter alia, for the issuance of work permits to non-British Virgin Islanders, is that such a permit is only to be granted if a local person is unavailable for the position to be filled. In Mr. Penn's speech of 26 October (see para. 5 above), the Acting Governor reaffirmed the Government's intention to continue to adhere to those provisions.

78. The administering Power reports that in 1977, unemployment in the Territory dropped by about 5 per cent, owing to the gradual build-up of job opportunities and emigration. In this connexion, Chief Minister Wheatley stated in his address on Friendship Day (see para. 34 above) that each year, approximately 600 local persons, which he considered to be "a large number", went to the United States Virgin Islands for work. As noted in the preceding sections, the British Virgin Islands Government has endeavoured to broaden employment opportunities by adopting a series of measures to tackle the problems of immigrants and unemployed youths as well as to strengthen the economy.

79. The administering Power also reports that wages increased by about 8 per cent in 1977, and that that part of the Labour Code Ordinance dealing with minimum wages had not yet become effective.

80. In late 1977, the Government considered the report of an expert on the feasibility of introducing a social security scheme to provide benefits for retired persons, invalids and widowed and disabled persons. On the basis of that report, the Government subsequently presented to the Legislative Council a motion on the subject which was unanimously adopted on 27 July 1978. The enabling legislation was to be introduced at a later date.

##### B. Public health

81. In 1977, government medical institutions consisted of Peebles Hospital at Road Town, Tortola (34 beds), and clinics on the six other main islands. Medical services are provided by the Chief Medical Officer and his staff of 65 persons (including 4 other physicians and 1 dentist). According to the administering Power, the Territory continued to make progress in public health during the year, the most important development being the decision taken by the United Kingdom Government to allocate £617,000 for the renovation and extension of Peebles Hospital on which construction is now under way. The facilities of the expanded hospital will include 50 beds, a new operating room and public health, dental and out-patient clinics.

82. In outlining the Government's public health policy, in his speech of 26 October, Mr. Penn stated that its goal was a comprehensive health service for all sections of the community, with particular attention to family planning; maternity and child welfare services, school health programmes, diabetics and mental health. Special emphasis would also be given to the following aims: adequate supplies and qualitative control of drinking water; improved sewage disposal facilities; a more effective system of garbage disposal; mosquito eradication; and the prevention of environmental pollution.

#### 5. EDUCATIONAL CONDITIONS

83. According to the information transmitted by the administering Power, there were no significant changes in the number of schools or pupils during 1977. Among the more important educational developments during the year were: (a) the introduction of syllabuses (developed by the Caribbean Examination Council, of which the Territory is a member) in Caribbean history, English, integrated science and mathematics; (b) the participation of the British Virgin Islands High School in some of the pre-testing activities sponsored by the Council; and (c) the replacement of the Board of the Education Ordinance, 1977. The Board's function is to advise the Chief Minister on educational matters, for which he is responsible. The 14 members of the Education Advisory Committee are appointed by the Chief Minister. Mr. P. C. Scott serves as its Chairman and the Chief Education Officer as its Secretary. The membership of the Committee has broad community representation, including religious denominations, businessmen, educators, parents and persons representing each island of the Territory.

84. The previous report of the Special Committee o/ contains a summary of the main decisions taken by the Board of Education on the recommendations of a team headed by Mr. Kazim Bacchus which conducted a survey of secondary education. In accordance with one of those decisions, the territorial Government had announced its intention to give priority to the establishment of facilities on Virgin Gorda for the first cycle of secondary education.

85. In January 1978, the Virgin Gorda Education Committee was created. The Committee, which has nine members drawn from the local community with the Reverend J. N. K. Gibson as its Chairman, is to assist, generally with educational planning, for the island, including the development of a local junior high school, and is to liaise with the Government on matters pertaining to education. Subsequently, the Committee announced that a new vocational school would be opened on Virgin Gorda on 11 September and would be operated in conjunction with St. Mary's Primary School until the junior high school was in operation.

86. During the period under review, the Government continued its efforts to accelerate the development of primary education by: (a) securing funds for the

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o/ Ibid., paras. 82-88 and 92.

construction of two new government schools (one on Virgin Gorda and one at Road Town); (b) endeavouring to secure financing for additional class-rooms for certain schools faced with the problem of overcrowding; (c) increasing the number of trained teachers (from 51 in 1976 to 52 in 1977); (d) providing opportunities for teachers (17 in 1976 and 16 in 1977) to receive training abroad (mostly in the Caribbean area under the West Indies Training Scheme); and (e) preparing to begin construction in 1979 on a teachers' house at Jost Van Dyke, with assistance from the United Kingdom Government.

87. Bursaries, loans and scholarships are granted for overseas education and training. At the end of 1977, approximately 70 students (43 in 1976) from the British Virgin Islands were following university courses in Canada, the United Kingdom, the United States and countries in the West Indies.

## CHAPTER XXIII\*

### MONTSERRAT

#### A. Consideration by the Special Committee

1. At its 1135th meeting, on 9 February 1979, by adopting the suggestions relating to the organization of its work put forward by the Chairman (A/AC.109/L. 1280 and Add.1), the Special Committee decided, inter alia, to refer Montserrat to the Sub-Committee on Small Territories for consideration and report.
2. The Special Committee considered the Territory at its 1152nd and 1153rd meetings, on 6 and 7 August.
3. In its consideration of the item, the Special Committee took into account the provisions of the relevant General Assembly resolutions, including in particular resolution 33/44 of 13 December 1978 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 12 of that resolution, the Assembly requested the Special Committee "to continue to seek suitable means for the immediate and full implementation of General Assembly resolution 1514 (XV) in all Territories which have not yet attained independence and, in particular: ... to formulate specific proposals for the elimination of the remaining manifestations of colonialism and to report thereon to the General Assembly at its thirty-fourth session". The Committee also took into account General Assembly resolution 33/35 of 13 December 1978 concerning five Territories, including Montserrat. By paragraph 10 of that resolution, the Assembly requested the Special Committee "to continue to seek the best ways and means for the implementation of the Declaration with respect to ... Montserrat ... including the possible dispatch of visiting missions in consultation with the administering Power ...".
4. During its consideration of the Territory, the Special Committee had before it a working paper prepared by the Secretariat (see annex to the present chapter) containing information on the latest developments concerning the Territory.
5. The representative of the United Kingdom of Great Britain and Northern Ireland, as the administering Power concerned, participated in the work of the Special Committee during its consideration of the item.
6. At the 1152nd meeting, on 6 August, the Rapporteur of the Sub-Committee on Small Territories, in a statement to the Special Committee (A/AC.109/PV.1152), introduced the report of the Sub-Committee (A/AC.109/L.1324), containing an account of its consideration of the Territory.
7. At the 1153rd meeting, on 7 August, the Special Committee adopted without objection the report of the Sub-Committee and endorsed the conclusions and recommendations contained therein (see para. 9 below).

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\* Previously issued as part of A/34/23/Add.5.

8. On 7 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 1153rd meeting, on 7 August 1979, to which reference is made in paragraph 7 above, is reproduced below:

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

(2) The Special Committee reiterates the view that such factors as size, geographical location, population and limited natural resources should in no way delay the speedy implementation of the process of self-determination in accordance with the Declaration contained in resolution 1514 (XV), which fully applies to Montserrat.

(3) With a view to accelerating the process of decolonization so as to ensure the rapid and complete implementation of the Declaration, the Special Committee notes with appreciation that the administering Power has continued to participate actively in the work of the Committee.

(4) Mindful that visiting missions to small Territories provide an effective means of ascertaining the situation in the Territories visited, the Special Committee considers that the possibility of sending further visiting missions to Montserrat at an appropriate time should be kept under review. In this regard, the Committee expresses its satisfaction at the willingness of the administering Power to receive visiting missions in the Territories under its administration.

(5) The Special Committee takes note of the statement of the representative of the administering Power that his Government will respect the wishes of the people of Montserrat in determining their own future. The Committee is of the view, however, that it remains the obligation of the administering Power to carry out a thorough programme of political education so as to ensure that the people of the Territory are made fully aware of their right to self-determination in conformity with resolution 1514 (XV). The Committee therefore calls upon the administering Power to take all necessary steps, taking into account the expressed wishes of the people of Montserrat, to expedite the process of decolonization in accordance with the relevant provisions of the Charter of the United Nations and the Declaration.

(6) The Special Committee reaffirms once again the responsibilities of the administering Power under the Charter for the economic and social development of its dependent Territories. The Committee, noting the economic

conditions existing in Montserrat, calls upon the administering Power to strengthen the economy of the Territory through diversification so as to reduce dependence on any one activity.

(7) The Special Committee urges the administering Power, in co-operation with the Territorial Government, to take effective measures to safeguard, guarantee and ensure the right of the people of Montserrat to own and dispose of their natural resources and to establish and maintain control of their future development.

(8) The Special Committee urges the specialized agencies and other organizations within the United Nations system, in particular the United Nations Development Programme, as well as regional institutions such as the Caribbean Community and the Caribbean Development Bank, to continue to pay special attention to the development needs of Montserrat.

(9) The Special Committee takes note of the recently held elections in Montserrat, and of the fact that the future status of the Territory was not an issue during the campaign. In this regard, the Committee, noting the statement of the newly elected Chief Minister that development rather than independence was Montserrat's priority, reiterates the responsibility of the administering Power, in conjunction with the territorial Government, for the economic and social development of the Territory.

(10) The Special Committee, noting with satisfaction the programme of development co-operation being carried out in the Territory and the improvement to infrastructure, none the less expresses concern at Montserrat's continued dependence on grants-in-aid and remittances from abroad. The Committee accordingly urges the administering Power to continue its efforts to develop a viable economy in the Territory.

(11) The Special Committee welcomes the financial and technical assistance provided to Montserrat by the Governments of Canada, the United States of America and Venezuela, as well as by the Caribbean Community and other regional institutions. The Committee urges the specialized agencies and other organizations within the United Nations system, in particular the United Nations Development Programme, and regional institutions, including the Caribbean Community and the Caribbean Development Bank, to continue to pay special attention to the development needs of Montserrat.

ANNEX\*

Working paper prepared by the Secretariat

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\* Previously issued under the symbol A/AC.109/L.1295.

## MONTSERRAT a/

### 1. GENERAL

1. Montserrat lies 43 kilometres south-west of Antigua and some 64 kilometres north-west of Guadeloupe. It has a maximum length of 18 kilometres and a maximum width of 11 kilometres and covers a total area of 103 square kilometres.

2. According to the Montserrat Statistical Office, the census of 1970 showed a total population of 11,498, the majority of whom were of African or mixed descent. Comparison of the 1970 census figures with those of the previous census, taken in 1960, revealed that the total population had decreased by 669 over the decade, owing mainly to large-scale emigration.

3. The population was officially estimated to have declined from 12,362 in mid-1976 to 10,827 in mid-1977. The decline was largely attributed to a continued substantial outflow of emigrants to other countries, especially the United States Virgin Islands. Two other factors responsible for the recent decline in population were: (a) a steady fall in the birth-rate since 1975; and (b) a significant reduction in the volume of immigration. Between 1975 and 1977, the number of births dropped from 213 to 205, and that of residence visas issued to nationals of Canada, the United Kingdom and the United States of America from 221 to 169. Some Montserradians returned from abroad during this period, but not in sufficient numbers to make it possible to reverse the declining trend in population. Aware of the need to gather accurate information on population, the Government has already started planning for a new census to be held in April 1980.

### 2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

#### A. Constitution

4. The present Constitution of the Territory, introduced in 1960, was amended in 1971 and 1975. Briefly, the governmental structure consists of: (a) a Governor appointed by the Queen; (b) an Executive Council, consisting of the Governor as its President, the Chief Minister, three other ministers and two ex officio members (the Attorney-General and the Financial Secretary); and (c) a Legislative Council, comprising a Speaker, two ex officio members (the Attorney-General and the Financial Secretary), seven elected members returned from single-member constituencies on the basis of universal adult suffrage and two nominated members. Ministerial responsibilities cover all areas of government business, with the exception of the judiciary, the public service, internal security, the audit of public accounts and external affairs, all of which are reserved to the Governor.

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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 14 August 1978, for the year ending 31 December 1977.

## B. Political parties and elections

5. As previously noted, b/ the general election, held on 20 September 1973, was contested by the Progressive Democratic Party (PDP), the only political party in operation in the Territory at that time, and by nine independent candidates. In the final results, five PDP members and two independent candidates (Messrs. J. A. Osborne, a former member of PDP, and Joshua Weeks) were elected. Mr. P. Austin Bramble, leader of PDP, was reappointed Chief Minister.
6. Subsequently, Mr. Osborne joined a new political party, the People's Liberation Movement (PLM), which was formed in late 1975 under the leadership of Mr. John Dublin, a former elected representative and Deputy President of the Legislative Council. In early 1978, Mr. Osborne became the leader of the party.
7. On 23 November, 18 candidates (7 each from the two parties and 4 independents) stood for election to the Legislative Council.
8. An account of the campaign platform of PDP, released on 20 January 1978, is contained in the previous report of the Special Committee. In its platform, PDP claimed that it had successfully worked in various fields of endeavour and outlined a series of proposals for continuation of that work. It made no proposals for constitutional reform.
9. PDP conducted its election campaign with greater intensity in late October after settling a civil service pay dispute (see paras. 22-29 below) which apparently had had an adverse effect on the popularity of PDP. During appearances throughout the Territory, Chief Minister Bramble pointed to improved trade statistics and higher territorial revenue as indicators of economic progress. Nevertheless, he expressed concern at the general loss of purchasing power as a result of the rising cost of living over the past four years. Therefore, his party particularly stressed the need for price controls and consumer protection.
10. Mr. Bramble is reported to have accused the opposition PLM of being "merchant-oriented" and of omitting from its manifesto plans to curtail the inflationary spiral. He also claimed that the manifesto lacked a commitment to promote housing development and create broader opportunities for higher education.
11. PLM was reported to be strongly opposed to the platform of PDP. It based its campaign primarily on allegations of mismanagement by the Government, using the slogan "It's time for a change". Among other things, PLM specifically charged the Government with ineffective leadership and guidance, failure to attract foreign investors and insufficient efforts to expand the local economy as a whole, particularly the construction industry. It advocated a free enterprise system, agricultural diversification and expansion, acceleration of industrial development and a review of the income tax structure. Like PDP, PLM did not propose any change in the Territory's constitutional status.

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b/ Official Records of the General Assembly, Thirty-third Session, Supplement No. 23 (A/33/23/Rev.1), vol. III, chap. XXIII, annex, paras. 4-5.

12. According to the election results released on 25 November, PLM won six of the seven seats in the new Legislative Council and the remaining seat was a tie. Later, at its first meeting, the Council broke the tie by declaring the PLM candidate the winner in accordance with the provisions of the Elections Regulations. The total votes cast for the two parties were: PLM, 2,695 (62.0 per cent); and PDP, 1,446 (33.3 per cent).

13. In a statement issued shortly after the elections, Mr. Osborne said that the new Government would maintain "a truly democratic country" and would consult the people at all stages on matters of national importance. He believed that the stand of PLM for free enterprise would bring prosperity to Montserrat.

14. Following the elections, Mr. Osborne was appointed Chief Minister. In addition to his duties as Chief Minister, he is also responsible for finance. Three other members of PLM were appointed to the Executive Council: Mr. Franklyn Margetson, Minister of Agriculture and Trade; Mr. Benjamin Chalmers, Minister of Communications and Works; and Mr. John Dublin, Minister of Education, Health and Welfare.

15. At about the same time, Messrs. Franklyn Edwards and John Kelsick were appointed as the two nominated members of the new Legislative Council. Mr. Howard Fergus was re-elected its Speaker.

### C. Future status of the Territory

16. During the recent election campaign, neither of the two parties raised the question of the Territory's ultimate future (see paras. 8 and 11 above). After winning the election, Mr. Osborne, leader of PLM, was reported to have said that he would work towards creating a new constitution but that he was not considering independence.

17. Montserrat is a member of the Council of Ministers of the West Indies Associated States (WIAS), which is a political forum for the seven countries of the Leeward and Windward Islands (Antigua, Dominica, Grenada, Montserrat, St. Kitts-Nevis-Anguilla, St. Lucia and St. Vincent). Mr. John Ryan, the Permanent Secretary in the Ministry of Communications and Works, attended the 23rd meeting of the Council, held in Antigua on 19 and 20 October 1978. According to a communiqué published at the conclusion of the meeting, the Council agreed, inter alia, that the Governments of the four Associated States - Antigua, St. Kitts-Nevis-Anguilla, St. Lucia and St. Vincent (which were making final preparations leading towards full independence) and Montserrat would conduct their overseas representation on a joint basis. In this connexion, a committee was appointed, under the direction of the Premier of St. Lucia, to examine the model to be adopted, the level of staffing and the provision of a cadre of regional civil servants to be employed in external representation. The Council also agreed to accept a proposal put forward by the Commonwealth secretariat relating to the training and assignment of diplomats.

18. In May 1975, the United Nations Visiting Mission to the Territory held

discussions regarding Montserrat's future status with officials of the administering Power at London and with elected representatives in the Territory. c/ The administering Power made it clear that it was prepared to grant independence to Montserrat should the people, through their elected representatives, express their wish for such a move.

19. In his statement before the Fourth Committee of the General Assembly on 22 November 1978, d/ the representative of the United Kingdom indicated that that policy remained unchanged. The report of the Mission had shown that the Territory did not wish to proceed to independence at the present time. Should the position of the elected Government change at any time, he said, his Government would, of course, be ready to respond to a request for further constitutional change. In his view, the pace of such change in a small Territory with scarce economic resources could be slower than, or different from, the pace in other Territories. His Government attached great importance to developing a soundly based economy in its dependent Territories, as a counterpart to constitutional progress.

20. As reported in the local press, during the week ending 24 February 1979, both Mr. Osborne, the Chief Minister, and Mr. Edward Rowlands, the United Kingdom Minister of State at the Foreign and Commonwealth Office, attended the independence celebrations for St. Lucia. On that occasion, Mr. Rowlands raised the question of independence for Montserrat. In reply, Mr. Osborne stated that, although independence "must come", the Territory was not yet ready for it, because he believed that "in an island with a working population as small as ours, quite a lot will have to be done by way of development before we give it serious thought". The question might be discussed again towards the end of April, when a three-member delegation from the Territory, led by the Chief Minister, was expected to meet with Mr. Rowlands in London.

#### D. Civil service

21. According to the information transmitted by the administering Power, at the end of 1977, there were some 663 persons in the civil service, of whom 10 were non-West Indian expatriates, including two medical officers. Specialist technical assistance advisers, who were not part of the civil service, also had been made available to Montserrat through British technical co-operation arrangements, the Commonwealth Fund for Technical Co-operation and Commonwealth technical assistance programmes. Most senior posts in the Government were held by Montserratians. As trained Montserratians became available, they were to replace expatriates who were all on contract appointments. Two such replacements were expected to take place in 1978, following the return of local medical officers to the Territory.

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c/ Ibid., Thirtieth Session, Supplement No. 23 (A/10023/Rev.1), vol. IV, chap. XXVIII, annex, paras. 4 and 102.

d/ Ibid., Thirty-third Session, Fourth Committee, 24th meeting, paras. 23-30.

22. In 1975, the territorial Government approached the United Kingdom Government for funds to increase salaries and wages for established and non-established government employees. The United Kingdom Government took the position that "money would have to be found by increased taxation in Montserrat". In April 1977, Mr. Bramble, then Chief Minister, announced his intention of continuing to seek financial assistance from the United Kingdom Government for salaries revision. In December, the Civil Service Association (CSA) of Montserrat was reported to be pushing ahead with its demand for a cost-of-living allowance and salaries revision. e/

23. In a budget speech delivered to the Legislative Council on 21 April 1978, Mr. Bramble stated that the Government, while fully aware of the cost-of-living increases over the past four years, was seeking means to compensate government employees for the serious drop in the value of their incomes. Considering that its employees' claim for a hardship allowance in 1977 should be the first charge against the budget surplus of that year, the Government had appealed to the United Kingdom Secretary of State for Foreign and Commonwealth Affairs for his agreement to use the money for that purpose.

24. Referring to those who had urged "disruptive industrial action if cost of living relief arrangements are not quickly worked out", Mr. Bramble appealed to the government employees to appreciate the damage being done to their case by such statements, and stressed the necessity of obtaining approval and co-operation from United Kingdom officials.

25. On 3 August, members of CSA, in their first attempt at such an action, marched through Plymouth, the capital, to Government House to present a letter to Governor Wyn Jones protesting the delay by the Foreign and Commonwealth Office in approving their request for the hardship allowance.

26. The march was followed by two "sick-outs", reported to have been so successful as to virtually paralyse the Territory. Mr. Francis Langlais, President of CSA, told reporters that the actions were intended to draw the attention of the United Kingdom Government to the mood of civil servants and to warn the Montserrat Government that "we are determined on the issue of salaries revision". He added that "we are expecting them to take positive action since the erosion of salaries by inflation was evident as far back as 1975".

27. On 16 September, Mr. Langlais learned that Mr. Rowlands, on behalf of the United Kingdom Government, had written to the Territorial Government on the subject, adding that "I am asking the Governor to bring the contents of this letter to the notice of CSA and advise them that I am not prepared to break established and well-known budgetary aid rules".

28. A week later, Mr. Bramble announced a plan to introduce statutory regulations,

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e/ Ibid., Supplement No. 23 (A/33/23/Rev.1), vol. III, chap. XXIII, annex, paras. 13-14.

to become effective 1 January 1979, increasing territorial revenue by some \$EC 430,000 f/ annually which, he said, local shipping agents were "illegally" charging importers and consumers. The proposed plan had been submitted for approval to the United Kingdom Secretary of State for Foreign and Commonwealth Affairs. Upon receipt of his reply, payment of the allowance in question could be made immediately.

29. On 28 October, Mr. Langlais reportedly announced that, with the approval of the Secretary of State, the territorial Government had paid hardship allowances amounting to \$EC 550,000 to government employees and pensioners, but that CSA would continue to press for salaries revision. Earlier, the Governor had appointed a commission of two members (Messrs. Fergus, Speaker of the Legislative Council, and Basil Dias, a lawyer nominated by CSA) to deal with the matter.

#### E. Regional co-operation

30. The Territory has co-operated with other Caribbean countries in various fields of endeavour and has participated in certain regional conferences, institutions and projects established by the United Nations Development Programme (UNDP) and other international lending and development organizations. g/

#### Sixth Conference of Presiding Officers and Clerks of Commonwealth Caribbean Parliaments

31. The Conference was held in Montserrat from 14 to 18 August 1978, was attended by representatives of 12 Caribbean countries and observers from Canada and the United Kingdom. Mr. Fergus, Speaker of the Montserrat Legislative Council and Chairman of the Organizing Committee of the Conference, said in his address that the meeting was being convened at a time when there were "shadows of disassociation and separatism" in the Caribbean region. He described as long overdue another meeting of the Conference of Heads of Government of the Caribbean Community (CARICOM) (of which Montserrat is a member). He referred also to the University of the West Indies, which, in his view, appeared to be threatened with fragmentation, adding that "... we ought to strengthen what remains, ... once certain areas of co-operative exchange and fellowship remain inviolate, the hopes of meaningful unity at more crucial levels are not entirely low".

#### WIAS

32. At its 23rd meeting, in October 1978 (see also para. 17 above), WIAS considered a number of subjects, on which it took the following decisions:

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f/ The local currency is the East Caribbean dollar (\$EC). One United States dollar (\$US 1.00) is equivalent to \$EC 2.70.

g/ Official Records of the General Assembly, Thirty-third Session, Supplement No. 23 (A/33/23/Rev.1), vol. III, chap. XXIII, annex, paras. 16-34.

(a) To hold a meeting at an early date, at the ministerial level, to consider proposals relating to the functioning of the East Caribbean Currency Authority (ECCA) (responsible for the issuance and management of a common currency, the East Caribbean dollar) as a central bank. In addition, the Council agreed in principle to establish an export credit guarantee scheme.

(b) To appoint a standing committee of member Governments to report regularly to the Council on developments concerning the law of the sea. Among other things, member Governments should introduce, at an early date, legislation to control pollution and preserve fisheries resources.

(c) To obtain effective representation for member Governments during the current negotiations being held between the European Economic Community (EEC) and certain African, Caribbean and Pacific (ACP) countries, in order to protect the vital interests of Council members in concluding a successor agreement to the ACP-EEC Convention of Lomé of 28 February 1975 (A/AC.176/7).

(d) To request technical assistance, as early as practicable, from the Caribbean Group for Co-operation in Economic Development (see below) in priority areas.

#### Conference on Economic Development in the Caribbean

33. The World Bank, together with several other organizations, convened the Conference on Economic Development in the Caribbean at Washington, D.C., on 14 and 15 December 1977. h/ Following a decision taken by the Conference, the Caribbean Group for Co-operation in Economic Development was formed to co-ordinate and strengthen external assistance for the Caribbean. At its first meeting, held at Washington, D.C., in June 1978, the Caribbean Group created the Caribbean Development Facility (CDF) and the Technical Assistance Steering Committee (TASC). Recent developments concerning these two organs and the agreement on economic co-operation signed by Canada and CARICOM on 20 January 1979 are described in paragraphs 66 to 79 below.

### 3. ECONOMIC CONDITIONS

#### A. General

34. The Territory's economy is based mainly on agricultural exports, tourism, construction and government expenditures which in turn depend almost entirely on external aid to cover capital expenditure and recurrent budgetary deficits. Fishing remains relatively under-developed. Manufacturing is on a small scale, but its economic importance is increasing. There are no minerals of commercial significance.

