



**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 IV**

**GENERAL ASSEMBLY**

**OFFICIAL RECORDS: THIRTIETH SESSION**

**SUPPLEMENT No. 23 (A/10023/Rev.1)**

**UNITED NATIONS**



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**New York, 1977**

NOTE

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

The report of the Special Committee is divided into four volumes. The present volume contains chapters XXV to XXXII;\* volume I, chapters I-VII; volume II, chapters VIII-XII; and volume III, chapters XIII-XXIV.

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\* The present version of chapters XXV to XXXII is a consolidation of the following documents as they appeared in provisional form: A/10023/Add.8 (Parts I, II and III) of 11 and 10 November and 31 October 1975 and A/10023/Add.9 of 3 September 1975.

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\* Note by the Rapporteur: See chap. I, para. 8, foot-note 11, for the new designation of the Territory.

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BERMUDA

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A. CONSIDERATION BY THE SPECIAL COMMITTEE

1. At its 993rd meeting, on 18 February 1975, the Special Committee, by approving the seventy-fourth report of the Working Group (A/AC.109/L.993), decided, inter alia, to refer the question of Bermuda to Sub-Committee II for consideration and report.
2. The Special Committee considered the item at its 1010th and 1011th meetings, on 5 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 3328 (XXIX) of 16 December 1974 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 11 of this resolution, the Assembly requested the Special Committee "to continue to seek suitable means for the immediate and full implementation of resolutions 1514 (XV) and 2621 (XXV) in all Territories which have not yet attained independence and, in particular, to formulate specific proposals for the elimination of the remaining manifestations of colonialism and to report thereon to the General Assembly at its thirtieth session". The Committee also took into account General Assembly resolution 3289 (XXIX) of 13 December 1974 concerning six Territories, including Bermuda, by paragraph 10 of which the Assembly requested the Committee "to continue to give full consideration to this question, including in particular the dispatch of visiting missions to those Territories ...".
4. During its consideration of the Territory, the Special Committee had before it a working paper prepared by the Secretariat (see annex to the present chapter) containing information on 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 (see A/AC.109/SC.3/SR.217, 219, 220, 222 and 230 and corrigendum).

6. At the 1010th meeting, on 5 August, the Rapporteur of Sub-Committee II, in a statement to the Special Committee (A/AC.109/PV.1010), introduced the report of that Sub-Committee (A/AC.109/L.1034), containing an account of its consideration of the Territory (A/AC.109/SC.3/SR.217, 219, 220, 222, 230 and 231 and corrigendum).

7. At its 1011th meeting, on 7 August, the Special Committee adopted without objection the report of Sub-Committee II and endorsed the conclusions and recommendations contained therein (see para. 9 below). The Chairman made a statement (A/AC.109/PV.1011).

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

#### B. DECISION OF THE SPECIAL COMMITTEE

9. The text of the conclusions and recommendations adopted by the Special Committee at its 1011th meeting, on 7 August, to which reference is made in paragraph 7 above, is reproduced below.

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

(2) Fully aware of the special circumstances of the Territory, owing to such factors as its size, geographical location, population and limited resources, the Special Committee reiterates the view that those circumstances should in no way delay the speedy implementation of the process of self-determination in conformity with the Declaration contained in General Assembly resolution 1514 (XV), which fully applies to the Territory. In this connexion, the administering Power should seek, in consultation with the people of the Territory and the Special Committee, a constructive approach towards solving the problems of the Territory.

(3) The Special Committee welcomes the pledge of close co-operation with the Sub-Committee concerned made by the representative of the administering Power, and his assurance that the United Kingdom of Great Britain and Northern Ireland will transmit copies of the Sub-Committee's debates and subsequent recommendations on Bermuda to its Government (A/AC.109/SC.3/SR.222 and corrigendum).

(4) The Special Committee also welcomes the statement by the representative of the administering Power that his Government will not stand in the way of

independence for any of the Territories under its administration, should that be the wish of the majority of their people, and that the United Kingdom's policy is to foster the growth of healthy local political institutions (A/AC.109/SC.3/SR.217 and corrigendum).

(5) The Special Committee notes that, since it last considered the question of Bermuda, few significant constitutional or political developments have occurred. It notes, however, that during a debate concerning the police force, held during June 1974 in the Legislative Council in Bermuda, there was increasing support from the Territory's two political parties for the eventual transfer of the control of the police to the Bermuda Government, and that during a further debate on this matter, held during March 1975 in the House of Assembly, the Premier revealed that the Governor would delegate some of his constitutional powers in respect of the police to a member of the Cabinet, who would be responsible for Bermudianization of the police force, recruitment and public relations.

(6) The Special Committee notes that the question of independence has already been discussed in adequate freedom by the parties in Bermuda. It again stresses the need to develop and encourage a political awareness among Bermudians and reiterates its concern over the problem relating to the voting rights of foreigners. It expresses the hope that encouragement will be given to leading representatives of the parties to place information before the Sub-Committee concerned, preferably in hearings. Such information would enable the Sub-Committee, first, to ascertain that full consideration is being given to the question of independence by the people of Bermuda, and, second, to form a first-hand impression of the points at issue in relation to the franchise. In the Sub-Committee's opinion, it is on this basis that it could more properly assess the outcome of the forthcoming general election, scheduled for 1976.

(7) The Special Committee considers it essential to diversify the Bermudian economy, particularly since its main sectors, namely, tourism and international finance, are relatively unstable. It welcomes the passage by the House of Assembly in March 1974 of a bill to tighten government control of foreign hotel ownership and the Government's decision to set up a hotel training college in 1975 to produce more suitably qualified Bermudians to fill posts in hotels at a variety of levels, including executive posts now largely held by non-Bermudians. It expresses the hope that the reduction in size and student capacity of the proposed college, necessitated by the uncertain financial outlook for the current year, will not seriously impair its contribution to Bermudian life.

(8) The Special Committee notes with satisfaction that the Bermuda Government has adopted measures to promote better utilization of natural resources, including the development of a viable fishing industry, and draws particular attention to the more important points raised in the course of the discussions held in the House of Assembly during March 1974 on this subject.

(9) The Special Committee is also pleased to note that, in late 1974, the Government undertook certain legislative measures aimed at restricting the

destruction of the physical environment in Bermuda's densely populated land area, and that this objective would be carried out under the proposed development plan for 1974. It again hopes that this plan will place some emphasis on other economic sectors, such as agriculture, fishing and manufacturing.

(10) The Special Committee is of the opinion that steps should be taken: (a) to promote the development of new key manufacturing industries with a view to reducing the Territory's dependence on imports for many essentials; and (b) to implement an industrial training programme for local workers.

(11) The Special Committee notes with concern that the economy of Bermuda is stagnating and that inflation is increasing rapidly, in line with similar developments in other parts of the world. It further notes that in early 1975, the tourist trade showed a marked decline.

(12) The Special Committee once more urges the administering Power to assist Bermuda in its development of a diversified economy, to protect the Territory's productive resources against abuses and to prevent domination of its key economic sectors by foreign interests.

(13) The Special Committee notes the statement by the representative of the administering Power that an investigation was carried out concerning the involvement of European-American Finance (Bermuda), Ltd. (EAF) in the proposed expansion of the Rhodesian Iron and Steel Company, Ltd. (RISCO), and that the findings of the Bermuda authorities have been communicated to the Security Council Committee established in pursuance of resolution 253 (1968) concerning the question of Southern Rhodesia. It expresses the hope that, in future, the administering Power will take all the necessary steps to ensure that no violation of sanctions against Southern Rhodesia is permitted.

(14) The Special Committee welcomes the establishment in 1973 of a Housing Corporation with the aim of providing mortgage finance for the purchase of dwellings and encouraging the construction of lower-cost housing.

(15) The Special Committee notes that the Bermuda Government is making efforts to expand and improve educational facilities and to localize the teaching staff, but considers that much remains to be done in the field of teacher training.

(16) On the question of sending visiting missions to the Territories concerned, the Special Committee notes with gratification the positive attitude taken by the United Kingdom Government, and hopes that the administering Power will permit the access of such visiting missions to Bermuda in order to enable the Committee to acquire adequate first-hand information on the situation prevailing in the Territory and to ascertain the genuine views and wishes of the people concerning their future.

ANNEX\*

WORKING PAPER PREPARED BY THE SECRETARIAT

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\* Previously issued under the symbol A/AC.109/L.994.

## BERMUDA a/

### 1. GENERAL

1. Basic information on Bermuda is contained in the report of the Special Committee to the General Assembly at its twenty-eighth session. b/ Supplementary information is set out below.
2. According to the last census, taken in 1970, the resident civil population of the Territory comprised 30,897 non-whites and 21,433 whites and others. Of the 52,330 inhabitants, 14,496 were foreign born (including 10,438 immigrants without Bermudian status). In mid-1973, the resident civil population was estimated to total 54,245.

### 2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

#### A. Constitution

3. An outline of the constitutional arrangements set out in the Bermuda Constitution Order, 1968, as amended in 1973, appears in the last report of the Special Committee. c/ Briefly, the Government of Bermuda consists of a Governor appointed by the Queen, a deputy Governor, a Governor's Council, a bicameral legislature and a Cabinet. The Governor (Sir Edwin Leather) retains responsibility for defence, external affairs, internal security and the police. On these matters, he is required to consult the Governor's Council, but does not have to accept the advice of its members. The Council consists of the Governor as Chairman, the Premier (Sir Edward Richards) and not less than two nor more than three other ministers (two at present) appointed by the Governor after consultation with the Premier.
4. The legislature comprises a nominated Legislative Council and an elected House of Assembly. Of the 11 members of the Council, 5 are appointed by the Governor at his discretion, 4 on the advice of the Premier, and 2 on the advice of the Opposition Leader (Mr. Walter Robinson). The House of Assembly has 40 members elected by universal adult suffrage for a term of five years. At the last general election, which took place on 7 June 1972, the United Bermuda Party (UBP) regained

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a/ The information in the present section is based on published reports and on information transmitted to the Secretary-General by the Government of the United Kingdom of Great Britain and Northern Ireland under Article 73 e of the Charter of the United Nations on 9 October 1974, for the year ending 31 December 1973.

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

c/ Ibid., Twenty-ninth Session, Supplement No. 23 (A/9623/Rev.1), vol. VI, chap. XXIII, annex, paras. 3-6.

the same 30 seats it had held previously. The Progressive Labour Party (PLP) also retained the 10 seats it had previously held. The Cabinet consists of the Premier and at least six other ministers (11 at present). On 20 September 1974, the Premier announced a cabinet reshuffle involving six members. On 6 December, over the objections of members of PLP, the House of Assembly approved the Ministers (Change of Responsibilities and Style) Act, 1974. The Act provides a legal background for such changes as the recent transfer of the Prisons Department from the Ministry of Health and Social Services to the Ministry of Planning.

## B. Future status of the Territory

### General

5. During the election campaign in June 1972, UBP and PLP differed sharply in respect of the ultimate future of the Territory. The request of the Bermuda Government for amendments to the 1968 Constitution was contained in a motion introduced by Sir Edward Richards in the House of Assembly on 27 October 1972. During the debate, PLP submitted an amendment to the motion which would seek a conference in London "for the purpose of obtaining agreement for a new constitution for Bermuda under which the option for independence will be available to the Government of Bermuda, besides other matters". Sir Edward stated that the Government could not agree to the amendment because UBP had promised during the election campaign not to seek independence.

6. The Special Committee also noted statements made by the leaders of the two parties in 1973 on the question of independence. d/ Briefly, UBP took the position that a decision on this question should not be made without knowing whether the move to independence would make things better for the people of the Territory. On the other hand, PLP was of the opinion that the time had come for Bermudians to assume control in their own country.

7. According to recent information, the difference between the two parties remains marked. In an interview given in late May 1974, Mr. J. H. Sharpe, Minister for Finance, who is also a member of the Governor's Council, stated that the advantages of independence might be more illusory than real, and that it could cost the Territory dearly, not only financially, but in the sense of security felt by foreign companies operating in Bermuda owing to its association with the United Kingdom. He further stated that some "meaningful" constitutional changes had recently been made, including in particular the establishment of the Governor's Council, and that the Governor was obliged to consult the Council in the exercise of his responsibilities. According to Mr. Sharpe, the Government was collecting information concerning the constitutional future of the Territory.

8. The views of PLP on this subject were expressed by Mr. Robinson, the Opposition Leader, Mr. C. E. Cox, the party's Chairman, and Mr. W. Lister, its Public Relations Officer. In his statement to the press in late May, Mr. Robinson maintained that Bermuda, although economically far ahead of many other Caribbean countries, was politically under-developed and that, should his party win in 1976, its first task would be to open independence negotiations with the United Kingdom Government.

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d/ Ibid., paras. 8-11.

During an interview held in early October, Messrs. Cox and Lister said that, to many local residents, PLP appeared to be a "militant", mainly non-white group dedicated to overthrowing "both the imperial yoke and white supremacy" in a manner which could result in economic chaos. They pointed out that the party's manifesto contained no such radical plans, and that its aim was the formation by capable and honest men of a democratic government to ensure continuation of Bermuda's general prosperity and a reduction in the inequality of incomes among the various sectors of the population.

9. Mr. Cox also stated that Bermuda, although smaller than many formerly dependent Territories, should take giant steps towards independence, because its people were fully self-supporting and capable of managing their own affairs. He believed that independence could guarantee the formulation and implementation of a comprehensive programme for socio-political reform and economic development. It would also mean an end to the colonial rule which had existed in the Territory for over 360 years. The deteriorating economic situation in the United Kingdom justified the early emergence of Bermuda as an independent country. Upon attaining independence, Bermuda could obtain financial and technical assistance from the United Nations and other international organizations.

10. In his statement to the Fourth Committee of the General Assembly on 22 November 1974, e/ the representative of the United Kingdom said that Bermuda and the four smaller Caribbean Territories under United Kingdom administration f/ were all faced with difficult economic problems. He was also fully aware of the need for continuing progress towards self-determination and, should a majority of the people so wish, independence. In the case of Bermuda, the opposition party looked to eventual independence, but the governing party was not in favour of it.

11. On 13 December 1974, the General Assembly, on the recommendation of the Fourth Committee, adopted resolution 3289 (XXIX) concerning six Territories (including Bermuda) which, among other things, called on the administering Powers concerned to establish, in consultation with the freely elected representatives of the people, a specific time-table for the free exercise by the peoples of the Territories of their right to self-determination and independence. Commenting on this provision, a Bermuda Government spokesman said that a committee of the Cabinet was currently looking into the advantages and disadvantages of independence for Bermuda.

12. On 6 December, when the bill referred to in paragraph 4 above was discussed in the House of Assembly, PLP called for the holding of a constitutional conference so that Bermuda might sever its ties with the United Kingdom. Mr. Q. L. Edness, Minister for Marine and Air Services, replied that he would prefer to educate the people of the Territory about independence, and that the Government intended to proceed according to their wishes.

#### Reform of the electoral system

13. At the 1972 general election, PLP had called for the reform of the electoral system as a first step towards the attainment of independence for Bermuda. Under

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e/ Ibid., Twenty-ninth Session, Fourth Committee, 2116th meeting.

f/ British Virgin Islands, Cayman Islands, Montserrat and Turks and Caicos Islands.

a constitutional amendment, which came into operation in April 1973, constituency boundaries will in future be decided without taking into account temporary residents not eligible to vote. In July, however, Mrs. Lois Browne-Evans, the deputy Opposition Leader, told the House of Assembly that only Bermudians should be able to vote and that, until that was the case, Bermuda would not see constitutional changes.

14. In various statements to the press during 1974, Bermuda's political leaders or parties commented on the impact of the expatriate vote (non-Bermudians from the Commonwealth with three years' residence in the Territory) in 1972. In April 1974, the Governor was reported to have said that the Opposition could have won "three, four or five more seats" in the House of Assembly at the last election, if expatriates had not been allowed to vote; that there were "all sorts of grounds for tightening up the expatriate vote"; and that if Bermuda's legislature "wishes to change it, of course they are free to do so".

15. In May, Mr. Robinson of PLP, the Opposition Leader, contended that Bermudians could not choose their House freely because the expatriate vote favoured the "mercantile-oriented" UBP. In his view, expatriates should not be allowed to vote. In a report published during early June, PLP claimed that there would be a different Government if expatriates had not been able to vote at the last election. According to the report, of the 34,050 votes cast in 1972, 13,520 were those of expatriates. Of the remaining 20,530 votes, 13,187 went to PLP.

16. In a statement subsequently issued by UBP, it was claimed that the figure of 34,050 (or 310 less than the official total) had been taken from press reports the morning after polling day. Based on the 1970 census (see para. 2 above), 14,496 inhabitants were foreign born, of whom 3,729 were Commonwealth citizens without Bermudian status. According to a survey conducted by UBP, registered Commonwealth voters without Bermudian status had not exceeded 1,371. On the basis of these figures, UBP concluded that "there would not have been any change in the number of parliamentarians elected to the House by either party". The statement concluded as follows:

"The suggestion that Commonwealth citizens with status should not be allowed to vote is ridiculous, because in the eyes of the law they are Bermudians. ... It is patently unjust to suggest that people who were born in other Commonwealth countries and have contributed to Bermuda's development over the years, and in which they have lived for so long and in which they will die ... should not have the right to take part in choosing the future course of this country."

17. In rebuttal, Messrs. Cox and Lister of PLP criticized the Government for rejecting the request by PLP to enfranchise 18-year-olds. They said that young citizens who were old enough to fight for their country, old enough to die and old enough to make their own decisions, were not considered old enough to vote for the government of their own choice. In the view of PLP, the extension of the franchise could change the face of Bermuda's politics.

### C. Internal security and the police

18. Following the assassination of the former Governor and his aide-de-camp

in March 1973, g/ the Bermuda Government, with the assistance of the United Kingdom Government, initiated efforts to bring the assassins to justice and to improve security in the Territory. According to the Commissioner of Police, the crime rate dropped by 4.4 per cent during that year. He attributed this reduction partly to increased police activity resulting from investigations into the murders. In an editorial in The Bermuda Sun Weekly on 15 March 1974, it was stated that the death of the former Governor had shocked Bermudians into realizing that violence was no way to effect change. As a result, the situation had improved generally throughout the Territory. The editorial also credited the present Governor with helping to bring the situation in Bermuda back to normal.

19. In its previous report, h/ the Special Committee had noted PLP's long-standing objection to the control of the police by the Governor. The House of Assembly and the Legislative Council again considered the question in June 1974, following the submission of a new police bill. The bill, which defines the functions of the police and provides for a reserve constabulary, was subsequently passed despite opposition from PLP.

20. Nevertheless, the debate in the Legislative Council revealed increasing support from both parties for the eventual transfer of the control of the police to the Bermuda Government. Noting that the bill enabled the Governor to exercise police powers at his discretion, Mr. A. A. Francis, a UBP member, whose views were shared by four other members, proposed: (a) that the Constitution should be amended so that the Governor would be required to act in accordance with the advice of the Governor's Council on the matter; and (b) that it should eventually be further amended to place the police under the direct control of a government minister. According to Mr. Francis, the Governor, whether Bermudian or not, was vested with "wide powers" which affected all facets of everyone's life in the Territory. In reply, Mr. J. R. Plowman, Minister for Organization, also a member of the Governor's Council, stated that it would not be a simple matter to require the Governor to act on the Council's advice, and that he was not sure "whether at this stage it would be acceptable". He added, however, that "there is no question that the daily normal powers could be delegated to a minister", a step which the Governor was empowered to take under the constitutional amendments adopted in 1973. In this connexion, Mr. O. A. Simmons, a PLP member, urged an early constitutional review to examine the views expressed during the debate on the bill.

#### D. Military installations

21. The two military bases of the United States of America in Bermuda (the Naval Air Station and King's Point Naval Station) occupy about one tenth of the total area of the Territory. The Naval Air Station is also used by civil aircraft. On 1 February 1974, it was announced that the United States Navy had installed a computer system at a new Tactical Support Center for anti-submarine aircraft operating out of the Naval Station.

22. The United Kingdom maintains the West Indies Station on Ireland Island under the command of Captain B. J. Straker, Senior Naval Officer of the West Indies,

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g/ Official Records of the General Assembly, Twenty-ninth Session, Supplement No. 23 (A/9623/Rev.1), vol. VI, chap. XXIII, annex, paras. 12-15.

h/ Ibid., para. 17.

whose responsibilities include Territories under United Kingdom administration in the Caribbean region.

### 3. ECONOMIC CONDITIONS

#### A. General

23. The Territory's economy expanded rapidly over the period from 1966 to 1971. As a result, the level of local income and the standard of living rose considerably. However, this upsurge was followed by a decline in 1972 and 1973, largely because the Government could not effectively curtail the inflationary spiral. Based on an index of 100 in January 1961, the retail price index in 1973 was 185.3, up from 164.1 in 1972 and 149.6 in 1971. During 1973, inflation was aggravated by tight oil supplies, and its rate was higher than that of Bermuda's three major trading partners (the United States, the United Kingdom and Canada), although well below that recorded for some Caribbean countries. The two main economic supports, namely, tourism and international business, experienced another satisfactory year, but there was a slowdown in the pace of total economic activity. As pointed out by the Bermuda Monetary Authority, for most of 1973, demand deposits with the four local commercial banks were substantially below the level reached at the end of 1972 and advances and loans made by the banks also showed a marked decrease.

24. Having examined the recent domestic and international monetary developments, the Government took measures in 1972 to protect Bermudian interests. Among these was the pegging of the local currency in terms of the United States dollar instead of the pound sterling. Following the floating of the United States dollar on 19 March 1973, Bermuda once again faces uncertainties in the international monetary situation.

25. In 1973, the Territory's total external trade was \$B 151.8 million, down from \$B 168.2 million. Imports were valued at \$B 122.9 million in 1973 (\$B 134.1 million in 1972), compared with exports totalling \$B 28.9 million (\$B 34.1 million in 1972), resulting in an unfavourable balance of visible trade amounting to \$B 94 million (\$B 100 million during 1972). As in the past, the principal imports were manufactured goods, food-stuffs and fuels. Re-exports represented nearly all exports from the Territory, while domestic exports (\$B 356,223, or \$B 180,195 more than in the previous year) occupied an insignificant place, cosmetic preparations being the leading item. Although Bermuda continued to face a chronic trade deficit, its net receipts on invisible account fully covered outlays on imported merchandise. The main items were tourist spending and the inflow of foreign investment capital.

26. In view of the relatively small size of the Territory and its lack of natural resources, the need has not been found for special machinery for general economic development; however, a Housing Corporation was established by law in 1973 to stimulate housing construction. i/

27. In its annual report for the fiscal year ending 30 June 1974, the Bank of W. T. Butterfield and Son, Ltd., the second largest in the Territory, commented on the Territory's economic situation. According to the report, Bermuda, in contrast

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i/ Ibid., paras. 72-75. See also paras. 66-69 below.

to many other countries heavily dependent on the tourist industry, had enjoyed a moderate increase in the number of its visitors. However, the Territory could not be complacent about this trend, taking into account rising costs. It had been adversely affected by international problems (see also para. 34 below), primarily because of imports of goods and services at inflated prices, particularly oil. Responding to government persuasion, the full burden of higher costs had not been passed on to the consumer, but business could not continue to follow this policy and remain viable, especially after substantial increases in taxation. The Bank expressed the hope that the Government would make greater efforts to combat inflation through the reduction of its own spending and the encouragement of private savings.

28. In his speech at the opening of the legislature, on 9 November, the Governor said that world-wide inflation was placing a heavy burden on Bermudians, and that the maintenance of their present living standard depended on their ability to adjust to rapidly changing world conditions. Believing that it was virtually impossible to avoid the economic difficulties threatening international monetary stability, the Government intended to take the necessary steps to lessen the effects of these difficulties on Bermuda. The year ahead was expected to be a difficult one, almost certainly reflecting the United States experience of persistent inflation, some unemployment and recession in the local manufacturing and distributive trades. The Governor hoped that the leaders of the great nations would be successful in their efforts to control inflation, reduce interest rates and stabilize the world's currencies. He also said that the economic problems of Bermuda would require understanding, patience and restraint on the part of everyone, including the Government, management and labour.

#### B. Policies and programmes

29. In the same speech, the Governor stated that the Government would take the lead in curbing internal inflation by restricting its own expenditures to a minimum consistent with the maintenance of efficient services. As tourism was the mainstay of the economy, the Government would seek to maintain the kind of conditions which would attract visitors to the Territory. It also proposed to set up a standing commission initially to control increases in the charges of the two public utilities, to reactivate the Consumer Affairs Bureau and to extend the period of operation of the Rent Increases (Domestic Premises) Control Act, 1971. Moreover, legislation would be introduced: (a) to protect the consumer by regulating credit and hire-purchase business; (b) to empower the Bermuda Monetary Authority (a statutory body created in 1969) to set maximum interest rates; (c) to regulate insurance companies and require them to invest some funds locally; (d) to raise revenue by licensing and controlling certain betting operations; and (e) to modernize the Stamp Duties Act of 1917 and 1919. Additional proposals made by the Governor concerning various segments of the economy appear in the relevant subsections below.

30. During the debate on the Governor's speech, held on 15 November 1974 in the House of Assembly, Mr. Robinson, the Opposition Leader, urged the Governor to adopt suitable economic policies which would enable it to fight inflation effectively while avoiding unemployment. Replying, Mr. Sharpe, Minister for Finance, said that there were no absolute solutions to the problem of inflation, and that increased

prices abroad had brought about the substantial rise in the rate of domestic inflation, for which oil, canned fruits, flour and sugar were mainly responsible. He believed that imported inflation could not be curtailed by the imposition of price controls, but by the ordinary forces of the market place. The higher cost of services, a factor which Bermuda could contain, had contributed to inflation and was the reason for the Government's attempt to keep wage increases at a moderate level. He also said that the Government had no intention at present of proceeding with several major capital projects such as the sewage system. Mr. Sharpe expressed the hope that foreign insurers operating in the Territory would make available \$B 1 million per annum for local investment; he also noted that any substantial increase in the interest rate would place many people in great difficulties. Answering the points raised, Mr. Plowman, Minister for Organization, endorsed the PLP suggestion concerning the holding of conferences by all concerned to formulate a policy for a united front in the face of the growing world economic slump. He also said that the Government was well aware that a reduction in public projects would affect employment.

### C. Tourism

31. According to the information supplied by the administering Power, in 1973, visitors to Bermuda by air, the principal source of the tourist industry's income, increased by almost 50,000, or 13 per cent over the previous year. In the first 10 months of 1974, air arrivals totalled 427,873, a 10.2 per cent gain over the corresponding period in 1973. Cruise ship stopovers also increased during the year. Between January and October 1974, 162 cruise stopovers brought 101,840 visitors, compared with 137 and 72,486, respectively, in the first 10 months of 1973. Mr. W. J. Williams, Director of Tourism, stated that the economic conditions in the United States (origin of the majority of the tourists) and many other countries indicated that the figures could not continue to climb indefinitely, but that if Bermuda continued to provide services to its visitors at prices which they were willing and able to pay, the Bermudians might not fare too badly.

32. On 1 March 1974, it was announced that the Government had decided to construct a hotel training college, to be started in 1975 (see paras. 56 and 76 below), to train Bermudians at all levels for the many and diversified types of employment available in the hotel industry, the largest single employer of labour in Bermuda. Another significant development was the passage by the House of Assembly on 22 March of a bill to tighten government control of foreign hotel ownership. Under the bill, the Government has the power to impose conditions on the granting of a hotel licence in order to restrict unauthorized sales of the hotel's shares. The Government may also revoke the licence of a foreign-owned hotel of over 50 beds, if effective control is transferred to a non-Bermudian.

33. In his recent speech, the Governor said that the policy of maintaining strict control over the development of tourist facilities and expansion of the industry consistent with community needs would be continued. During the debate on this speech in the House of Assembly, the Minister for Tourism stated that Bermuda was the only resort area in the Caribbean region which had shown an increase in the number of visitors in 1974. The Territory had maintained a high standard of clientele, and, as indicated by surveys, tourist spending had not dropped. At the end of November 1974, the Government reported that a total of 105 hotel workers (150 in early December 1973) had been laid off.

## D. Financial developments

### Banking and finance

34. Four commercial banks provide complete banking and trust facilities. The average yearly rate of growth of the banking industry slowed from about 37 per cent in the period 1968-1970 to 11 per cent in the period 1971-1972. In 1973, however, the industry's total resources rose by 26 per cent to \$B 883.1 million, owing mainly to an increase in total deposits and time deposits with other banks. According to their annual reports for the fiscal year ending 30 June 1974, the two largest banks in the Territory, which are mainly controlled by Bermudians, made a further gain in their total resources, from \$B 705 million to \$B 862 million. Of the latter sum, the Bank of Bermuda, Ltd. accounted for \$B 498 million and the Bank of N. T. Butterfield and Son, Ltd. for \$B 364 million. Comparable figures for the two other banks are not available. In its report, the Bank of Bermuda, Ltd. drew attention to the economic and political problems confronting most of the developed countries which, it said, had had an adverse effect on the world's banking systems, and had been acutely felt in Bermuda. The industry had also faced certain local difficulties arising primarily from rising costs and low interest rates. As a result, its net income had declined slightly despite satisfactory growth in total resources. The Bank of N. T. Butterfield and Son, Ltd., which had commented on the economic situation in Bermuda in its annual report (see para. 27 above), reported little improvement in its net profit for the fiscal year.

35. The Bermuda Provident Bank, Ltd., the smallest in the Territory, is 31 per cent owned by Barclays Bank International, Ltd., of the United Kingdom and 30 per cent by the Provident Investment and Holding Company, Ltd. (PIH). In early July 1974, the City Finance and Investment Company, Ltd. (CFI) j/ announced a plan to merge with PIH in an attempt to solve the latter's financial problems, provided that CFI could obtain from the Government a licence to operate a new commercial bank. This condition was rejected by the House of Assembly on 12 July, when it voted against suspending parliamentary rules to allow a private bill for the proposed bank to be introduced. Government ministers abstained from voting after the Minister for Finance explained that they were not against suspending such rules, but were against establishing a fifth bank at that time. He recommended that the matter should be examined by the Joint Select Committee on Private Bills. Barclays Bank International Ltd., later submitted a proposal to help PIH. On 11 December, PIH was reported to have been given 30 days to decide whether it would accept this offer, which had already been approved by the Government, the Bermuda Monetary Authority and the Bermuda Provident Bank, Ltd.

36. The local banks provide a variety of services for the international companies operating in Bermuda. According to the administering Power, the number of these companies increased from 2,107 in 1972 to 2,224 in 1973, despite the adjustment of international business to the dissolution of the sterling area and the rise in annual fees introduced by the Government at the end of 1972. k/ A total of 2,450 international companies were registered at the end of September 1974.

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j/ For further information on CFI, see ibid., chap. IV, annex, appendix V, paras. 19-21.

k/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 23 (A/9023/Rev.1), vol. II, chap. IV, annex, appendix V, paras. 21-30.

On 6 November, the Chairman of the Bermuda International Business ... that the rate of formation of such companies appeared to be steady on a monthly basis and that the companies appeared to have a broad geographical representation, but with emphasis on the United States.

### Money and credit

37. The Bermuda Monetary Authority, among other things, issues and redeems local currency, supervises banks and other financial institutions and advises the Government on banking and monetary matters. In April 1974, the Authority was entrusted with the management of exchange control on behalf of the Government. United States dollars, though not legal tender in Bermuda, are normally accepted in hotel and trading establishments. Despite some defects in this arrangement, the Authority has expressed the view that it would hesitate to restrict the free circulation of United States dollars locally since the majority of the tourists visiting the Territory came from the United States.

### E. Development of natural resources

38. The Government has been seeking to promote better utilization of natural resources through the improvement of agriculture and fishing and the control of land use. In 1974, greater emphasis was placed on the establishment of a properly developed fishing industry and the completion of a comprehensive plan aimed at making optimum use of the limited resources of land for development.

39. In a report published on 6 March 1974, a fisheries expert from Canada who had studied Bermuda's maritime affairs, including commercial fishing, 1/ recommended, inter alia, that: (a) priority be given to the use of automatic data processing so as to develop information on current production and trends in catches of fish; (b) if the local fishery were to be developed into a viable industry, fish stock studies should be started as soon as possible; (c) measures should be taken to prevent further overfishing of some species; (d) research should be conducted into the production potentials of the various marketable species; and (e) financial assistance should be provided to local fishermen for the formation of a co-operative to process and market their catches.

40. The development of a viable fishing industry dominated the debate on the budget estimates for the Department of Agriculture and Fisheries in the House of Assembly on 18 March. Seven of its members (three from PLP and four from UBP), who took part in the discussions, agreed with most of the recommendations referred to above. Among the more important points raised in the course of the discussions were the following: (a) the basic objectives were to make Bermuda self-sufficient in fish and thus to help improve its balance-of-payments position; (b) the Government should establish basic facilities for local fishermen (numbering 210 in 1973) who were prepared to organize themselves efficiently, and should exempt them from the payment of duties on imported fishing equipment and supplies; (c) restrictions would have to be imposed on commercial fishing activities by foreign countries in Bermudian waters; (d) the Territory's present 12-mile fishing limit, which was inadequate for future needs, should be extended in the light of

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1/ Ibid., Twenty-ninth Session, Supplement No. 23 (A/9623/Rev.1), vol. VI, chap. XXIII, annex, para. 42.

world trends; and (e) serious consideration should be given to the possibility of developing resources under the sea. m/

41. Referring to these proposals, Mr. J. M. S. Patton, then Minister for Works and Agriculture, stated that the Government would investigate measures to help local fishermen, including the possibility of setting up a fishing co-operative with a special dock and freezing facilities, and had been asked to establish a duty-free system for them. It was also considering the question of extending the Territory's fishing limit. (Later in 1974, the Government stated that there would probably be no competition from any countries for a 200-mile limit off Bermuda.) The other proposals in question were being implemented.

42. Also in late 1974, the legislature passed a development and planning bill to provide the legal machinery to control building development and land use during the next five years. The object of the bill was to provide for orderly development with as much open space as possible in order to preserve the beauty of the Territory. This objective would be carried out under the development plan, which was introduced in the House of Assembly on 28 June by Mr. E. W. P. Vesey, Minister for Planning, who stated that it would not be debated until the end of 1975, after objections had been heard and ruled on. In pursuance of that objective, he said that the Government intended in particular: (a) to accommodate the present and future population of Bermuda in a manner which would not be detrimental to environmental quality; (b) to maintain and enhance the environmental character of the Territory; (c) to provide an adequate level of services and community facilities; and (d) to achieve these goals at an economic cost to the public.