35. Reviewing the performance of the economy, Mr. Bramble said in his recent budget speech (see para. 23 above) that the economic outlook for 1978 was quite

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h/ Ibid., vol. IV, chap. XXX, annex, paras. 4, 75, 106 and 120-126.

hopeful. The value of imports had increased to \$EC 16.5 million in 1975 and \$EC 20.8 million in 1976, i/ an indication of an upswing in economic activity. Statistical information on local revenue for 1976 and 1977 and housing starts during the period from September 1975 to March 1978 (95 units) also showed an upward trend. As a result of heavy rainfall in April 1979, agricultural production was expected to increase during the rest of the year. The tourist trade was expanding, and there had been some progress in efforts to attract light industries.

36. Mr. Bramble also said that his Government was continuing its efforts to improve the economic situation, but he also drew attention to its problems. Local revenues were severely limited and inadequate; hence Montserrat needed budgetary aid from the United Kingdom. The large number of school leavers joining the local labour force annually created a continuous demand for new job opportunities. The Territory had been adversely affected by international problems, particularly inflation, dislocation of the world's money and capital markets and uncertainty concerning the future of CARICOM and ECCA (see also paras. 31-32 above). There was keen competition for foreign investment. As a location for industries, Montserrat continued to suffer from certain disadvantages. A further problem was the need to subsidize the cost of basic foods and essential services for the entire community.

37. During the recent election campaign, PLM expressed dissatisfaction with the slow pace of economic development in recent years, and made proposals for economic reform. The proposals were based on the party's fundamental belief that under a system of private enterprise, good economic progress could be achieved, thus paving the way for an improvement in living standards. PLM also promised to consult the public on all important economic and other matters (see also paras. 11 and 13 above).

38. Following is an outline of recent economic development in the Territory.

#### B. Agriculture and livestock

39. In 1977, the total land area of the Territory was estimated at 10,250 hectares, of which 1,293 hectares were in pastures and 1,162 hectares in fields and tree crops. Consistent, major efforts were made during the year to stimulate agricultural production by offering incentives to farmers to meet the objectives of the Agricultural Development Plan, 1975-1977, by the end of the year. The Plan was oriented towards increased production of fruit crops (primarily mangoes, avocados, macadamia nuts, etc.) and selected vegetables (onions, hot peppers, tomatoes, etc.) and expansion of the livestock population, chiefly cattle and sheep.

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i/ According to the Montserrat Statistical Office, exports amounted to only \$EC 781,481 in 1976. Thus, the Territory continued to face a large trade deficit and to experience balance-of-payment pressures.

40. In December 1977, the territorial Government and the Montserrat Chamber of Commerce reached an agreement on the Development, Finance and Marketing Corporation (DFMC), a statutory body set up in 1973. Under the agreement, the main responsibilities of DFMC include the provision of loans and services to farmers among other local businessmen, and the marketing of the Territory's agricultural exports.
41. In March 1978, Mr. Grey Waller, Manager of DFMC (who was replaced by Mr. Eilton Bramble, a Montserratian, in the following month), told reporters that locally produced white potatoes, one of the Territory's important agricultural exports to other CARICOM countries, were being jeopardized by a glut of cheaper European potatoes on the regional market. DFMC was committed to buying the entire local crop and planned to store it for about three months with the hope that the influx of European potatoes would subside.
42. In the same month, some 3,630 kilograms of semi-processed hot peppers were shipped to Trinidad and Tobago for the first time. The Government planned to install a second crushing machine, which was expected to treble production.
43. Recent low yields of cotton, combined with the success of alternative crops such as hot peppers, had caused some farmers to abandon cotton planting. In August, in an effort to counter this trend, the Government began providing cotton growers with tractors at subsidized rates.
44. In late November, the Government was reported to be in the process of developing pilot projects for cashew and macadamia nuts. Both crops are considered to be sufficiently hardy to tolerate the relatively dry conditions of the 1,214 hectares of land accessible for such crops in the north and south of the Territory. Four hectares were being utilized for the pilot projects. The British Development Division was expected to provide funds.
45. In July, the Government reported that it had given assistance to some 250 persons now engaged in raising rabbits, an activity which it believed had a promising future in the Territory. The rabbits had a rapid gestation period, thrived on local vegetation, and produced inexpensive meat; and the skins could be tanned and used in the manufacture of articles for local and export sales.
46. In mid-December, a spokesman for the Ministry of Agriculture and Trade stated that it was receiving many complaints about uncontrolled livestock, not only from farmers throughout the Territory, but also from people in residential areas. In an effort to find a solution to the problem, it was agreed to hold a public panel discussion on the subject; the panel would include the Permanent Secretary in the Ministry, the Livestock Officer and a representative of livestock owners.

### C. Tourism

47. Tourism in Montserrat made a good showing in 1977; arrivals increased by 1,236, 11.0 per cent above the figure for the previous year. During the first

six months of 1978, a total of 7,597 stop-over tourists visited the Territory, a gain of 51.7 per cent over the same period in 1977. The substantial upsurge in tourism activity was expected to continue. During December, leading hotels reported near capacity bookings from January to March 1979.

48. In informing the Legislative Council of further expansion of the tourist trade, Mr. Bramble particularly noted the following in his budget speech of 21 April 1978: (a) the decision recently taken by British Airways, the main European carrier serving the Caribbean region, to support the Montserrat Tourist Board by giving various kinds of assistance to its personnel during a promotional tour in the United Kingdom, which had been planned in consultation with an expert from the British Development Division in the Caribbean; (b) the approval by the territorial Government of a report prepared by an expert appointed in late 1977 under the British Technical Assistance Programme to help develop the tourist industry; (c) the provision in 1978 budget estimates for a significant increase in government expenditure on tourism; and (d) the continuation of negotiations for satisfactory air service arrangements for Montserrat.

#### D. Construction

49. According to the report of the administering Power for 1977, of the Territory's total land area of about 10,250 hectares, some 560 hectares were under urban and real estate development. The pace of such development continued to increase with the building of new dwellings of various sizes.

50. In his recent budget speech, Mr. Bramble stated that non-Montserradians wishing to settle in the Territory continued to show an interest in establishing residences, owning property and constructing homes (see also para. 35 above).

51. In early April 1978, Mr. John S. Weeks, the Attorney-General, told reporters that passage by the Legislative Council of the Land Registration Ordinance and the Land Adjudication Ordinance would enable the British Development Division in the Caribbean to transfer its cadastral survey team from Antigua to Montserrat. Subsequently, it was announced that the team would begin work in the Territory during late November, with the objective of recording all land ownership for inclusion in a new land register.

52. In late December, after learning that the Government of Haiti had banned the exportation of cement to Montserrat and other Caribbean islands, Mr. Osborne visited that country to discuss the matter with the Haitian Minister for Foreign Affairs. During the discussions, the Minister agreed to permit the shipment of 12,000 bags of cement to Montserrat for that month. The Minister further agreed that, upon receipt of a formal request from the Montserrat Government, Haiti would authorize the export of 24,000 bags monthly to Montserrat.

#### E. Manufacturing

53. According to the Montserrat Statistical Office, greater manufacturing

activity was mainly responsible for the increase in exports from \$EC 781,480 in 1976 to \$EC 1.1 million in 1977. The principal industrial exports were snelled fish hooks, plastic bags, retreaded tires, rayon ribbon bows and swim suits.

54. In his recent budget speech, Mr. Bramble pointed out that the upward trend was continuing (see also para. 35 above). He referred specifically, to the following:

(a) Construction of an additional 2,970 square metres of factory space, financed by the Caribbean Development Bank (CDB) and the United Kingdom Government, would be started in April 1978;

(b) Deposits by a group of investors towards the acquisition of factory space to produce luxury boats and furniture for exports;

(c) The establishment of a recording studio by Air Records, Ltd. of London, an investment totalling more than \$US 600,000.

55. Major developments occurring in the second half of 1978 included the following:

(a) The erection by the territorial Government of new factory shells covering an area of 2,970 square metres, to meet new demands for manufacturing space;

(b) The successful completion of tests conducted by a pilot cotton-spinning plant, a project undertaken by DFMC, which was expected to lead eventually to the successful commercial use of Montserrat's Sea Island cotton;

(c) Announcement by the W and W Company (the largest electronic assembly company in the Territory) of an expansion programme for 1979;

(d) The development of several new projects by the Electro-Magnetics Company, Ltd., a manufacturer of electronic products.

#### F. Banking

56. During 1977, three banking institutions operated in the Territory: Barclays Bank International, Ltd.; the Royal Bank of Canada; and the Government Savings Bank.

57. A significant development occurred in March 1978, when the Bank of Montserrat International was registered in the Territory, with Sir Jacob Walton, head of the Walton Group (USA), Ltd., as its president. A spokesman for the bank told reporters that it was chartered to do business as an international banking house (including commodity trading), would be involved in all phases of off-shore banking and would assist in the economic development of the Territory, primarily by financing local projects. The bank would establish offices both at London and Washington, D.C. Later in the month when "Sir Jacob Walton" was found to be an assumed name, the man representing himself as Sir Jacob resigned from the bank.

58. Just before its dissolution in late October, the Legislative Council passed legislation permitting the development of off-shore banking patterned on the systems used in the Cayman Islands and Switzerland. During the recent election campaign, PLM expressed strong opposition to the legislation, noting that it contained no provision to prevent certain banking practices which that party considered undesirable.

#### G. Infrastructure

59. In 1978, the territorial Government continued its efforts to expand and improve the economic infrastructure required for further development, with special attention to the upgrading of roads, port facilities and air communications.

60. In his recent budget speech, Mr. Bramble announced that the British Development Division in the Caribbean had decided to provide the Territory with approximately \$EC 691,000 for the construction of the first phase of the St. John's-Trants road, which had already been started, and that the second phase of the project, soon to be initiated, would be financed by the European Development Fund (EDF). With regard to the Plymouth port project, he said that work on the new jetty and port authority buildings was expected to be completed during the year.

61. In February 1978, Mr. Graham Todd, an aviation consultant, submitted to the Government a report on the improvement of the Territory's air services through the acquisition and operation of its own light aircraft. The report has been serving as the basis for discussions between the British Development Division in the Caribbean and Leeward Islands Air Transport (LIAT) (1974), Ltd.

#### H. Public finance

62. According to the budget estimates for 1978, local revenue was expected to amount to \$EC 7.5 million (including a previous surplus of \$EC 853,000) and recurrent expenditure to \$EC 9.1 million (excluding a United Kingdom grant-in-aid of \$EC 1.6 million), compared with actual revenue and expenditure of \$EC 7.2 million and \$EC 8.5 million (excluding a United Kingdom grant-in-aid of \$EC 1.9 million) in the previous year. The development fund estimates for 1978 provided for a total expenditure of \$EC 8.5 million, compared with estimated expenditure of \$EC 7.3 million in the previous year.

63. In introducing the budget estimates for 1978, Mr. Bramble drew special attention to the financial problems of his Government, including, in particular: (a) the inadequacy of territorial revenue resources; (b) rising costs of essential public services; (c) the urgent need for service improvements; and (d) the desire of the United Kingdom Government to be relieved of the burden of providing grants-in-aid. He announced, however, that the budget estimates in question had been presented to, and approved by, the United Kingdom Government without an increase in local taxation.

64. The Territory has also received bilateral and multilateral financial and technical assistance from certain external sources (other than the administering Power) including the Governments of Canada, the United States and Venezuela; CARICOM and its associated institutions, especially CDB; EEC; organizations within the United Nations system, notably UNDP; and the Caribbean Group for Co-operation in Economic Development (see below).

65. For the period 1977-1981, UNDP assigned to Montserrat an adjusted indicative planning figure of \$US 400,000, including \$US 83,653 provided in 1977 and \$US 55,000 expected to be disbursed in 1978. The Territory also has participated in multi-island and regional projects of UNDP.

#### I. Caribbean economic integration

66. A basic objective of CARICOM, which was established by the Treaty of Chaguaramas of 1973, is to promote the economic integration of its member States through the creation of the Caribbean Common Market. In 1977, the regional integration movement was subjected to severe pressures, caused mainly by the adverse balance-of-payments position of some member States. Nevertheless, there were favourable developments concerning the Common Market, one of which was the establishment of the Caribbean Group for Co-operation in Economic Development during a conference held at Washington, D.C., in December 1977 (see also para. 33 above). Mr. Bramble attended the conference in his capacity of Chairman of the Council of Ministers of WIAS.

67. At its first meeting, held at Washington, D.C., from 19 to 24 June 1978, the Caribbean Group estimated that \$US 25.0 million would be required for technical assistance programmes in the Caribbean if all the projects identified in the preparatory reports were found to be viable. Preliminary estimates of financial requirements for technical assistance projects identified by the World Bank were: \$US 8.0 million for the preparation and execution of projects; \$US 4.0 million for common services; \$US 4.0 million for maritime matters; \$US 3.0 million for agriculture; \$US 3.0 million for industry; and \$US 3.0 million for air transportation.

68. At that meeting, the representative of UNDP announced that, in the period 1977-1981, UNDP would provide \$US 98.0 million for technical assistance in the Caribbean region, an increase of 39 per cent over the previous five-year period. According to UNDP, efforts to promote regional co-operation should focus on three main areas: (a) strengthening CARICOM; (b) encouraging subregional institutions to serve the less-developed countries; and (c) widening co-operation to include those countries in the greater Caribbean basin. The representative of UNDP also said that the theme of co-operation being emphasized in the Caribbean would receive attention at the first United Nations Conference on Technical Co-operation among Developing Countries, to be held at Buenos Aires from 30 August to 12 September 1978. (The Conference subsequently adopted the Buenos Aires Plan of Action for Promoting and Implementing Technical Co-operation among Developing Countries.) j/

j/ A/CONF.79/13/Rev.1 (United Nations publication, Sales No. E.78.II.A.11), chap. I.

69. At the first meeting, the Caribbean Group formed CDF and TASC (see para. 33 above).

#### Operation of CDF

70. Domestic savings are not sufficient to meet the development needs of most Caribbean countries. The question of obtaining investment funds from external sources is therefore of great importance. CDF was established as a mechanism for utilizing foreign resources to help finance essential imports and to offer supplementary financing for the execution of development programmes and projects. Its purpose was to help recipient countries during an adjustment period of no more than five years' duration at a time when special external assistance might be needed to maintain acceptable levels of development and employment while economic policies were being directed towards achieving financial stability. At the June meeting of the Group, 10 donor countries and international agencies indicated that they would make available approximately \$US 112.0 million during the year beginning 1 July 1978, to meet the needs of the Caribbean countries for this type of assistance.

71. After subgroups had met to consider the requirements of a number of CARICOM countries (including Montserrat), the Caribbean Group estimated that approximately \$US 1.9 billion in gross disbursements of external official capital assistance would be required by the Caribbean countries over the period 1979-1981. According to some sources, it is believed that until bankable projects are formulated and disbursements for their implementation made on schedule, the labour problems in the Caribbean region and in Montserrat in particular will remain unresolved (see paras. 80-81 below).

72. At a meeting, held during the week ending 26 August 1978, the Board of Directors of CDB, among other things, authorized its president to sign a \$US 20.0 million loan agreement with the United States Agency for International Development (USAID), thus enabling CDB to contribute to a programme of economic stabilization and growth in its borrowing member countries. The loan formed part of a pledge of \$US 37.5 million previously made by the United States Government to CDF for the period 1 July 1978 to 30 June 1979. During the second half of 1978, CDB approved \$US 18.0 million of the sum received from USAID, of which \$US 8.0 million was disbursed.

73. In January 1979, the Advocate-News of Barbados reported that CDB and other financial institutions in the Caribbean hoped that CDF would be retained during the year. According to a CDB official, meetings were now being planned to invite prospective donors to make known their contributions.

#### TASC

74. TASC, which is presided over by UNDP, includes representatives of CDB, the Inter-American Development Bank (IADB), the World Bank, the secretariat of CARICOM and the Caribbean office of the Economic Commission for Latin America (ECLA), which serves as the secretariat of the Caribbean Development and Co-operation Committee (CDCC). In addition, the secretariat of the East Caribbean Common Market (ECCM) is associated with the work of TASC relating to the least-developed countries of CARICOM (including Montserrat).

75. The terms of reference of TASC include the following: (a) preparing and maintaining an inventory of technical assistance projects requiring financing; (b) establishing priorities for assistance in consultation with countries and regional organizations; (c) strengthening the capacity of countries to prepare reports on technical assistance projects; and (d) obtaining financing for technical assistance projects.

76. TASC held its first meeting in Barbados from 31 August to 1 September 1978. The conclusions and decisions reached by TASC are summarized below:

(a) In accordance with the decision taken by the Caribbean Group at its June 1978 meeting, the TASC organized technical meetings of specialists on transportation and industry in August. (A technical meeting on agriculture took place in December, but the report is not yet available.) The purpose of the two meetings was to review the policy recommendations and investment implications of the regional sector studies and to define the content and scope of priority projects for financing by TASC. The meetings resulted in the preparation of 10 specific proposals relating to transport and industry, on which TASC took action.

(b) TASC reviewed the status of proposals being prepared by the ECCM secretariat with respect to the initial establishment of a limited pool of experts in priority areas (e.g., tax administration and statistics). UNDP had agreed to provide assistance at the request of the Governments of the less-developed countries. It was hoped that assistance from UNDP would start not later than January 1979. TASC noted that this preliminary activity could be phased in common services, should the Eastern Caribbean Governments so decide. TASC also noted the need to ensure that, within the framework of CDF, the less-developed countries would have access to some of the financial sources in 1979, and subsequently, to the pool of experts and/or common services, should the Eastern Caribbean Governments so desire.

(c) TASC agreed that IADB should organize an interagency meeting with the goal of reviewing proposals for studies in the tourism sector of the Caribbean economy and recommending appropriate actions which could be taken by one or more of the donor agencies. The meeting was held on 3 October 1978 and was attended by representatives of the Caribbean Tourism and Research Centre (CTRC), ECLA, the Organization of American States (OAS), UNDP, the World Bank, the World Tourism Organization (WTO) and IADB.

(d) TASC considered a proposal prepared by its secretariat on the preparation and maintenance of a technical assistance inventory. There was widespread discussion of alternatives for achieving the principal objective of an inventory, namely, the identification and mobilization of financing for technical assistance projects. It was agreed that such an inventory, which would require financing, should not be prepared and maintained at the present time; instead, more direct efforts should be made to assist the Caribbean countries to identify and finance technical assistance requirements.

77. Reproduced in the table is a summary of the work programme of TASC for the

period September 1978 to March 1979, embodying the above-mentioned conclusions and decisions. The resource requirements listed in the programme do not include the cost associated with the secretariat services provided by UNDP and the services provided by the member institutions of TASC. The next meeting of TASC was scheduled to take place at the ECCM secretariat in Antigua, on 15 and 16 March 1979.

#### Economic co-operation between Canada and CARICOM

78. On 20 January 1979, Canada and 9 of the 12 member countries of CARICOM met in Jamaica to sign an agreement providing for financial, technical, trade and industrial co-operation between the two parties (see also para. 33 above). The representative of Montserrat was not present at the ceremony but was expected to sign later. Under the agreement, Canada is required to consider the provision of specific financial and technical support to CARICOM member countries. The countries participating in the agreement are obligated to give their respective products the most-favoured-nation treatment, and to promote regional programmes and projects that encourage industrial co-operation. The agreement is to remain in effect for a period of five years, after which it will continue to operate indefinitely, unless a participating country decides to reject it. Such an action would require 12 months' notice.

79. The representative of Canada stated that the agreement provided a wide scope for co-operative ventures in agriculture, fishing, light manufacturing, trading and various financial and services industries. The success of the new co-operation, he added, would depend on whether Canadian companies could be assured of fair treatment and could count on stability so that they would feel that "such industrial co-operation here is attractive and worthwhile to all". As a first step, he continued, the Governments involved should identify the areas of investment and technology to be used in the CARICOM countries and should co-ordinate them with the Canadian private sector. Finally, he suggested that the joint committee provided for under the agreement should meet in Canada within two months to begin identifying individual sectors and opportunities for possible industrial co-operation.

### 4. SOCIAL CONDITIONS

#### A. Labour

80. As noted in the preceding sections, the efforts of the territorial Government to stimulate economic development, especially tourism and light manufacturing, resulted in increased employment in 1977 and 1978. Nevertheless, the economy has not expanded fast enough to provide adequate employment opportunities for Montserrat's growing labour force. As a result, large numbers of Montserratians have continued to seek work abroad as an alternative to poverty at home, the volume of emigration being influenced partly by economic conditions in traditional host countries and partly by their laws governing the entry of foreign labour.

81. The discontent with economic conditions led to "sick-outs" by the organized civil servants in late 1978 (see paras. 21-29 above), causing widespread

disruption in the economy. Recognizing such industrial actions as a further illustration of difficulties persistently encountered by labour, Chief Minister Osborne said in a recent statement that his Government was placing great emphasis on the need to improve the economic position of the people of the Territory by accelerating the rate of its economic growth. A description of the efforts being made to facilitate and expand economic growth in the Caribbean area is given in paragraphs 30 to 79 above.

#### B. Public health

82. Medical, public health and sanitary services are under the control of the Chief Medical Officer. During 1977, there was no significant change in the number of the public and private medical and health staff. Two trained Montserratians were to return from abroad in 1978 to replace two expatriate district medical officers (see also para. 21 above).

83. In his budget speech of 21 April 1978, Mr. Bramble said that the new Glendon Hospital (the only general hospital in the Territory) was virtually completed, the only work remaining being the conversion of the former kitchen and laboratory into a laundry facility at an estimated cost of \$EC 170,500.

84. According to the Montserrat Statistical Office, deaths among local people totalled 138 in 1977 (128 in the previous year), the main causes being hypertension and heart and cerebro-vascular diseases.

#### 5. EDUCATIONAL CONDITIONS

85. According to the information transmitted by the United Kingdom for 1977, there has been no change in the administrative organizations responsible for education, or in the number of schools in the Territory. Pupil enrolment was as follows (1976 figures in parentheses): primary education, 2,356 (2,635); junior secondary education, 391 (180); secondary education, 310 (302); and technical and vocational training, 50 (39).

86. The training of an adequate number of Montserratian teachers has been one of the major problems in educational development. In 1977, 14 Montserratian teachers (unchanged from the previous year) pursued various training courses overseas. The Department of Education continued to provide in-service training for uncertified teachers as well as courses on how to improve specific aspects of the curricula.

87. In his recent budget speech, Mr. Bramble said that the British Development Division in the Caribbean had approved the allocation of \$EC 175,000 to finance various training courses under several schemes including those for the West Indies. He added that "the regional integration movement is in considerable turmoil and uncertainty" and drew particular attention to the possible "disintegration" of the University of the West Indies (see also para. 31 above).

APPENDIX

Caribbean Group for Co-operation in Economic Development: summary work programme of the Technical Assistance Steering Committee

September 1978-March 1979  
(cost in United States dollars)

Activity	Output	Timing	Cost	Financing source a/	Executing/ implementing agency	Co-operating agency	Follow-up
<u>A. Regional project preparation and implementation</u>							
<u>1. Transportation</u>							
Shipping statistics for Caribbean b/	Reliable shipping traffic data for period October 1977-September 1978 for general planning in port development and shipping	October 1978 9 months	50 000	UNDP	ECLA to implement study under sub-allotment from regional statistics project executed by United Nations	CARICOM and ECOM secretariats, CDB and CDCC member Governments	Long-term data requirements for maritime planning to be met in the context of proposal for regional co-operation in development of shipping on which preparatory work is in progress by CDCC, UMGTA and IMCO. Project to be reviewed at next meeting of Steering Committee
Support for small vessels and schooners c/	Project document suitable for financing by Caribbean Group	October 1978 4-6 weeks	13 000	UNDP	UMGTA in association with IMCO	CARICOM and ECOM secretariats	Secure financing from Caribbean Group to implement full-scale project
Caribbean container distribution and load centre port study d/	Project document suitable for financing by Caribbean Group	October 1978 2 months	9 000	World Bank	World Bank	CARICOM, ECLA-CDCC, UMGTA, IMCO	Secure financing for full-scale study, estimated at 6 months (July-December 1979)
Study of port authority legislation, functions and management structures e/	Project document suitable for financing by Caribbean Group	January 1979 6 weeks	13 000	CIB	CDB	CARICOM, ECLA-CDCC, UMGTA, IMCO	Secure financing from Caribbean Group to implement full-scale project
Caribbean airport maintenance and operations study b/	Identification and costing of required maintenance work, schedule of operating and maintenance procedures, additional staff requirements and equipment for proper and safe operation of airports	January 1979 12 months	227 000	IADB, CDB	ICAO	Civil aviation departments and airport authorities of participating Governments	Need to assist some Governments in implementing recommendations resulting from project through technical assistance and capital projects

Activity	Output	Timing	Cost	Financing source a/	Executing/ implementing agency	Co-operating agency	Follow-up
LIAT fleet requirements b/	Recommendation on optimum organization, route structure and re-equipment requirements	As soon as possible 3 months	102 000	CDB	ICAO	LIAT on behalf of Governments	Provide further technical assistance to LIAT as required, as well as assistance in securing financing for recommended re-equipment programme
Establishment of Caribbean air transport board or council c/	Draft document of proposed objectives and functions of board for discussion at November meeting of ICAO-CDCC. Project document suitable for consideration by financing agency	October 1978 3 months	14 000	World Bank	World Bank	ICAO and civil aviation departments of participating Governments	Secure financing for project to assist in establishment of board or council if Governments so agree
<u>2. Industry</u>							
Study of incentives and protection in the Caribbean b/	Report with recommendations to make necessary legislative changes or take actions needed to rationalize incentive system in region	December 1978 4 months	25 000	World Bank	World Bank in association with UNCTAD and UNIDO	CARICOM Governments, Bahamas, Haiti, Dominican Republic, Netherlands Antilles	To be determined following review of report and recommendations by Governments
CARICOM management training programme c/	Plan of operation for management training programme suitable for financing by Caribbean Group	October 1978 2 months	20 000	IADB	CDB	World Bank, EDI, UNDP, IADB	Secure financing from Caribbean Group to implement full-scale project
Preparation of priority list of subsectors to be programmed under proposed CARICOM industrial programming scheme c/	List of industrial subsectors recommended for programming with analysis and justification	January 1979 12 months if feasible	75 000	CDB	To be determined	CDB and ECOM secretariats	To be determined following review of conclusions and recommendations by CARICOM Governments

Activity	Output	Timing	Cost	Financing source <sup>a</sup> / agency	Executing/ implementing agency	Co-operating agency	Follow-up
<u>B. Experts and common services</u>							
Pods of experts and common services	Project to establish limited pool of experts	January 1979	To be determined	UNDP	To be determined	ECCM secretariat and member Governments	In addition to UNDP support, financing for implementation of project will be sought from Caribbean Group
<u>C. Tourism</u>							
Tourism technical meeting	Recommendations on priorities for technical assistance for development of tourism	3 October 1978	-	IADB		IADB, WTO, CTRC, OAS, World Bank, UNDP	Preparation and implementation of preparatory assistance and project proposals if required financing obtained
<u>D. Assistance to national programmes</u>							
More-developed countries of CARICOM, Bahamas, Dominican Republic, Haiti, Netherlands Antilles to be assisted in identifying and preparing technical assistance proposals to accelerate implementation of public sector investment projects	Technical assistance proposals suitable for financing by Caribbean Group	September 1978-March 1979	To be determined	Steering Committee member institutions and other agencies	UNDP/IADB and IADB representatives to serve as focal points at country level for this activity	More-developed countries of CARICOM, Bahamas, Dominican Republic, Haiti and Netherlands Antilles	Assist Governments, as required, in securing financing to implement technical assistance
Less-developed countries of CARICOM to be assisted in preparing technical assistance proposals to accelerate implementation of public sector investment projects	Technical assistance proposals suitable for financing by Caribbean Group	September 1978-March 1979	To be determined	Steering Committee member institutions and other agencies	To be determined	ECCM secretariat and member Governments and Belize	Assist Governments, as required, in securing financing for projects

(Source and foot-notes on following page)

(Source and foot-notes to appendix)

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Source: Caribbean Group for Co-operation in Economic Development, Technical Assistance Steering Committee.