43. Based on the possibility that by 1990 the population would have risen by 16,000, the plan envisaged the erection of 5,000 new homes. It was estimated that about 3,000 acres of land remained open in appearance, of which some 750 acres were considered to be available for development. It was proposed to concentrate development in the high-density areas and to preserve, wherever possible, the environment in the rest of the Territory.

44. In his recent speech, the Governor said that further refinements to the 1974 plan, in the form of a "general development order and a use classes order", would be laid before the legislature. The prime objective would be to allow the orderly and economic development of the community to occur at the least cost and with the least inconvenience to the public by specifying the types of development which could be started immediately upon verification. The Governor also said that a condominium bill would be introduced, providing for a new form of property ownership in Bermuda.

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m/ According to a recent report of the United States Department of the Interior, published by a local newspaper on 23 November, there may be substantial deposits (called "manganese nodules"), lying at the bottom of the Atlantic Ocean, not far from Bermuda, and containing valuable quantities of cobalt, copper, manganese and nickel. Since Bermuda has no known natural mineral resources, such deposits would be of particular importance to the Territory for the attainment of economic viability.

## F. Development of manufacturing industries

45. The Territory has a number of locally controlled, relatively small industrial firms, of which only those engaged in the manufacture of concentrated essences, cosmetic preparations and pharmaceuticals export their products. According to the Government, the local industries employ an estimated 300 workers and contribute about \$B 26 million a year to the economy. On the basis of the recent trade statistics (see para. 25 above), industrial exports from Bermuda are considered unlikely to become a major source of foreign exchange.

46. On 10 September 1974, local producers of aerated beverages, industrial gases, paint and printed matter were reported to have called on the Government to formulate a definite policy regarding manufacturing industries. They stated that the advantages of promoting industrialization in Bermuda were: (a) to broaden its economic base away from traditional tourism and international business; (b) to save foreign exchange by reducing imports from abroad; and (c) to recirculate wages and salaries throughout the economy. They pointed out that proposals for a local brewery had been submitted to the Department of Planning for consideration; other firms with expansion plans did not wish to commit themselves, however, until the Government clarified its attitude towards local industries. It was also pointed out that without a definite guideline from the Government, some firms might have to cease operations and become importers.

47. The Government responded by agreeing to meet with individual local industrial firms to examine their particular problems and make recommendations accordingly. According to the Government, one of the basic types of assistance, and the most commonly requested, was the remission of customs duties in whole or in part, for which the Customs Tariff Committee was responsible. Some manufacturers believed that this policy did not go far enough and that, without any protection against foreign competition, their businesses would slowly erode as a result of increased labour costs and taxes.

48. In a recent interview, Mr. Michael Hewitt, the Government's departing economic adviser, stated that industrial development was being hampered by the following two principal factors: (a) owing to the high cost of labour, local manufacturers were encountering difficulty in overcoming foreign competition both in Bermuda and elsewhere; and (b) the local market did not offer much potential to achieve maximum production efficiency.

## G. Development of communications and other basic facilities

49. In 1974, special attention was paid to the improvement of Bermuda's roads and traffic, control of its own civil aviation affairs, establishment of an international shipping business and development of an adequate water supply.

50. It will be recalled that in late 1972, the Government published a report of a survey of the Territory's roads and traffic problems. The recommendations contained therein were made with a view to catering for growth and protecting Bermuda's essential environment for the benefit of residents and the vital tourist industry. In 1973, certain steps were reportedly taken on the basis of this report. In his recent speech, the Governor said that the recommendations would continue to be implemented; that legislation concerning the designation of tourist routes, along which heavy vehicular traffic would be restricted, would be introduced early in

1975; and that emphasis would be placed on improving access to Hamilton from the north. He further stated that the number, type and use of vehicles on the road would continue to be strictly controlled, and that legislation would be initiated to restrict the use of private cars to one per residential unit. It was proposed to improve the bus system and complete a central bus terminal; efforts would then be made to encourage greater use of the bus service. New, more attractive buses with better passenger amenities would be introduced in 1975.

51. It will also be recalled that following talks held in March 1973 between the Bermuda and United Kingdom Governments, it was agreed to initiate working party discussions on civil aviation and related matters. The Governor stated in the speech referred to above that the Bermuda Government had taken further steps towards a greater voice in airline affairs, which vitally affected Bermudian interests. Efforts would be continued to encourage new airline services on viable routes to and from Bermuda, with particular emphasis on links with the south-eastern part of the United States and on additional routes to Europe. He also declared the Government's intention to resist unwarranted higher charges resulting from rising fuel costs. Finally, he said that the second phase of the pre-clearance facilities for United States Customs at the civil air terminal (the only airfield in the Territory) would begin early in 1975, the first phase of the programme having recently been completed. This programme was in fulfilment of a joint undertaking with the United States Government to promote greater security and efficiency at the terminal.

52. Opening the debate on the Governor's speech, Sir Edward Richards, the Premier, informed the House of Assembly that the United Kingdom had now been convinced that some matters affecting the industry, once said to be outside Bermuda's jurisdiction, were in fact within that jurisdiction and that amendments were being made to the civil aviation regulations, whereby certain licences would be granted by the local authority. On 16 December, Sir Edward announced that following the adoption of these amendments, the Air Transport Licensing Board had issued a provisional one-year licence covering all British Airways flights into and out of Bermuda, and that this licence had become effective on 11 December.

53. As previously noted, a legislative measure was taken in 1973 to develop an international shipping business in the Territory. In his speech, the Governor stated that the Government would propose amending legislation to enable Bermuda to become a party to the International Convention for the Safety of Life at Sea n/ and the International Convention on Load Lines, o/ to ensure that merchant ships registered in the Territory could meet the highest international standards. During the debate on the speech, Mr. Edness, Minister for Marine and Air Services, announced that a delegation from Bermuda was on its way to London to negotiate with the Certification Society on certification and surveying of ships; that a shipping registry was being set up; and that a master surveyor was being seconded to the Territory for two years until a qualified local person became available.

54. The Governor said that because of the increasing demand for fresh-water supplies, it had become of prime importance to safeguard Bermuda's natural ground-water reserves and that legislation would be proposed to that effect. During the

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n/ United Nations, Treaty Series, vol. 536, No. 7794, p. 27.

o/ Ibid., vol. 640, No. 9159, p. 133.

debate on the speech, Mr. R. O. Marshall, Minister for Works and Agriculture, reported that a recent survey had located reserves with a production capacity of 400,000 gallons of water daily in Devonshire parish would could be tapped for wells. In 1974, it was reported that the Watlington Waterworks, which supplies five parishes, had increased the capacity of its water treatment plant to about 2 million gallons per day and was providing nine major hotels with drinking water.

#### H. Public finance

55. On 1 March 1974, a record budget of \$B 61.3 million for the year 1974/75, allowing for a surplus of \$B 1.1 million, was introduced in the House of Assembly. Recurrent revenue, derived mainly from customs duties, employment tax and land tax, was estimated at \$B 56.6 million. Recurrent expenditure was estimated at \$B 56.2 million, allocated as follows: education, \$B 10.0 million; health and social services (including hospitals), \$B 9.0 million; police, \$B 5.0 million; public works, \$B 4.7 million; tourism, \$B 4.5 million; public debt, \$B 3.6 million; public transportation, \$B 1.9 million; agriculture and fisheries, \$B 1.8 million; and prisons, \$B 1.8 million. During 1974/75, capital expenditure, to be financed almost entirely by loans, was estimated at \$B 4.0 million, mainly for school buildings (\$B 1.4 million), public works projects (\$B 1.2 million) and civil aviation (\$B 500,000).

56. In presenting his estimates to the House, Mr. Sharpe, Minister for Finance, said that, in order to avoid placing unnecessary or inflationary demands on the public, government spending in the current financial year had been kept to a minimum consistent with maintaining the high standards established in recent years. He indicated that the Government would borrow as necessary for capital expenditure and drew attention to its decision to introduce a three-year rolling plan for such expenditure. Each year, the estimates would include a list of capital projects which the Government planned to undertake in the following three financial years, showing the total estimated cost of each project within the three-year period. Each year, the list of projects would be extended for another year and revisions to the previous list would be made as necessary. Mr. Sharpe pointed out that the Government's policy had been to restrict capital expenditure to about \$B 5.0 million annually and generally to continue to strengthen the infrastructure of the community at large through improvements to basic services. He specifically referred to two projects set forth in the capital expenditure plan for the period from 1974/75 to 1976/77: the establishment of a hotel training college (see paras. 32 above and 76 below) and the construction of customs pre-clearance facilities at an estimated cost of \$B 800,000 (see para. 51 above).

57. The Minister also said that to meet the rising operational costs, the Government would increase the current modest rate of land tax to 6 per cent at the bottom of the scale, moving progressively to 20 per cent at the top (a bill to give effect to this proposal was signed into law by the Governor on 7 May 1974). He said that studies would be continued to find ways to strengthen and, if necessary, change the present tax base to fulfil both financial and social requirements. Finally, he stated that 1974 should be a year of marking time, but that the Government might introduce revenue-producing plans if required.

58. Members of the Opposition PLP criticized the budget because of its heavy dependence on customs duties and other indirect taxes, which they alleged would

contribute to inflation and reduce Bermuda's competitive status. They claimed that if people spent less, the present fiscal policy would fail, and that if it succeeded, the real income of the people would drop because of "galloping inflation". PLP therefore urged the Government: (a) to cut unnecessary expenditure and reduce the bureaucracy; (b) to formulate revenue-producing plans which did not accelerate locally generated inflation; and (c) to increase the taxes of those better able to pay more.

59. In reply, Mr. Sharpe stated that the tax base was being broadened because customs duties would have dropped from 56 per cent of local revenue in 1970 to 42 per cent in 1974, and that the amount of new services which the Government was providing more than made up for a small rise in the number of civil servants (excluding customs officers, police, prison officers and teachers) since 1971. He further stated that the present customs duties bore heavily on luxuries and permitted most necessities to come in free or virtually duty-free. In conclusion, he said that territorial revenue would fall if a depression resulted from the imposition of additional income taxes, but that the Government would review its tax policy from time to time.

60. In statements made in September and November 1974, Mr. Sharpe indicated that in 1975/76, the Government would revert to its traditional pay-as-you-go policy. Government spending would thus be reduced by dropping some existing programmes and postponing certain major capital projects. On the other hand, the legislature would be requested to provide more funds to cover the rising costs of government operation caused by inflation. In making this request, the Government would propose to levy a betting tax and increase stamp duties. Both proposals were referred to by the Governor in his recent speech (see para. 29 above).

#### 4. SOCIAL CONDITIONS

##### A. Labour

##### Employment and immigration

61. In June 1974, Mr. C. V. Woolridge, Minister for Labour and Immigration, headed Bermuda's observer delegation to the annual conference of the International Labour Organisation (ILO) held at Geneva. In addressing the Conference, he said that the Territory continued to enjoy "over-employment" and that (as in mid-1973), its total working population was 27,000. Of this total, approximately 9,000 were non-Bermudians, consisting of civil servants, hotel workers, exempted company personnel, nurses, police, teachers and others having specialized skills not available locally. Mr. Woolridge also said that while relying on skilled workers from abroad, Bermuda was "cognizant of the danger of destroying the aspirations of its young people and at the same time creating a chronic housing shortage". In addition to measures being taken to ameliorate such a shortage (see below), the Government attached great importance to the provision of adequate and improved training for local workers. He drew particular attention to plans for the construction of a new hotel training college (see paras. 32 and 56 above, and 76 below) and the implementation of an industrial training programme. He also referred to: (a) the 40-hour work week as the general standard practised in the Territory; (b) the establishment of compulsory hospital insurance and contributory pension schemes; and (c) the preparation of new legislation concerning health and safety.

62. The Bermuda Industrial Union (BIU), the largest single labour organization in the Territory, with a membership of 5,777, challenged Mr. Woolridge's claims in a statement alleging that he had left too many questions unanswered, including in particular unemployment among Bermudians. This and related items were discussed by the two political parties on many occasions during 1974. The BIU, whose president, Mr. O. A. Simmons, is also a PLP member of the Legislative Council, supported that party's statements, which included the following: (a) between 1971 and 1974, not only had the Territory's economy declined into recession, but the cost of living had increased by 58.2 per cent; (b) during the same period, the Government's taxation policy had made further inroads into the steadily declining real value of the wages of the local workers; (c) those Bermudians who were suffering from unemployment and underemployment were finding it extremely difficult to meet commitments made during the earlier boom years; (d) in contrast, "Bermuda's expatriate work force remains stable or continues to increase" as evidenced by the fact that about 10,000 foreigners were employed in the Territory, including those believed to be there illegally; (e) the Government's published list of jobs closed to non-Bermudians demonstrated that they were allowed to occupy the higher income positions while channelling Bermudians into the lower income positions; (f) the Government should "institute a policy whereby an employer would have to show that a Bermudian was being trained to fill any position for which a foreigner was required in the interim"; (g) in the compilation of more accurate and meaningful unemployment statistics, consideration should be given to legislating for mandatory registration; and (h) despite the alleged serious unemployment situation, there was still no plan for unemployment insurance.

63. In various replies to these criticisms, the ruling UBP made the following observations: (a) the Government had slowed the economy over the period 1972/73 in the light of international trends towards recession, but had been very strict on the importation of foreign workers; (b) the number of these workers was being reduced as suitable local labour became available; (c) currently there were 11 job categories closed to non-Bermudians and three others were severely restricted; (d) the policy of restricting immigration would be continued and employers would be encouraged to increase opportunities for Bermudians in all types of employment; (e) the employment situation would probably improve in 1975 when the total square footage designated for residential purposes was expected to be increased to 467,000 (295,000 in 1974); (f) to encourage hotels to remain open in the winter, the Government had waived their employment taxes for five months; (g) at the end of November 1974, there were 571 persons (479 in July) registered as unemployed; and (h) the Government viewed the unemployment position with the utmost seriousness and was considering further measures designed to ease it, including the production of an accurate record of the people genuinely unable to find work.

#### Industrial relations and the law

64. There are seven registered trade unions in the Territory, of which three are employers' associations (with a total membership of 234) and four are employees' unions (with a total membership of 7,295). The year 1974 was marked by further expansion of the activities of labour organizations, especially BIU. A number of labour disputes occurred, the most important being a 16-day strike at the two hospitals, staged by the 350 non-professionals (all of them members of BIU) seeking

higher wages. On 4 November, the membership of BIU voted in favour of a general strike, which was called off only minutes after it had officially begun, when the Government (represented by the Hospitals Board) made an offer acceptable to the union members.

65. In his recent speech, the Governor stated that consultations with both labour and management had taken place during 1974, and that new legislation to improve the procedures for the settlement of labour disputes would be introduced.

## B. Housing

66. The Housing Corporation, set up by statute in 1973, is charged with solving Bermuda's housing shortage (see para. 26 above). Responsibility for the Corporation has been assigned to the Minister for Planning, who brought it into operation in early 1974. It is run by a general manager (Mr. Leslie H. Cock) and is governed by a board of directors, consisting of six members appointed by the Government (including the Chairman, Commander Geoffrey Kitson) and three ex officio members (Director of Public Works, Director of Planning and the Financial Secretary).

67. According to the administering Power, careful analysis has been made of the need for additional housing, applying tested United Nations systems and principles and aimed at an occupation factor of 1.5 or over as constituting overcrowding. On this basis, there is an estimated annual shortfall of about 250 units. The total housing stock at present is only 17,300 units and the shortfall has been accumulating for some years.

68. The administering Power states that the Corporation will raise funds to help people to buy their own homes and will make amortized mortgages available for this purpose. It will also encourage developers to produce housing for the lower middle income group by guaranteeing mortgage financing for approved schemes, and will use some capital to provide for lower-cost housing to be leased back to the Government, so that it can be made available on the rental market, possibly at subsidized rents. The Corporation is investigating ways of reducing the cost of construction by introducing new materials, encouraging systems-building and developing self-help housing schemes. A limit has been set on the maximum size of units eligible for such financing.

69. On 11 July 1974, Commander Kitson stated that the Corporation had approved the provision of \$B 319,800 to finance first mortgages for 11 local residents, already well on their way to building 20 units themselves, and that a brochure was being prepared for individual builders to explain how to obtain maximum use of space and how to reduce costs. In a statement to the House of Assembly on 6 December, the Minister of Finance announced that the Corporation was planning a bond issue to raise "substantial amounts" (up to \$B 50 million) for new housing, particularly for prospective home owners.

70. In late 1974 (see paras. 42-44 above), the Government undertook certain legislative measures aimed at restricting as much as possible the destruction of the physical environment in Bermuda's densely populated land area. These measures were expected to have a significant effect on housing development. In August, the Government also adopted a new policy aimed at encouraging aliens to buy high-priced

condominium apartments and thus save lower-priced properties for the Bermudian market. It was officially estimated that total square footage designated for residential purposes would be increased from 295,000 in 1974 to 467,000 in 1975 (see para. 63 above).