- a/ Subject to official approval of agency as required.
- b/ Project to be implemented without further preparatory work.
- c/ Preparatory assistance for the design and planning of a full-scale project.

## CHAPTER XXIV\*

### TURKS AND CAICOS ISLANDS

#### A. Consideration by the Special Committee

1. At its 1135th meeting, on 9 February 1979, by adopting the suggestions relating to the organization of its work put forward by the Chairman (A/AC.109/L.1280/and Add.1), the Special Committee decided, inter alia, to refer the Turks and Caicos Islands to the Sub-Committee on Small Territories for consideration and report.
2. The Special Committee considered the item at its 1152nd and 1153rd meetings, on 6 and 7 August.
3. In its consideration of the item, the Special Committee took into account the provisions of the relevant General Assembly resolutions, including in particular resolution 33/44 of 13 December 1978 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 12 of that resolution, the Assembly requested the Special Committee "to continue to seek suitable means for the immediate and full implementation of General Assembly resolution 1514 (XV) in all Territories which have not yet attained independence and, in particular: ... to formulate specific proposals for the elimination of the remaining manifestations of colonialism and to report thereon to the General Assembly at its thirty-fourth session". The Committee also took into account General Assembly resolution 33/35 of 13 December 1978, concerning five Territories, including the Turks and Caicos Islands. By paragraph 10 of that resolution, the Assembly requested the Special Committee "to continue to seek the best ways and means for the implementation of the Declaration with respect to ... /the/ Turks and Caicos Islands ... including the possible dispatch of visiting missions in consultation with the administering Power ...".
4. During its consideration of the Territory, the Sub-Committee had before it a working paper prepared by the Secretariat (see annex to the present chapter) containing information on the latest developments concerning the Territory.
5. The representative of the United Kingdom of Great Britain and Northern Ireland, as the administering Power concerned, participated in the work of the Special Committee during its consideration of the item.
6. At the 1152nd meeting, on 6 August, the Rapporteur of the Sub-Committee on Small Territories, in a statement to the Special Committee (A/AC.109/PV.1152) introduced the report of the Sub-Committee (A/AC.109/L.1325) containing an account of its consideration of the Territory.
7. At the 1153rd meeting, on 7 August, following statements by the representatives of Bulgaria, the Syrian Arab Republic, the Union of Soviet Socialist Republics,

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\* Previously issued as part of A/34/23/Add.5.

China, Cuba and Afghanistan (A/AC.109/PV.1153), the Special Committee adopted the report of the Sub-Committee and endorsed the conclusions and recommendations contained therein (see para. 9 below), it being understood that the reservations expressed by members would be reflected in the record of the meeting.

8. On 7 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 1153rd meeting, on 7 August 1979, 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 Turks and Caicos Islands to self-determination and independence in conformity with the Declaration on the Granting of Independence to Colonial Countries and Peoples, contained in General Assembly resolution 1514 (XV) of 14 December 1960.

(2) The Special Committee reiterates the view that such factors as size, geographical location, population and limited natural resources should in no way delay the speedy implementation of the process of self-determination in accordance with the Declaration contained in resolution 1514 (XV), which fully applies to the Territory.

(3) With a view to accelerating the process of decolonization so as to ensure the rapid and complete implementation of the Declaration, the Special Committee notes with appreciation that the administering Power has continued to participate actively in the work of the Committee.

(4) The Special Committee takes note of the statement of the representative of the administering Power that his Government will respect the wishes of the people of the Territory in determining their own future. The Committee, however, is of the view that it remains the obligation of the administering Power to carry out a thorough programme of political education so as to ensure that the people of the Territory are made fully aware of their right to self-determination in conformity with resolution 1514 (XV). The Committee therefore calls upon the administering Power to take all necessary steps, taking into account the expressed wishes of the people of the Turks and Caicos Islands, to expedite the process of decolonization in accordance with the relevant provisions of the Charter of the United Nations and the Declaration.

(5) The Special Committee reaffirms once again the responsibilities of the administering Power under the Charter for the economic and social development of its dependent Territories. The Committee, noting the economic conditions existing in the Turks and Caicos Islands, calls upon the administering Power to strengthen the economy of the Territory through diversification so as to reduce dependence on any one activity.

(6) The Special Committee urges the administering Power, in co-operation with the territorial Government, to take effective measures to safeguard, guarantee and ensure the right of the people of the Turks and Caicos Islands to own and dispose of their natural resources and to establish and maintain control of their future development.

(7) The Special Committee urges the specialized agencies and other organizations within the United Nations system, in particular the United Nations Development Programme, as well as regional institutions such as the Caribbean community and the Caribbean Development Bank, to continue to pay special attention to the development needs of the Turks and Caicos Islands.

(8) The Special Committee, noting that the Territory continues to rely heavily on the administering Power for budgetary and development aid, urges the administering Power to take all possible steps to strengthen and diversify the economy of the Turks and Caicos Islands.

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

(10) The Special Committee welcomes the invitation extended by the administering Power to send a visiting mission to the Turks and Caicos Islands in the spring of 1980, which will enable it to obtain an accurate and first-hand impression of conditions in the Territory.

ANNEX\*

Working paper prepared by the Secretariat

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\* Previously issued under the symbol A/AC.109/L.1296.

## TURKS AND CAICOS ISLANDS a/

### 1. GENERAL

1. The Turks and Caicos Islands lie to the south-east of the Bahamas Islands and about 145 kilometres north of the Dominican Republic. They consist of two groups of islands separated by a deep-water channel, approximately 35 kilometres wide, known as the Turks Islands Passage; the Turks Islands lie to the east of the passage and the Caicos Islands to the west. The Turks group comprises two inhabited islands, Grand Turk and Salt Cay, six uninhabited cays and a large number of rocks. The principal islands in the Caicos group are South Caicos, East Caicos, Middle (or Grand) Caicos, North Caicos, Providenciales (known locally as Blue Hills) and West Caicos; East and West Caicos have no settlements. The total land area is estimated to be 500 square kilometres; in addition there are large areas of lagoons and salinas which could be reclaimed.

2. At the last census, held in 1970, the population of the Territory numbered 5,675, of whom the majority was of African descent, the remainder being of mixed or European origin. Approximately 2,300 people live in Cockburn Town, on Grand Turk, where the seat of Government is located. According to the information transmitted by the administering Power, the population was estimated to have risen from 6,500 in 1976 to 6,787 in 1977. In past years, more than 11,000 Turks and Caicos Islanders have been reported to be resident in the Bahamas, although there are indications that some of these have returned to the Territory as a result of Bahamian independence and the economic slow-down. The number of aliens seeking to settle permanently in the islands is negligible; in 1977, no new permanent resident certificates were approved.

### 2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

#### A. Constitution

3. An outline of the constitutional arrangements set out in the Turks and Caicos Islands (Constitution) Order, 1976, appears in the report of the Special Committee to the General Assembly at its thirty-second session. b/ Briefly, the Government's structure consists of a Governor appointed by the Queen, an Executive Council and a Legislative Council.

4. The Governor (Mr. John Clifford Strong, who replaced Mr. Arthur C. Watson on 1 August 1978 at the end of the latter's tour of duty) is responsible for defence,

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a/ The information contained in this paper has been derived from published reports and from information transmitted to the Secretary-General by the Government of the United Kingdom of Great Britain and Northern Ireland under Article 73 e of the Charter of the United Nations on 15 August 1978 for the year ending 31 December 1977.

b/ Official Records of the General Assembly, Thirty-second Session, Supplement No. 23 (A/32/23/Rev.1), vol. III, chap. XXV, annex, sect. C, paras. 3-15.

external affairs, internal security and the police and public service. He has reserved legislative powers necessary for the exercise of his special responsibilities, but on other matters he is normally required to act in accordance with the advice of the Executive Council.

5. The Executive Council comprises the Governor, who presides; a Chief Minister elected from among the elected members of the Legislative Council; three ministers appointed by the Governor on the advice of the Chief Minister from among the elected members of the Legislative Council and three ex officio members (the Chief Secretary, the Attorney-General and the Financial Secretary).

6. The Legislative Council consists of 11 elected members, 3 appointed members and the 3 ex officio members of the Executive Council. The Speaker is elected by the members of the Legislative Council, from within or outside the Council, and a Deputy Speaker is elected from within the Legislative Council. The appointed members are appointed by the Governor after consultation with the elected members of the Legislative Council. Appointed members have no vote on a motion of no-confidence in the Government.

#### B. Political parties and elections

7. As previously noted, c/ economic development in the Territory has lagged behind its need during recent years. As a result, many people, especially the new entrants into the labour force, have been unable to find employment. The discontent of some sections of the local population resulted in an outbreak of violence on Gran Turk early in June 1975, following incidents connected with the maintenance of law and order. Later in the month, after the territorial Government had taken certain measures to deal with the matter, the situation on that island became quiet.

8. These disturbances led many local people to support the People's Democratic Movement (PDM), led by Mr. James A. G. S. McCartney, thus enabling it to win 5 of the 11 elected seats in the Legislative Council at the first general elections held under the present Constitution in September 1976. The People's National Organization (PNO), led by Mr. Norman B. Saunders, secured 4 seats and the remaining 2 seats went to independent candidates. With the support of the latter, Mr. McCartney was appointed Chief Minister. He also holds the portfolio of home affairs, communications, agriculture and fisheries, the last two subjects having been transferred in December 1977 to him from Mr. C. W. (Liam) Maguire's ministry, which is responsible for tourism and development of industries and resources. The two other ministers are Mr. Lewis E. Astwood (who was given responsibility for public works and utilities, and was then asked to deal with labour as well), and Mr. Oswald O. Skippings (who was first given responsibility for education, and was then asked to deal with health, welfare and local government as well).

9. Shortly after the elections, the Chief Minister stated that his Government intended to address itself to: (a) reducing unemployment (estimated at

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c/ Ibid., Thirty-first Session, Supplement No. 23 (A/31/23/Rev.1), vol. IV. chap. XXIX, annex, sect. C, paras. 17-22.

35 per cent of the labour force) by expanding the fishing industry and reviving the stagnant salt industry; (b) upgrading social services such as health, education, recreation and welfare; (c) seeking foreign investment on a quid pro quo basis; and (d) granting an exclusive government-partnership gambling-casino licence to any interested party prepared to build a hotel with a minimum of 200 rooms. Other foreign aid would be sought mainly from Canada and the United States of America. The Chief Minister said that his Government would continue to pursue those policies, aimed at improving economic and social conditions in the Territory, and meeting the needs and aspirations of its people.

10. In this connexion, it will be recalled d/ that the majority of PDM in the legislature had been reduced to one in November 1977, following Mr. Walter Cox's resignation from the party. At that time, Mr. Cox accused PDM of failure to bring about any form of development. Subsequently, he joined the opposition PNO and became its chairman.

11. In November 1978, Mr. McCartney (accompanied by Mr. Lewis E. Astwood, Minister of Public Works, Utilities and Labour, and by Mr. Edward Stack, an adviser) visited Jamaica for consultations with its Prime Minister, Mr. Michael Manley. Shortly after the meeting, Mr. McCartney granted an interview to The Daily Gleaner of Kingston, at which he stated among other things:

"We had very friendly and cordial talks, in which I found the Prime Minister very sympathetic about our problems. We discussed both economic and political matters, and I told him what our situation is, of the struggle to get projects going and of our efforts to get the British Government to implement some kind of infrastructure."

### C. Future status of the Territory

12. In January 1977, Mr. D. O. Astwood, Chairman of the Turks and Caicos Islands Development Board, was reported to have told the press that the people of the Territory were well aware that to become politically independent, they must first become independent economically, adding that until the territorial budget could be balanced, he did not envisage any possibility of independence. e/ During his recent visit to Jamaica (see para. 11 above), Mr. McCartney told the interviewer from The Daily Gleaner that many of the younger people of the Territory were beginning to think in terms of achieving political independence and that 65 per cent of the population was under 30 years of age. However, he did not indicate whether the territorial Government intended to change its position on the question of independence (see also paras. 15-17 below).

13. When he addressed the Fourth Committee of the General Assembly on

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d/ Ibid., Thirty-third Session, Supplement No. 23 (A/33/23/Rev.1),  
vol. III, chap. XXIV, annex, para. 8.

e/ Ibid., Thirty-second Session, Supplement No. 23 (A/32/23/Rev.1),  
vol. III, chap. XXV, annex, sect. C, para. 21.

22 November 1978, f/ the representative of the United Kingdom made a statement regarding the small Territories for which his Government was responsible in its capacity as administering Power, including the Turks and Caicos Islands. (See also chap. XXII of the present report, annex, paras. 25-26). Briefly, he reiterated that his Government respected the wishes of its dependent Territories to determine their own future in accordance with the principles of the Charter of the United Nations. His Government would not force constitutional change on its dependent Territories, but believed that such change should take place at the rate at which the peoples of the Territories wished. In his view, the pace of constitutional advance in a small Territory with scarce economic resources could be slower than, or different from, the pace in other Territories. His Government attached great importance to developing a soundly based economy in its dependent Territories, as a counterpart to constitutional progress, and would continue to give those Territories all possible economic assistance so that they would have a realistic basis on which to proceed towards self-determination.

#### D. Other developments

14. In November 1977, supporters of PDM, including the four elected ministers, held a peaceful demonstration outside the office of the Governor, as a result of his refusal to approve an agreement concluded between the territorial Government and the West Pacific Land Development Corporation of the United States, a construction company, to build a hotel and casino with a minimum of 200 rooms g/ (see also para. 9 above). The demonstration was over the question of whether the territorial Government was constitutionally competent to enter into such internal agreements without reference to the United Kingdom Government.

15. In the following month, a three-member delegation from the Territory, led by Mr. Maguire, Minister of Tourism and Development, visited London to discuss this and other related questions with Mr. Edward Rowlands, Minister of State at the Foreign and Commonwealth Office. During the discussions, the delegation accepted on behalf of the Government certain suggestions made by the United Kingdom, which were incorporated in the proposed arrangements with the company. On 18 October 1978, it was reported that the project had been approved, with the United Kingdom Gaming Board providing advice on the operation and supervision of the casino and on the choice of an operator.

16. In April 1978, Mr. Maguire was reported to be investigating the possibility for a private company based in the United States to purchase two uninhabited islands of the Territory, Big and Little Ambergris (approximately 13 square kilometres in area) for \$US 50 million. h/ According to Mr. Maguire, the company

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f/ Ibid., Thirty-third Session, Fourth Committee, 24th meeting, paras. 23-30.

g/ Ibid., Supplement No. 23 (A/33/23/Rev.1), vol. III, chap. XXIV, annex, paras. 13-15.

h/ The legal currency of the Territory is the United States dollar.

had already obtained an option on Big Ambergris which is privately owned, and had offered to buy Little Ambergris from the territorial Government. The company had proposed to create a new independent country to be known as the Kingdom of Ambergris, which would be the home of a university for students from the third world, and which would have the rights to its own constitution and laws, etc.

17. The territorial Government had considered the proposals favourably and had asked the United Kingdom Government for legal and constitutional advice and information on "how a colony can become independent in parts", pointing out that the economic implications and benefits to the Turks and Caicos Islands would be considerable; \$US 50 million would be sufficient to make the Territory financially self-sufficient.

18. In June, an official of the Foreign and Commonwealth Office was quoted in the press as saying that "Crown Land may be sold, but sovereignty is indivisible". During the same month, in reply to a question in the United Kingdom House of Commons, Mr. Rowlands stated that "no islands have been sold by British dependent Territories in the last five years". He further stated that "some small islands have been in private ownership from an earlier date and are from time to time sold by one private owner to another". i/

#### E. Military bases

19. The United States Government maintains a Coast Guard station on South Caicos. It also has a naval facility, an air force base and a telemetry station on Grand Turk, covering an area of 233 hectares. The agreement between the Governments of the United Kingdom and the United States concerning the latter's bases in the Territory expired on 31 December 1977. The Government of the Turks and Caicos Islands was associated with the negotiations for the renewal of the agreement, a round of which was held at Washington, D.C., in late June 1978.

20. On 21 September 1978, the office of the Chief Minister issued a statement announcing that a week earlier, the territorial Government had been officially informed by the United States Government that "it intends to close the United States navy base on Grand Turk and the United States Coast Guard station on South Caicos on or before March 1980". The office added that negotiations for renewal of the existing arrangement had so far been unsuccessful.

21. Later in the month, Commander R. F. Grant of the United States naval facility in Antigua said in a statement that the rapid pace of technological development in recent years had reduced the need for some of the United States military facilities in the Caribbean. In line with that development, the United States Government had notified the Governments concerned regarding plans for the phased closure of a number of the United States naval facilities in the region, a matter which would form the subject of discussion with those Governments in the near future.

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i/ United Kingdom, Parliamentary Debates (Hansard): House of Commons Official Report (London, 1978), vol. 951, No. 127, col. 81.

22. Earlier, the United States Secretary of Transportation had reportedly taken a decision to postpone the scheduled shutdown of the coast guard station on South Caicos until the establishment of a new radio navigation system in the coastal areas of the United States on 31 December 1980.

23. On 14 November, a three-member delegation from the Territory, led by the Chief Minister, was reported to have returned from talks at Washington, D.C., on the future of the United States military bases in the Turks and Caicos Islands. Although it regarded the talks as "successful", the delegation declined to provide any details.

#### F. External relations

24. During a visit to Montserrat in January 1977, Mr. A. F. Williams, the Financial Secretary, stated that although the Turks and Caicos Islands participated in most regional activities, in particular the Caribbean Development Bank (CDB) and the University of the West Indies, the Territory considered that close association with the Caribbean Community (CARICOM) was not in its best interest, a position on which the Government has not changed. j/ He pointed out that import duties were the main source of territorial revenue, most of which would have to be given up by participation in CARICOM. The "disintegration" of the University of the West Indies has been considered a possibility, a development which would have serious consequences for the Territory.

25. The Government has made contributions to certain regional projects of the United Nations Development Programme (UNDP). In December 1976, UNDP provided \$US 1.1 million to meet part of the cost of a regional project of technical assistance to CDB; the balance of the \$US 6.8 million project, which is expected to be completed by the end of 1979, will be borne by 17 participating countries (including the Turks and Caicos Islands). In July 1977, it was decided that another regional project for the education and training of allied health (paramedical) personnel in 17 Commonwealth Caribbean countries (including the Turks and Caicos Islands), which had become fully operative in July 1975, should be extended from one and a half to five and a half years. This project will cost a total of \$US 9.3 million, to be financed partly by UNDP (\$US 1.3 million) and partly by the Governments of the participating countries (\$US 8.0 million).

26. Owing to its previous constitutional links with the Bahamas and Jamaica, the Territory has maintained much closer relations with those two countries than with any other Commonwealth country in the Caribbean. In 1799, the Turks and Caicos Islands were annexed by the Bahamas, but in 1848 a separate charter was granted in response to a petition from the islanders. In 1873, they again petitioned the United Kingdom Government for abrogation of the charter. The islands were then annexed to Jamaica as one of its dependencies. In July 1959, a new Constitution was introduced, empowering the Governor of Jamaica to exercise responsibility for the administration of the Turks and Caicos Islands with the Administrator as the Chief Administrative Officer. Upon Jamaica's accession to independence on

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j/ Official Records of the General Assembly, Thirty-second Session, Supplement No. 23 (A/32/23/Rev.1), vol. III, chap. XXV, annex, sect. C, para. 30.

6 August 1962, another Constitution came into operation, transferring the powers previously held by the Governor to the Administrator. On 5 November 1965, the Constitution was amended, whereby the Governor of the Bahamas became the Governor of the Turks and Caicos Islands. In the light of the forthcoming change in the status of the Bahamas, the Administrator was appointed Governor of the Territory as from 25 April 1973.

27. According to press reports, Chief Minister McCartney, together with two members of his party, attended the annual convention of the ruling Progressive Liberal Party (PLP) in the Bahamas, held at Nassau during late October 1978, in an effort to strengthen the ties between the peoples of the two countries. In the following month, the Chief Minister, accompanied by two officials of his Government, visited Jamaica to hold discussions with its Prime Minister on the situation prevailing in the Territory (see paras. 11 and 13 above).

28. During that visit, Mr. McCartney also discussed with Mr. Peter King, Executive Director of the Jamaica National Export Corporation (JNEC), a statutory body, wide-ranging economic co-operation possibilities. Mr. King offered the technical and training service facilities of JNEC for use by exporters and government officials from the Territory. He also said that Jamaica would assist the territorial Government in formulating technical assistance requests, particularly for the organization of fishing co-operatives, to the international agencies to which it had access. Soon afterwards, JNEC announced that a Jamaican trade mission would be sent to the Turks and Caicos Islands early in 1979. The mission would include exporters of fresh and processed foods, pharmaceutical goods, furniture and paint, and would explore the possibility of buying fresh lobsters from the islands. Just prior Mr. McCartney's recent visit to Jamaica, a business group from that country had signed agreements with the territorial Government for the construction and operation of a bakery and a poultry farm in the Territory.

### 3. ECONOMIC CONDITIONS

#### A. General

29. The Territory's economy is based largely on the related activities of property development and tourism, exports of fish and government expenditures, which in turn depend almost entirely on external aid to cover capital expenditure and recurrent budgetary deficits. Manufacturing industries in the Turks and Caicos Islands are still in their early stages. In recent years, the development of such industries has been confined primarily to those concerned with the processing of fish and the production of handicrafts. Agriculture has remained relatively under-developed.

30. Owing to the scarcity of local capital, aid and investment from external sources have played a significant role in the Territory's economic development. United Kingdom development aid funds again provided the main source of investment in 1977. As in the previous two years, activity in the private sector remained at a low ebb, although foreign investors showed some interest towards the end of the year.

31. As shown in the budget estimates for 1977, k/ local revenue, derived mainly from customs duties, was expected to amount to \$US 2.5 million and recurrent expenditure to \$US 4.4 million (excluding a United Kingdom grant-in-aid of \$US 1.9 million), compared with revised estimated revenue and expenditure of \$US 2.6 million and \$US 4.1 million (excluding a United Kingdom grant-in-aid of \$US 2.3 million), respectively, in the previous year. According to the administering Power, recurrent expenditure for 1977 subsequently totalled about \$US 4.2 million. Capital development aid from the United Kingdom was estimated to have decreased from \$US 1.7 million in 1976 to \$US 1.6 million in 1977.

32. The Territory has also received financial and technical assistance from certain external sources other than the administering Power, including the Governments of the Cayman Islands and Jamaica (see paras. 28 above and 55 below), CDB (see paras. 46-48 and 52 below) and organizations within the United Nations system, notably UNDP.

33. For the period 1977-1981, UNDP assigned to the Turks and Caicos Islands an adjuster indicative planning figure of \$US 633,000, including \$US 26,769 provided in 1977 and \$US 65,000 to be disbursed in 1978. The Territory has also participated in multi-island and regional projects of UNDP (see also paras. 25 above and 35 below).

34. The World Bank, together with several other organizations, convened the Conference on Economic Development in the Caribbean at Washington, D.C. on 14 and 15 December 1977. Following the decision taken by the Conference, the Caribbean Group for Co-operation in Economic Development was formed to co-ordinate and strengthen external assistance for a large number of Caribbean countries. The Turks and Caicos Islands are not included in this group, however.

35. At its first meeting, held from 19 to 24 June 1978, the representative of UNDP told the Caribbean group that in the years 1977-1981, UNDP was providing \$US 98.0 million for technical assistance in the Caribbean region, an increase of 39 per cent over the previous five years. Efforts to promote regional co-operation should focus on three main areas: (a) strengthening CARICOM (of which the Territory is not a member); (b) fostering subregional institutions to serve the less-developed countries in the Caribbean; and (c) widening co-operation to cover the greater Caribbean basin (of which the Turks and Caicos Islands are a part). He also said that the theme of co-operation being emphasized in the Caribbean would receive attention at the United Nations Conference on Technical Co-operation Among Developing Countries, to be held at Buenos Aires from 30 August to 12 September 1978.