### C. Public health

71. In 1973, there were two hospitals in Bermuda: (a) the King Edward VII Memorial Hospital (230 beds), a general hospital, providing specialist services and a 90-bed geriatric ward; and (b) St. Brendan's Hospital (170 beds), providing treatment for mental diseases. Medical care is also provided by private practitioners and three government health clinics. Fees are charged to hospital patients, but those unable to pay the full rates receive assistance, mainly from government subsidies and insurance schemes. On 1 April 1974, fees were raised at the general hospital to meet rising operating costs. The last increase occurred in August 1973. Some rates were increased by 30 to 95 per cent, but persons covered under the Government's Health Insurance Plan (HIP) were not affected by the latest rate rise.

72. On 13 December 1974, the Minister for Finance requested the House of Assembly to provide an additional \$B 1.7 million to cover government subsidies for hospital care of children up to school-leaving age and the indigent and 80 per cent of the cost of care for patients over 65 years of age. In making this request, he said that the Government could not continue indefinitely to find annually increasing subsidy payments out of current revenues. It had been re-examining HIP to determine whether it was feasible to finance the hospitals without a public subsidy, possibly through employer-employee insurance contributions, which would have to be adjusted to meet rising operating costs. According to the Minister, subsidy payments had increased from \$B 1.5 million in 1972/73 to \$B 2.3 million in 1973/74, and were expected to reach \$B 4.7 million in 1974/75. He also announced that the Government would publish a report on hospital financing problems and possible solutions, and that a white paper containing the Government's conclusions would then be submitted to the House for approval prior to the drafting of legislation. In response to a question raised during the debate, the Chairman of the Hospitals Board, which is responsible to the Minister for Health and Social Services, said that the Government had left the management of the hospitals mainly to the Board; that the increase in operating costs resulted from the recent wage settlements with BIU, which represented 350 of the 800 persons on the staffs of the hospitals (see para. 64 above), and higher prices of materials; and that a survey was being conducted with the objective of improving the efficiency of hospital operations. At the conclusion of the debate, the House granted the additional funds requested.

73. In his recent speech, the Governor stated that the Government was preparing new legislation for the provision of dental auxiliary personnel and the revision of the Public Health Act of 1949.

74. Total government expenditure on health and social services (including hospitals) in 1974/75 was estimated at \$B 9.2 million (\$B 8.9 million in 1973/74).

## 5. EDUCATIONAL CONDITIONS

75. Education is free and compulsory for all children between the ages of 5 and 16 years. The majority of schools in the Territory are maintained by the Government. At the end of 1973, primary education, covering the first seven years of schooling, was being provided by 18 government and 4 private schools, with a total enrolment of 7,639 pupils and staff of 346 teachers (136 non-Bermudians). There were 9 government and 5 private secondary schools, with a total enrolment of 4,529 pupils and staff of 331 teachers (170 non-Bermudians). Specialized institutions included 10 preschool nurseries, with 500 four-year-olds; 5 special schools providing training for 200 children between the ages 5 and 18 years; and a day-training centre and sheltered workshop for handicapped children between the ages of 5 and 21 years.

76. Facilities for higher education are limited. The Bermuda College has three departments (academic studies, commerce and technology and hotel technology) and offers education at the tertiary level. In 1973, the college had 465 full-time students and 58 teachers (35 non-Bermudians). In addition, over 1,000 adults were enrolled on a part-time basis or in evening courses. Under the Bermuda College Bill, which the Governor signed into law on 1 July 1974, the college has been established as a corporate body with its own Board of Governors of 10 members (including the Permanent Secretary of Education) and Chief Executive Officer (Mr. Mansfield Brock). Its major objectives are to prepare students for further study and to increase useful manpower in the Territory. Early in 1974, the Government announced its decision to construct a hotel training college at an estimated cost of \$B 3.5 million (see paras. 32 and 56 above). On 12 December, Mrs. Gloria McPhee, Minister for Education and Libraries, announced that in view of the uncertain financial outlook for 1975 and bearing in mind the strong feeling about making a start on a major capital programme at the present stage, the Government had decided to review the location and scope of the proposed scheme; in the interim, it would plan for a less ambitious training school considerably reduced in size and student capacity.

77. There is no teacher-training institution in Bermuda, but the Government provides 50 teacher-training scholarships (\$B 2,000 a year for a maximum of three years) for students training abroad. The Government also provides over \$B 400,000 annually in scholarships and loans for students receiving post-secondary education abroad. A scholarship brochure was published in 1974.

78. In his recent speech, the Governor affirmed a government pledge to continue to place high priority on the improvement of the educational system. During the debate on the speech in the House of Assembly, Mrs. McPhee set forth in detail the work being performed by her Ministry. Among the steps being taken to improve the elementary schools were remedial reading courses, standardization of the curriculum and the introduction of achievement tests. At the secondary level, the introduction of the Bermuda Secondary School Certificate was working satisfactorily. The "O" level tests of the General Certificate of Education would not be dropped. A psychiatric service was now available, aimed at raising levels of achievement and reducing the number of drop-outs. At the tertiary level, the Bermuda College was actively developing courses designed to prepare students for their role in the Bermudian economy.

79. Total government expenditure on education in 1974/75 was estimated at \$B 11.7 million (\$B 9.4 million in 1973/74).

CHAPTER XXVI  
(A/10023/Add.8 (Part I))

UNITED STATES VIRGIN ISLANDS

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A. CONSIDERATION BY THE SPECIAL COMMITTEE

1. At its 993rd meeting, on 18 February 1975, the Special Committee, by approving the seventy-fourth report of the Working Group (A/AC.109/L.993), decided, inter alia, to refer the question of the United States Virgin Islands to Sub-Committee II for consideration and report.
2. The Special Committee considered the item at its 1010th and 1011th meetings, on 5 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 3328 (XXIX) of 16 December 1974 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 11 of this resolution, the Assembly requested the Special Committee "to continue to seek suitable means for the immediate and full implementation of resolutions 1514 (XV) and 2621 (XXV) in all Territories which have not yet attained independence and, in particular, to formulate specific proposals for the elimination of the remaining manifestations of colonialism and to report thereon to the General Assembly at its thirtieth session". The Committee also took into account General Assembly resolution 3289 (XXIX) of 13 December 1974 concerning six Territories, including the United States Virgin Islands, by paragraph 10 of which the Assembly requested the Committee "to continue to give full consideration to this question, including in particular the dispatch of visiting missions to those Territories ...".
4. During its consideration of the Territory, the Special Committee had before it a working paper prepared by the Secretariat (see annex to the present chapter) containing information on 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 (see A/AC.109/SC.3/SR.229, 231 and 232 and corrigendum and 234).

6. The Special Committee had before it a written petition, dated 17 April 1975, concerning the Territory from Mrs. Edith Quetel Bryan, President, Organization of Concerned Virgin Islanders for Action (A/AC.109/PET.1260), which included a request for a hearing. At its 999th meeting, on 14 May, by adopting the 191st report of the Sub-Committee on Petitions and Information (A/AC.109/L.1009), the Special Committee decided to grant the request for a hearing. Mrs. Bryan and Mrs. Leona Watson, of the same organization, were heard by Sub-Committee II at its 232nd meeting, on 16 May (A/AC.109/SC.3/SR.232).

7. In addition, in connexion with its consideration of the item, Sub-Committee II heard a statement by Mr. Cyril E. King, Governor of the United States Virgin Islands, at its 229th meeting, on 1 May (A/AC.109/SC.3/SR.229 and corrigendum).

8. At the 1010th meeting, on 5 August, the Rapporteur of Sub-Committee II, in a statement to the Special Committee (A/AC.109/PV.1010), introduced the report of that Sub-Committee (A/AC.109/L.1036), containing an account of its consideration of the Territory (A/AC.109/SC.3/SR.229, 231, 232 and corrigendum, 234, 241 and 242).

9. At its 1011th meeting, on 7 August, the Special Committee adopted without objection the report of Sub-Committee II and endorsed the conclusions and recommendations contained therein (see para. 11 below). The Chairman made a statement (A/AC.109/PV.1011).

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

#### B. DECISION OF THE SPECIAL COMMITTEE

11. The text of the conclusions and recommendations adopted by the Special Committee at its 1011th meeting, on 7 August, to which reference is made in paragraph 9 above, is reproduced below.

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

(2) Fully aware of the special circumstances of the United States Virgin Islands, owing to such factors as its size, geographical location, population and limited natural resources, the Special Committee reiterates the view that these circumstances should in no way delay the speedy implementation of the Declaration which applies fully to the Territory. The Committee notes with appreciation the continued participation of the United States of America, as the administering Power concerned, in the discussions on the Territory and expresses the hope that the close co-operation thus established will be strengthened further so as to fulfil its mandate and its responsibility towards the United States Virgin Islands in an equitable way. In this regard, the Committee wishes to thank the Governor of the Territory for his statement (A/AC.109/SC.3/SR.229 and corrigendum).

(3) The Special Committee notes with interest the statement of the representative of the administering Power outlining recent constitutional and other developments in the Territory during the period under review (A/AC.109/SC.3/SR.229 and corrigendum). In particular, the Committee welcomes the decision of the Home Rule and Interstate Co-operation Committee of the Virgin Islands Legislature to support the proposal of the Territory's representative to the United States Congress for the establishment of a new constitutional convention, composed of elected delegates, to redraft the constitution before presenting it to the voters in a special election. The Committee expresses the hope that the United States Congress will take all necessary action to expedite the approval of the bill to establish the constitutional convention.

(4) Bearing in mind its previous recommendations concerning the rights of the people of the Territory over their natural resources and the right to dispose of them, 1/ the Special Committee notes with satisfaction the passage by the United States Congress in 1974 of a submerged lands act, Public Law 93-435, which places submerged lands surrounding United States Territories, including the Virgin Islands, under territorial jurisdiction.

(5) Mindful of the statements made by the representatives of the Organization of Concerned Virgin Islanders for Action, 2/ the Special Committee notes with concern the serious social and economic problems caused by continued alien immigration to the Territory on a virtually unrestricted basis. In this connexion, the Committee calls upon the administering Power to review its immigration policy with regard to the United States Virgin Islands, in consultation with the elected representatives of the people, with a view to regulating the influx of aliens and thereby reducing tensions between resident and immigrant populations which may otherwise hamper the Territory's progress towards full self-government and the process of self-determination to which they are entitled in accordance with the principles of the United Nations.

(6) With regard to budgetary problems, the Special Committee expresses the hope that the administering Power will take the necessary measures to provide sufficient revenue to the Territory so as to assist it in overcoming its current financial deficit.

(7) The Special Committee, mindful that the Territory continues to face special economic difficulties, and recalling its earlier recommendations in this field, notes with interest the new proposed economic development plan consisting of three interlocking programmes, that is, "operation recovery", "operation diversification" and "operation exploration", and expresses the hope that these programmes will promote economic diversification and self-reliance.

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1/ Official Records of the General Assembly, Twenty-ninth Session, Supplement No. 23 (A/9623/Rev.1), vol. VI, chap. XXIV, para. 9 (9).

2/ See A/AC.109/SC.3/SR.232.

(8) The Special Committee notes that one of the major problems in the United States Virgin Islands has been the lack of low-cost housing and in that connexion it further notes the establishment of an \$11 million housing programme.

(9) The Special Committee notes that the problems in the educational sector are of grave importance to the future development of the Territory and considers that it is most important that the youth of the United States Virgin Islands be prepared to assume active and productive roles in the life of the Territory. The public school system as described by the Governor of the Territory appears not to fulfil those goals. The Committee urges the administering Power therefore to improve the public educational system of the Territory and to provide the necessary funds for the expansion of existing school facilities and for teacher training as well as the hiring of additional teachers.

(10) Mindful that recent visiting missions to small Territories have provided clearer assessments of the situation in the Territories visited as well as practical guides to the manner in which administering Powers and the United Nations work together for the good of the peoples of the Territories, and recalling the 1973 statement by the representative of the administering Power to the effect that his Government was considering the possibility of inviting such a mission to the Territory, 3/ the Special Committee urges the administering Power to conclude in favour of allowing the access of a visiting mission to the United States Virgin Islands in order to secure first-hand information on the situation in the Territory and to ascertain the genuine views and wishes of its people concerning their future.

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3/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 23 (A/9023/Rev.1), vol. I, chap. III, annex, para. 7.

ANNEX\*

WORKING PAPER PREPARED BY THE SECRETARIAT

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\* Previously issued under the symbol A/AC.109/L.1005.

UNITED STATES VIRGIN ISLANDS a/

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

1. GENERAL

2. The Territory of the United States Virgin Islands, which lies about 40 miles east of Puerto Rico, comprises about 50 islands and islets, the three largest of which are St. Croix (217.56 square kilometres), St. Thomas (75.52 square kilometres) and St. John (51.8 square kilometres).

3. Between 1970 and mid-1972, the population of the Territory was estimated to have risen from 85,600 to approximately 100,000. These estimates indicate that the islands are becoming one of the most densely populated areas in the world. According to an unofficial census taken in 1973, the population was more than 100,000, of whom about 50,000 lived on St. Croix, 48,000 on St. Thomas and 2,000 on St. John. Since then, there has been a slowdown in the population growth brought about by more stringent immigration controls (see below). By early 1975, the population was estimated to total just under 100,000.

4. It will be recalled c/ that on 2 December 1972, about a month after his election as the Territory's first non-voting delegate to the United States House of Representatives, Mr. Ron de Lugo said that the United States Congress might consider taking legislative measures designed to cope with the problem arising from the recent sharp increase in the alien population of the United States Virgin Islands. In August 1973, he sponsored a bill in the House of Representatives which would allow certain non-resident aliens to become resident aliens. The bill passed the House but died with the end of the Ninety-third Congress owing to lack of action by the Senate. Mr. de Lugo plans to introduce similar legislation during the current Congress. More recently, the House Judiciary Committee has sent its investigators to the islands to discuss with government officials the legislation on the matter.

5. In 1974, efforts to deal with the problem of aliens were mainly directed towards expelling illegal aliens from, and reducing their flow into, the

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a/ The information contained in this section is based on published reports and on 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 19 August 1974 for the year ending 30 June 1973, and on 1 April 1975 for the year ending 30 June 1974.

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

c/ Ibid., Twenty-ninth Session, Supplement No. 23 (A/9623/Rev.1), vol. VI, chap. XXIV, annex.

Territory, as well as prosecuting fraudulent registration of alien children in its public school system. In early March, Mr. de Lugo and other United States Virgin Islands officials estimated that more than 10,000 persons had entered the Virgin Islands illegally in recent years in search of employment and other benefits. They pointed out that the illegal immigrants, together with aliens properly admitted to the Territory, made up nearly half the labour force of the tourist industry, the economic mainstay, and contributed to overcrowding and growing unemployment among United States Virgin Islanders. With this in mind, both Mr. de Lugo and Mr. Melvin H. Evans, then Governor, urged the United States Government to expand the investigative unit of the Immigration and Naturalization Service (INS) assigned to the Territory as a first step towards tackling the sources of the recent unrest. During the first three quarters of 1974, INS responded by increasing the number of its agents to 20 (including at least six locally recruited criminal investigators), the highest total in recent years.

6. In a statement issued towards the end of March 1974, Mr. George Goodwin, President of the Alien Interest Movement (AIM) appealed to all illegal aliens in the Territory to leave voluntarily. His appeal was directed to the following persons: (a) aliens who had not been legally admitted to the United States Virgin Islands; (b) aliens with a limited visitor's visa who had overstayed the time-limit; and (c) aliens certified to work who had lost their jobs and had not found new ones within 60 days. Mr. Goodwin warned that AIM would be unable to help any illegal alien "who fails to heed its appeal and is later rounded up by immigration personnel". According to Mr. Dante Rossi, head of INS in the Territory, 4,135 illegal immigrants were sent home during 1974, most of whom (3,451) had come from the Commonwealth Caribbean countries. Nevertheless, some 12,000 such immigrants probably remain in the United States Virgin Islands.

7. On 13 August, the Government of the United States announced that, under a recently proposed amendment to its immigration regulations, which was originally planned to come into force on 9 September, visits of aliens to the United States Virgin Islands and Puerto Rico would be limited to the holders of non-immigrant visas. In explaining the proposed amendment, Mr. Rossi said that until the amendment became law, people from adjacent islands of the Caribbean administered by France, the Netherlands and the United Kingdom of Great Britain and Northern Ireland, as well as citizens of Barbados, Grenada, Jamaica and Trinidad and Tobago, would continue to be allowed to enter the United States Virgin Islands and Puerto Rico without visas. He added that upon the coming into operation of this amendment, many resident workers and students would be required to obtain visas from the United States Embassy in Barbados, but that the Department of State might send a representative to the Territory to issue visas. In this connexion, Mr. James St. John, head of the Manpower Certification Office of the United States Department of Labor in the United States Virgin Islands, stated that his department favoured such a change, which would probably affect some 11,500 certified workers and their 9,000 dependants.

8. In a statement made on 31 August, Attorney-General Verne A. Hodge said that alien children illegally registered in the Territory's public school system, unless voluntarily withdrawn, would be prosecuted to the full extent of the law.

According to Mr. Hodge, this type of registration, which was on the increase, included children of illegal aliens and those from neighbouring islands who were fraudulently registered as the children of legal aliens living in the Territory.

9. On 6 February 1975, Mr. Rossi announced that the Federal Immigration and Naturalization Act had been amended so that some temporary visitors ("B-2" non-immigrants) to the United States and its Territories were no longer eligible for extensions of their stay. According to Mr. Rossi, the amended Act will apply to:

(a) Persons who had entered the Territory under the "B-2" classification on or after 16 February, or whose status had been changed to this classification on or after that date; and

(b) Persons who had entered the Territory or whose status had changed prior to that date but had already been given one or more extensions.