36. Nearly all of the Territory's requirements are imported. According to the administering Power, imports were valued at \$US 7.5 million in 1977 (\$US 4.9 million in 1976); and exports totalled \$US 2.4 million \$US 1.6 million respectively. During this period, the Territory's unfavourable balance of trade rose from \$US 3.3 million to \$US 5.1 million. Faced with such a large trade deficit in 1977, it experienced very strong balance-of-payment pressures.

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k/ Ibid., Thirty-third Session, Supplement No. 23 (A/33/23/Rev.1), vol. III, chap. XXIV, annex, para. 22.

37. Additionally, the Territory continued to encounter the deep-rooted structural problems of a small island economy. Levels of unemployment and underemployment among the local people were high and per capita production and incomes have actually declined over the past few years.
38. In its previous report, the Special Committee took note of the adoption in 1977 by the territorial Government of a detailed development plan to tackle the above-mentioned problems. <sup>1/</sup> In formulating the plan, the Government took into account the 1971 development plan and other studies produced over the past decade under the sponsorship of the United Kingdom Government, as well as the economic policy announced by the Chief Minister in October 1976 (see para. 9 above).
39. Under the plan, the Government proposed: (a) the opening up of North Creel on Gran Turk to provide yachting anchorage and the excavation of a protected harbour; (b) the extension of the fishing grounds to an area south-east of that island; (c) the revival of the salt industry on Salt Cay and South Caicos; (d) the exploitation of off-shore aragonite; and (e) the construction of additional retirement homes and hotels, including, in particular, a resort/casino complex with a minimum of 200 rooms (see also paras. 14-15 above).
40. On 23 May 1978, The Financial Times (London) said in an article that, as pointed out by critics of the territorial Government, the development plan and many other government plans were financially or administratively impractical. The reply of PDM was that the islands were now paying the price of years of neglect by the British Government, and that if basic infrastructural development were to take place at such a late stage, it would have to be on a scale commensurate with future needs. In the article it was also said that the recent curtailment of emigration opportunities to the Bahamas would make it critical for the Government to increase the inflow of development capital. At the same time it was reported that the Government appeared to be making headway in the economic field.
41. In an article published later in the year by the Royal Commonwealth Society in its magazine, Commonwealth, Mr. Geoffrey Cooper, a former member of Parliament in the United Kingdom, made the following observations concerning the Turks and Caicos Islands:
- "There is clearly an urgent need for all possible developments to be encouraged and exploited by the Government .... The most likely long-term potential lies in the tourist industry. It has so far not flourished because the islands are little known .... But in spite of their attractions, the islands suffer from neglect."
42. In this connexion, The Financial Times remarked that "after years of benign neglect by successive administrations, the Turks and Caicos Islands appear to be making headway and attracting the genuine interest of overseas investors". Additional information on the implementation of the development plan is presented below.

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<sup>1/</sup> Ibid., paras. 24-26.

## B. Property development and tourism

43. The land policy of the Government remains as described in the previous report of the Special Committee. m/ Figures provided by the Planning and Development Authority under the Ministry of Tourism and Development indicate that applications for building permits remained fairly constant during the period 1975-1977, at approximately 190 a year. Most of these were for private houses, ranging in value from \$US 20,000 to \$US 30,000 each. According to the Ministry, the value of transfers of property dropped from \$US 1.6 million in 1974 to \$US 595,000 in 1976 and then rose to \$US 1.3 million in 1977.

44. On 26 May 1978, appointment of seven new members of the Planning and Development Authority under the chairmanship of Mr. Rudith Outten was reported. Prior to this announcement, the Minister of Tourism stated that "there is a drastic need for aggressive, progressive and positive thinking at the planning and development level, which can only be achieved by modern policies and very aggressive members". Agreeing, Mr. Outten stressed that the Government should introduce legislation to modernize the present Planning and Development Ordinance.

45. The tourist industry made steady progress in 1977, when the number of visitors rose by 8 per cent to 7,623, mostly from the United States. Efforts to strengthen the industry have been directed mainly towards: (a) accelerating the development of tourist facilities and air communications; (b) meeting the hotel industry's training needs; and (c) organizing publicity programmes for both local people and visitors. In 1977, there were 15 hotels and guest houses (unchanged from 1976), but the number of beds increased by more than 60 per cent to 455. In addition, the marina on North Caicos was completed.

46. In August 1978, a national of the United States opened a \$US 300,000 diving resort on South Caicos. During the same year, two large projects were planned or started, one being a resort complex (including a 200-room hotel capable of expansion to 622 rooms, with a casino) to be erected at White Sands Beach on Grand Turk by the West Pacific Land Development Corporation (see also paras. 14-15 above), and the other being a 200-room hotel (including a casino) under construction at Pelican Point on Providenciales. Other smaller projects were: (a) enlargement of two hotels on Providenciales (Third Turtle Inn and Erebus Inn) through the addition of 26 units to their facilities; (b) planned expansion of accommodation at another hotel, the Prospect of Whitby, on South Caicos; and (c) construction of a camp for some 50 divers on Salt Cay, to be financed by a loan granted to the Government from CDB. Bearing in mind that the naval facility on Grand Turk at present maintained by the United States Government was scheduled to close in 1980 (see paras. 19-23 above), the territorial Government, among other things, was reportedly studying plans to convert it into an hotel.

47. Air Turks and Caicos (AIRTAC, Ltd.), a locally registered company originally owned by the Government and public of the Turks and Caicos Islands and by Trans Jamaica Airlines (TJA, Ltd.) provides internal air services and a fortnightly flight between Kingston and Grand Turk. There are also two commercial airlines

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m/ Ibid., para. 30.

operating international flights: South East Airlines of the United States and Bahamas Air. In 1978, two airlines (Air Flamingo, Ltd., a new company incorporated in the Territory, and Cayman Airways) were reported to be interested in serving the islands.

48. In May 1978, there were reports that the shareholders of AIRTAC would be asked to approve the transfer of the 35 per cent of its shares held by TJA to the territorial Government, which already held 30 per cent of the shares. This move, supported by the United Kingdom Government, was to enable AIRTAC to claim reciprocal routes to and from certain specified destinations in the United States under its 1977 agreement with the United Kingdom governing air services between the two countries. In November, CDB approved, under certain conditions (see para. 60 below) a loan of \$US 368,000 to AIRTAC for the purchase of two new Britten-Norman Islander planes to improve air communications within the Territory.

49. In June, the Minister of Tourism and Development announced that secondary schools in the Territory would offer courses of study to meet the future needs of the hotel industry, taking into consideration criticisms of the professional standards of the present hotel staff throughout the Territory. The Government has continued to provide opportunities for qualified students from the islands to undertake training courses in managerial skills at the Bahamas Hotel Training College.

50. In January 1978, the Minister conducted local campaigns to help the public understand tourist requirements. Subsequently, at a convention held jointly by the Caribbean Hotel Association and the Caribbean Tourism Association at San Juan in June, he made a presentation, to nearly 2,000 participants, of the Turks and Caicos Islands as a holiday destination. On both occasions, he showed a newly produced promotional travel film on the islands.

### C. Agriculture, livestock and fishing n/

51. There is very little agricultural activity on Grand Turk and South Caicos, where roughly 60 per cent of the population resides. On the other Caicos islands, however, efforts have been made to develop small subsistence farms, with maize as the main crop and, particularly on North Caicos, some production of fruit and vegetables. The general poverty of the soil, irregular rainfall, prolonged periods of drought and the risk of hurricane damage militate against agricultural development. Livestock, mainly cattle, pigs and poultry, is raised in most settlements to supplement food supplies.

52. In December 1977, agriculture and fisheries came under the Chief Minister, who is assisted by Mr. Danny Williams, Parliamentary Secretary, in these matters. According to the latter, the Government was determined to promote agricultural development, especially in the South Caicos (also known as Lower Caicos). Efforts would be concentrated on reviving the plans to establish an experimental demonstration farm or agri-businesses at Kew on North Caicos. Particular recognition was given to the important role to be played by inter-island services in the future development of agriculture there. Provision would be made for the

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n/ See also para. 28 above.

implementation of the above-mentioned policy in the 1978 budget estimates. Additionally, special funds were expected to be provided by the United Kingdom, CDB and UNDP.

53. On a visit to the Territory towards the end of May, the Director of Agriculture of the Cayman Islands recommended the commercial production of protein foods - cattle, pigs and poultry - as a first step in establishing profitable agri-businesses and offered technical assistance, especially in using local fish meal to produce feed. Subsequently, a Jamaican business group signed an agreement with the Government for the establishment of a poultry farm. In June, UNDP sent two experts to the Territory "to identify land-use patterns in relation to agriculture, mainly on a soil-water-crop relationship and to examine training needs".

54. Commercial fishing is the principal industry of the Territory and the largest single employer of labour. The industry, which is controlled largely by foreign economic interests, dominates the export sector of the economy, the most important products being lobster and conch. Most of the catch of lobster is frozen in local processing plants for export mainly to the United States and the British Virgin Islands. Conch is now being exported in frozen form to the United States, in addition to the traditional exports of dried conch to Haiti. Efforts are being made to develop scale fishing for export. There are five processing plants operating in the islands.

55. In 1977, processed lobster and conch exported from the islands were valued at \$US 1.6 million (\$US 473,093 in 1976) and \$US 814,625 (\$US 370,525 in 1976) respectively. During this period, exports of scale fish expanded tenfold to over 9,000 kilograms, valued at \$US 14,196.

#### D. Industries n/

56. With the closure of the salt industry in 1964, there has been no industrial activity in the islands other than that related to the processing of fish and the production of handicrafts. In September 1977, the Government entered into an agreement with the International Salt Company of the United States, authorizing the company to conduct feasibility studies, at a fee, to determine the viability of a large-scale solar salt evaporation industry based on the eastern islands of the Caicos Group (South, East and Middle (or Grand) Caicos). According to The Financial Times (London), the company plans to invest some \$US 35 million in this venture, with the hope of producing 1 million metric tons of coarse grade sea salt each year for export to North America and Venezuela.

57. In 1977, the Government invited Marcona Ocean Industries of the United States to investigate the possibility of developing a new industry, the dredging of sea-bed aragonite, a substance like lime, through the creation of a deep-water harbour at Cockburn Harbour on South Caicos. o/ In late 1978, the company was reportedly continuing its investigation.

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o/ Official Records of the General Assembly, Thirty-third Session, Supplement No. 23 (A/33/23/Rev.1), vol. III, chap. XXIV, annex, paras. 25 and 27.

58. At about that time, a Jamaican business group signed an agreement with the Government for the construction and operation of a bakery.

#### E. Communications and other basic facilities

59. As noted above, the territorial Government has sought to expand tourism by providing additional basic facilities, especially those for air transport and by encouraging more commercial airlines to operate regular international flights to the Territory.

60. According to the administering Power, in 1977, some \$US 770,000 was spent on improving airports, airfields and port facilities, representing 50 per cent of the year's expenditure on capital projects. Nevertheless, the airstrips used by AIRTAC planes on Grand Caicos, North Caicos and Salt Cay remained unpaved. CDB therefore made a loan to AIRTAC (see para. 48 above) contingent on the Government's plan to pave the three airstrips.

61. Commenting on port facilities, Mr. Cooper particularly pointed out in his article (see para. 41 above) that in 1977, a group from the United States had studied the prospects of opening up North Creek on Grand Turk to the sea (see also para. 39 above), as an inland harbour for small vessels which, in his opinion, could of itself have transformed the economy. Since the final presentation of its project, the group had received no answer from the Government.

62. In an article on the Turks and Caicos Islands published by The Guardian (Manchester) on 18 October 1978, the author, in agreeing with the views expressed by the Chief Minister concerning the need for basic infrastructural development stated:

"These islands have been neglected. When they were part of a once great Empire, they did not rate highly and little was done for them. Now, remaining among the remnants, we have little to offer. We do give a total of £1.79 million in development aid, budget support and technical co-operation, and this is 40 per cent of expenditure. But it is not enough for the islands with inadequate roads, insufficient water, inadequate electricity supply, and a lack of resources which makes them ... [unable] to do more for themselves".

### 4. SOCIAL CONDITIONS

#### A. Labour

63. In recent years, the Territory has experienced serious problems of unemployment and underemployment, caused primarily by the slow pace of economic development, the entrance of young people into the labour force and the return of local workers from abroad. The main sources of employment are the territorial Government and the fishing, construction and tourist industries.

64. In a statement made shortly after the September 1976 general election, the Chief Minister placed unemployment at 35 per cent of the labour force. According to the administering Power, in 1977, approximately 293 persons (mainly unskilled) (265 in 1976) remained unemployed out of 942 (926 in 1976) registered for employment.

65. Towards the end of May 1978, The Financial Times (London) reported that unemployment in the Territory had dropped to 18 per cent, a rate which remained unchanged in October as pointed out by a correspondent of The Guardian (Manchester). On the other hand, Mr. Cooper stated in his article (see para. 41 above) that the rising generation of the Territory felt "a deep frustration and discontent". It was seen in the general air of neglect on Grand Turk in particular, with its "shanty-town" poverty of the "black-salina" area of Cockburn Town, the capital. Those who had seen few prospects at home had left over the years for better opportunities, settling mostly in the Bahamas with some going to the United States. Local migrant workers were returning from the Bahamas under its restrictive immigration policy, however. Mr. Cooper considered that prospects were uncertain for an early improvement in the Territory's unemployment situation.

66. According to the administering Power, aliens formerly provided certain artisan skills and undertook domestic and menial type of work, but the influx of such aliens has been much reduced through immigration and work permit restrictions, particularly in view of high local unemployment. By the end of 1977, the number of current work permits issued had fallen to 100. Owing to the lack of facilities for vocational education in the Territory, students therefrom seeking such education must go to countries in the Eastern Caribbean. Aware of the need to strengthen the tourist industry, the territorial Government is advocating a policy aimed at the provision of adequate training for those wishing to seek employment in the hotel industry (see also para. 49 above).

#### B. Public health

67. In a statement made shortly after the recent elections, the Chief Minister announced his intention of improving social services such as health. According to the information transmitted by the administering Power for 1977, there has been no change in the administrative organization responsible for governmental activities in respect of public health and sanitation. Apart from continuation of government efforts to upgrade the facilities at the General Hospital on Grand Turk, the situation in regard to medical institutions and their staff has remained unchanged.

68. In June 1978, it was reported that two medical officers had terminated their services with the Government, leaving only one doctor, the Chief Medical Officer, in the public medical service. A physician, formerly employed by the Jamaican Government, was expected to join the service and the Executive Council was considering whether it should accept the application recently made by another physician from the Cayman Islands for permission to set up private practice in the Turks and Caicos Islands.

69. Expenditure on public health under the 1977 revised budget estimates amounted to \$US 397,208, an increase of \$US 92,620 over the revised figure for the previous year.

#### 5. EDUCATIONAL CONDITIONS

70. In his statement made after the recent elections, the Chief Minister also announced his intention of improving educational services. According to the

administering Power, there was no change in the administrative organization for education in 1977. Statistical information on pupil enrolment was not available. As in the previous year, there were 14 government primary schools and 3 secondary schools (2 government and 1 private). With the completion of the Five Cays Primary School in 1977, the primary school rebuilding scheme, which had been a major feature of the programme financed by United Kingdom development aid funds over the past five years, came to an end.

71. The training of an adequate number of local teachers has been one of the principal educational problems in the Territory. Trained primary-school teachers accounted for 58 per cent of the total for 1977, or 25 per cent less than had been projected. This resulted partly from an unforeseen increase in the number of pupils, particularly in the rural schools, and partly from an unexpectedly high proportion of failures among those leaving teacher-training institutions. The graduate-teacher complement in the secondary schools, representing 53 per cent of the total for the year, also showed a higher rate of dilution by trained, but non-graduate, teachers.

72. In December 1977, one local student under government sponsorship was attending the Bahamas Hotel Training College, at which there were two more vacancies for applicants from the Territory. Subsequently, the Government announced that secondary schools in the Territory would offer hotel courses (see also para. 49 above). Local students have also been given opportunities to undertake teacher training, vocational education or university courses in the Caribbean region.

73. At a meeting held in May 1978, the UNDP Deputy Representative for the region told the local Chamber of Commerce that funds and facilities were available for the training of Turks and Caicos Islanders. However, he drew attention to the difficulty arising from the shortage of local persons having "the appropriate minimum educational qualifications" and desirous of taking advantage of such training facilities.

74. During that year, there were two important developments concerning higher education. One was the possible "disintegration" of the University of the West Indies, which would complicate government efforts to hasten progress in education (see also para. 24 above). The other was the announcement made by the Chief Minister that the United States Government would close its naval facility on Grand Turk in 1980 (see paras. 19-23 above). With that in mind, the territorial Government, among other things, was reportedly studying plans to offer the facility to a university for the establishment of an oceanographic institute.

75. Under the 1976 revised budget estimates, expenditure on education was \$US 645,615 on the recurrent account (or 14.5 per cent of total recurrent expenditure), and \$US 124,273 on the capital account (or 4.3 per cent of total capital expenditure). The revised figures for 1977 were \$US 702,303 (or 16.7 per cent of total recurrent expenditure) and \$US 36,866 (or 2.4 per cent of total capital expenditure) respectively. The ratio of contributions made by the United Kingdom Government through grants-in-aid to total education costs was estimated to have decreased from 55 per cent in 1976 to 43 per cent in 1977.

## CHAPTER XXV\*

### CAYMAN ISLANDS

#### A. Consideration by the Special Committee

1. At its 1135th meeting, on 9 February 1979, by adopting the suggestion relating to the organization of its work put forward by the Chairman (A/AC.109/L.1280 and Add.1), the Special Committee decided, inter alia, to refer the Cayman Islands to the Sub-Committee on Small Territories for consideration and report.
2. The Special Committee considered the Territory at its 1152nd and 1153rd meetings, on 6 and 7 August.
3. In its consideration of the item, the Special Committee took into account the provisions of the relevant General Assembly resolutions, including in particular resolution 33/44 of 13 December 1978 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 12 of that resolution, the Assembly requested the Special Committee "to continue to seek suitable means for the immediate and full implementation of General Assembly resolution 1514 (XV) in all Territories which have not yet attained independence and, in particular: ... to formulate specific proposals for the elimination of the remaining manifestations of colonialism and to report thereon to the General Assembly at its thirty-fourth session". The Committee also took into account General Assembly resolution 33/35 of 13 December 1978 concerning five Territories, including the Cayman Islands. By paragraph 10 of that resolution, the Assembly requested the Special Committee "to continue to seek the best ways and means for the implementation of the Declaration with respect to ... /The/ Cayman Islands, including the possible dispatch of visiting missions in consultation with the administering Power ...".
4. During its consideration of the Territory, the Special Committee had before it a working paper prepared by the Secretariat (see annex to present chapter) containing information on the latest developments concerning the Territory.
5. The representative of the United Kingdom of Great Britain and Northern Ireland, as the administering Power concerned, participated in the work of the Special Committee during its consideration of the item.
6. At its 1152nd meeting, on 6 August, the Rapporteur of the Sub-Committee on Small Territories, in a statement to the Special Committee (A/AC.109/PV.1152), introduced the report of that Sub-Committee (A/AC.109/L.1323) containing an account of its consideration of the Territory.
7. At its 1153rd meeting, on 7 August, the Special Committee adopted without objection the report of the Sub-Committee and endorsed the conclusions and recommendations contained therein (see para. 9 below).

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\* Previously issued as part of A/34/23/Add.5.

8. On 7 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 1153rd meeting, on 7 August 1979, to which reference is made in paragraph 7 above, is reproduced below:

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

(2) The Special Committee reiterates the view that such factors as size, geographical location, population and limited natural resources should in no way delay the speedy implementation of the process of self-determination in accordance with the Declaration contained in resolution 1514 (XV), which fully applies to the Territory.

(3) With a view to accelerating the process of decolonization so as to ensure the rapid and complete implementation of the Declaration, the Special Committee notes with appreciation that the administering Power has continued to participate actively in the work of the Committee.

(4) Mindful that visiting missions to small Territories provide an effective means of ascertaining the situation in the Territories visited, the Special Committee considers that the possibility of sending further visiting missions to the Cayman Islands at an appropriate time should be kept under review. In this regard, the Committee expresses its satisfaction at the willingness of the administering Power to receive visiting missions in the Territories under its administration.

(5) The Special Committee takes note of the statement of the representative of the administering Power that his Government will respect the wishes of the people of the Territory in determining their own future. The Committee is of the view, however, that it remains the obligation of the administering Power to carry out a thorough programme of political education so as to ensure that the people of the Territory are made fully aware of their right to self-determination in conformity with resolution 1514 (XV). The Committee therefore calls upon the administering Power to take all necessary steps, taking into account the expressed wishes of the people of the Cayman Islands, to expedite the process of decolonization in accordance with the relevant provisions of the Charter of the United Nations and the Declaration.

(6) The Special Committee reaffirms once again the responsibilities of the administering Power under the Charter for the economic and social development of its dependent Territories. The Committee, noting the economic conditions existing in the Cayman Islands, calls upon the administering Power to strengthen the economy of the Territory through diversification so as to reduce dependence on any one activity.

(7) The Special Committee urges the administering Power, in co-operation with the territorial Government, to take effective measures to safeguard, guarantee and ensure the right of the people of the Cayman Islands to own and dispose of their natural resources and to establish and maintain control of their future development.

(8) The Special Committee urges the specialized agencies and other organizations within the United Nations system, in particular the United Nations Development Programme, as well as regional institutions such as the Caribbean Community and the Caribbean Development Bank, to continue to pay special attention to the development needs of the Cayman Islands.

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

(10) The Special Committee, recognizing the desirability of hastening the process of replacement of foreign personnel by Caymanians, urges the administering Power to intensify its efforts towards preparing Caymanians for specific positions in all fields of activity and at all levels.

(11) The Special Committee, while noting with satisfaction the continuing progress in the economic development of the Territory, reiterates its concern that the local economy remains almost totally dependent on international finance and tourism. The Committee accordingly urges the administering Power to increase its efforts to diversify the economy of the Territory by giving more emphasis to such sectors as agriculture, fishing, forestry and manufacturing, with a view to its attaining a greater degree of self-sufficiency.

ANNEX\*

Working paper prepared by the Secretariat

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\* Previously issued under the symbol A/AC.109/L.1297.

## CAYMAN ISLANDS a/

### 1. GENERAL

1. The Territory of the Cayman Islands consists of Grand Cayman, Cayman Brac and Little Cayman. The latter two islands are also known as the Lesser Caymans. The total land area of the Territory is approximately 260 square kilometres. Grand Cayman, the principal island (198 square kilometres), lies 290 kilometres west-north-west of Jamaica and 240 kilometres south of Cuba. Cayman Brac lies 143 kilometres east-north-east of Grand Cayman and Little Cayman lies 8 kilometres west of Cayman Brac. George Town, the capital of the Territory, is located on Grand Cayman.

2. At the last census, held in 1970, the population of the Territory totalled 10,460, distributed as follows: Grand Cayman, 9,151; Cayman Brac, 1,289; and Little Cayman, 20. Sixty per cent of the population were of mixed origin, 20 per cent were of African and 20 per cent of European descent. In 1977, the population was officially estimated at 14,800, the increase being attributed to the return of Caymanians from abroad and the influx of immigrant workers attracted by the rapid economic growth of the Territory.

### 2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

#### A. Constitution

3. An outline of the constitutional arrangements set out in the Cayman Islands (Constitution) Order, 1972, appears in the report of the Special Committee to the General Assembly at its twenty-eighth session. b/ Briefly, the governmental structure consists of a Governor appointed by the Queen, an Executive Council and a Legislative Assembly.

4. The Governor is responsible for defence, external affairs, internal security, the police and public service. He 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. In the absence of the Governor, the Chief Secretary is appointed Acting Governor.

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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 14 August 1978 for the year ending 31 December 1977.

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

5. The Executive Council consists of the Governor as its President, three official members appointed by him (the Chief Secretary and Leader of Government Business, the Financial Secretary, both Caymanians, and the Attorney General, a New Zealander) and four others, elected by the elected members of the Legislative Assembly from among their number and appointed by the Governor. The Governor at his discretion may charge any member of the Council with responsibility for any subject or department of the Government (other than the subjects exclusively reserved for him). Any member so charged is obliged to act in accordance with the policies of the Government as decided in the Council and with the principle of collective responsibility.

6. The Legislative Assembly consists of the Governor, or the Speaker, when there is one holding the office; the 3 official members of the Executive Council; and 12 other members directly elected by the people for a term of four years.

7. The Territory is divided into six electoral districts, which are represented in the Assembly as follows: West Bay and George Town, three members each; Bodden Town and Cayman Brac and Little Cayman, two members each; and North Side and East End, one member each.

8. The last general elections, held on 10 November 1976, were contested by 28 candidates. As in the previous elections, no political parties emerged, but for the first time candidates in some constituencies campaigned for those in other constituencies, thus working as a team. Five former members of the Legislative Assembly were returned and there were seven new-comers.

#### B. Future status of the Territory

##### Petition concerning constitutional advancement

9. On 8 September 1977, a public meeting was held at West Bay and was attended by about 400 people from the various districts. A similar number attended another meeting, held a week later at George Town. The meetings were organized by a group of persons, including Miss Annie H. Bodden, a member of the Legislative Assembly; Mr. John Jefferson, one of its former members; Mr. Berkley Bush, a former member of the Executive Council; and Mr. James A. Lawrence, a businessman. The main topic of discussion was the report of the 1977 United Nations Visiting Mission to the Cayman Islands. c/

10. According to the organizers, all of whom spoke at the meetings, the purpose of the meetings was to bring information to the public on the subject of constitutional reform. The speakers criticized the territorial Government for its failure to bring the issue clearly before the people, particularly in the light of the Mission's recommendation thereon. They also criticized the Governor, mainly on the ground that, in his speech to the Legislative Assembly in 1977 announcing the visit by the Mission, he had not revealed its full purpose.

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c/ Ibid., Thirty-second Session, Supplement No. 23 (A/32/23/Rev.1), vol. IV, chap. XXVI, annex.

Miss Bodden, whose views were shared by other speakers, said that she was strongly opposed to any constitutional changes for the Territory. She explained that any such move could only open up the road to independence, which would be "our curse"; and that "we cannot afford to trifle with what we have".

11. At the West Bay meeting, it was decided to submit a petition to the Queen through the Governor (see below). Those who spoke at the meeting called on the people of the Territory to support the petition and stressed the need for at least 8,000 signatures. In October, it was reported in the local press that several thousand people had signed it.

12. After recounting the visit of the Mission, the petitioners drew special attention to its recommendation emphasizing the desirability of introducing appropriate constitutional changes. They pointed out that the Mission had made that recommendation although "a vast majority of the Caymanian people told them that we want no constitutional change at this time". In expressing strong objections to "any form of constitutional change at this time", they stated that they relied on the declared policy of the United Kingdom, as recorded in the Mission's report, "to respect the wishes of the people of a dependent Territory if they felt independence was either inappropriate or premature", d/ as well as on "the United Nations resolution regarding dependent Territories, allowing them the right of self-determination". Finally, the petitioners asked the United Kingdom Government "to ensure that the wishes of the majority of the Caymanian people are fully respected, and that no constitutional changes be offered or granted to us at this time".

13. In a letter addressed to Mr. James A. Lawrence, which was published by The Caymanian Compass (a local newspaper) on 16 June 1978, Mr. Thomas Russell, the Governor recalled that, as indicated in his letter of 16 January 1978, he had written to the United Kingdom Secretary of State for Foreign and Commonwealth Affairs requesting that the above-mentioned petition be laid before the Queen. According to the Governor, he had been directed by the Secretary of State, in a letter received on 5 May to reply to the petitioners "assuring them that there will be no constitutional change at this time". He had added that "I have also been directed to inform you that Her Majesty's Government have, however, the duty to ask the Governor to continue to keep the options and opportunities for constitutional development before the members of the Legislative Assembly and the electorate".

#### Other developments

14. In a speech delivered at the opening session of the Legislative Assembly on 5 April 1978, announcing the territorial Government's policies and legislative programmes, Governor Russell referred specifically to a statement made by the representative of the United Kingdom before the Sub-Committee on Small Territories of the Special Committee on 6 March of that year.

15. At its 1109th meeting, on 29 June, the Special Committee adopted the Sub-Committee's report on the Territory and endorsed the conclusions and

d/ Ibid., para. 471.

recommendations contained therein. e/ Among other things, the Special Committee took note of the statement that the United Kingdom Government would respond positively to any request by the people of the Cayman Islands for changes in their Constitution. The Committee urged the administering Power to redouble its efforts to diversify the local economy in order to dispel whatever fear the local population might have that constitutional advancement meant instability or loss of the economic and social benefits which they currently enjoyed. The administering Power was also called upon to take constructive steps, taking into account the expressed wishes of the people of the Cayman Islands, to expedite the process of decolonization in the Territory in accordance with the relevant provisions of the Charter of the United Nations and the Declaration on the Granting of Independence to Colonial Countries and Peoples contained in General Assembly resolution 1514 (XV) of 14 December 1960.

16. In early June 1978, Mr. R. J. Stratton, the United Kingdom Assistant Under-Secretary for Foreign and Commonwealth Affairs (who is responsible, inter alia, for all Territories under United Kingdom administration except those in dispute) was reported to have stated during a visit to the Territory that he had received a clear message on the feelings of the local people with regard to constitutional change at the present stage of development. Obviously, everyone thought that "things were better left as they are". In his view, the fears about the likely effects of constitutional change on the Cayman Islands had been exaggerated. He particularly pointed out that independence did not mean a loss of interest on the part of the United Kingdom nor the withdrawal of its aid and technical co-operation. Furthermore, most of the Territories in his schedule were headed for independence in the near future, and even Bermuda, which had been adamant on the subject up to now, might eventually change its mind.

17. On a related question regarding the possibility of a second visit by a United Nations mission, Mr. Stratton said that nothing could be done to prevent that happening if such a request were made; in the eyes of the United Nations, the United Kingdom was responsible for the administration of its dependent Territories. He added that "I cannot give a categorical assurance that a given Territory will be consulted before every mission". He went on to say that the territorial Government and the elected representatives could express their views on the matter, although there was no assurance that these would prevail.

### C. Public service

18. Towards the end of 1977, there were 751 established posts in the public service of which 453 were filled by Caymanians, 35 by United Kingdom-based officers and 189 by persons from other Caribbean countries. The remaining 74 posts were vacant. At the higher level of the civil service, out of 29 heads of departments, 14 were Caymanians and 15 were expatriates; 5 of the expatriate posts were to be filled by qualified Caymanians by 1980.

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e/ A/AC.109/L.1227. For the conclusions and recommendations of the Sub-Committee, see Official Records of the General Assembly, Thirty-third Session, Supplement No. 23 (A/33/23/Rev.1), vol. III, chap. XXV, para. 9.

19. In his speech of 5 April 1978 (see para. 18 above), the Governor defined government policy as giving preference in staff appointment and promotion to Caymanians or persons with Caymanian status having requisite qualifications and an acceptable degree of experience. Further, there would be a gradual reduction in the number of staff employed under the Overseas Service Aid Scheme agreement with the United Kingdom, dictated largely by the reduction in United Kingdom aid funds. Such staff would be reduced from 33 at present to 25 by 1979, to 18 by 1980 and to 7 key posts by 1981. If suitable Caymanians did not come forward and it was necessary to recruit from overseas, recruitment would be on terms applicable to locally recruited staff.

20. On the subject of civil service training, the Governor stated that the needs of all departments had been reviewed and a five-year programme was in preparation, for which the United Nations Development Programme (UNDP) had allocated the sum of \$US 700,000 for the period 1977-1981. The Government was planning to regrade some posts and to review basic salary scales so that in the event of another cost-of-living increase, some extra weight could be given for responsibility.

21. In 1977, the number of Caymanians receiving training increased by 39 over the previous year. In 1978, 46 officials, ranging from principal secretaries and departmental heads to middle-level personnel, attended a six-week workshop, organized with the assistance of experts from UNDP, to improve the skills of civil servants at all levels.

22. On 15 November 1978, Mr. Vassel G. Johnson, the Financial Secretary, presented the budget for 1979 to the Legislative Assembly. In his statement, Mr. Johnson reported that civil service employees had rejected the Government's offer of a 10 per cent pay raise and were pressing for a 25 per cent increase. He suggested that an Assembly finance committee should consider the matter, as he believed that such an award might engender serious inflation problems. According to reports, the Assembly subsequently decided that civil servants receiving less than \$CI 1,000 f/ monthly would receive a 12.5 per cent increase, and those with higher salaries would receive a 10 per cent wage increase.

### 3. ECONOMIC CONDITIONS

#### A. General

23. In recent years, the Territory's economy has been based mainly on tourism and international finance, and to a lesser extent on construction. The contributions of agriculture, stock-breeding, fishing and manufacturing have been comparatively small, but efforts are being made to increase their production. The Cayman Islands Government is also seeking to broaden the base of the economy primarily by expanding oil-transfer operations and by preparing a comprehensive ship registry.

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f/ The local currency is the Caymanian Islands dollar (\$CI). Under current rates of exchange, \$CI 1.00 is equivalent to \$US 1.20.

24. Nearly all local needs are imported. The value of imports always exceeds that of exports, but the Territory's unfavourable balance of trade is normally offset by tourist spending, the purchase of real estate by foreigners, the flow of capital and of remittances from abroad. According to the Governor, imports increased from \$CI 9.0 million in 1971 to \$CI 30.0 million in 1976, and were expected to total \$CI 54.6 million in 1977. It was anticipated that 75 per cent of the 1977 imports would come from the United States of America. The rapidly growing market in the Cayman Islands has continued to attract the attention of Jamaican exporters. In July 1978, the Jamaican Exporters Association, in co-operation with Air Jamaica, sent a trade mission to Grand Cayman to explore further ways to expand exports to the Territory.

25. The weakness of the Territory's trade position lies in the fact that its productive resources are insufficient to satisfy local requirements. The inadequacy of such resources is also a major cause of local inflation. According to the Government, in the boom period prior to 1975, inflation rose to about 18 per cent a year. On the other hand, during the recession which followed, it dropped to an annual average of 6 per cent and remained there until January 1978. There could be a rise in the rate for 1979, if the economy continues to expand. On the matter of curbing inflation, the Government advocated voluntary restraint to avoid the need for official controls.

26. In his recent speech to the Legislative Assembly (see para. 14 above), Governor Russell called attention to the marked improvement in the economy in 1977, which he attributed to prudent policy and responsible management, as well as an up-turn in some sectors of the economy. According to the Governor, the economy was at a lift-off point and "1978 is set fair".

27. In his budget speech of 15 November 1978 (see para. 22 above), the Financial Secretary painted a picture of a buoyant economy resulting from increased business in its main sectors. He emphasized in particular that the Territory's two principal economic supports - tourism and international finance - had achieved remarkable growth, and that construction, the weakest area of the economy in the past three years, had shown a substantial increase in activity. According to Mr. Johnson, "there is optimism in the economic future of these islands as long as stability is maintained". He pointed out, however, that the performance of the Territory's economy was largely dependent on external factors such as the ability of industrial countries to cope with their fundamental economic problems.

28. Governor Russell spoke on the Caymanian Government's policy of economic diversification in his address before the Second Caribbean Conference on Trade, Investment and Development, recently held at Miami. He said that the local economy was at the stage where the largely private sector industries of trade and tourism had created a climate for further private business expansion and development in sufficient volume to generate revenues suitable for the needs of a small country. His Government pursued as an active policy incentives to encourage secondary industry as a means of expanding the economy, while ensuring local participation in the development of the private sector so that "the individual Cayman Islander is given his full share of any benefits".

## B. Development plan

29. Information on the Territory's development plan is contained in previous reports of the Special Committee. <sup>g/</sup> In brief, a Central Planning Authority (CPA), established by the Planning and Development Law, 1971, was empowered to guide and control the development of land in the Cayman Islands. A proposed land-use development plan for the period 1975 to 1990 was prepared by a team of experts under the auspices of CPA and published in draft form in March 1975. On 24 May 1977, after considering that publication and other relevant documents, the Legislative Assembly approved the Planning Statement for the Cayman Islands, 1977, as the development plan for the Territory. Its stated objective is "to maintain and enhance the environmental character of the Cayman Islands and the well-being and prosperity of its people". The plan makes specific proposals for Grand Cayman, and includes a map designating various zones, such as residential, commercial, hotel and tourist-related, agricultural, industrial, etc. Specific guidelines have also been suggested for the Development Control Board, which controls development on Cayman Brac and Little Cayman.

30. According to the information transmitted by the administering Power, the value of the development project approved by CPA in 1977 was \$CI 15.7 million, an increase of 147 per cent over the value of 1976. In his recent budget speech (see para. 22 above), the Financial Secretary stated that planning applications valued at \$CI 7.9 million were approved during the first half of 1978, the main areas being hotels (\$CI 5.2 million) and residential construction (\$CI 1.8 million). The expansion is attributed to the adoption of the new development plan, as well as the enactment of the Planning and Development Law, 1971.

## C. Financial developments

31. An international financial community has developed in the Territory because of its status as a tax haven, its bank secrecy laws, its accessibility and its reputation for stability. The community comprises commercial banks and other financial institutions, which provide a wide range of services to international clients. At the end of 1978, registrations of bank and trust companies were expected to reach 260, a 10 per cent increase over the previous year's registrations (237). Up to September 1978, the number of companies registered increased by 21.9 per cent to 9,152 (3,935 exempt, 4,985 ordinary and 232 foreign). According to the Financial Secretary, the industry's growth rate was expected to continue through 1979. The bulk of the international company business comes from the United States.

32. In recent years, large foreign companies have shown a growing interest in setting up captive insurance companies in the Territory to deal with their own insurance problems. Between 1975 and 1978, the number of such insurance companies increased from 9 to 19.

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<sup>g/</sup> For the most recent, see Official Records of the General Assembly, Thirty-second Session, Supplement No. 23 (A/32/23/Rev.1.) vol. IV, chap. XXVI, annex, paras. 58-61; and ibid., Thirty-third Session, Supplement No. 23 (A/33/23/Rev.1), vol. III, chap. XXV, annex, paras. 23-28.

#### D. Tourism

33. The development of tourism began in 1965 with the establishment of a Tourist Board under the chairmanship of Mr. Eric J. Bergstrom. In late 1973, he was appointed Director of Tourism and in early 1974 was placed in charge of the Department of Tourism. Between 1968 and 1977, tourist promotion offices were established at Miami, Chicago, New York and Houston, as 75 per cent of the tourists come from the United States.
34. During the period 1966-1974, the industry expanded rapidly. Its rate of growth slowed considerably in 1975, owing to the recession in the industrial countries, especially those in North America. The situation was reversed in 1976, however. In 1977, tourists arriving by air numbered 67,167; with the inclusion of cruise ship passengers, the total number reached 108,638, both figures representing an increase of 3 per cent over the previous year. On 14 November, addressing the Cayman Islands Hotel Association, Mr. James M. Bodden, the Executive Council member for tourism, aviation and trade, said that 125,000 arrivals were expected in 1978, an increase of 15 per cent over 1977. He further said that if plans and promotions were successful, the year 1979 would bring at least 150,000 tourists to the Territory. According to press reports, the net value of hotel bookings rose by over \$US 1.0 million to \$US 2.5 million in 1978.
35. At the end of 1978, the number of hotels in the Territory stood at 17, offering about 1,200 beds. There were also a large number of apartments, villas and cottages offering an additional 800 beds. During the year, the Brac Reef Hotel, London House, Villas of the Galleon and the Bay Reef Resort were opened. The construction programme (at a cost of \$CI 6 million) of the Grand Hotel on Seven Mile Beach underwent some modification in August. Under the revised programme, the hotel will have more than 200 rooms, instead of 150 rooms, and will be operated under the Sheraton Hotels, instead of the Ramada Inns, as originally planned. Upon its completion, expected by early 1980, the hotel will become the largest in the Territory. In November, CPA approved another project, a \$CI 4 million modern complex incorporating a shopping mall, office space and a hotel. The complex will be located in the Anchorage area of George Town, its construction having been scheduled to begin in January 1979.
36. At a meeting of sales and marketing staff of the Department of Tourism held recently in George Town, Mr. J. M. Bodden acknowledged the need for another large hotel, a golf course and some typical recreational facility for non-divers. He added, however, that the Government was not going to make "cheap, short-term gains" by allowing unrestrained expansion which would "strip our reefs and empty our seas". He emphasized that the Cayman Islands should pursue a long-term policy of regular, controlled growth in tourism.
37. The Cayman Islands Tourist and Industry Board, set up in July 1977, has continued to conduct short courses for those employed in the tourist industry and related fields. A trade and industry school was scheduled to be opened by the Government on the premises of the International College of the Cayman Islands in September 1978. The school was to offer regular courses for those wishing to seek work in those fields, as well as refresher courses for existing hotel staff.

Commenting on the training programme, Mr. Podden said that in view of the additions planned to the hotel industry, it was important to begin training staff now, if Caymanians were to be employed in the industry.

#### E. Agriculture, livestock and fishing

38. The development of agriculture in the Territory is hindered by the scarcity of farmland, the shortage of skilled labour, and the inadequacy of access roads to agricultural areas. The amount of land suitable for farming is estimated at 2,428 hectares. Aware of the need to reduce dependency on imported food-stuffs, the territorial Government has decided to accelerate the rate of agricultural growth by providing farmers with technical and other help.

39. Although stock-breeding is the main farming activity, production of fresh fruit and vegetables is steadily increasing and prospects for achieving self-sufficiency in bananas and plantains appear good. The leading producers are Cayman Poultry Farm, Bothwell Ranch, Island Vegetables and a hydroponics unit. In 1978, Further Land Farms, Ltd., joined the farming community with the latest modern machinery, and Caledonian Farms, after a five-year existence and an investment of \$CI 1.5 million, closed down. The livestock farms are now capable of producing enough pork and eggs to meet local demand, but owing to marketing difficulty, they have been forced to curtail production.

40. The various local enterprises and the Agricultural Society have sought market protection by way of a special tariff imposed on imported products. The Government feels, however, that the incentives offered to farmers, i.e., duty-free concessions on imports, rental of government-owned equipment for farming purposes at reasonable rates and aid and advice from the Agricultural Department, should be sufficient to make local products competitive with imports.

41. According to a recent official announcement, efforts are being made to obtain financing for small farmers through arrangements with the Caribbean Development Bank (CDB), whereby loans would probably be granted to the Territory in 1979. During the 1978 budget session, the Government presented to the Legislative Assembly a bill on the establishment of a board to promote agricultural and industrial development by providing, inter alia, financial assistance to local farmers and businessmen.

42. The Territory has a commercial sea turtle farm and a plant (on Cayman Brac) to process lobster for export. The commercial sea turtle farm, formerly known as Mariculture, Ltd., is now owned by a new company, Cayman Turtle Farm, Ltd., in which the Cayman Islands Government holds shares. With the expansion of turtle production, the company was able to increase its fragile export market by 100 per cent in 1977. Subsequently, it was reported that the industry was faced with a serious situation as a result of a recent federal ruling in the United States banning imports of turtle products. Pending a full hearing on the case, the lawyers for the turtle farm obtained a court injunction postponing application of the federal ruling. If the ruling is not reversed, it could have a serious effect on the economy of the Cayman Islands.

## F. Industry

43. Recognizing the need to diversify the Cayman Islands economy, the territorial Government in early 1977 took measures to stimulate industrial development, mainly through the waiver of duties on imported goods and equipment. It also promised to consider other concessions, once approval had been given for the establishment of a local industry (see also para. 28 above). During 1977, the Government was successful in securing the establishment of a moped assembly plant and five factories producing tools, ceramics and building materials. An application for the manufacture of detergents and one for the fabrication of motor vehicle batteries were under consideration. In late 1978, there were indications that certain unfavourable factors were making it difficult for certain industries to operate profitably in the Territory, for example, labour-intensive industries employing unskilled workers, and industries dependent on large volumes of imported raw materials.
44. Establishment of a port of registry for shipping has been accepted by all concerned as the most satisfactory solution to the question of economic diversification. There has been a marked increase in interest from shipping and shipping-related companies which consider the Cayman Islands as an attractive base for their operations. The Government has appointed a Registrar of Shipping as a first step towards ship registration. In his recent budget speech, the Financial Secretary stated that the Government had requested guidance and assistance from the United Kingdom Government in setting up a comprehensive ship registry. He reported that, by the end of September 1978, 326 ships had been registered, with a total of 180,200 gross tons.
45. On 16 March 1977, the territorial Government signed an agreement with Cayman Energy, Ltd., granting the company an exclusive one-year franchise to engage in ship-to-ship transfer of oil off Little Cayman. h/ Under the agreement, the Government would receive a royalty payment per barrel of oil transferred or a monthly minimum payment, whichever was greater. During that year, the company paid a total of \$US 124,550 in royalties.
46. In his recent speech (see para. 14 above), the Governor stated that the permit for the operation had been renewed for another year. On 3 April 1978, the Government had granted to Cayman Energy an exclusive franchise for a period of 30 years, for the construction of a crude oil transfer terminal on Little Cayman at a cost recently estimated at \$US 152.5 million. The terminal would have a total storage capacity of 10 million barrels of oil and the daily through-put would reach 1 million barrels. The construction of the terminal would begin on 1 April 1979, and would be completed by mid-1981. The royalty payment to the Government would begin on 1 January 1980 and would be based on a minimum daily through-put, rising over the period of the agreement at an ascending rate of royalty. The minimum royalty payable to the Government over 30 years would exceed \$US 240.0 million, with revenue rising from \$CI 1.5 million in the first year to over \$CI 15.0 million towards the end of the franchise period. The Governor pointed

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h/ Ibid., Thirty-third Session, Supplement No. 23 (A/33/23/Rev.1), vol. III, chap. XXV, annex, para. 43.

out that "as an alternative to royalty payments, the Government will have the right to elect, instead, to claim a rising percentage of profits if this is to its advantage".

47. In his recent budget speech, the Financial Secretary stated that, in 1978, the Government would receive royalties from the oil transfer operation estimated at \$CI 350,000, an increase of 40 per cent over the original estimates. He also indicated that the figure would double in 1979.

#### G. Communications and other basic facilities

48. In his speech of 5 April 1978, the Governor stated that the present road programme included asphalt surfacing at East End, North and South Sound Road and Church Street in George Town.

49. Extensive renovations of the terminal building at Owen Roberts Airport on Grand Cayman were started in 1977. In his recent budget speech, the Financial Secretary stated that despite the difficulty experienced in obtaining loans under British development aid, part of the project for airport equipment had been financed locally because of the urgency of the work. The airport would be equipped with improved landing facilities and put in service by early 1979. Land required for extension of the runways at Roberts airport as well as the one on Cayman Brac, had been purchased and that construction would be completed as soon as aid money was received.

50. Two important additional developments in the field of air communications occurred in 1978. The first was the approval in April by the Legislative Assembly of a loan of \$US 4.2 million for the purchase of a new aircraft for the Cayman Airways, Ltd. (CAL). In late May, the latter took delivery of a BAC 1-11, costing \$US 3.7 million, under a seven-year lease purchase agreement with the British Aerospace Corporation. The aircraft was put into service in July, and by the year's end it was flying regularly between Grand Cayman and Miami, Houston and Kingston and also on special charters.

51. In November 1978, the Legislative Assembly approved another loan of \$US 4.5 million to buy a second jet for CAL, probably in early 1979. In presenting the motion for the loan, Mr. J. M. Bodden, Executive Council member for tourism, aviation and trade, who is also of CAL, said that the first aircraft had placed the company on a sound and commercially viable basis. He added that the expansion of the economy, the opportunity to develop further important links outside the Territory, and the need to ensure greater efficiency in the employment of the company's capital resources, made necessary the acquisition of a second aircraft.

52. There has been a constant improvement and expansion of the Territory's telecommunications system. Cable and Wireless (West Indies), Ltd., which holds the franchise for commercial telephone, telegraph and telex services, has completed the 3,000-line exchange in George Town and extended its services to West Bay, Bodden Town, Stake Bay and Spot Bay. Further extension is planned to include North Side and East End by early 1979. With modern plant and exchange equipment, the network provides 24-hour service, enabling international calls to go directly to local customers without the assistance of international operators. The telex service provides direct access to most major centres in the world.

## H. Public finance

53. In his recent budget speech, the Financial Secretary stated that an upswing of economic activity had improved the financial position of the Territory in 1978. Revised ordinary revenue amounted to \$CI 16.2 million, originating mainly in customs duties, court fines, the sale of stamps and stamp duty on property transactions, work permits, tourist travel and accommodation taxes and oil-transfer royalties. The revised total shows an increase of 10.2 per cent over the original estimates and 23.0 per cent over the actual revenue for 1977. Revised expenditure for 1978 amounted to \$CI 15.6 million (including \$CI 2.4 million on the capital account), compared with \$CI 15.9 million originally estimated. The increase in revenue, together with controlled expenditure, was expected to provide a surplus of \$CI 627,268.
54. The budget for 1979, approved by the Legislative Assembly on 28 November 1978, envisaged \$CI 19.9 million in revenue and \$CI 19.9 million in expenditure.
55. Ordinary revenue for 1979 was estimated at \$CI 17.4 million (an increase of 18 per cent over the 1978 estimates), derived from the same sources as mentioned in paragraph 53 above, plus bank licence and ship registration fees. Ordinary revenue, together with the 1978 budgetary surplus (\$CI 627,268) and loan funds (\$CI 1.8 million), would provide a total revenue of \$CI 19.9 million. The increase in revenue was considered extraordinary, especially because no new taxes or increases in current taxes were proposed in the budget for 1979. Additionally, the budget provided for exemption of all import duties on three basic food-stuffs: rice, salt beef and evaporated milk.
56. Estimated total expenditure of \$CI 19.9 million was 24.5 per cent above the 1978 estimates. It included: on the recurrent account \$CI 14.2 million; new services, \$CI 363,976; on the special account, \$CI 1.1 million; and capital, \$CI 4.3 million. The main items of expenditure on the recurrent account were finance and development, \$CI 2.3 million; education, \$CI 2.1 million; and health services, \$CI 1.5 million. Approximately \$CI 638,000 was set aside to meet a salary increase for the civil service (see para. 22 above).
57. Performance under the loan funds section of capital expenditure for 1978 had not been satisfactory, particularly because the \$US 365,000 from the European Development Fund (EDF) to finance expansion of the Cayman Brac airport had not been finally approved. That and certain other projects were included in the capital projects programme for 1979. The programme provided for a total outlay of \$CI 4.3 million (\$CI 2.8 million in the previous year), to be devoted to expansion and improvements in education, health, police and prisons, fire services, civil aviation, roads and other communications.
58. For the period 1977-1981, UNDP assigned to the Cayman Islands an adjusted indicative planning figure of \$US 700,000, including \$US 87,000 provided in 1977 and \$US 105,000 expected to be disbursed in 1978. The Cayman Islands also participated in multi-island and regional projects during the period under review.

#### 4. SOCIAL CONDITIONS

##### A. Labour

59. Immigration to the Territory comes under the jurisdiction of the Caymanian Protection Board, established by the Caymanian Protection Law, 1971. The functions of the Board include the control of immigration, the granting of Caymanian status and the issue of gainful occupation, trade and business licences to non-Caymanians.