## 2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

### A. Constitution

10. 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. d/ In brief, the Government consists of three branches, executive, legislative and judicial. The Governor and the Lieutenant Governor are elected jointly by majority vote for a period of four years. The Governor is responsible for the administration of all activities of the executive branch, the appointment and removal of all officers and employers of that branch and the execution of federal and local laws (including the application in the United States Virgin Islands of the Constitution of the United States and all its amendments to the extent that it is not inconsistent with the status of the Territory as an unincorporated Territory of the United States). The Governor may recommend bills to the Legislature and veto any legislation as provided in the Revised Organic Act.

11. 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.

12. The judiciary consists of a District Court and a Municipal Court. With the advice and consent of the Legislature, the President of the United States appoints the judge of the District Court and the United States District Attorney. The judges of the Municipal Court are appointed by the Governor and confirmed by the Legislature. The District Court exercises appellate jurisdiction over the Municipal

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d/ Ibid., paras. 9-14.

Court in civil and criminal cases. The United States Court of Appeals for the Third Circuit, Philadelphia, and the United States Supreme Court exercise appellate jurisdiction over the District Court of the Virgin Islands.

13. Finally, the Territory may send to the United States House of Representatives a non-voting delegate, who is elected for a two-year period by majority vote.

#### B. Constitutional reform

14. It will be recalled e/ that in September 1971, the Second Constitutional Convention met to begin drafting a federal relations act, outlining a framework for the relationship between the Territory and the United States, and a constitution. It adopted the proposals on 10 August and 11 September 1972 respectively. In a referendum held on 7 November 1972, Virgin Islands voters approved the proposals by a vote of 7,279 to 5,518; 3,804 others did not vote. The Convention adjourned on 21 November after it had set up the nine-member Virgin Islands Constitutional Government Committee designated to present the proposals to the United States Congress. Nine days later, Mr. de Lugo suggested that a new constitutional convention composed of popularly elected delegates should be called to redraft the proposed constitution for presentation to the Territory's voters in a special referendum. It was his view that the recently adopted constitutional proposals would meet with a cool reception in the United States Congress because they had failed to receive an overwhelming endorsement from Virgin Islands voters. On 19 July 1973, three members of the above-mentioned Committee confirmed this view following their visit to Washington, D.C.

15. On 7 May 1974, Mr. de Lugo introduced legislation in the United States House of Representatives along the lines he had suggested. A week later, Mr. Lloyd Williams, the majority leader in the Legislature, expressed full support for Mr. de Lugo's action. Mr. Williams also made the following proposals for organizing the new convention: (a) to seek actively the participation of the people of the Territory; (b) to make arrangements for extensive media coverage on a public service basis; (c) to hold public meetings; and (d) to establish educational programmes to keep the people fully abreast of day-to-day happenings. Believing that the relationship between the Territory and the United States should be thoroughly examined, he stressed that he would especially look forward to pushing for the right of Virgin Islanders to change our own Constitution, through referendum or other means, when and if we so desire, without approval by the United States Congress". In conclusion, he declared that "the full participation of our people and their votes must be made significant"; that "the final draft under these circumstances would carry more weight as a mandate from the people"; and that at present, "even the name of the Organic Act smacks of colonialism". Soon after the first meeting of the Eleventh Legislature, on 13 January 1975 (see below), its Home Rule and Interstate Co-operation Committee unanimously voted to support the legislation introduced by Mr. de Lugo.

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e/ Ibid., paras. 15-18.

16. On 13 February, following Mr. de Lugo's re-election, he and Mr. Philip Burton, Chairman of the Sub-Committee on Territorial and Insular Affairs of the House of Representatives, appeared before the Legislature, sitting as a committee of the whole. Mr. Burton told the Legislature that he would support the bill to convene a new constitutional convention in the United States Virgin Islands and efforts to remove the "last vestiges of colonialism". The move could come about through action by the United States Congress to delegate to the Territory the authority to write its own constitution and federal relations act. He was of the opinion that greater influence by liberal members of the House of Representatives would work to the Territory's benefit, and hoped that the House would give the measure such overwhelming support that the Senate would pass it. In early March, Mr. Rogers C. B. Morton, the United States Secretary of the Interior, informed the Committee on Interior and Insular Affairs of the House of Representatives that he would endorse the above-mentioned bill, an action which Mr. de Lugo considered would be an important factor in the successful passage of the measure.

### C. Future status of the Territory

17. It will be recalled f/ that prior to its adjournment, the Second Constitutional Convention adopted a resolution concerning the Territory's future status. In this resolution, the Convention resolved that "the people of the Virgin Islands continue to be opposed to independence from the United States of America" and "desire to continue in close association with the United States of America, and to remain a Territory under the constitutional system of the United States with the fullest measure of internal self-government". Of the 33 delegates sent to the Convention, 15 were members of the Legislature and the others were equally divided among the three main political parties: the Democratic Party of the Virgin Islands (DPVI), the Progressive Republican Party of the Virgin Islands (PRPVI) and the Independent Citizens Movement (ICM), founded by former members of DPVI. Various statements made by 12 legislators and the then Governor in November 1973 indicated their continued support for the Convention's position referred to above. However, the United People's Party (UPP), formed in that year, has advocated independence for the Territory.

18. At the latest general election, held on 5 November 1974, two independent candidates, affiliated with UPP, tried but failed to win a seat in the new Legislature (see below). During the election campaign, only DPVI and ICM issued their respective platforms, in which the question relating to the ultimate future of the United States Virgin Islands was raised. Both parties said that they adhered to the principle of self-government and intended to take a progressive approach leading to increased autonomy for the United States Virgin Islands and its people. The two parties agreed that a popularly elected constitutional convention should be summoned to enable United States Virgin Islanders to exercise the right to construct and amend their own constitution. In addition, DPVI stressed that the people of the Territory should have the right to vote in the presidential

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f/ Ibid., paras. 15 and 19-23.

elections in the United States. On the other hand, ICM was committed to: (a) improving the political, economic and social future of the United States Virgin Islands; (b) establishing a closer and more direct relationship with the United States Government to deal more effectively with problems that might affect the Territory in relation to federal jurisdiction and control; and (c) advocating "national affiliation", because Virgin Islanders are United States citizens, and strengthening it by various means including subscription to the beliefs and tenets of the United States Democratic Party. The ICM also said that its goal was the creation of a better and more stable political, economic and social environment, in order to obtain a truly prosperous community in which all residents could live with dignity and pride.

#### D. General elections

19. The first gubernatorial election was held on 3 November 1970 and was contested by the three major political parties - DPVI, ICM and PRPVI. As no candidate received a majority of the votes cast, a run-off election took place on 17 November. As a result, Messrs. Melvin H. Evans and David G. Maas were elected Governor and Lieutenant Governor, respectively, both running on the ticket of PRPVI.

20. On 5 April 1973, about six months after the establishment of the Tenth Legislature, Mr. Athniel Ottley, one of its DPVI members, was appointed Lieutenant Governor to succeed Mr. Maas, who had resigned. On 3 May, following the appointment of a member of PRPVI to fill the seat vacated by Mr. Ottley, the parties were represented in the Tenth Legislature as follows: ICM, 7 seats; DPVI, 6 seats and PRPVI, 2 seats.

21. On 5 November 1974, 17,595 of the 24,900 registered voters (approximately 70 per cent) voted in an election for Governor and Lieutenant Governor, the members of the Eleventh Legislature and the Territory's non-voting delegate to the United States House of Representatives. It was reported that DPVI, ICM and PRPVI represented 60.4, 14.8 and 11.0 per cent, respectively, of the registered voters. The remaining 13.7 per cent were independent electors. Although 46.8 per cent of all registered voters were native-born Virgin Islanders, only 33.5 per cent of those registered as independents had been born in the Territory and 41.8 per cent had been born in the United States. Voters born in Puerto Rico made up 14.2 per cent of the total eligible to vote but only 8.8 per cent of the independents. Those born in other Caribbean islands accounted for 11.1 per cent of all voters and those born elsewhere for the small remainder.

22. In the three-way race for Governor and Lieutenant Governor, the voting was as follows:

PRPVI

Melvin H. Evans (incumbent Governor) 3,898  
Athaniel Ottley

DPVI

Alexander A. Farrelly 6,700  
Ruby Rouss

ICM

Cyril E. King 5,750  
Juan Francisco Luis

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16,348

As no candidate received a majority of the votes cast, a run-off election was held on 19 November, which was won by Mr. King and Mr. Luis, who received 9,445 (approximately 52 per cent) of the 18,274 votes cast.

23. In the first round of voting, the three major parties also sought seats in the Eleventh Legislature. In addition, eight persons ran as independent candidates, of whom two were affiliated with UPP. The DPVI secured 9 of the 15 elected seats, ICM won 5 seats and PRPVI won 1 seat.

24. Mr. de Lugo (DPVI) was unopposed for re-election as the Territory's non-voting delegate to the United States House of Representatives.

25. The Evans administration had chosen to run on its record, and the results of the 1974 general election were regarded as a repudiation of the Republican leadership and a commentary on the electorate's assessment of the record. Much of the desire of the electorate for a change in leadership and direction was attributed to the administration's inability to surmount the problems confronting the Territory, especially the worsening economic situation, although progress had been made in some areas in the recent past. Both DPVI and ICM focused attention on certain major issues, such as the constitutional future of the Territory (see para. 18 above), government service, public order, economic development, housing, public health, education and youth.

26. Following the defeat of the DPVI contenders in the gubernatorial race, spokesmen for candidates agreed that their run-off campaign had not been conducted effectively, and said that the ICM team had succeeded in persuading voters that it was important to have the executive and legislative branches of government represented by different parties.

27. Following the victory of his team at the polls, Governor-elect King vowed in a radio broadcast that he would "bind the wounds" that could divide the population and hamper economic and social growth. Responding, Messrs. Elmo Roebuck and Lloyd Williams, two DPVI leaders in the Eleventh Legislature, hoped that Mr. King would take immediate steps to fulfil this pledge, and maintained that the Democratic majority in the Legislature would "work for the benefit of all the people of the Virgin Islands regardless of who is governor".

28. In his inaugural address, delivered on 6 January 1975, Governor King again called for a spirit of unity in the face of a slumping economy and rising unemployment in an area which had once been crowded with tourists. He stated that his administration intended not only to implement new programmes for economic and social development, but also to initiate far-reaching reform of the machinery of government. He referred specifically to crime control, housing, public health, education and new opportunities for youth as five areas in which his administration would introduce new legislation.

29. On 13 January, the Eleventh Legislature was sworn in, after which Mr. Roebuck (DPVI) was elected its president. The Legislature also decided to retain Mr. Williams (DPVI) and Mr. Alexander Moorehead, Jr. (ICM) as majority and minority leaders. In his opening speech, Mr. Roebuck presented several programmes for tackling the problems of crime, recession, inflation, unemployment and housing. The proposals recently put forward by DPVI and by ICM to combat the Territory's problems are outlined below.

30. On 18 February, Mr. Roebuck, together with four other DPVI members, was reported to have sponsored a bill requesting the United States Congress to remove the provisions of the Revised Organic Act regarding run-off elections for the offices of Governor, Lieutenant Governor and non-voting delegate to the United States House of Representatives. Under the present provisions, candidates for these offices are required to have a majority in a general election to avoid a run-off contest. According to the sponsors of the bill, the gubernatorial candidates receiving the second highest number of the votes cast in the 1970 and 1974 general elections had been elected in run-offs, and the Legislature found this situation "objectionable and not in the best interests of the people of the Virgin Islands".

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

31. In his first state of the Territory message delivered to the Eleventh Legislature on 20 February 1975, Governor King described the current conditions in the Virgin Islands as "far from healthy":

"Our predicament is serious, and the prospects for rapid improvement problematic. We are in the throes of an economic crisis unprecedented in our recent history ... The severe recession on the mainland has accelerated and deepened a long-standing trend and our economy is in more precarious shape than ever ... Our budget situation has become ominous ... As our ailing economy and fiscal conditions imperil costly gains in the general standard of living, so does the continued growth of crime threaten to destroy the social tranquillity and harmony that once typified our islands. Few would dispute that it has reached a crisis stage ... The growth of crime is not only shattering the peace of mind ... but has been, without question, the chief architect of our economic demise and remains today the main internal obstacle to effective recovery. This disturbing line of thought extends to the realm of education. This Territory possesses an educational system that ... appears to endanger rather than insure a stable and prosperous future ... The over-all state of the Territory reflects the state of the executive branch ... Confusion and disorder have reigned

supreme and little work appears to have been done. And crisis upon crisis has been thrust upon the new administration ... There was no transition; for all intents and purposes, the floundering ship was abandoned on 5 November."

32. After referring to several other important problems of the Territory, Governor King stated that his main purpose today was "to focus on those areas that impinge on the core of our predicament (crime, the economy and education), outline various corrective measures, identify principal goals and objectives, and solicit your help and co-operation in the arduous days ahead". The proposed measures and other information contained in the Governor's message are summarized below.

#### F. Public safety and law enforcement

33. In its platform, DPVI pledged to reorganize the Department of Public Safety with qualified United States Virgin Islanders in leadership roles, and to separate the Fire Division and Correction Division from the Police Division, thus enabling the police to devote their full attention to the protection of lives and property. Besides making similar pledges, ICM stated in its platform that it intended to improve and strengthen the Police Division by: (a) making the most effective use of skilled and dedicated manpower; (b) providing the Division with modern law enforcement equipment; (c) developing a system within the Department with the objective of ensuring promotion on the basis of merit; and (d) establishing modern police headquarters for the District of St. Thomas-St. John. The party also promised to initiate a programme of rehabilitation (including the construction of juvenile detention facilities), and to upgrade and expand the jurisdiction of the Municipal Court to a territorial court system (including a family court division). In his message on the state of the Territory, Governor King reaffirmed his commitment to launching a massive war on crime and restoring a measure of peace and security in the Virgin Islands. The Government's policy was to enforce the law impartially, impersonally and rigorously. In pursuance of this policy, measures would be taken to give effect to the above-mentioned proposals as well as to formulate a comprehensive scheme for the youth of the Territory and expand their participation in its decision-making process and over-all development planning.

34. In his recent speech, Mr. Roebuck, President of the Eleventh Legislature, said that the Legislature would strongly support a public safety programme aimed at increasing the efficiency of the Police Division and setting up an improved court system.

#### G. Reform of the machinery of government

35. In his inaugural address, Governor King recognized the crucial importance of reforming the machinery of government (see para. 28 above). He said that policy poorly implemented was tantamount to no policy at all. It was therefore imperative not only to formulate workable policies, but to develop an adequate administrative structure. The consolidation of diffused executive agencies, the elimination of delays and wasteful practices, the granting of authority with responsibility when and where needed, the recruitment of competent personnel, the modernization of the civil service system (a point emphasized by both ICM and DPVI in their respective election platforms) were some of the innovations basic to that end. In the final

analysis, those serving the public would have to be persuaded to do what they ought to do effectively, efficiently and expeditiously. In his first message on the state of the Territory (see para. 31 above), Governor King stated that in pursuance of the above-mentioned objectives, the Government also intended to devise and implement a firm code of ethics for all civil servants, to re-evaluate the role and function of the Public Service Employment Commission, to improve methods of compiling statistics in all departments and to revise the budgetary process. He further stated that additional details and specific recommendations, especially as they concerned the operation of independent agencies, would soon be submitted to the Legislature.

36. In his recent speech (see para. 29 above), Mr. Roebuck stressed that steps must be taken to make the Legislature a more dynamic and imaginative body by expanding its accounting, legal and research staff, and by promoting more effective use of the Legislature's time.

#### H. Military installations

37. Early in 1967, the United States transferred its former naval base on St. Thomas to the territorial Government but retained the right to reoccupy the facilities at the base. The United States Navy maintains two Coast Guard stations and an underwater tracking range centre in the Territory.

#### I. Relations with the British Virgin Islands

38. As noted in paragraph 7 above, an amendment to the United States immigration regulations was proposed in August 1974, whereby visits of aliens to the United States Virgin Islands and Puerto Rico would be limited to the holders of non-immigrant visas. During a visit to Washington, D.C., on 5 and 6 September, the Chief Minister of the British Virgin Islands held discussions with two senior officials on the possibility of exempting that Territory from the proposed requirement, taking into consideration its relations with the United States Virgin Islands. On 19 September, the British Virgin Islands Government announced its decision to co-operate with the United States immigration authorities in their efforts to prevent illegal entry of aliens into the United States Virgin Islands.

39. On 19 October, Mr. Evans, then Governor, and Mr. Walter Wallace, Governor of the British Virgin Islands, together with political leaders and representatives of various organizations of the two Territories met in Road Town, the capital of the British Virgin Islands, to celebrate the Third Annual Friendship Day, designed to strengthen the ties between the Territories. After discussions, hoteliers from both Territories agreed to establish closer links among themselves.

### 3. ECONOMIC CONDITIONS

#### A. General

40. During the 1960s, the United States Virgin Islands experienced a long economic boom based largely on tourism, with significant growth also in manufacturing

activity. However, this upsurge was followed by a downward trend during the period 1970-1973, when the average per capita income decreased from \$3,880 g/ to \$2,400. Since then, this trend has continued, with adverse consequences for employment, income, trade and social progress. According to a report released by the President of the Tenth Legislature on 16 May 1974, the unemployment rate was estimated to have risen from 1.3 per cent in 1969/70 to 4.5 per cent in 1973/74. Data provided by the Virgin Islands Employment Security Agency show that 2,105 persons were registered for unemployment insurance in 1974. Subsequently, Senator Earle B. Ottley, Chairman of the Finance Committee of the Eleventh Legislature, commented that this figure did not include young people or those who had failed to register for unemployment insurance. According to Senator Ottley, the actual unemployment rate was probably closer to 10 or 11 per cent of the labour force of about 40,000.

41. The recent economic slowdown is primarily the result of the decline in the number of tourists visiting the Territory. In 1970, a recession in the United States checked the expansion of the tourist trade. Its recovery has been hampered by the occurrence of some incidents of violence on St. Croix and by the growing magnitude of the recession in the United States. In 1974, there were 544,263 air arrivals in the Territory, compared with 643,639 in the previous year. The decrease in arrivals on St. Croix was more pronounced than on St. Thomas. During this period, cruise ship passenger arrivals showed a modest decline, from 490,595 to 467,879. Owing to a substantial drop in room occupancy in 1974, several hotels were closed, including the 250-room Virgin Isle Hilton. A survey published in January 1975 found that most guest houses and small hotels had less than 25 per cent of their rooms occupied and some were completely empty.

42. The Territory has a number of industrial enterprises, the most important at present being an alumina plant, with a capacity expected to reach 450,000 tons in 1974, and an oil refinery, with a capacity of 440,000 barrels daily. Both are located on St. Croix and owned, respectively, by the Harvey Aluminum Corporation (a subsidiary of the Martin Marietta Corporation of the United States) and the Hess Oil Corporation (a subsidiary of the Amerada Hess Corporation of the United States). In May 1974, the latter announced that it would spend \$150 million to increase the refinery's capacity to 640,000 barrels daily. In September, the Government announced that a petrochemical plant, jointly owned by the Hess Oil Corporation and Hercules, Inc. of the United States, was being built on St. Croix. Work on the plant, which is expected to produce 600 million pounds a year, was scheduled for completion by October 1975. As previously noted, h/ a law enacted in January 1973 provides for the establishment of a second refinery (100,000 barrels daily) by the Virgin Islands Refinery Corporation (VIRCO), which is controlled by United States interests. Thus far, VIRCO has been unable to obtain authorization from the United States Government to construct the refinery. Other smaller industrial concerns are mainly engaged in the assembly of watches, the processing of foreign-made wool fabrics and the distillation of rum. Except for a small part of the rum output, all industrial goods produced in the United States Virgin Islands are exported. There are no minerals of commercial significance.

43. Agriculture, fishing and stock-breeding have contributed only marginally to the economy, but efforts have been made to increase their production.

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g/ The local currency is the United States dollar.

h/ Official Records of the General Assembly, Twenty-ninth Session, Supplement No. 23 (A/9623/Rev.1), vol. VI, chap. XXIV, annex, paras. 49-50.

44. An important factor hampering economic development is the deficiency of basic facilities, especially those for air and sea communications. There are two main airports: Harry S. Truman Airport on St. Thomas, and Alexander Hamilton Airport on St. Croix. Ocean-going ships use Charlotte Amalie harbour on St. Thomas or Frederiksted harbour on St. Croix. A third port, also located on St. Croix, takes smaller vessels. The Government has sought to construct additional port facilities and to upgrade Truman Airport sufficiently to accommodate larger jets.

45. Nearly all local requirements are imported. The value of imports always exceeds that of exports, but the Territory's trade deficit is covered by financial aid from the United States, the inflow of foreign capital and tourist spending. Trade is principally conducted with the United States. Although trade statistics for 1974 are not yet available, there appears to be no reason to expect any change in the features described above.

46. 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 speeded up the rate of inflation. Recent developments aggravating local inflation have included the deterioration in the value of the United States dollar and the sharp increase in international oil prices. Despite government efforts to curtail the inflationary spiral, local costs, especially those of food and shelter, are still rising. It is estimated that the over-all cost of living in the Territory is 20 to 25 per cent higher than the average in the United States.

47. Construction activity in the United States Virgin Islands has been subject to severe inflationary pressures, in both the commercial and the residential sectors. The slackened demand has not reduced the prices of imported building materials, a component representing two thirds of the cost of construction, and, as a result, many small builders are being forced out of the local market.

48. In its election platform, ICM stated that it was disturbed by the lack of controlled and orderly growth of the economy which the Territory had experienced during the 1960s, and by the absence of economic progress over the period 1970-1974. The "drastic" decline in the tourist trade, the "failure" to attract new manufacturing industries, the "alarming" rate of business bankruptcies, chronic unemployment and an unchecked high cost of living had "shattered" the economy. In his message on the state of the Territory, Governor King attributed the current crisis mainly to a relentless decline in total economic activity, exacerbated by the severe recession prevailing in the United States. In order to improve the economic situation in the Territory, he said, the Government was determined to put into practice the plan of action announced by ICM during the election campaign. The plan offered specific measures to rekindle the tourist trade, stem rising unemployment and lay the foundation for a more prosperous future for all the people in the Territory. Details of this plan are given in paragraphs 50-54 below.

49. In his speech of 13 January 1975, Mr. Roebuck said that the executive branch of the Government had become so large that it was too often a predominant force in the local community. He considered that the Territory should strive towards an economy in which both the private and public sectors should have a balanced participation. In urging the Legislature to create its own plan for economic development, he submitted a series of proposals (see para. 55 below), taking into account the economic programmes set forth in the DPVI election platform.

## B. Plans for economic development

### Governor's plan

50. The economic plan announced by Governor King consists of three main interlocking parts: "operation recovery", "operation diversification" and "operation exploration".

#### (a) Recovery

51. The principal objectives of the recovery plan are: to provide some relief to consumers and businessmen, especially the small entrepreneurs, and to rejuvenate the depressed tourist trade. To these ends, the Government intends to take the following measures:

52. Efforts will be particularly directed towards: (a) strengthening and amplifying the functions of the Consumer Services Administration; (b) fostering the growth of bulk buying by consumer groups; (c) stimulating the concept of substituting local food-stuffs for imports; (d) ensuring that local price control policies are co-ordinated with federal policies; (e) making certain that public utilities provide services at the minimum cost level; and (f) providing adequate housing through various home ownership schemes.

53. In order to provide relief for businessmen, it is planned: (a) to undertake a review of the gross receipts tax and seek viable alternatives; (b) to consider tax incentive extensions to existing concerns; (c) to explore the possibility of forming a local, emergency loan fund; (d) to stimulate the depressed construction sector by awarding government contracts to local firms; and (e) to press to modernize the Frederiksted pier and to complete the negotiations now under way for a third container port for St. Croix.

54. Efforts to help the tourist trade include the following proposals: (a) introduction of administrative structural reforms; (b) improvement of promotional efforts; (c) assignment of a high priority to renovation of the infrastructure (including the upgrading of Truman Airport); (d) enhancement of, and introduction of controls over, the physical environment; and (e) stabilization of the social environment.

#### (b) Diversification

55. Plans for diversification comprise the following basic aims: (a) to broaden the economic base by attracting desirable industries; (b) to strengthen and amplify the over-all tax base; (c) to broaden employment opportunities; and (d) to promote rational and balanced economic growth. In order to achieve these aims, the Government suggests the creation of an economic development agency and the revision of the 1972 Investment Incentive Act.

(c) Exploration

56. "Operation exploration" focuses on the primary sector (e.g., agriculture, livestock and fisheries), and will attempt to make full use of the Territory's natural resources. A fundamental objective is to reduce its "extreme" dependence on the United States economy and promote self-reliance.

57. The precise interrelationship of these operations will be determined by a development plan covering 5 to 10 years, to be prepared by the proposed economic development agency. According to the Governor, the ultimate success of efforts to revive the Territory's economy is contingent on the success of actions to be taken by the federal Government to arrest the deepening recession in the United States. Meanwhile, according to the Governor, the territorial Government is seeking to lessen the effect of the recession on the United States Virgin Islands primarily by investigating the possibility of public service employment and additional, federally aided capital improvement projects and by upgrading the federal food stamp programme. It is also attempting to implement the economic plan referred to above as rapidly and as far as resources permit.

Proposals of the President of the Senate

58. In his recent speech, Mr. Roebuck stated that in formulating its own plan for economic development, the Legislature should give consideration to the following proposals:

(a) Increased aid should be provided to the tourist industry to make it more competitive, through expansion of the transport system, development of additional recreational facilities on the three major islands for tourists and residents alike and through investigation of possible subsidies for public utilities to help hotels and tourist-related businesses to reduce their operating costs;

(b) Existing manufacturing industries such as the rum distilleries should be strengthened;

(c) Greater efforts should be made to attract new light industries with special attention to carrying out a study on the granting of customs concessions and other tax incentives, developing industrial sites and manufacturing facilities and keeping abreast of scientific developments that might be beneficial to the Territory;

(d) Exploitation of marine resources should be intensified, including commercial fishing, water sports, minerals and scientific studies;

(e) More emphasis should be placed on the improvement of the agricultural and livestock industries; and

(f) Advantage should be taken of a number of federal programmes, including in particular the one recently established by federal legislation to provide emergency unemployment funds.

### C. Public finance

59. On 10 April 1974, Mr. Evans, then Governor, submitted an operating budget of \$125.9 million for 1974/75 to the Legislature for approval. The total estimated revenue would be derived mainly from the following sources: income tax, \$79.1 million; gross receipts tax, \$10.8 million; real property, excise and other taxes, \$10.7 million; customs duties, licences and fees, \$9.5 million; and tax refunds, \$5.3 million. Of the total estimated expenditure, education would account for \$33.2 million; health for \$20.2 million; public works for \$15.9 million; public safety for \$14.5 million; commerce for \$4.3 million; the College of the Virgin Islands for \$4.2 million; and conservation and cultural affairs for \$3.6 million.

60. In 1974/75, the matching funds <sup>i/</sup> were expected to amount to 17.6 million. Of this sum, \$6.0 million would be transferred to the General Fund and another \$1.1 million to the Emergency Molasses Fund, which provides the subsidy for the rum industry, the main source of returns from the matching funds. The remaining \$10.7 million would be used to cover capital expenditure, the principal items being debt servicing, public buildings, water supply and landfill operations. In addition, a road improvement programme was proposed, the cost of which would be met from the Road Fund (\$4.6 million) and grants from the United States (\$5.0 million).

61. In his budget message to the Legislature, Governor Evans had stated that the proposed operating budget represented an increase of 16.3 per cent over the \$108.3 million which, according to the Government's estimate, would actually be spent in 1973/74. According to the Governor the budget represented the limit of austerity because it did not provide for any new revenue measures. The year 1973/74 had been complicated by a number of uncertain conditions, including persistent inflation, the energy crisis, the changing complexion of tourism and economic instability in the United States, all of which had had varying effects on the Territory's economy. As a result, the departmental appropriation requests had been reduced so as not to exceed the anticipated revenues of \$125.9 million.

62. On 19 June, the Legislature adopted a budget of \$126.6 million, or \$656,454 more than the amount originally requested by the then Governor. Most of the additional funds were allocated to education, commerce and conservation and cultural affairs. On 19 September, the Legislature authorized \$2.6 million in supplementary appropriations, primarily for health services, operation of the federal food stamp programme, schemes undertaken by the Port Authority and expansion of the water supply.

63. In his message on the state of the Territory on 20 February 1975, Governor King stated that "the plight of the economy is sharply mirrored in the state of the public purse", with a \$9 million deficit expected in 1974/75 and more than twice that anticipated in 1975/76. The economic recession had reduced revenues as the inflationary spiral had augmented operating costs. The Territory, he said, was witnessing the effects of both a declining economy and the spending patterns of the

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<sup>i/</sup> Federal excise taxes on imports from the Virgin Islands are collected in the United States and returned to the Territory as matching funds. To receive such funds, the Territory is required to raise, through local taxes, money which matches in size the excises to be returned. It is also required to use the funds only for financing development projects.

past. In this connexion, he pointed out that "the lack of fiscal prudence and common sense has been conjoined by consistently inaccurate, unreliable revenue prognoses", and that "all this has been more than aggravated by the non-return of expected oil import licence fees ... by federal authorities in Washington". Inasmuch as the financial situation had become critical and that by law the Government could not engage in deficit budgeting, its executive and legislative branches would be compelled to take firm steps to reconcile revenues and expenditures. These would include: (a) investigation of the possibility of increasing taxes and finding new sources of income; (b) regular and systematic collection of revenues; (c) intensification of austerity measures; and (d) improvement of government productivity.

64. On 3 March Governor King met with the members of the Legislature to consider the deepening fiscal crisis. At the meeting, it was reported that in 1974/75, projected revenue would amount to \$103.1 million and expenditure to \$120.9 million, leaving a deficit of \$17.8 million. It was believed that revenue could be increased through receipt of the rebate of licence fees collected by the United States on petroleum imports from the Territory. It was reported that an audit was being undertaken by the United States General Accounting Office to determine the amount of the fees, which were estimated to range from \$4 million to \$20 million.

65. The rebate problem arose in December 1974, after the United States Department of Justice had ruled that the 1973 Presidential Proclamation returning such fees to the United States Virgin Islands was improper in that it had not received prior congressional approval. The Department, therefore, considered that special legislation authorizing the rebate was required. Governor King maintained, however, that the Revised Organic Act already provided the legal basis for release of the funds. He pointed out that as an unincorporated Territory with no presidential vote, the Virgin Islands was entitled to receive the proceeds of fees, duties and taxes imposed by the United States on local residents or products exported from the Territory to the United States as a means of supporting the territorial Government. Moreover, he was attempting to secure support for the enactment of the aforesaid special legislation expected to be presented to the Speaker of the United States House of Representatives by the Office of Management and Budget on 7 March. On the same day, Mr. Morton, the Secretary of the Interior, told the House Committee on Interior and Insular Affairs that he would provide for the payment of oil import licence fees to the United States Virgin Islands. Mr. de Lugo, the Territory's non-voting delegate to the House, criticized the Department of Justice for changing the established policy on the matter.

66. In January 1975, the President of the United States signed a proclamation calling for a considerable increase in the oil import tax. Commenting on this matter, Governor King stated that if the proposal were approved by the United States Congress and if the proceeds were returned to the Virgin Islands, its revenue could be augmented by \$50 million annually. In view of opposition from certain congressional leaders, however, he doubted that the proposal would receive endorsement.

67. During the same month, the President also recommended a reduction in 1975 of individual income and corporate taxes. Governor King observed that if the recommendation were adopted, it could cost the Virgin Islands more than \$6.5 million

in revenues. In a letter dated 19 February, addressed to Mr. de Lugo, the Governor stated that the Territory could not accept this recommendation because it could not afford the loss of such a substantial part of its revenues. Instead, he requested that any federal bill providing for an income tax rebate either exempt the Virgin Islands or empower it to levy a local income tax "without having to plead with any higher constitutional authority for approval". He based his request primarily on the ground that United States Virgin Islanders had no right to vote in the congressional elections in the United States and that "we are mature enough to elect our own public officials".

68. On 6 March, Mr. de Lugo stated that it would be "unconscionable" to ask Virgin Islanders to forego such a rebate, and claimed that the money pumped into the Territory by the rebate could help create jobs and stimulate the economy. He also stated that he had been informed of the Governor's viewpoint too late to present it to the House Ways and Means Committee. He considered it unlikely that Congress would make any substantial changes in the 1975 federal tax bill designed to reverse the current sharp economic slump in the United States. Mr. de Lugo reiterated his recommendation that a special task force be established to review all aspects of the Territory's tax structure. He further suggested that, if Congress passed his proposed measure authorizing a convention to draft a constitution for the Virgin Islands and a federal relations act (see paras. 14-16 above), the task force could report its findings and recommendations directly to the convention.

#### 4. SOCIAL CONDITIONS

##### A. Labour

69. During the period 1970-1973, the large industrial sectors in terms of employment were, in order of size, the government, wholesale and retail trade, construction, manufacturing, hotels and guest houses, and service industries. In 1973, certified aliens accounted for 30.8 per cent of the total labour force of 31,579. Nearly all of these alien workers were employed in the private sector, particularly the construction, hotel and service industries.

70. Since 1970, there has been a continued rise in unemployment resulting from the economic slow-down (see para. 40 above). In order to cope with this problem, two laws were enacted in 1971 and 1972. One provides for unemployment compensation and the other establishes a Full Employment Administration Agency to carry out programmes for job training, development and placement.

71. In 1974, unemployment benefits paid out amounted to \$3.1 million. During that year, the territorial Government passed four new laws authorizing the following: (a) creation of an 11-member Youth Commission to consolidate all youth agencies; (b) institution of a summer youth employment programme (with about 2,500 students expected to be placed in jobs); (c) initiation of a scheme to employ 500 pupils for maintenance and repair of schools, and (d) participation in the federal food stamp programme (under which a total of 24,035 persons from needy families receive, on a monthly basis, stamps that can be used to buy food).

72. In 1974, the Territory received \$3 million in financial assistance from the United States Government under the Emergency Employment Act of 1971 and the Comprehensive Employment Training Act of 1973. During May of that year, Mr. de Lugo introduced a bill for the inclusion of the United States Virgin Islands in the Federal-State Unemployment Insurance System, set up by statute in 1970. During January 1975, the Emergency Jobs and Unemployment Assistance Act of 1974 was signed into law by the President of the United States. Under this Act, the Territory is to receive a total of \$655,000 for public service jobs during the current year.