60. Under the Caymanian Protection (Amended) Law, 1977, persons registered in the Territory as British subjects (i.e., citizens of the United Kingdom and colonies), who had previously been granted Caymanian status automatically, are now entitled to permanent residence only, and require licences to work in a gainful occupation, trade or business. Also, a child born within or outside the Territory has Caymanian status only if one parent is Caymanian and both are domiciled in the Territory; otherwise, the child is entitled to permanent residence.

61. In his recent speech, the Governor stated that the Caymanian Protection Board had been authorized to examine the backlog of applications for Caymanian status which had accumulated beyond the limits of the previous annual quota. <sup>i/</sup> The Government had pursued a cautious policy on the granting of gainful occupation licences or work permits during recent years in order to minimize unemployment of Caymanians and to ensure placement of trained Caymanians returning from abroad. The Governor added that "... the policy of this Government is broadly that the grant of gainful occupation licences should march in step with the economy as it expands".

62. In his recent budget speech, the Financial Secretary commented that an increase in staff was planned for the Department of Immigration, to allow it to deal expeditiously with the backlog of applications and regular business. He reiterated that the training of Caymanians to fill positions now held by expatriates should always be foremost in the minds of employers. Training programmes had to be meaningful and produce the desired results, to avoid much of the criticism which had been levelled in the past. He felt, nevertheless, that the granting of work permits should be treated according to demand at any given time, because the Territory's economy in certain areas, particularly the financial industry, was dependent on expert knowledge and experience and until these skills were available locally, personnel would have to be recruited from abroad.

##### B. Public health

63. According to the information transmitted by the United Kingdom for 1977, there has been no change in the administrative organization responsible for public health,

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<sup>i/</sup> In August 1977, such a quota was raised by 28 to 40, including dependants. Between November 1976 and August 1978, Caymanian status was granted to 25 persons (13 Jamaicans, 9 British, 2 Hondurans and 1 Canadian). With inclusion of their wives and children, the total number was brought to 51.

or in the number of medical institutions. The staff of the George Town hospital (the government hospital) was strengthened particularly by the expansion of the nursing services (under the supervision of a Chief Nursing Officer) and by obtaining the assistance of visiting surgeons specializing in the ear, nose and throat.

64. In his recent speech to the Legislative Assembly, the Governor announced that the 1978 building programme at the hospital had included improvement of the out-patient and casualty sections through the provision of two beds, a pediatric ward of from six to eight beds, an extra operating theatre, a four-bed surgical room and a room for mentally ill patients. Subsequently, the Government reported the addition of two observation rooms in the casualty section, the start of construction on the pediatric ward and the expansion of the X-ray Department, including the provision of new equipment. The Government reported soaring public confidence in the hospital with more and more people using the facilities rather than travelling abroad for medical aid.

65. In his recent budget speech, the Financial Secretary announced that Cayman Energy, Ltd. had paid \$US 100,000 of the \$US 200,000 it had pledged towards the cost of expanding the Cayman Brac Faith Hospital (the locally financed hospital). The expansion would provide 10 additional beds (bringing the total to 18), a new operating theatre, a recovery room, expanded X-ray facilities and a dining room.

66. On the basis of a report which Dr. Arthur Bloom of Columbia University (New York) had submitted to the Government in late 1977, a genetics counselling programme was introduced in 1978. The programme, under the direction of the Chief Medical Officer, is intended to help families to cope with existing problems as well as couples from closely related families contemplating marriage. The Government is still seeking technical and financial aid from external sources in the development of a long-term programme of genetic disease prevention to which UNDP is expected to contribute \$CI 145,000 over a period of three years.

67. Aware of the economic importance of the tourist trade, the Government has continued to pay special attention to mosquito control. According to the Governor, seven major broods of mosquitoes were kept under control by aerial spraying and fogging and the highly successful application of larvacide in 1977. Tests with a newly found insecticide yielded good results against sandflies.

### C. Social services

68. As previously noted, j/ the National Council of Social Services (NCSS) was established in 1975 to provide social services with the participation of the Government, private institutions and individuals. An expert from the British

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j/ Official Records of the General Assembly, Thirty-third Session, Supplement No. 23 (A/33/23/Rev.1), vol. III, chap. XXV, annex, para. 63.

Development Division in the Caribbean visited the Territory in May 1977 for consultations with the territorial Government on the reconstruction of the social services. Following his visit, a Social Development Officer was appointed. In a report on education, tabled in the Legislative Assembly on 7 September 1978 (see below), Mr. Truman M. Bodden, Executive Council member for health, education and social services, stated that despite that appointment, NCSS had not become self-supporting, as originally envisaged; nor had it achieved several other objectives for which it had been created. He pointed out in particular that the present system and facilities of the nursery schools and kindergartens operated by NCSS were inadequate. The Government, among other things, was also considering a proposal to assume full responsibility for the Lighthouse School for the Handicapped operated by NCSS.

## 5. EDUCATIONAL CONDITIONS

69. The most important educational development occurring in 1978 was the review of government educational policy by Mr. T. M. Bodden, the Executive Council member concerned.

70. At a meeting of the Cayman Islands Chamber of Commerce, held on 15 February 1978, Mr. Bodden stated that the main deficiency in the present educational system lay in the fact that the majority of students leaving the primary school did not have the basic education and initiative to enter the Cayman Islands High School, a problem which, he believed, had not been caused by the teaching staff of either the primary or secondary schools. He therefore made several suggestions in order to strengthen the foundation of the educational system, including the addition of an extra year to the present legal school attendance time of 11 years.

71. The document on education (see para. 68 above) included the final draft of proposals by Mr. Bodden for reorganization of the Territory's system of education. Following is a summary of his main recommendations.

72. The pre-schools should not be made compulsory and should, as previously, remain open only part of the day, but their standards should be upgraded.

73. The age for entry to primary schools should be lowered from five years of age to four years and six months, and, at the discretion of the entrance committee, to not less than four years and three months. The primary school system should be modified with special attention to the standardization of books, especially in relation to the language arts (English and reading schemes), mathematics and science. The syllabus should be evaluated and/or revised at least every three years. In the second year of primary school, pupils should be obliged to take a standardized yearly achievement test. Any pupil failing to pass the test should be given extra help and retained for upwards of one term in the same class. Those meeting the necessary standards in education and maturity, regardless of age, should be permitted to enter the next higher class. Homework should be made compulsory for all children from the second year of primary school onwards.

74. A junior secondary or middle school, combining the last year of primary school and the first two years of secondary school, should be established as a transitional school in order to avoid potential overcrowding at the lower and higher school levels. Subject to the availability of funds and the practicality thereof, three junior secondary schools could be established to serve George Town, West Bay and other areas of Grand Cayman.

75. At the Cayman Islands High School, minimum entrance age should be reduced from 10 years and 9 months to 10 years and 6 months, or, at the discretion of the examining committee, to 10 years and 3 months in special cases. The mandatory entrance age should be increased from 12 years to 12 years and 3 months. The standards and abilities of students should be monitored by a board to determine their placement either in the academic stream, leading to the General Certificate of Education, or in the more practical courses, leading to the Certificate of Secondary Education diploma. The teaching staff and the equipment required for trade, industry and commercial subjects should be improved and increased to reach a standard equivalent to that of the ordinary national certificate. Such a certificate should be higher than General Certificate of Education and should be set as early as possible.

76. A supervisor of schools should be appointed with responsibility for inspecting the schools at regular intervals. Two school counsellors should be appointed for Grand Cayman and the welfare officer on Cayman Brac should discharge equivalent duties on that island. The school counsellors should also be required to ensure regular attendance at the primary and secondary schools, carry out social work and counsel children with serious disciplinary or social problems. Children should also receive guidance from teachers on acceptable behaviour, both in the school society and the local community. Each school should involve parents and children in setting standards for the behaviour of children within the school society. School records would be prepared in detail and kept up to date.

77. Groups such as parent teacher associations and the public at large were invited to give their views on the document in question by 15 October 1978. The proposals contained therein were to be altered where necessary and to be implemented as soon as possible thereafter. It was pointed out that certain parts of the proposals had been adopted in the 1977/78 school year and had proven to be substantially successful in some schools, especially the Cayman Islands High School, in relation to examinations, screening, streaming and record keeping.

78. According to the Government, the 1978/79 school year had an initial enrolment of 2,734 in the public school system, including 1,247 at the secondary school. At present, there are 38 Caymanian students studying overseas on government scholarships.

## CHAPTER XXVI\*

### UNITED STATES VIRGIN ISLANDS

#### A. Consideration by the Special Committee

1. At its 1135th meeting, on 9 February 1979, by adopting the suggestions relating to the organization of its work put forward by the Chairman (A/AC.109/L.1280 and Add.1), the Special Committee decided, inter alia, to refer the United States Virgin Islands to the Sub-Committee on Small Territories for consideration and report.
2. The Special Committee considered the Territory at its 1153rd and 1154th meetings, on 7 and 8 August.
3. In its consideration of the item, the Special Committee took into account the provisions of the relevant General Assembly resolutions, including in particular resolution 33/44 of 13 December 1978 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 12 of that resolution, the Assembly requested the Special Committee "to continue to seek suitable means for the immediate and full implementation of General Assembly resolution 1514 (XV) in all Territories which have not yet attained independence, and, in particular: ... to formulate specific proposals for the elimination of the remaining manifestations of colonialism and to report thereon to the General Assembly at its thirty-fourth session". The Committee also took into account General Assembly resolution 33/34 of 13 December 1978 concerning the United States Virgin Islands. By paragraph 9 of that resolution, the Assembly requested the Special Committee "to continue the examination of this question at its next session, including the possible dispatch of a further visiting mission ... at an appropriate time and in consultation with the administering Power ...".
4. During its consideration of the Territory, the Special Committee had before it a working paper prepared by the Secretariat (see annex to the present chapter) containing information on the latest developments concerning the Territory.
5. The representative of the United States of America, as the administering Power concerned, participated in the work of the Special Committee during its consideration of the item.
6. At the 1153rd meeting, on 7 August, the Rapporteur of the Sub-Committee on Small Territories, in a statement to the Special Committee (A/AC.109/PV.1153), introduced the report of that Sub-Committee (A/AC.109/L.1330) containing an account of its consideration of the Territory.
7. At the 1154th meeting, on 8 August, the Special Committee adopted the report without objection and endorsed the conclusions and recommendations contained therein (see para. 9 below).

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\* Previously issued as part of A/34/23/Add.5.

8. On 8 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 1154th meeting, on 8 August 1979, to which reference is made in paragraph 7 above, is reproduced below:

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

(2) The Special Committee reiterates the view that such factors as size, geographical location, population and limited natural resources should in no way delay the speedy implementation of the Declaration, which fully applies to the Territory.

(3) The Special Committee notes with appreciation the continued participation of the United States of America, as the administering Power concerned, in the discussion on the Territory, thereby enabling the Committee to conduct a more informed and meaningful examination of the United States Virgin Islands.

(4) The Special Committee notes from the statements made by the representative of the administering Power that the policy of the United States is to respect the wishes of the people of the United States Virgin Islands and that any status, including independence, is open to the people of the Territory.

(5) The Special Committee notes that the basic right of the people to elect further constitutional conventions to develop their own governmental framework remains unchanged. However, the Committee is of the view that it remains the obligation of the administering Power to carry out a thorough programme of political education so as to ensure that the people of the Territory are made fully aware of their right to self-determination and independence in conformity with resolution 1514 (XV). It therefore calls upon the administering Power to take all necessary steps, taking into account the expressed wishes of the people of the United States Virgin Islands, to enable them to exercise their right to self-determination in accordance with the relevant provisions of the Charter of the United Nations and the Declaration contained in resolution 1514 (XV).

(6) The Special Committee expresses its view that the presence of United States naval facilities in the Territory should not impede the progress of the people towards self-determination.

(7) The Special Committee notes that despite the fiscal difficulties of the territorial Government, the improvement in the economy of the Territory has to some extent lessened the effect of the recession of the mid-1970s, with tourism, its chief industry, leading the recovery. While noting that light manufacturing industry has contributed to the expansion of the economy, the Committee expresses its concern that the economic upturn has not yet resulted in a significant increase in public revenues.

(8) The Special Committee notes with interest the policy guidelines for economic development published early in 1979 by the Economic Policy Council of the territorial Government which were framed with a view to promoting economic growth commensurate with labour supply and infrastructure, as well as to meeting the need for diversification of the economy. In that connexion, the Committee reaffirms the responsibility of the administering Power for the comprehensive development of the Territory in its progress towards self-determination and urges the administering Power, in consultation with the territorial Government, to achieve a stable and viable economy in the Territory.

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

(10) The Special Committee expresses its satisfaction at the willingness of the administering Power to receive a visiting mission in Territories under its administration, and considers that the possibility of sending a further mission to the United States Virgin Islands at an appropriate time should be kept under review.

ANNEX\*

Working paper prepared by the Secretariat

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\* Previously issued under the symbol A/AC.109/L.1298.

UNITED STATES VIRGIN ISLANDS a/

1. GENERAL

1. The United States Virgin Islands, which lie some 40 nautical miles east of Puerto Rico, comprise about 50 islands and islets, the three largest of which are St. Croix (218 square kilometres), St. Thomas (73 square kilometres) and St. John (52 square kilometres).
2. At the last census, taken in 1970, the population of the Territory totalled 62,468, an increase of 30,369 over the 1960 census figure. The 1970 census figure was later revised upwards by the territorial Government to 75,151, the Government contending that non-citizens had not complied with census arrangements.
3. Immigration has contributed substantially to the growth of population. During the 1960s, the Territory experienced an economic boom based largely on tourism, with significant expansion also in manufacturing activity. Over this period, the population was sharply increased by the addition of numbers of persons from the continental United States, Puerto Rico and other areas of the West Indies.
4. In the light of the recent rapid growth in population and the emergence in 1970 of a downward trend in the local economy, the Federal Government assisted the territorial Government in dealing with the problem of aliens. As a result, the average annual rate of population growth was reduced from 8.8 per cent during 1970/71 to 3.3 per cent during the years 1971/72-1975/76. With the resumption of the positive growth in tourist trade beginning in mid-1976, the recent declining trend in the population was reversed.
5. According to an official estimate published in mid-1978, the population was 118,960 (of whom 60,830 lived on St. Croix, 55,560 on St. Thomas and 2,570 on St. John), representing a gain of 18,960 over the figure for the previous year. In mid-1978, it was estimated that about 42 per cent of the inhabitants were Virgin Islanders by birth and 12 per cent had resided in the Territory for more than 15 years.
6. In March 1978, Lieutenant Governor Henry A. Millin said in a speech that one of the major problems confronting the Territory was the rapidly increasing population from elsewhere and the consequent demands on public and community services. In November, during the election campaign, Mr. Ronald de Lugo, the gubernatorial candidate nominated by the Democratic Party of the Virgin Islands (DPVI), said: "With population densities approaching 1,500 persons per square mile on St. Thomas and 600 per square mile on St. Croix, we have every reason to fear unconstrained population growth and environmental deterioration during a period of renewed economic growth".

a/ The information contained in this paper has been derived from published reports and from information transmitted to the Secretary-General by the Government of the United States of America under Article 73 e of the Charter of the United Nations between 8 November 1978 and 7 February 1979 for the period from 1 July 1976 to 30 June 1979.

## 2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

### A. Constitution

7. 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. b/ In brief, the Government consists of three branches, executive, legislative and judicial. The Governor and the Lieutenant Governor are elected jointly by majority vote for a period of four years. The Governor is responsible for the administration of all activities of the executive branch, the appointment and removal of all officers and employees of that branch and the execution of federal and local laws (including the application in the United States Virgin Islands of those provisions of the Constitution of the United States and its amendments to the extent that it is not inconsistent with the status of the Territory as an unincorporated Territory of the United States). The Governor may recommend bills to the Legislature and veto any legislation as provided in the Revised Organic Act. He submits an annual report to the United States Secretary of the Interior on the state of the Territory for transmission to the United States Congress. The Secretary of the Interior has the power to appoint a Government Comptroller for the Territory, who may not be a member of any executive department of the territorial Government, and whose functions include improvement of the efficiency and economy of government programmes and the auditing and supervision of the use of federal funds.
8. There is a unicameral Legislature consisting of 15 senators elected by universal adult suffrage for a two-year term: 7 from St. Croix, 7 from St. Thomas and 1 who must be a resident of St. John, elected at large by the voters of all the islands. Each bill passed must be signed by the Governor before it becomes law. A two-thirds vote of the Legislature is necessary to override the Governor's veto.
9. To be eligible to register as a voter, a person must be a citizen of the United States, aged 18 years or over and a resident of the Territory for 30 days (a requirement set out in a newly enacted local law (see below) as a qualification for voting). The Legislature is empowered to prescribe other qualifications, provided that no property, language or income qualifications are imposed and that no discrimination is made on the grounds of race, colour, sex or religious belief. The absentee voter's bill, which was signed into law on 26 July 1972, provides for the establishment of absentee voting procedures.
10. On 14 July 1978, the Governor was reported to have signed into law a bill allowing eligible voters to register on a daily basis. Explaining the two major changes the bill made in the Territory's election laws, he said that the first provided for registration of voters at the offices of the Supervisor of Elections from 9 a.m. to 4 p.m. daily except Saturdays, Sundays and holidays. This change would permit the Territory to approach as closely as possible the goal of ensuring

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b/ Official Records of the General Assembly, Thirty-third Session, Supplement No. 23 (A/33/23/Rev.1), vol. III, chap. XXVI, annex, paras. 8-18.

registration of all eligible voters. The second major change instituted would conform the election laws to a court decision striking down as unconstitutional the one-year residency requirement for voting. Accordingly, the bill amended the elections laws to provide a 30-day residency requirement in keeping with the requirements of the United States constitution.

11. The Territory may send to the United States House of Representatives a non-voting delegate, who is elected for a two-year period by majority vote.

12. Under the Territory's judicial system, the District Court of the Virgin Islands (established by federal law) exercises appellate jurisdiction over the Territorial Court (established by local law) in civil and criminal cases. The United States Court of Appeals for the Third Circuit, Philadelphia, and the United States Supreme Court exercise appellate jurisdiction over the District Court of the Virgin Islands.

#### B. Constitutional reform

13. It will be recalled c/ that a locally elected Constitutional Convention - the third such to be held in the islands, but the first under congressional authorization (Public Law 94-584) - held its first meeting on 3 October 1977. Although the Convention's main function was to write a constitution for the Territory, delegates voted overwhelmingly in favour of setting up, inter alia, a committee to consider the question of federal-territorial relations. After a series of public hearings on preliminary drafts of the proposed territorial constitution, conducted on the three main islands between 12 January and 29 March 1978, the convention delegates prepared the final text of the document, which was signed by an overwhelming majority of its delegates (including Governor Juan Francisco Luis) on 20 April. In addition, the Convention decided to ask the United States Congress to pass the proposed act entitled "The Virgin Islands Federal Relations Act", its main provisions dealing with administrative, legislative, judicial and economic relations between the United States and the United States Virgin Islands.

14. On 20 July, Governor Luis officially presented the proposed territorial constitution to the President of the United States, who, in turn, forwarded it to the Congress on 20 September.

15. In his transmittal letter to the Congress, the President noted that the proposed constitution "meets the criteria established by Public Law 94-584; it is consistent with the sovereignty of the United States, its Constitution and its laws applicable to the Virgin Islands; it provides for a republican form of government with executive, legislative and judicial branches; it contains a bill of rights; it sets up a system of local courts; and it deals with those portions of the Revised Organic Act related to local self-government".

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c/ Ibid., paras. 19-46.

16. The President pointed out, however, that in commenting on the constitution, several federal agencies had drawn the attention of the Congress to three matters relating to the aggregate public debt limitation for the territorial Government, the creation of the position of territorial Comptroller General and the need to revise a section of the transitional schedule of the constitution in order to remove any uncertainty about the applicability of federal law.

17. Having commended those who had helped to draft the constitution, the President declared:

"It is a significant step toward greater local self-government. It is therefore wholly appropriate that the electorate of the Virgin Islands and not the Federal Government has the ultimate right to accept or reject it".

18. Also in September, Governor Luis and Lieutenant Governor Millin announced that they would seek to retain their posts at the forthcoming election to be held on 7 November (see paras. 31-32 below). In their campaign platform, they stated:

"We firmly support the proposed Virgin Islands constitution, fully recognizing the possibility that time and experience may reveal imperfections in the constitution that we, the people, will be empowered to remedy by amendment ... We believe that the proposed constitution offers the people of this Territory significant opportunities towards greater self-determination, political autonomy and maturity. The Virgin Islands cannot afford to squander the opportunities for forward progress presented by this document ...".

19. On 15 December, about a month after the Congress had approved the proposed constitution, the convention delegates agreed to submit it to a referendum to be held on 6 March 1979. In early February, the Convention and the Virgin Islands League of Women voters carried out programmes to inform the public about the document, and convention delegates and legislators began canvassing the population. In declaring 6 March as a public holiday, Governor Luis said that although he fully supported the ratification of the document, the final decision rested with the people of the Territory. He therefore encouraged "all qualified voters to turn out in large numbers and vote as they choose" in the referendum. The document was also endorsed by many other newly elected officials, including Mr. Melvin H. Evans, the Territory's non-voting delegate to the United States House of Representatives, and most members of the Thirteenth Legislature such as Mr. Elmo D. Roebuck, its President, and Mr. Earle B. Ottley.

20. The final official figures on the referendum showed 5,972 against the proposed constitution and 4,627 in favour. The voter turnout (38 per cent of the Territory's 27,731 eligible voters) was unusually low by local standards.

21. In his comment on the referendum results, Mr. Roebuck said that rejection by Virgin Islands voters of the proposed constitution reflected opposition to its individual sections, not to the entire document or the concept that the Territory should write its own constitution. Some people opposed the local government provisions; some were against the establishment of a local supreme court; and many believed that the constitutional proposals would be too costly to implement.

22. At a press conference held on 7 March, Governor Luis stated that he was saddened by the defeat of the proposed constitution, but was less pessimistic. He further stated that "now we have to renew our efforts to get our own constitution passed".

23. On 9 April, Mr. Evans told the press that the Library of Congress at Washington, D.C., had found that the Congress intended that its authorization for the Territory to write its own constitution should continue in effect for as long as necessary. With this in mind, Governor Luis sent a letter to the territorial Legislature three days later, asking it to initiate a fourth attempt to write such a constitution. He noted that "mistakes were made both as to the content of the rejected document and as to the way it was presented to the electorate". Nevertheless, he felt "very strongly that the people of these islands desire a constitution notwithstanding the outcome of the 6 March referendum".

24. On 23 April, Ms. Barbara Heller, the United States Deputy Undersecretary of the Interior, told reporters that her Department and the Departments of State, Defense, Treasury and Health, Education and Welfare were carrying out a study designed to formulate a new policy towards the Territories under United States administration (including the United States Virgin Islands), in co-operation with their respective Governments. The result of the study, due for completion on 1 July, would be submitted to the President of the United States and members of the Congress for consideration. Ms. Heller also said that Governor Luis had designated his executive assistant, Mr. Calvin Wheatley, to serve as liaison for the study, and that a plan for public participation would be announced shortly.

#### C. Future status of the Territory

25. As previously noted, the Constitutional Convention had decided to ask the United States Congress to pass a federal relations act. The request was based, inter alia, on the consideration that the Territory formed "part of the federal union with the United States", operating under its Constitution and laws, and wished "to continue in close association with the United States". The Convention also made it clear that "there is no intent to change the present status of the Virgin Islands as an unincorporated territory of the United States".

26. In a radio broadcast on 2 March 1979, Mr. Earle B. Ottley, a member of the territorial Legislature, expressed his support for the proposed constitution. In doing so, he maintained that if a constitution for the Territory "does nothing else but remove the colonial mentality ..., it should be applauded. With the economic imbalance that exists in the Virgin Islands today, we must now break out of our political strait-jacket and begin to appreciate and enjoy all rights and benefits which American citizens elsewhere take for granted".

#### D. Political parties and elections

27. DPVI is the strongest political party in the Territory. In addition, there are two other smaller parties: the Independent Citizens Movement (ICM), founded by former members of DPVI, and the Progressive Republican Party of the Virgin Islands (PRPVI).
28. The three parties contested the second gubernatorial election on 5 November 1974. As no candidate received a majority of the votes cast, a run-off election took place on 19 November 1974. As a result, Messrs. Cyril E. King and Juan Francisco Luis of ICM were elected Governor and Lieutenant Governor respectively. Mr. Luis succeeded Mr. King on 2 January 1978 following the latter's death. On 28 February, the Twelfth Legislature unanimously confirmed Mr. Millin as the new Lieutenant Governor.
29. The state of the parties in the Twelfth Legislature following the general election held on 4 November 1976 was (1974 figures in parentheses): DPVI, 13 (9); ICM, 1 (5); PRPVI, 0 (1); and independent, 1 (0). The success of DPVI was one of the main features of the election.
30. Mr. de Lugo (DPVI), who had been the first elected non-voting delegate to the United States House of Representatives in 1972, retained his seat in the House in the 1974 and 1976 elections.
31. On 7 November 1978, 21,810 of the 27,954 registered voters (over 78 per cent) voted in an election for Governor and Lieutenant Governor, the members of the Thirteenth Legislature and the Territory's non-voting delegate to the United States House of Representatives. It was reported that DPVI, ICM and PRPVI represented 62.8, 11.8 and 6.3 per cent respectively of the registered voters. The remaining 19.0 per cent were independent electors. Since the 1974 election, the numerical strength of this group has increased significantly, and that of the smaller parties has declined. Traditionally, United States Virgin Islanders have not voted along party lines. In 1978, there were two important political developments. First, ICM disappeared as a viable political party as it did not name any candidate for election. Second, a bill signed by Governor Luis on 11 August provided a special referendum on capital punishment as part of the election.
32. In the latest election, there were only two teams running for Governor and Lieutenant Governor: Messrs. Luis and Millin (independents), the respective incumbents; and Messrs. de Lugo and Eric E. Dawson (DPVI). The voting was as follows: Luis-Millin, 12,100; and de Lugo-Dawson, 8,109.
33. During the election campaign, both teams focused attention primarily on a number of continuing economic, social and educational problems encountered by the Territory. The deciding election issue was which team was capable of providing the leadership required to tackle these problems. In an interview granted in late November to The Daily News, a local newspaper, Mr. de Lugo said that two factors were responsible for the defeat of his team: lack of solid support from certain leaders of DPVI and a choice by voters based on personalities.