73. Other steps recently taken to remedy unemployment include: (a) the tightening of control over immigration (see paras. 5-9 above); (b) the construction of a new vocational skill centre on St. Thomas (designed to develop a corps of 200 skilled workers to satisfy the demand of the business sector), on which work was scheduled to begin in October 1974; and (c) the establishment in February 1975 of a centre on St. Croix by Opportunities Industrialization Centers, Inc. (OIC), of the United States to offer a variety of courses aimed at preparing young permanent residents (87 at present) for their role in the Territory's economy.

74. In its election platform, ICM recognized the urgent need to open avenues of employment opportunities for all United States Virgin Islanders. To meet this need, the party proposed to enforce the law creating the Full Employment Administration Agency and to implement the economic plan set forth in the platform (see paras. 50-56 above). In his first message on the state of the Territory, Governor King, who is also the leader of ICM, stated that unemployment and underemployment had continued to soar and was affecting the young most severely. His administration, therefore, proposed to implement the above-mentioned plan, subject to the availability of resources, and would adopt measures to soften the impact of the deepening recession in the United States on the Territory (see para. 57 above).

75. On the basis of reports that the actual unemployment rate for February exceeded 10 per cent (see also para. 40 above), the Governor sent a telegram to the United States Government on 7 March seeking additional emergency federal funds to ease this problem. On 17 March, Mr. de Lugo announced that the Federal Emergency Employment Appropriations Act of 1975 would provide approximately \$2 million to create jobs in the Territory during the current year. In his view, the Territory could obtain substantially more funds if the territorial Government were to develop sufficiently accurate statistical information to reflect the high unemployment rates in the Territory. During the debate on the emergency employment bill in the United States House of Representatives earlier in that month, Mr. de Lugo had stated that: "For the Virgin Islands, this legislation will double the amount of federal funds available for programmes which will provide jobs".

## B. Housing

76. At the beginning of 1974, the territorial Government was involved directly or indirectly in the operation of 22 housing projects covering some 4,500 units. In addition, it was engaged in the management of an emergency housing programme providing for about 500 units developed with local funds. In order to qualify for federal housing funds, the territorial Government submitted a housing study to the United States Government in February 1974. According to the study, 22,919 new and rehabilitated units would be needed to ameliorate the housing shortage in the next 12 years. Despite the growth of population, residential construction permits had dropped from 3,959 in 1970 to only 1,517 in 1973. With the continuing rise in housing costs, only 15 per cent of the Virgin Islanders could afford to buy or build new dwellings without Government assistance. The territorial Government therefore recommended closer co-ordination of housing production, more extensive rehabilitation of existing units, self-help housing schemes and Government-sponsored moderate-income housing developments. In May, the United States Department of Housing and Urban Development (HUD) made available to the Territory funds totalling \$11 million for the erection of 300 public housing units on St. Thomas.

77. During the latest election campaign, both DPVI and ICM called for the development of a comprehensive housing scheme. As indicated in Governor King's message on the state of the Territory, the Government was making efforts to tackle the housing problem mainly by taking advantage of the Federal Housing and Community Development Act of 1974. Among other things, the Act provides rent subsidies for low-income families and increases the availability of mortgage credit.

78. In January 1975, HUD announced that a programme had been established to buy mortgages from lending institutions (under which the Territory is eligible to receive \$300,000), and that funds amounting to \$22 million had been approved for rent subsidy projects for low-income families in Puerto Rico and the United States Virgin Islands. In February, the Legislature passed a bill to create a commission to study the possibility of increasing home ownership in the Territory. An agreement was signed between the territorial Government and Self Help, Inc., to plan and develop housing projects for low-income families on the three major islands. In March, Governor King revealed that the Government was seeking \$2.7 million in federal funds under the above-mentioned Act to finance community development projects. The projects would provide local residents with facilities and services such as recreation and community centres, public utilities, sewerage and drainage systems and walkways.

## C. Public health

79. In 1974, the Evans administration sought further to develop medical facilities and to provide more trained Virgin Islanders to meet the health needs of the Territory. On 11 July, the Health Department announced that approximately \$900,000 would be used to upgrade and modernize the two general hospitals, namely, the Knud Hansen Memorial Hospital (201 beds) on St. Thomas and the Charles Harwood Memorial Hospital (120 beds) on St. Croix. The latter would be expanded by the

addition of a mental health wing (25 beds). A further \$2.6 million would be allocated for planning, constructing and equipping a medical facility on St. Croix which would house about 84 Virgin Islands patients returning from hospitals in the United States. On 19 July, it was announced that the United States Department of Health, Education and Welfare (HEW) had awarded the United States Virgin Islands an annual grant of \$445,000 to set up a community mental health centre and expand mental health services. On 28 January 1975, it was announced that the federal Government had approved the grant, which would be made over a period of eight years. On 21 February, HEW also released funds totalling \$1 million for expansion of health facilities in the Virgin Islands.

80. On 30 July, Mr. Evans sent to the Legislature a bill to amend a section of the Virgin Islands Code to provide for 18 nursing and medically related scholarships annually. According to the Virgin Islands Health Commissioner, construction of a medical complex in the area of the Michele Motel on St. Thomas was to start in late September. This complex, which is expected to cost \$1 million, will provide a full range of medical consultation in one location and will make it possible to develop a comprehensive programme for preventive medical check-ups and other forms of group health practice.

## 5. EDUCATIONAL CONDITIONS

81. Education is compulsory between the ages of 5 1/2 and 16 years. Public and non-public (private and parochial) schools provide primary, junior, secondary and vocational education; there are also kindergartens on St. Thomas and St. Croix. On St. John, the Government operates only kindergartens and primary and junior schools. At a press conference held on 16 September 1974, former Governor Evans said that the Territory's educational system was under a strain because of "circumstances beyond our control". He pointed out that during the current school year, overcrowding in the Virgin Islands schools was expected to be aggravated by a higher than usual influx of non-citizen students. According to the Department of Education, total enrolment in the public schools rose from 20,790 in 1972/73 to 25,248 in 1974/75.

82. Higher education and degree courses are provided at the College of the Virgin Islands on St. Thomas, which has an extension centre on St. Croix. At the beginning of the 1974/75 school year, the College had 539 full-time and 1,295 part-time students. During this period, the number of students undertaking graduate courses in teacher education increased from 33 to 84.

83. In his message on the state of the Territory on 20 February 1975, Governor King stated that the Government would make every effort to upgrade the "sub-standard - and in many ways - counter-productive" public school system. In drawing attention to the proposals made by ICM during the latest election campaign (with which DPVI was in general agreement), he said that the Government's policy was: (a) to consult the Board of Education on a more regular basis; (b) to delegate some authority within the Department of Education specifically to school principals; (c) to initiate programmes aimed at improving attitudes on the part of

students towards the life and work of the community; (d) to enforce school discipline without abrogating civil liberties; and (e) to reduce the present overcrowding by formulating plans to construct additional educational facilities. A basic objective of the Government was to redirect educational efforts towards providing more young people with practical or technical skills. The Governor stressed the need to expand the curriculum of the secondary schools to include more science, technical subjects and manual activities, as well as to establish more specialized vocational/technical centres throughout the Territory. He also recognized the importance of improving the quality of formal academic training.

84. On 24 February 1975, Governor King approved funds totalling \$12.8 million for school construction. The programme, whose aim is to eliminate overcrowding in the public school system, provides for: (a) expansion of a secondary school on St. Thomas and an elementary school on St. Croix; and (b) erection of four new elementary and junior secondary schools for the two islands. On 5 March, after having declared a state of emergency in regard to the condition of the public school system, the Governor directed the Commissioner of Education and others involved in this "urgently needed crash programme" to co-operate in purchasing materials and services on the open market without following the time-consuming bidding procedure.

CHAPTER XXVII

A/10023/Add.8 (Part I)

BRITISH VIRGIN ISLANDS, CAYMAN ISLANDS AND TURKS AND CAICOS ISLANDS

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A. CONSIDERATION BY THE SPECIAL COMMITTEE

1. At its 993rd meeting, on 18 February 1975, by approving the seventy-fourth report of the Working Group (A/AC.109/L.993), the Special Committee decided to refer the question of the British Virgin Islands, the Cayman Islands and the Turks and Caicos Islands to Sub-Committee II for consideration and report.
2. The Special Committee considered the item at its 1010th and 1011th meetings, on 5 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 3328 (XXIX) of 16 December 1974 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 11 of this resolution, the Assembly requested the Special Committee "to continue to seek suitable means for the immediate and full implementation of resolutions 1514 (XV) and 2621 (XXV) in all Territories which have not yet attained independence and, in particular, to formulate specific proposals for the elimination of the remaining manifestations of colonialism and to report thereon to the General Assembly at its thirtieth session". The Committee also took into account General Assembly resolution 3289 (XXIX) of 13 December 1974 concerning six Territories, including the British Virgin Islands, the Cayman Islands and the Turks and Caicos Islands, by paragraph 10 of which the Assembly requested the Committee "to continue to give full consideration to this question, including in particular the dispatch of visiting missions to those Territories ...".
4. During its consideration of the Territories, the Special Committee had before it working papers prepared by the Secretariat (see annex to the present chapter) containing information on developments concerning the Territories.

5. The representative of the United Kingdom of Great Britain and Northern Ireland, as the administering Power concerned, participated in the work of the Special Committee during its consideration of the item (see A/AC.109/SC.3/SR.230, 232, 233 and corrigendum, 235 and 236).

6. At the 1010th meeting, on 5 August, the Rapporteur of Sub-Committee II, in a statement to the Special Committee (A/AC.109/PV.1010), introduced the report of that Sub-Committee (A/AC.109/L.1041), containing an account of its consideration of the Territory (A/AC.109/SC.3/SR.230, 232, 233 and corrigendum, 235, 236, 240 and 244).

7. At its 1011th meeting, on 7 August, the Special Committee adopted without objection the report of Sub-Committee II and endorsed the conclusions and recommendations contained therein (see para. 9 below). The Chairman made a statement (A/AC.109/PV.1011).

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

#### B. DECISION OF THE SPECIAL COMMITTEE

9. The text of the conclusions and recommendations adopted by the Special Committee at its 1011th meeting, on 7 August, to which reference is made in paragraph 7 above, is reproduced below.

##### General

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

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

(3) In the interest of promoting the well-being of the inhabitants of the Territories under consideration and with a view to accelerating the process of decolonization towards the full and speedy implementation of the Declaration with respect to these Territories, the Special Committee notes with appreciation the renewed co-operation of the administering Power in participating in the related work of the Committee.

(4) The Special Committee also welcomes the statement of the representative of the administering Power that his Government will not stand in the way of independence for any of the Territories under its administration, should that be the wish of the majority of their people, and that the policy of the United Kingdom of Great Britain and Northern Ireland is to foster the growth of healthy local political institutions (A/AC.109/SC.3/SR.217).

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

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

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

(8) Mindful that recent missions to small Territories have provided clearer assessments of the situation in the Territories visited, as well as practical guides to the manner in which administering Powers and the United Nations may work together for the good of the peoples of the Territories, the Special Committee calls upon the administering Power, in accordance with its expressed readiness to receive visiting missions, as appropriate, in Territories under its administration, to allow such missions access to the British Virgin Islands, the Cayman Islands and the Turks and Caicos Islands, thereby enabling the United Nations to secure first-hand information on the situation obtaining in those Territories and on the views and wishes of their peoples concerning their future.

## British Virgin Islands

(9) The Special Committee regrets that there has been no change in the Constitution of the British Virgin Islands since the item was last considered by the Committee and the General Assembly. The Committee notes, however, the statement by the representative of the administering Power to the effect that, as a result of consultations between his Government and the Government of the British Virgin Islands on the basis of the report submitted by a Constitutional Commission, constitutional amendments will shortly be introduced in the Territory representing a degree of constitutional advance short of full self-government (A/AC.109/SC.3/SR.235). The Committee further notes that these amendments involve some reduction of the powers of the Governor, notably the responsibility for finance, which will be transferred to a local minister. The Committee expresses the hope that the wishes of the people will be respected in the exercise of their right in accordance with the provisions of resolution 1514 (XV) and urges the administering Power to prepare the people of the British Virgin Islands politically and economically for self-determination and to keep them fully informed of the options open to them to facilitate the attainment of this goal.

(10) The Special Committee, aware of the close links existing between the British Virgin Islands and the United States Virgin Islands by reason of their geographical proximity, economic interdependence, social interrelationship and institutional ties, takes note with gratification of the continued mutual assistance between the two Territories, exemplified by the recent steps taken to explore the possibilities of joint participation in a programme of promotion of tourism.

(11) The Special Committee welcomes the efforts of the Government of the Territory to diversify the economy through the development of agriculture, fisheries, international finance, manufacturing and real estate development, and expresses the hope that these efforts will be further intensified in the interest of the people of the Territory.

## Cayman Islands

(12) The Special Committee regrets that there has been no change in the constitutional system of the Territory since the promulgation of the Cayman Islands (Constitution) Order, 1972, under which the Governor continues to retain broad powers. Moreover, the Committee expresses the hope that all three official members of the Executive Council, who have important responsibilities, will be chosen from among Caymanians, with a view to increasing the participation of the local people in the conduct of government business. In noting with appreciation the commitment of the administering Power to respect the wishes of the people in relation to the Territory's advance towards self-determination, the Committee again stresses the need to develop and encourage the political awareness of Caymanians in order to help bring about the conditions under which they may exercise their right in conformity with the Declaration contained in resolution 1514 (XV).

(13) The Special Committee notes the continued prosperity of the Cayman Islands, which has encouraged its inhabitants to remain in the Territory rather than seek work abroad, as had formerly been the case. The Committee considers, however, that the activities upon which the economy of the Territory is based, namely, tourism, property development and international finance, are highly vulnerable to fluctuations in the international economic situation and, accordingly, appeals to the administering Power to do more to diversify the economy of the Territory with a view to its attaining a greater degree of self-sufficiency. In this context, the Committee wishes to praise the determination of the territorial Government to pursue a policy of "controlled development" with regard to tourism. In view of the possible repercussions of the failure of the Interbank House Group, the Committee notes with appreciation the statement of the administering Power to the effect that measures are being taken to ensure the stability of the banking institutions which form one of the pillars of the Territory's new prosperity (A/AC.109/SC.3/SR.235).

(14) The Special Committee notes with satisfaction the recent social and educational developments in the Territory, particularly the establishment of a National Council of Social Services and the over-all expansion of educational facilities.

#### Turks and Caicos Islands

(15) The Special Committee takes note of the recommendations of the Constitutional Commissioner appointed by the administering Power to examine the lines of constitutional change open to the Territory. The Committee also notes with appreciation the acceptance of these recommendations, which are aimed at increasing the degree of self-government of the Territory, by the administering Power, and the latter's announced intention to put the necessary constitutional amendments into effect during the current year. It is the hope of the Committee that this progress will continue, resulting in a further reduction of the still broad powers of the Governor.

(16) The Special Committee believes that the Turks and Caicos Islands suffer from many of the same economic problems as the British Virgin Islands and the Cayman Islands, aggravated by an even greater lack of natural resources, and that the limitations placed upon the development of agriculture by the poor quality of the soil and the lack of sufficient rainfall cause a great drain on the Territory's resources. The Committee is also aware of the efforts being made by the territorial Government to develop real estate and tourism, but considers, in view of the vulnerability of these industries, that the search for alternative means of economic development should be continued as a matter of urgency, with special attention being given to the promotion of a rational exploitation of the Territory's fishing resources.

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A. BRITISH VIRGIN ISLANDS\*

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\* Previously issued under the symbol A/AC.109/L.999.

## 1. GENERAL a/

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

2. The final result of the census taken in 1970 showed a total population of 10,298, the majority of whom were of African descent. Of this total, 8,866 lived on Tortola, the largest island, and the remainder on the other six inhabited islands. Road Town, on the south-east of Tortola, is the capital city, with a population of approximately 3,500. In mid-1973, the population was estimated at 10,400.

## 2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

### a. Constitution

3. An outline of the constitutional arrangements set out in the Virgin Islands (Constitution) Order, 1967, as amended in 1970 and 1971, appears in the last report of the Special Committee. c/ In brief, the Government consists of a Governor appointed by the Queen, an Executive Council and a Legislative Council. The Governor is responsible for defence and internal security, external affairs, the civil service, administration of the courts and finance and has reserved legislative powers, for the exercise of his special responsibilities. On other matters, however, he is normally required to act in accordance with the advice of the Executive Council. The Executive Council consists of the Governor, who is its chairman, two ex officio members (the Attorney-General and the Financial Secretary) and three ministers, one of whom is the Chief Minister. The Governor appoints as Chief Minister the elected member of the Legislative Council who appears best able to command a majority. The other two ministers are appointed by the Governor on the advice of the Chief Minister. The Legislative Council consists of a Speaker, chosen from outside the Council, two ex officio members (the Attorney-General and the Financial Secretary), one nominated member appointed by the Governor after consultation with the Chief Minister and seven elected members returned from seven one-member electoral districts.

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a/ This section is based on published reports and on information transmitted to the Secretary-General by the Government of the United Kingdom of Great Britain and Northern Ireland under Article 73 e of the Charter of the United Nations on 24 May 1974 for the year ending 31 December 1973.