34. At the 1978 election only DPVI and PRPVI sought seats in the Thirteenth Legislature, while eight persons ran as independent candidates. DPVI secured 12 of the 15 elected seats and the remaining 3 seats went to independents. Of the members of the Thirteenth Legislature, nine retained their seats (including two who became independents), and six were newcomers (including one independent).

35. The total votes for the two candidates running for the Territory's non-voting delegate to the United States House of Representatives were: Mr. Evans (PRPVI), 10,362; and Mrs. Janet B. Watlington (DPVI), 8,447.

36. Official results of the special referendum, released on 14 November 1978, indicate that 9,003 voters favoured the death penalty for some crimes, while 7,280 were against it for any crime. Of the 9,003 proponents, 6,760 supported the death penalty for all persons convicted of first degree murder of a law enforcement officer or that involving rape. In the light of the referendum results, Mr. John A. Bell, an independent member of the Legislature, introduced, in early April 1979, a bill to allow the death penalty as punishment for any person convicted of first degree murder, robbery, burglary or rape.

37. Governor Luis and Lieutenant Governor Millin were sworn in privately at Government House on 1 January 1979, the first Monday of that month, as required by law. Owing to the New Year's activities, this was followed by a public ceremony on 3 January, during which they both delivered inaugural addresses (see below).

38. The Thirteenth Legislature took its oath of office on 8 January, after which Mr. Roebuck was re-elected its President. The Legislature also elected Mr. Sidney Lee Vice-President and Mr. Leroy Arnold majority leader. Efforts were being made to choose a minority leader from among the three independent members of the Legislature. In his opening address, Mr. Roebuck called for a spirit of unity and attached great importance to long-term, well-planned legislative programmes as well as quality legislation. His colleagues responded by promising to work together over the coming two years for the common good without regard to party lines.

39. Soon after he had joined with the other members of the United States House of Representatives in taking the oath of office on 15 January, Mr. Evans was elected to the Committee on Interior and Insular Affairs, which handles most legislation affecting the Territory, as well as to the committee on Merchant Marine and Fisheries, and the Committee on the Armed Services. He was also named to eight sub-committees dealing with various subjects such as national parks and insular affairs, water and power, energy and environment, fish and wild life, etc. Mr. Evans has one more committee assignment than his predecessor.

40. During the first four months of 1979, Governor Luis, with the consent of the Legislature, took measures to form a new Cabinet, which now consists of the Governor, the Lieutenant Governor and 14 other members (including 8 new appointees and 1 acting commissioner), each in charge of the following departments: agriculture; budget; commerce; conservation and cultural affairs; education;

finance; health; housing and community renewal; law; labour; property and **procurement**; public safety; public works; and social welfare. The appointment of a new executive assistant to the Governor was also announced. He was also selected to serve as liaison between the executive and legislative branches. Mr. Roebuck welcomed the step and regarded it as the beginning of a new, constructive era of co-operation.

#### E. Inaugural addresses

41. Speaking at the inaugural ceremony held at St. Thomas on 3 January 1979, Governor Luis declared that "my main objective in the next four years is to work with you to do all we can together to improve the quality of life in the Virgin Islands". He called on United States Virgin Islanders to make a "fresh personal commitment" to overcome "the difficult circumstances we now face". He warned, however, that "we must be careful to be realistic about what can be accomplished".

42. Among the priorities listed by Mr. Luis as "identified for immediate attention and action" were: (a) crime control and prevention; (b) new opportunities for youth; (c) continued, controlled growth of the local economy; (d) completion of all pending capital improvement projects (including, in particular, those aimed at improving water and power production); (e) establishment of effective fiscal and budgetary systems and (f) promotion of further progress in housing, health, social services and education. Mr. Luis expressed his support for the proposed constitution for the Territory (see paras. 13-14 above) and placed emphasis on the need to preserve and strengthen relations between the United States and the United States Virgin Islands.

43. Finally, Mr. Luis offered his "fullest co-operation and assistance to the Legislature" and sought "the assistance of concerned and committed Virgin Islanders" in the achievement of the goals of the Territory.

44. After expressing full agreement with the Governor's views, Mr. Millin made particular reference in his inaugural address to the need for: (a) drastic change and rapid improvement in the public service; (b) an increase of employment opportunities; and (c) curtailment of the inflationary spiral.

45. On 4 January, while participating in inaugural activities on St. Croix, Governor Luis and Lieutenant Governor Millin gave assurances that the Administration was going to try its best to fulfil all its campaign promises and to address problems honestly and squarely. Governor Luis particularly stressed the need to cope with the problems of crime, unemployment and economic and educational development. He stated that he would work closely with the Federal Government and would make it more cognizant of the Territory's problems, adding that unity was the key to its future.

## F. Reform of the machinery of government

46. In their platform for the 1978 election, Messrs. Luis and Millin stated that the men and women working in the departments and agencies of the Government must be chosen on the basis of their abilities and their commitment to serving the community, and not on the basis of their political affiliations. In their opinion, the "no-party" or independent banner was the surest way to draw the most talented United States Virgin Islanders into an administration based solely on merit and without regard to partisan politics. A "no-party" administration was a constructive change that would enable the people of the Territory to make the most effective responses possible to the challenges that they would face in the months and years to come.

47. Re-emphasizing the importance of reforming the machinery of government, Mr. Millin said in his inaugural address that "to accomplish our goals and objectives, there will be need for many changes - changes in organizational structure, changes in our laws and policies and above all, changes in our attitudes". He added that "we should look forward to changes intended to improve existing unfavourable conditions and to guarantee a better and more efficient functioning of our government". Changes must not be made on the basis of political spleen or favouritism. Rather, they must be made on the basis of careful planning, objective thinking and with the interests of the people being the main and determining factor.

48. Mr. Millin continued that this Administration would not tolerate dishonesty nor corruption, and would not condone incompetence or ineptness. Every effort would be made to eliminate waste, misuse or mismanagement of public funds, while seeking to promote efficiency and run the Government in a businesslike manner.

49. In late June 1978, it was announced that the territorial Legislature had engaged Mr. Bryan Anderson, a specialist from the United States, to make an independent and objective study of its operations over a period of one year, a move originally initiated by Mr. Roebuck, its President, in keeping with his previous pledge to upgrade the Legislature. After staying in the Territory for only a few weeks, Mr. Anderson told reporters that even at that early date, he agreed with Mr. Roebuck that there was an urgent need to improve the committee system by strengthening its research capabilities.

## G. Public safety and youth programmes

### Public Safety

50. In their election platform, Messrs. Luis and Millin said that for many years, the Territory had struggled against crime, "a malignant enemy", with little success. The problem ran deep and would not yield to quick and easy answers. The war against crime called for an efficient system of law enforcement with the support of all concerned. The long-run solution to the problem was jobs, education and opportunity, goals which, the team stressed, "we must constantly work to achieve".

51. They also said that the Government was taking intensive and immediate practical steps to improve crime control and prevention, including (a) upgrading and strengthening the Public Safety Department with special attention to improving the quality of the police; (b) establishing a government-community programme to encourage the public at large to participate in solving crimes and other related activities; (c) providing a meaningful rehabilitation programme for offenders; (d) enacting further legislation to remove unrealistic barriers to the conviction of criminals; (e) instituting a programme of agriculture, commercial fishing and related enterprises for young people seeking employment; and (f) co-operating with the religious community in the fight against crime.

52. In his inaugural address, Governor Luis reaffirmed that it was essential to continue to develop an effective crime control and prevention programme. In addition to those referred to above, other main features of the programme would be: (a) initiation of mandatory educational schemes for offenders who had dropped out of school; and (b) enactment of more effective laws making parents responsible for crimes committed by juveniles in their care and custody.

53. In early February 1979, when he appeared before the Legislature as a nominee for the post of Public Safety Commissioner, Mr. Milton C. Branch said that he was aware of reported problems confronting the Department and was prepared to do what must be done to make it "an effective crime-fighting force", but intended to spend at least three months evaluating its strengths and weaknesses. He believed that crime could not be controlled without strong public support. On 12 March, after being sworn in as the new Commissioner, Mr. Branch assured the community that "crime can be overcome in the Territory", and "the job can and will be done". Pledging confidence in Commissioner Branch, Governor Luis asked the community to give him time to devise an effective crime-fighting plan.

#### Youth programmes

54. In their election platform, Messrs. Luis and Millin promised to provide every youth in the Territory with an environment in which he could realize his potential for a constructive contribution to society. They proposed: (a) to establish more and better facilities for the rehabilitation of juvenile offenders and for the care of underprivileged children; (b) to act vigorously to control the use of narcotics; (c) to continue the provision and maintenance of safe recreation areas throughout the islands; (d) to expand economic and social opportunities for young people; and (e) to enhance in young people a sense of participation in public affairs and encourage their careers in government administration (see also para. 42 above).

#### H. Immigration policy

55. It will be recalled that on 5 August 1977, the President of the United States sent a message to the Congress concerning the problem of the alien population in the United States. Later, a bill was submitted to Congress embodying his proposal to grant permanent resident status to all aliens who had entered legally or illegally into the United States before 1 January 1970 and had lived there continuously since then. The Judiciary Committee of the United States Senate was

expected to begin hearings on the bill in May 1978. On 24 December, The New York Times reported that the bill was not likely to pass the Congress during the year because of its complexity.

56. It will also be recalled that Mr. Joshua Eilberg, Chairman of the House Subcommittee on Immigration, Citizenship and International Law, had planned to introduce, in the House, sometime during 1978, a bill concerned exclusively with the United States Virgin Islands which would permit, inter alia, the phased adjustment to permanent resident status of foreign workers who had lived in the Territory for at least eight years. In his message on the state of the Territory, presented to its Legislature on 21 April 1978, Governor Luis said that he had set up an Immigration Policy Task Force to study the problem of aliens residing in the Territory and prepare a position statement for submission to the United States Congress. In late July, Mr. de Lugo was reported to have stated that it was too late to move the bill, because Governor Luis had not yet responded to the request of the House Judiciary Committee for his views thereon. At the November legislative election in the United States, Mr. Eilberg lost his seat in the House.

#### I. Military installations

57. Early in 1967, the United States transferred its former naval base on St. Thomas, covering an area of 80 hectares, to the territorial Government, but retained the right to reoccupy the facilities at the base. The United States Navy maintains a radar and sonar calibration station in the Territory.

58. In an address to the St. Croix Chamber of Commerce on 18 January 1979, Rear Admiral Arthur K. Knoizen, The Commander of the United States Naval Forces in the Caribbean, drew particular attention to the Underwater Training Center operated by the Navy on the island. He said that the Navy hoped to expand its underwater scope from 54 square kilometres to 207 square kilometres with more personnel, equipment and vessels; and that since 1978, it had conducted negotiations with the Port Authority concerning its expansion plan. At a meeting held during the week ending 27 January, the Governing Board of the Port Authority approved that plan, under which the Navy would be allowed to lease a berthing space 145 metres long and 90 metres wide on the north side of the Frederiksted Pier, at a rent of \$US 35,000 a year, with an option to renew it at the same rate for six additional one-year terms.

#### J. External relations

59. On 24 June 1977, at Washington, D.C., the Governments of the United Kingdom of Great Britain and Northern Ireland and the United States had signed a Reciprocal Fisheries Agreement, providing, inter alia, for the continuation of commercial fishing by vessels of the British Virgin Islands and the United States Virgin Islands in their respective exclusive fishery zones, in accordance with existing patterns and at existing levels of fishing. On 2 August 1978, Governor Luis announced that the recent ratification of the Agreement by the United States Senate paved the way for its full implementation, and thus strengthened the

long-standing close ties between the Governments and peoples of the two Territories. Their leaders, among others, met on 28 October in Road Town, the capital of the British Virgin Islands, to celebrate the Seventh Annual Friendship Day (see also chap. XXII of the present report, annex, paras. 33-34 (pp. 213-214 above)).

60. As in the past, a special day was set aside in October to strengthen relations with another neighbour, namely, Puerto Rico.

61. In 1977, the United States Government adopted new aid and economic development policies for the Caribbean region. The territorial Government participated in the formulation and implementation of those policies.

62. Tourism, which has made significant contributions to the regional economy generally, has played a particularly dominant role in the economic development of certain smaller Caribbean countries. The territorial Government is one of the 29 members of the Caribbean Tourism Research Centre (CTRC), an international organization founded in September 1978 with headquarters in Barbados, the broad objective being to channel Caribbean tourism into the economic and social development patterns appropriate for the region. Representatives of the Territory and CTRC are expected to attend the Third Caribbean Tourism Conference to be held from 11 to 17 June 1979 in Jamaica, the host country, which is also a member of CTRC. For the first time, the question of developing all-year tourism in the region is to be discussed at the Conference.

63. Representatives of the territorial Government were present at the celebration of the independence of Dominica on 3 November 1978 and that of St. Lucia on 22 February 1979. According to Mr. Richard Spurlock, Director of the United States Immigration and Naturalization Service in the United States Virgin Islands, the independence of the two countries is expected to accelerate the process of adjusting the status of immigrants therefrom currently living in the Territory, more of whom would be eligible for permanent residence.

### 3. ECONOMIC CONDITIONS

#### A. General

64. During the period 1960-1969, the Territory enjoyed a rapid economic expansion founded largely on the related activities of tourism and construction, and to a lesser extent on the development of light and heavy manufacturing industries. As a result, per capita income grew at an average annual rate of 15.6 per cent. However, owing mainly to the decline in the tourist trade, partly caused by a recession in the United States, the upsurge in the economy was followed by a downward trend over the period 1970-1976, resulting in the slowing of the rate to 10.5 per cent. With the deterioration of the economic situation, the rate of unemployment in the islands rose from 1.3 per cent in 1969/70 to 10.8 per cent in 1975/76.

65. In 1977, a strong economic recovery was brought about primarily by gains in the sectors of tourism, construction and light manufacturing. In consequence, unemployment was reduced to 7.9 per cent, while per capita personal income increased by 3.2 per cent to \$US 4,743. d/ After accounting for inflation, the rate of growth in such income would be negative.

66. According to an article published by the Virgin Islands Department of Commerce in the Economic Review for the third quarter of 1978, the economy was making further progress with the sectors of construction and tourism expanding at a faster pace. There was a feeling of optimism in the Territory about the immediate economic outlook.

67. Apart from the economic activities referred to above, the Territory has few resources and is not self-sufficient in food-stuffs. Agriculture, livestock and fisheries remain relatively under-developed.

68. Nearly all local requirements are imported. Imports were valued at \$US 2.7 billion in 1976 and \$US 3.0 billion in 1977; exports totalled \$US 2.0 billion and \$US 2.6 billion respectively. During 1977, the Territory's unfavourable balance of trade was thus reduced considerably. As in the past, its net receipts on the invisible account normally covered outlays on imported merchandise. The main items were economic and financial aid from the United States, the inflow of foreign investment capital and tourist spending. There were no significant changes in the structure and direction of the external trade of the United States Virgin Islands.

69. The weakness of the Territory's trade position lies in the fact that its productive resources are insufficient to satisfy local needs. The inadequacy of such resources has also been the cause of persistent inflation. The Government

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

reported that consumer prices in the Territory rose by 83 per cent between 1970 and 1978, an average annual rate of inflation of about 9 per cent. Surveys conducted in December 1973, 1974, 1977, and 1978 showed food prices in the islands during those years to be 25.4, 21.4, 27.0 and 24.0 per cent higher than in Washington, D.C. In April 1979, the over-all cost of living in the Territory was believed to be more than 25 per cent higher than in the United States.

70. Other important economic problems for the Territory have included unemployment (officially estimated at about 5 per cent of the 41,000 local employees in February 1979); the deficiency of basic facilities, especially the systems of electric power, water supply and sea communications; and the need for improved management of economic growth and fiscal affairs.

71. Realizing that the problems of economic advancement in the Territory were both difficult and urgent, Messrs. Luis and Millin stated in their election platform that one of their priority projects would be a carefully planned and implemented programme to develop the full potential of the islands (see also paras. 88-95 below).

### B. Tourism

72. Tourism is the most important industry in the United States Virgin Islands, accounting in 1977 for 41.2 per cent of the gross territorial product, compared with 31.6 per cent in 1976. A total of 1.3 million persons visited the Territory in 1978. Of the total, 740,231 were airline passengers and 547,568 cruise ship passengers (compared with 604,909 and 514,797 respectively in 1977). Hotel occupancy figures were running at record or near-record levels. All indications were that 1979 arrivals were likely to exceed the 1978 record-breaking figures.

73. This prospect is greatly enhanced by the enactment of the federal Customs Procedural Reform and Simplification Act of 1978, which the President of the United States signed on 10 October. Under the act, which became effective on 2 November, United States nationals and residents visiting the Territory or foreign countries will be permitted to bring back certain duty-free goods to the United States. The duty-free allowance will be increased to \$US 600 for the Territory and \$US 300 for foreign countries, thus maintaining the current two to one ratio. The act will also permit only those visitors arriving from the Territory to apply for the personal exemption on merchandise acquired there for delivery to the United States.

### C. Water Island

74. Water Island, a 200-hectare island situated in St. Thomas Harbour, is the fourth largest land area in the Territory. In 1944, it was acquired by the United States Government from the original owner e/ for \$US 10,000. In

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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. 46-48.

December 1952, the United States Department of the Interior, as manager of the federally owned island, leased it to a private firm, Water Island, Inc., for 20 years with a 20-year renewal option at a base rent of \$US 3,000 annually. The lease provided that the firm "shall develop Water Island as a resort area, comprising a hotel, private homes, recreational and ancillary service facilities". In December 1965, the firm, with the consent of the Department, assigned its lease to Water Isle Hotel and Beach Club, Inc. (WIHBC).

75. On 2 March 1973, the Department of the Interior confirmed that it had approved the application from WIHBC for a 20-year renewal of the lease in question. As a consequence, Mr. Ronald de Lugo, the Territory's non-voting delegate to the United States House of Representatives, introduced a bill in the House which would, among other things, authorize the Department to acquire the company's leasehold and subsequently transfer Water Island to the Government of the United States Virgin Islands, in accordance with the provisions of the resolution on the matter adopted by the territorial Legislature in April 1972. The bill died with the Ninetieth Congress of the United States owing to lack of action by the House.

76. In early 1979, after learning that Beach Management Corporation headed by Mr. Edward Bishop of Ohio (United States) had expressed the desire to acquire the hotel presently operated by WIHBC but would need a longer lease to secure financing, Mr. C. B. Chapman, Jr., the Assistant Solicitor for Territories of the Department of the Interior, prepared a plan to turn over ownership of Water Island to the territorial Government. At a meeting held on 14 March, he informed Governor Luis and members of the territorial Legislature that the plan was in the preliminary stages and would have to go through several departments of the Federal Government before it was submitted to the Congress for action. Basically, the plan would involve transferring ownership of Water Island from the United States to the Territory with the understanding that the lease on the hotel would be extended to the year 2019 under certain conditions, that the residents of the island would be entitled to buy the land on which they had built their homes and that the undeveloped land on the island would remain in the hands of the territorial Government. Mr. Chapman added that the Governor, who had asked for additional information on the plan, appeared to want a consensus from the Legislature before taking a position.

77. The following week, the local press reported that the United States General Services Administration had decided not to give its approval to the plan until the territorial Government agreed to extend the lease on the hotel. According to the same report, Mr. Athniel C. Ottley, a member of the Legislature, had stated that the development envisioned under the extended lease would leave the Territory "better off in the long run". He and other legislators had also indicated that their major concern was for the territorial Government to attain title to Water Island, a concept reportedly endorsed by some officials of the Department of the Interior.

#### D. Construction

78. The construction industry showed substantial improvement in 1977, when

construction permits were valued at \$US 42.3 million (\$US 30.7 million in the previous year). Although the comparable figure for 1978 is not available, the Territory was reported to be experiencing a very respectable over-all level of building activity. St. Thomas-St. John represented the higher proportion of construction in the islands even prior to the construction of the new Harry S. Truman Airport (one of the two principal airports). The greater bulk of construction was in the private sector (a reflection of current prosperity and optimism about the future) rather than the public sector. Within the private sector, the larger proportion of construction was residential in nature.

#### E. Manufacturing

79. The Territory has a number of industrial enterprises, the most important at present being an alumina plant (with a capacity of 540,000 metric tons) and an oil refinery (with a capacity of 630,000 barrels daily). Both are located on St. Croix and owned, respectively, by the Martin Marietta Corporation of the United States and the Hess Oil Corporation (a subsidiary of the Amerada Hess Corporation of the United States).

80. On 13 March 1979, Mr. Earle B. Ottley, Chairman of the Finance Committee of the territorial Legislature, was reported to have said that it was his understanding that the Hess Oil Corporation was committed to moving one of the six major units from St. Croix to its new refinery on St. Lucia and might decide to move a second if no progress were made within six months of extending its tax benefits, scheduled to expire in 1981 and 1982.

81. At a hearing of the Virgin Islands Industrial Development Commission (IDC), held on 27 March 1979, Mr. Frank Bradley, a senior official of the Martin Marietta Corporation, outlined a \$US 40 million expansion programme to double the production capacity of its alumina plant on St. Croix with a view to defending a request for a five-year extension of the company's current tax benefits (some of which had just expired). He indicated that rejection by IDC of the request could force the company to look elsewhere for future expansion in order to strengthen its competitive position.

82. On 5 August 1977, a local law was enacted, amending the agreement originally concluded in 1972 between the territorial Government and the Virgin Islands Refinery Corporation (VIRCO), which is controlled by United States interests. The amended agreement, among other things, would require VIRCO to start construction of a second oil refinery on St. Croix within 12 months. It would also permit VIRCO to use a dock in the public domain located in the channel maintained by the Hess Oil Corporation. In September 1978, VIRCO told reporters that such a dock had created a legal problem, thus causing the delay in starting construction of the refinery within the time limit specified in the amended agreement.

83. Among other products manufactured in the islands are watches, jewellery, textiles, rum, pharmaceuticals, glassware and scientific instruments. In June 1977, Mr. de Lugo introduced in the United States House of Representatives a

bill to liberalize a special provision of the 1954 United States Tariff Schedules, Headnote 3 (a). f/ Under the bill, local manufacturers would be allowed to ship duty-free into the United States any product specified in the schedules up to a maximum valued at \$US 25 million, provided that it contain no more than 70 per cent foreign parts or materials (a privilege currently enjoyed only by the watch industry). In the Ninety-fifth Congress of the United States, the sub-committees on trade of both Houses considered the bill, but took no action thereon. In late 1978, IDC granted tax benefits to 19 industrial firms (of which 12 make watches, 2 pharmaceuticals and 2 electronic products) and extended limited benefits to a textile manufacturer.

#### F. Agriculture, livestock and fisheries

84. Agriculture (once the main economic sector dominated by sugar-cane), livestock and fisheries contribute only marginally to the economy. Over the years, certain policies have led to the eventual displacement of agriculture. During the period 1917-1975, all three main islands experienced a sharp decline in the area being farmed: St. Croix from 11,063 to 8,619 hectares; St. Thomas, from 3,346 to 927 hectares; and St. John, from 3,666 to 335 hectares. There has since been some further disappearance of farm land on St. Thomas in the more recent commitments of land to other uses. Because of the Virgin Islands National Park established in 1956, St. John is precluded from any alternative use of that land. Obviously, St. Croix is now the only island with large amount of land available for farm use.

85. In late 1978, the territorial Government began to intensify its efforts to revitalize the agricultural industry owing to the following factors. Food prices continued to rise at a very high rate (see also para. 69 above). Concurrent with this was the fear that, once arable land or land with an agricultural potential was committed to other uses, it would be very difficult to reclaim it as farmland. Among the more important developments occurring between mid-1978 and early 1979 were: (a) introduction in the Legislature of a bill to protect agricultural lands; (b) allocation by the Government of \$US 1.8 million for the Department of Agriculture in 1978/79 (\$US 1.3 million in 1976/77); (c) approval by the Governor of a bill authorizing the acquisition of land on St. Croix for agricultural purposes; (d) negotiations with the United States Farmers Home Administration concerning provision of funds to purchase 818 hectares of farmland on that island owned by Harvlan, Inc.; and (e) formulation by the new Commissioner of Agriculture of a plan to improve his Department's efficiency, expand local production of food and livestock and teach youth the modern farming methods.

86. During 1978, the local Agricultural and Experimental Station (maintained by the College of the Virgin Islands since 1974) continued to investigate the possibility of raising tilapia, a fresh water fish, on St. Croix with a minimum of time and expense. In May, the territorial Government applied for \$US 115,716 from the federal Fish and Wildlife Service to initiate a five-year study on the

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f/ Ibid., Thirty-third Session, Supplement No. 23 (A/33/23/Rev.1), vol. III, chap. XXVI, annex, paras. 106-109.

endangered species of the Territory. The funds, to be used by the Virgin Islands Department of Conservation and Cultural Affairs, would be supplemented by a local contribution of \$US 57,875. In late October, it was announced that the Department had requested \$US 125,000 from the National Marine Fisheries Service of the United States Department of Commerce to develop, in co-operation with some 400 local fishermen, a five-year programme aimed at achieving maximum use of the Territory's marine fishery resources.

87. A significant development occurred on 1 January 1979, when a federal law came into operation, providing local fishermen with monetary compensation for equipment losses caused by other vessels or storms. A further significant development was the decision taken at a meeting of the St. Croix and St. Thomas-St. John fishing co-operatives held in early February, that the territorial Government should seek changes in federal programmes so that financial assistance could be given to the fishing industry in the Territory. Commenting on the decision, Mr. David Olson, manager of the St. Thomas-St. John Fishing Co-operative, was reported to have said that local funds would have to be made available to upgrade the industry's fleet and enable it to qualify for federal aid. Agreeing, Mr. Athniel Ottley, a member of the Legislature who was present at the meeting, stated that he would also study the possibility of transferring commercial fishing from the Department of Conservation and Cultural Affairs to the Department of Agriculture, in which "most federal programmes designed to aid the fishing industry are rooted".

#### G. Development policies and programmes

##### Local and federal legislation

88. In the previous report of the Special Committee, g/ reference was made to two local laws - one enacted on 9 June 1977 establishing an industrial park development corporation, and the other on 27 February 1978 creating a government development bank in the Territory, whose capital will consist of common stock purchased by the Government for \$US 2 million and 15-year bonds issued by the bank in the amount of \$US 8 million.

89. On 3 August 1978, the United States Senate passed a revised version of the omnibus Territories bill containing a total of about \$US 130 million for the United States Virgin Islands (including \$US 5 million for economic development). On 18 August, the President of the United States signed the bill into law.

90. In early April 1979, following the submission by the President of the federal budget for 1979/80, which had omitted the total of \$130 million provided for in the Omnibus Territories Act, Mr. Amadeo Francis, the territorial Commissioner of Commerce, appeared before the Appropriation Subcommittee of the United States House of Representatives seeking funding for the \$US 5 million for economic development authorized in the above-mentioned bill. In doing so, he outlined a five-year plan for: (a) strengthening the Virgin Islands Small Business

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g/ Ibid., paras. 116-120.

Development Agency; (b) capitalization of a government development bank; and (c) establishment of publicly owned industrial parks. Earlier, Mr. Evans, the Territory's non-voting delegate to the House, had co-sponsored three bills designed to facilitate small-business formation and growth.

#### Economic development policy guidelines

91. In April 1976, the Economic Development Administration (EDA) of the United States Department of Commerce began to assist the territorial Government in initiating the process of economic development planning. The late Governor King subsequently established the Virgin Islands Over-all Economic Development Committee (OEDC), comprising members of the Governor's Economic Policy Council, representing the public sector, and members of the Governor's Economic Advisory Board, representing industry, labour and community groups from all three main islands. OEDC prepared a set of economic development policy guidelines, which was published on 26 January 1978. It was indicated that modifications would be made to take into account the views of the public in the planning process. The 1978 progress report of OEDC, containing this information, was approved by EDA in August. Mr. Auguste E. Rimpel, Jr., then Commissioner of Commerce, who was also Chairman of OEDC said that the action of EDA "opens the door for us to receive federal assistance on any and all of the programmes identified within the report as having urgent priority as well as long-term need".

92. The final draft of the policy guidelines, which was submitted to the Governor in the same month, was expanded to include agriculture and economic problems of youth in addition to 10 other major areas of concern, namely: growth management; economic diversification; employment and unemployment; public infrastructure development; human resources; public sector employment; geographic balance; import substitution; tourism development; and the budgetary process.

93. The first meeting of the newly appointed Governor's Economic Advisory Board was held on 6 February 1979. The Board consists of 37 members drawn from all three main islands and representing a broad cross section of residents both in the public and private sectors. In his opening statement, Mr. Luis stated that the work of the board would be concentrated particularly on the provision of advice on converting into action programmes the goals outlined in the policy guidelines. In addition, board members would be involved in developing an over-all economic development plan (required by federal law to be submitted to the United States Government) and in improving the quality of human resources in the Territory.

#### Programme recently announced by the Governor and Lieutenant Governor

94. In promising to place continued emphasis on the economic and development programme outlined during the election campaign, Messrs. Luis and Millin announced the following plans:

- (a) To make the best use of the \$US 60 million grant authorized in the federal

Omnibus Territories Act of 1978 to help meet unforeseen budget deficits in the fiscal years 1979/80-1981/82; h/

(b) To strive to eliminate bureaucratic red tape and political obstruction in order to expedite government-sponsored capital improvement projects, thereby stimulating the economy and reducing unemployment;

(c) To strengthen and broaden the scope of the Consumer Services Administration to afford genuine benefits to local consumers;

(d) To improve tourism by modernizing airports and harbours, by upgrading the Virgin Islands Department of Commerce and its off-shore offices and by expanding advertising and promotional efforts related to tourism;

(e) To press for rapid and unimpeded construction of the Frederiksted dock improvements and St. Croix's third port;

(f) To accelerate efforts to attract light, non-polluting industries.

(g) To continue to establish responsive agricultural programmes aimed at reducing the high cost of food and lessening dependency on imports;

(h) To continue diligent efforts to enhance the availability of a reliable water supply and reasonably priced electric power.

They also stated that decisive planning and prompt action were called for to improve and preserve the Territory's natural environment (e.g., by modernizing sewage and waste disposal systems) and to capitalize on its natural resources.

95. Later, at the first cabinet meeting, held on 7 April 1979, Governor Luis declared that his Administration would forcefully promote a co-ordinated and concerted plan of action in the coming months to upgrade fiscal management and public services. He urged members of the Cabinet to undertake a maximum effort to reduce current problems confronting the islands, such as unemployment, inadequate water and power producing capabilities, etc.

#### H. Public finance

##### Budget

96. On 24 February 1979, Governor Luis presented to the Legislature a supplemental budget of \$US 41.9 million in additional appropriations for the current fiscal year. He recalled that, in early July 1978, he had promised to submit a request

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h/ In January 1979, Governor Luis signed a bill to change the territorial fiscal year to conform to that of the Federal Government, as a result of which the new fiscal year ends 30 September instead of 30 June.

for supplemental financing owing to the inadequacy of the 1978/79 operating budget of \$US 142.8 million (\$US 6.1 million less than he had suggested), passed by the Legislature and allowed to become law without his signature. He pointed out that the proposed supplemental budget would include \$US 4.0 million in deficiency appropriations to cover items left out of the budget in question, plus \$US 37.9 million to cover expenses for the transition quarter from 1 July to 30 September 1979 before the commencement of the newly extended fiscal year.

97. Commenting on the Territory's financial position, the Governor said that local revenue for the 15-month period from 1 July 1978 to 30 September 1979 was estimated at \$US 169.4 million and expenditure at \$US 188.6 million (\$US 142.8 million already appropriated, \$US 3.9 million for government salary increases that could not be absorbed elsewhere and \$US 41.9 million from the proposed supplemental budget), leaving a projected deficit of \$US 19.2 million.

98. The Governor observed that the deficit could be covered by the anticipated \$US 20.0 million grant authorized by the federal Omnibus Territories Act of 1978, for which funds had not yet been appropriated. He stressed that even if that grant were received, attention must now be "directed toward enhancing the Territory's ability to generate revenues sufficient to meet its spending requirement". He therefore believed it appropriate to resubmit tax measures previously proposed to the Legislature for consideration. He also said that failure to receive the federal grant, would require the imposition of taxes or a reduction in expenditures to balance the proposed budget. Finally, he stated that the supplemental budget submissions represented minimum financing requirements to maintain public services at an acceptable level.

99. As regards the proposed budget, Mr. Earle B. Ottley, Chairman of the Finance Committee of the Legislature, remarked that "I do not see how any tax package similar to that which we rejected months ago ... can be adopted by the Legislature", and that "such action would result in a furious taxpayers' uprising". Instead, he proposed redoubling efforts to settle the lawsuit (filed by the Territory in June 1976) for the return of certain oil customs duties and gasoline excise taxes being retained by the Federal Government. He maintained that a settlement of the suit, coupled with new tax subsidy agreements to be negotiated with the Hess Oil Corporation and the Martin Marietta Corporation (see also paras. 79-81 above) would "give these islands the financial stability which has evaded us for many years". (The Territory won the lawsuit in the United States District Court at Washington, D.C., on 11 October 1978, but the Federal Government is appealing the decision to the United States Court of Appeals.)

100. At a press conference held on 7 March 1979, the Governor declared that settlement of the above-mentioned lawsuit was being pursued, and that the settlement could solve any existing revenue shortages because it was expected to be large. Additionally, negotiations with the two companies referred to above would begin upon the passage by the Legislature of a bill to set up the necessary mechanism.

101. On 22 March, a slightly trimmed version of the proposed supplemental budget emerged from the Finance Committee with some modifications, but most of the Governor's proposals remained unaltered. None of the tax measures resubmitted by him was discussed. In their deliberations, Committee members left unanswered the question of financing the proposed budget.

#### Implementation of the federal Omnibus Territories Act of 1978

102. As noted in paragraphs 89 and 94 above, the act provides nearly \$US 130 million for the United States Virgin Islands, of which \$US 60 million would be accounted for by federal grants to cover anticipated budget deficits for the years 1979/80-1981/82. It requires the United States Secretary of the Interior to report to the Congress on the Territory's fiscal condition by 1 July 1979. Other main items contained in the act are: (a) \$US 52 million for construction of new hospitals and clinics on all three main islands; (b) advance payments of duties, taxes and fees collected in the islands subject to a change to be made in the territorial fiscal year (see para. 94 above); and (c) \$US 5 million for economic development.

103. On 14 March 1979, Mr. Evans said that the Committee on Interior and Insular Affairs of the United States House of Representatives had approved a proposal to increase federal funds for the Territory by \$US 94.6 million in the Carter Administration's budget for 1979/80 and to supplement the federal budget for 1978/79 by \$US 29.4 million. The recommendation would be submitted to the House for approval after being considered by its Budget Committee and Appropriations Committee. The funds thus provided would be used largely for budgetary aid, construction of new hospitals and clinics in the Territory, prepayment of excise taxes on rum exported therefrom to the United States and economic development programmes.

104. In his statement before the Subcommittee on the Interior of the Senate Committee on Appropriations on 20 March, Governor Luis asked the Congress to make available the entire \$US 52.0 million needed to build new health care facilities in 1980, claiming that the Carter Administration's proposal to provide only \$US 2.4 million for planning, design and architecture work was inadequate. He also asked for federal aid to meet the territorial Government's anticipated budget deficit in 1978/79 and another \$US 5.0 million for economic development programmes that would eventually reduce the Territory's dependence on such aid. He pointed out that under "a very unstable financial condition", the territorial Government had been forced to cut back on essential services and "stall" vital public works projects to make up for the deficit. Moreover, it had tried to ease its financial problems by: (a) freezing new hiring; (b) reducing the government work force by attrition; (c) cutting pay raises scheduled for non-union government employees; (d) proposing new taxes; and (e) installing a new accounting system with the co-operation of the Government Comptroller. These long-range measures would not erase the deficit, however. Mr. Evans told the Subcommittee that many of the health care and financial problems arose from the separation of the Territory's three main islands, thus requiring duplication of many services. Mrs. Ruth Van Cleve, of the United States Department of the Interior, stated that because of the Carter

Administration's 1979/80 austerity programme, the budget for projects for the Territories under United States administration had been cut by \$US 59.0 million; she believed, however, that the level of financing was "adequate to meet the top priority needs of the Territories".

105. At a hearing held by the House Appropriations Subcommittee on 23 March, the Governor again commented on the Territory's financial problems. He maintained that "the federal tax cut hurt", and that the territorial Government had been required to "pass along" the cut at a time of declining economic activity. Both he and Mr. Evans drew attention to the "tremendous expenses" involved in educating and caring for the "flood" of dependants of aliens coming to the islands in recent years. In the opinion of Mr. Darrell Fleming, Government Comptroller, it would take three to five years for the territorial Government to be self-supporting, despite its efforts to improve the Territory's financial position. Referring to present medical facilities in the Territory, Mrs. Van Cleve said that they were "completely unsuitable," but believed that one larger hospital for St. Thomas and St. Croix would "provide better service at less cost".

106. Later, at his first Cabinet meeting (see para. 95 above), Mr. Luis announced that a contingency plan of cost-saving had to be adopted in the event that the Territory failed to receive federal budgetary aid for 1978/79. Soon after the meeting, the territorial Government began preparation of a formal request to the President of the United States for inclusion of this item in his 1978/79 supplemental appropriations request to be submitted to the Congress probably in July. Towards the end of April, the Governor wrote to the United States Secretary of the Treasury, asking him to expedite delivery of the advance payments on duties, taxes and fees collected in the islands.

#### 4. SOCIAL CONDITIONS

##### A. Labour

107. According to the Virgin Islands Department of Labor, after years of vigorous growth beginning in the early 1960s, total non-agricultural employment in the Territory plummeted to its lowest level (31,340) in 1976, owing mainly to a sharp decline in construction activity. The total for 1977 showed a considerable rebound (largely fostered by resurgent strength in tourist-related industries), and averaged 32,010. Total government employment, after a temporary drop to 11,290 in 1976, resumed its upward spiral in 1977, averaging a new all-time high of 11,860.

108. The private and public sectors both expanded further in 1978, and employment figures for that year were 21,470 and 12,820 respectively. In the private sector jobs, retail trade, services (including hotels) and manufacturing each accounted for 30, 29 and 14 per cent, respectively, of total employment. In February 1979, the latest month for which data are available, each of the three groups added 330,410 and 100 jobs to the local economy. On 20 March, the Governor announced his Administration's decision to reduce the government work force by attrition as well as to freeze new hiring as a means to overcome the Territory's financial difficulties. The private sector thus became all the more important to the economy.

109. The figures provided by the territorial Government show that unemployment decreased from a record 4,683 (10.8 per cent of a labour force of 43,360) in 1975/76 to 3,492 (7.9 per cent of a labour force of 44,270) in 1976/77. During the 1978 election campaign, Mr. de Lugo stressed the urgent need to end the recent economic stagnation by creating private sector jobs for the over 5,000 local people currently out of work and for the hundreds more entering the labour force each year. On the other hand, Mr. Richard Upson, Commissioner of Labor, set the unemployment rate in February 1979 at about 5 per cent of the 41,000 local employees (comprising 31,000 employees covered by the Unemployment Compensation Fund and another 10,000 not covered under the system). In statements made between January and April, Governor Luis pointed out that, despite current economic buoyancy, the problem of unemployment remained unresolved, emphasizing that every effort should be made to accelerate economic development with a view to broadening employment opportunities. To this end, according to the Governor, a series of measures were being taken or contemplated.

110. As previously noted, i/ the Federal Government has attempted to improve the unemployment situation in the islands by allowing the local inhabitants to participate in certain federal programmes such as those first established by the Comprehensive Employment Training Act (CETA) of 1973. After the President of the

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i/ Official Records of the General Assembly, Thirtieth Session, Supplement No. 23 (A/10023/Rev.1), vol. IV, chap. XXVI, annex, paras. 71-72; ibid., Thirty-third Session, Supplement No. 23 (A/33/23/Rev.1), vol. III, chap. XXVI, annex, para. 135.

United States had signed a new Act on 27 October 1978, it was announced that in 1978/79, the Territory would be provided with CETA funds totalling \$US 7.66 million, taking into account the population, unemployment rates and the number of low-income families in the islands. Of this total, \$US 2.95 million would be used to offset unemployment resulting from large shifts in the economy; \$US 2.45 million to ease unemployment of special groups, particularly those lacking industrial skills; \$US 1.49 million to meet the cost of training, retraining, education and other related services; and more than \$US 750,000 to finance projects concerning youth employment and training, youth community conservation and improvement and vocational education.

111. The Virgin Islands Employment and Training Administration (VIETA, formerly known as CETA) is responsible for the implementation of the CETA programmes, one of which was instituted in early 1979 to increase the private sector's involvement in developing and establishing job training projects. The St. Thomas-St. John Chamber of Commerce was investigating the possibility of establishing in co-operation with VIETA, a programme to give any person needing and wanting it meaningful training in the field of tourism.

112. Another important development occurring in January 1978 was the formation by local labour unions of the Virgin Islands Central Labor Council (CLC), for the purpose of: (a) assisting such unions in collective bargaining; (b) providing aid to the unions; and (c) exchanging information relating to the labour movement in the Territory. In October, CLC became affiliated with the American Federation of Labor-Congress for Industrial Organizations (AFL-CIO) of the United States.

#### B. Housing

113. The Territory began to experience an increase in residential construction activity during the year ending June 1976. The upward trend continued into the first quarter of 1978, when there were 31,867 dwelling units (30,000 in 1976). Of these, 4,780 (4,013 in 1976), or 15 per cent, were maintained by the Virgin Islands Housing Authority (VIHA), a public corporation established under the Federal Housing Act of 1949, as amended, to develop low-cost housing projects, using rents and federal subsidies for income. The territorial Government is responsible for furnishing municipal services to the projects and requires VIHA to make payments in lieu of taxes (whenever residual receipts are available).

114. On 26 July 1978, Governor Luis signed an agreement with the United States Department of Housing and Urban Development (HUD) to receive \$US 1.8 million in Community Development Block Grant funds for 1978/79. The funds were earmarked for several projects involving construction of a multipurpose centre for senior citizens at Frederiksted, St. Croix; housing rehabilitation; water facilities; and other local option activities.

115. In their election platform, Messrs. Luis and Millin stated that the promise of renewed prosperity and the rapid influx of people to the Territory resulting therefrom had created a housing shortage of "serious proportions for all income groups". They would address that shortage by taking positive action:

- (a) To devise a sensible home ownership programme for low-income persons;
- (b) To review and revise programmes and policies concerning low-income housing, as well as to tackle existing water and other problems, in order to improve the quality of life for tenants residing there;
- (c) To foster co-operation with private enterprise in promoting new dwelling construction for all income levels;
- (d) To seek lasting solutions to such long-standing problems as exorbitant building material costs, difficulty in obtaining home financing, and substandard and frequently "dangerous" building practices.

116. Appearing on 15 February 1979 before the Legislature as a nominee for housing and community renewal commissioner, Mr. Juan Centeno, who later won unanimous approval for the appointment, promised: (a) to pursue a "vigorous" programme for subdividing and selling land in the islands for dwelling construction; (b) to revive the dormant home-loan programme; and (c) to seek federal financing for moderate-income housing. Noting the seriousness of the housing shortage, he said that he deliberately had not tried to come up with a plan of action because, in his view, such a plan should await consultations by the appointed commissioner with experts in the housing field.

### C. Public health

117. The Virgin Islands Department of Health administers four medical institutions in the Territory: two general hospitals (Knud-Hansen Memorial Hospital (201 beds) on St. Thomas and Charles Harwood Memorial Hospital (102 beds) on St. Croix) and two clinics (Ingeborg Nesbitt Clinic (23 beds) on St. Croix and Morris F. de Castro Clinic on St. John). Both clinics are satellites of the hospitals with all the attending back-up and support services.

118. Efforts have been made to transform the old Frederiksted Hospital into a modern outpatient facility with federal assistance amounting to \$US 588,000. On 12 March 1979, Mr. Jose Sprauve, Commissioner of Property and Procurement, told the Finance Committee of the Legislature that his department was soliciting funds to complete the project which it was estimated would cost well over \$US 1.0 million.

119. In September 1978, St. Croix's Community Hospital Association (CHA) signed a contract with the Careage Corporation of the United States for construction of a non-profit 50-bed hospital on that island at an estimated cost of \$US 7.0 million, the objective being to supplement government-run medical facilities. Work on the project was scheduled to begin on 15 April 1979. Meanwhile, with the support of Governor Luis, CHA was conducting an island-wide drive to raise \$US 4.2 million.

120. The most important development concerning the Territory's health care system was the launching in 1977 by the late Governor King of a campaign to secure federal

funds to build two hospitals (on St. Thomas and St. Croix) and a clinic on St. John. j/ The funds required, totalling \$US 52.0 million, were authorized in the federal Omnibus Territories Act of 1978, but have not yet been appropriated (see paras. 102-106 above).

121. In their election platform, Messrs. Luis and Millin expressed the view that this grant would present the Territory with a long-awaited opportunity to upgrade medical facilities and to provide its people with health care which, in many instances, was now available only in Puerto Rico or in the continental United States. In this area, they intended: (a) to press for the planning and construction of new hospital facilities; (b) to continue working to upgrade the quality and number of health care professionals; (c) to continue to improve collections for the cost of health care which was largely covered by government or private health insurance; and (d) to evaluate current programmes and explore new approaches to raise the over-all level of the health of the local population.

122. The Territory received nine federal grants totalling \$US 5.1 million for the period from July 1978 to September 1979 mainly to assist the Virgin Islands Department of Health in providing necessary and improved medical services to needy local residents. In two cases, federal allocations were matched by contributions from the territorial Government.

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j/ Official Records of the General Assembly, Thirty-second Session, Supplement No. 23 (A/32/23/Rev.1), vol. III, chap. XXVII, annex, paras. 164-166.

## 5. EDUCATIONAL CONDITIONS

### A. General

123. Education is compulsory between the ages of 5 1/2 and 16 years. Public, private and church schools provide kindergarten, primary, junior, secondary and vocational education. On St. John, the only government schools are kindergartens, primary and junior schools. The total number of students enrolled in 1976/77 was 32,249, of whom 25,571 were in the public schools. According to press reports, some 26,000 children attended these schools in the following year.

124. At a hearing held by the Finance Committee of the Legislature in May 1978, Mrs. Gwendolyn Kean, then Commissioner of Education, outlined many of her department's problems, including that arising from 26 per cent of the students being non-citizens from other Caribbean islands and 18 per cent with Spanish surnames; high rates of absenteeism and drop-out; and insufficient textbooks and other instructional materials. She anticipated that three schools would continue to be on double session in 1978/79, despite three new schools under construction.

125. Between May and August 1978, the territorial Government was awarded federal grants totalling more than \$US 5 million to continue various educational programmes. About half of this sum was allocated for programmes carried out under the Elementary and Secondary Education Act, designed to improve the reading abilities of students, provide in-service training for teachers, reduce the drop-out rate and lessen interpersonal conflict and the isolation of minority groups.

126. Higher education is provided at the College of the Virgin Islands (CVI) on St. Thomas, which has an extension centre on St. Croix. Statistical information on enrolment at the College for the 1977/78 academic year is presented in the previous report of the Special Committee. k/ Such information for the following year is not available.

127. On 1 December 1978, CVI opened a new extension office on St. John, providing data related particularly to all phases of agricultural production, rural development services and home economics education. Its Reichhold Center for the Arts, officially dedicated on 2 February 1979, was built with a \$US 3.5 million grant from the founder and head of Reichhold Chemicals, Inc. of the United States. In the following month, Mr. Ariel Melchior, Sr., co-founder of The Daily News, a local newspaper, endowed CVI with a grant of \$US 35,000 for the establishment of an historical centre.

128. During the period from July 1978 to January 1979, other activities of CVI included organization of seminars and special programmes to meet the needs of the local community and formulation of plans for the 1978/79 academic year, under which CVI would: (a) offer a two-year associate in arts degree in the field of

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k/ Ibid., Thirty-third Session, Supplement No. 23 (A/33/23/Rev.1), vol. III, chap. XXVI, annex, para. 147.

agriculture; (b) institute a new legal assistant certificate programme; (c) develop new master's programmes in business administration and public administration; and (d) introduce a television series, to be taken as a college credit course, covering tourism and other subjects.

129. During this period, CVI received a \$US 186,200 grant from the National Science Foundation of the United States, which will be used in 1979 and 1980 to improve its science programmes and facilities. The United States Department of Energy made a grant of \$US 30,000 to the Caribbean Research Institute of CVI to finance a programme over a period of 18 months ending 31 December 1979, with the object of making available to the public technological and other information relating to energy conservation and alternate energy sources.

#### B. New educational policies and programmes

130. In their election platform, Messrs. Luis and Millin stressed that education had to be the principal instrument in the proper development of the local community. A vigorous educational programme, they said, would awaken children to cultural values, prepare them for productive citizenship and train them to adjust positively not only to the local environment, but to any environment in which they might find themselves.

131. The Governor and Lieutenant Governor stated their commitment to the following:

(a) Improving teacher recruitment policies, procedures and services to attract qualified local persons to the profession, supplemented by the best off-island teachers;

(b) Expanding teacher education programmes and college curricula and providing more scholarships, loans and grants for qualified candidates for basic and advanced teacher training;

(c) Revising school curricula to make them more responsive to present needs and combat the high drop-out rate, and emphasizing basic courses, preparedness for advancement and bilingual education;

(d) Enhancing career guidance-counselling policies to provide more career choices for students;

(e) Developing a teacher accountability programme to upgrade teaching efficiency;

(f) Recommending legislation to place policy-making power firmly in the hands of the Board of Education;

(g) Reassessing and streamlining policies, practices and procedures to promote efficiency and expedite availability of education materials and supplies;

(h) Correcting physical deficiencies in existing schools and continuing to pursue vigorous school construction programmes to ensure an adequate number of well-equipped, comfortable classrooms;

(i) Establishing vocational training centres, as supplemental or alternative to secondary school training, geared to filling local manpower needs;

(j) Upgrading the quality of administration within the Department of Education;

(k) Redesigning the territorial scholarship programme to provide training opportunities in all professional fields;

(l) Ensuring suitable education for all physically and mentally handicapped children;

(m) Encouraging greater participation of parents in the educational process.

132. On 7 February 1979, the Legislature endorsed the proposals put forward by Mr. Charles W. Turnbull and confirmed him as Commissioner of Education. Among his more important proposals were the following: (a) permitting only those students with the necessary skills and education to graduate; (b) providing in-service training for teachers to cope with unruly students; (c) developing a code of student discipline that would involve placing "trouble makers" in special settings where learning would still be provided; (d) improving the public school image; (e) establishing more economical and better-constructed schools in the future; and (f) promoting improved relations with the teachers' unions.

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