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

c/ Ibid., Twenty-ninth Session, Supplement No. 23 (A/9623/Rev.1), vol. VI, chap. XXV, annex, sect. A, para. 3.

4. At the last elections held on 2 June 1971, the Democratic Party (DP), headed by Mr. Q. William Osborne, won three seats; the Virgin Islands Party (VIP), headed by Mr. H. Lavity Stoutt, won two; and the United Party (UP), headed by Mr. Conrad Maduro, won one. The seventh seat was secured by Mr. Willard Wheatley standing as an independent candidate, who was then invited to join a coalition with DP and became the Chief Minister. Two other ministers (Messrs. Osborne and Oliver Cills) were appointed to the Executive Council from among the members of DP. Owing to a split in the Government, a cabinet reshuffle was announced in April 1972, involving the appointment of Mr. Maduro (UP) to succeed Mr. Osborne.

b. Recent constitutional developments

5. Information concerning constitutional developments prior to the end of 1973 is contained in the last report of the Special Committee. d/ As previously noted, in May 1973, the Legislative Council, which had earlier taken exception to the Governor's exercise of his prerogative to commute a death sentence passed for murder in disregard of the advice of ministers, had unanimously approved a motion requesting the United Kingdom to appoint a commission to inquire into the present Constitution and to make recommendations, taking into consideration local opinion. At the beginning of November, it was announced that the United Kingdom Secretary of State for Foreign and Commonwealth Affairs had appointed a two-member commission to review the Constitution. Following this announcement, Mr. Wheatley, the Chief Minister, said in a radio broadcast that, at the present stage of development, the Territory should seek to achieve internal self-government.

6. The Constitutional Commission submitted its report to the Secretary of State on 20 December. According to the report, the Commission had been asked to examine possible future constitutional evolution for the British Virgin Islands, taking into account the wishes of the people and the local situation, and to report. During its visit to the Territory between 13 and 30 November, the Commission held public meetings in all the main populated areas. Of a total population of more than 10,000, some 700 people attended these meetings, at which well over 100 speakers presented their views. In addition, the Commission had private interviews with some 31 individuals and groups. It also received 31 memoranda from individuals and 1 from UP. Three ministers and an elected member of the Legislative Council submitted an "unpublicized memorandum seeking, in effect, full internal self-government". The text of this memorandum only was attached to the Commission's report as an appendix. The Commission made a series of recommendations based on the belief that the majority of the Territory's citizens did not consider that the time was appropriate for full internal self-government. The report of the Commission was published in March 1974.

7. The principal recommendations of the Constitutional Commission were in summary as follows: (a) finance should be removed from the list of special responsibilities of the Governor and should be the responsibility of the Chief Minister; (b) the Governor's other responsibilities should remain unchanged;

deliberate judgement, but should be advised by a specially created advisory council, comprising the Attorney-General and three five other persons chosen from outside the Legislature; (d) the Legislative Council should be enlarged to

d/ Ibid., paras. 4-15.

eight members elected from single member constituencies and four members elected at large, both on the alternative vote system, two ex officio members (the Attorney-General and the Chief Secretary) and a Speaker chosen from outside the Council; (e) the Chief Minister, following a general election, should be selected by a straight vote of all the elected members of the Legislative Council and should be appointed by the Governor; the Chief Minister should then select the two other ministers for appointment by the Governor; and (f) the voting age should be lowered from 21 to 18 years.

8. The elected members of the Legislative Council and their followers differed sharply not only in respect of the form and content of the report of the Constitutional Commission, but also in regard to the constitutional changes proposed by it. At the end of March 1974, VIP, the Opposition party, held two well-attended public meetings under the chairmanship of Mr. Stoutt, a member of the Council and the Chief Minister in the previous Government, for the purpose of discussing the report and obtaining the views of participants. In the course of the meetings, Mr. Stoutt said that the report represented the views of the people, and that he was sure that they were not eager to obtain full internal self-government. Nevertheless, the three ministers and an elected member of the Legislative Council had submitted to the Commission a memorandum seeking internal self-government. In reply, Mr. Maduro of UP, a government minister, alleged that Mr. Stoutt was trying to make an issue out of the memorandum. Noting that the 31 other memoranda received by the Commission had not been included in the report, Mr. Maduro considered that the report was incomplete. In this connexion, Mr. Stoutt commented that it was the privilege of the Commission to attach or not to attach to its report all the memoranda it had received, and that the one from the "Government" had been attached because "it was contrary to the views received from the people". The majority of the participants in the meetings, which had been organized by VIP, were reported to have favoured the Commission's recommendations referred to in paragraph 7 above.

9. Mr. Maduro spoke at length on the report of the Constitutional Commission in a radio broadcast on 9 April and at a public meeting organized by UP on 12 May. His statements included the following new points, among others: (a) the memorandum appended to the report had been submitted by four elected members of the Legislative Council on their own, although it reflected the wishes of the people of the Territory; (b) in response to representations from the Chief Minister, the Commission had agreed to remove the memorandum in question and to delete the word "unpublicized" from the report, an offer which the signatories to the memorandum had rejected on the ground that the relevant statements contained in the report were already a matter of public knowledge; (c) the Commission's recommendations were based on the views expressed by a minority of the people; and (d) the transfer of responsibility for finance to the Chief Minister, as recommended by the Commission, would mean in effect that the stage of free internal self-government had been reached, in which circumstances the powers of the Governor should be reduced.

10. At a meeting held on 24 July, the Legislative Council passed a resolution concerning constitutional reform by a vote of 4 (the signatories to the above-mentioned memorandum) to 3 (all opposition members) with 3 abstentions (the Attorney-General, the Financial Secretary and the nominated member). Besides incorporating the points made by Mr. Maduro, the resolution recalled that it was

the intention of the United Kingdom Government that, after the transfer of responsibility for finance, the next constitutional advance would be to independence. The resolution stated that it would be in the best interests of the people for the Territory to achieve full internal self-government, along with the transfer of responsibility for finance, before attaining independence.

11. By this resolution, the Council decided to submit a number of proposals for constitutional changes to the United Kingdom Government for consideration. According to these proposals, the executive authority of the British Virgin Islands would be vested in the Queen and the Executive Council. In the event of any political party gaining a majority of seats in the Legislative Council after a general election, the Governor would appoint the Chief Minister on the recommendation of the leader of that party. In the absence of any party winning the majority of elected seats in the Legislative Council, the Governor would appoint as Chief Minister that person who would appear best able to command a majority of the elected members of the Council. The Governor's special responsibilities would be reduced to defence (including armed forces), external affairs, the civil service and administration of the courts. In the exercise of these responsibilities, he would consult with the Chief Minister. The life of the Legislative Council would be five years, and there would be no change in the present distribution of seats for its elected members. The nominated member would be appointed by the Governor on the advice of the Chief Minister. A nominated or elected member would vacate his seat in the Council, should he cease to be a British Virgin Islander. The Speaker would be chosen from among British Virgin Islanders who would not be members of the Council. Provision would be made for the establishment of a mercy advisory council, a public service board of appeal, a judicial and legal service commission and the office of a director of public prosecution. Provision would also be made for the registration of all political parties.

12. In a welcoming address delivered to Mr. Walter Wallace after he had been sworn in as the new Governor on 29 July, Chief Minister Wheatley outlined the Government's objectives, the steps which it had already taken and its plans for the future. He also touched on the need for constitutional changes. In reply, the Governor said that as in other parts of the world, changes were likely to occur in the Territory, not least in the form of government, and that he would co-operate with the elected representatives of the people in implementing whatever constitutional changes might be finally agreed upon.

13. At a public rally held on 13 August, members of VIP condemned those elected members of the Legislative Council who had voted for the resolution referred to above, and contended that it was contrary to "the views of the people as expressed to the Constitutional Commission". It was reported that the party had lodged a protest with the Governor against the resolution and had asked that it be forwarded to the Secretary of State.

14. In his statement to the Fourth Committee of the General Assembly, at its 2116th meeting on 22 November, e/ the representative of the United Kingdom said that at the present time, new constitutional arrangements for the British Virgin Islands were under discussion.

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e/ Ibid., Twenty-ninth Session, Fourth Committee, 2116th meeting.

c. Military activities

15. In November 1974, units of the United Kingdom armed forces conducted a two-week exercise in the Territory. They included the Third Battalion, Royal Fusiliers; a detachment of Royal Marines from the HMS Tartar (with a Wasp helicopter aboard); army and Royal Air Force (RAF) communications detachments; and strategic transport aircraft of the RAF's Strike Command. The exercise was under the over-all control of Captain B. J. Straker, Senior Naval Officer in the West Indies. The areas being used for field training were the uninhabited portions of Jost Van Dyck and Anegada, as well as four other islands.

d. Relations with the United States Virgin Islands

16. On 1 August 1974, the Department of Justice of the United States of America announced that under a proposed amendment to the immigration laws, which would come into effect on 9 September, visits of aliens to the United States Virgin Islands and Puerto Rico would be limited to the holders of non-immigrant visas. Immediately following this announcement, Chief Minister Wheatley approached the United States authorities on behalf of the British Virgin Islands in the hope that the proposed non-immigrant visa requirement would not be applicable to that Territory. According to the Chief Minister's report on the matter, he had immediately contacted the delegate of the United States Virgin Islands to the United States House of Representatives, who, on his own initiative, had already pointed out to officials of the United States Government the hardship that the proposed visa requirement would present to the people of the British Virgin Islands, and the deleterious effect it would have on relations between the British Virgin Islands and the United States Virgin Islands.

17. During a visit to Washington, D.C., on 5 and 6 September, the Chief Minister met with the two senior officials concerned (including the Commissioner of Immigration and Naturalization Service) to discuss the question of the proposed requirement. In the course of the discussions, he stressed the situation regarding the two Territories in terms of their geographical proximity, economic interdependence, social interrelationship and institutional ties in the informal sharing of certain services and facilities. The discussions were held in an atmosphere of friendliness and understanding. At the Commission's suggestion, consideration was being given to the possibility of issuing identification cards to British Virgin Islanders. These cards would be valid for entry to the United States Virgin Islands and Puerto Rico, but not to the United States. In asking for a special exemption for the British Virgin Islands, the Chief Minister pledged that his Government would take all appropriate steps to ensure that the Territory would no longer be used as a stepping stone for illegal entry into the United States.

18. In a publication issued on 19 September, the Government announced its decision to rigidly enforce the Territory's immigration law enacted in 1969. A key section of this law provides that persons arriving in the Territory with the intention of proceeding to the United States Virgin Islands who are not in possession of onward tickets or United States consular visas will be refused entry.

19. On 19 October, the Governor and legislators of the United States Virgin Islands, together with some 200 representatives of various organizations thereof, arrived in Road Town, the capital of the British Virgin Islands, to participate in the celebration of the Third Annual Friendship Day, designed to strengthen the ties between the two Territories. They were welcomed by the Governor, the Chief Minister and the Speaker of the Legislative Council, among others. As part of the celebration, officials of the British Virgin Islands Hotel and Tourist Association were hosts to their counterparts. During discussions concerning future co-operation in the field of tourism, it was suggested that the British Virgin Islands might become involved in the programme "Virgin Islands Calling" (an organized promotional tour of some 10 cities in the United States, supported by the Government and hotels of the United States Virgin Islands, which had produced beneficial results for the tourist industry). The President of the Association stated that the British Virgin Islands could offer the visitor a different type of holiday, and that inter-island packages might be better exploited. On these two points as a basis for co-operation, it was agreed to set up working committees to explore the possibilities of joint participation in the programme.

### 3. ECONOMIC CONDITIONS

#### a. General

20. The economy of the British Virgin Islands depends primarily on the related activities of tourism, construction and land development, and to a lesser extent on the development of an international finance industry. The rapid growth of these sectors in the late 1960s was followed by a decline in the period 1970-1972. Agriculture, fishing, light industry and mining have remained relatively under-developed.

21. The Territory's exports are negligible in comparison with its imports. Exports consist mainly of fresh fish and a small quantity of fruit, vegetables and livestock, all to the United States Virgin Islands. An exception was made in 1971, when a substantial amount of sand was exported to that Territory and Puerto Rico. There was also a sharp rise in re-exports, reflecting sales of construction equipment during the recession. In return, a large portion of the food-stuffs required locally are imported through the United States Virgin Islands, although in recent years, an increasing direct trade with Europe has been built up as shipping services have improved. Other principal imports are manufactured goods, machinery and transport equipment.

22. The adverse balance of trade is normally offset by financial aid from the United Kingdom, tourist spending, the purchase of real estate by aliens and the inflow of capital and remittances from abroad. Imports decreased from \$US 8.7 million f/ in 1971 to \$US 7.7 million in 1972. This downward trend continued into the third quarter of 1973, when there were signs of a definite recovery. Exports were valued at \$US 371,000 in 1971, but figures for 1972 and 1973 are not available.

f/ The local currency is the United States dollar.

23. In a budget speech delivered to the Legislative Council on 9 April 1974, Chief Minister Wheatley made the following observations concerning the general economic situation in the British Virgin Islands. He said that in 1973, the economy as a whole had been sluggish, but that the outlook had improved as the year progressed. This had been indicated by a 10 per cent gain in the number of tourists visiting the Territory, some recovery made by the construction industry and by the absence of any further reduction in total employment. On the other hand, there had been unfavourable developments, including the continued rise in the rate of inflation (about 12 per cent during the year, with food prices increasing by 20 per cent) and the advent of the energy crisis. Despite these problems, there had been an upsurge in the economy at the end of the year. This trend was considered likely to continue and even accelerate in 1974. The Government had been giving consideration to a number of proposals for substantial investment in the Territory. It expected further expansion of vacation homes and other tourist facilities. In the second quarter of 1974 Mr. Wheatley visited the United Kingdom and several other countries in Western Europe and Scandinavia, mainly to promote tourism and investment in the British Virgin Islands.

24. In his speech at the opening of the Legislative Council, on 17 October, the Governor stated that the basic economic policy for the Territory continued to be the proper development and expansion of tourism, based on investigation and appraisal of the social and economic costs and the benefits to be derived by the British Virgin Islands. He added that the promotion of the area as a tax relief centre and the revitalization and strengthening of the agricultural and fishing industries would continue to form essential aspects of the Government's development strategy. Certain specific proposals made by the Governor concerning the various segments of the economy appear in the relevant subsections below. During the debate on the Governor's speech, Mr. Wheatley, whose views were opposed by two members of the opposition VIP, strongly defended the position taken by the Government. After drawing attention to further growth in tourism and many other economic sectors, he promised the Government's full support to developers wishing to invest in the Territory.

b. Tourism

25. According to the report of the administering Power, the system of counting tourists was revised in 1973 so as to include the people entering the Territory in private yachts. The revised figures of 57,800 visitors (nearly 70 per cent of whom came from the United States) indicated a gain of 11.6 per cent over the previous year. Two new hotels were opened, making a total of some 660 hotel beds available in the Territory. The British Virgin Islands Tourist Board, a public body set up in 1969, took steps to increase year-round hotel bed occupancy. The fleet of "sail yourself" boats, numbering about 100, became the largest in the world and continued to grow and thrive.

26. During 1974, efforts to expand tourism were directed towards: (a) increasing co-operation between the hotel and tourist associations of the British Virgin Islands and the United States Virgin Islands (see para. 19 above); (b) attracting

visitors from Western Europe, especially the Scandinavian countries (see para. 23 above); and (c) providing opportunities for British Virgin Islanders to receive hotel training in London.

27. In his speech at the opening of the Legislative Council, the Governor stated that the tourist industry would continue to be the basis of the economy for some time to come. The Government would continue to carry out its promotional programme, and the Tourist Board had been requested to utilize a greater portion of its resources to educate local people and improve tourist facilities, with the objective of creating an even more attractive atmosphere for visitors to the Territory. The Government appreciated the important role of the private sector in the development of tourism, and might have to rely even more heavily on this sector for external promotion because of the extra burden which had been placed on the Tourist Board.

28. Looking ahead, the Governor said that there was little doubt that the British Virgin Islands now had an assured future with an industry which would be encouraged to continue its steady growth, thus raising the standard of living of the people. With this in mind, the Government was seeking to develop Wickham's Cay and Anegada (see paras. 49-54 below).

#### c. Land development

29. In his speech before the Legislative Council, the Governor announced that a committee had been set up to advise the Government on an appropriate land policy, with special reference to: (a) use of Crown lands, including the sea-bed; (b) methods of disposal of Crown lands; (c) alienation of land, including private land and steps that should be taken to prevent such alienation if necessary; and (d) reasonable rentals in respect of Crown lands. Inasmuch as land was the principal natural resource of the Territory and a very sensitive subject, the Government would give the fullest consideration to the committee's recommendations before deciding on the definitive policy to be pursued. According to press reports, the committee, as constituted at present, consists of three members appointed by the Government (including the Chairman, Mr. J. R. O'Neal) and six other ex officio members (the administrative secretaries of the three government ministries, the Financial Secretary, the Town and Country Planner and the Chief Surveyor).

30. In 1973, 87 alien land-holding licences (76 in 1972 and 68 in 1971) were issued, involving development commitments totalling over \$US 1 million. Most of the licences were for house lots; only six licences were for the purchase of land exceeding three acres in area; and another six were for permission to hold shares in companies.

31. In the same speech, the Governor said that the Government intended to introduce a bill to amend the Aliens Land Holdings Regulation Act (chap. 89) and to make its provisions more readily enforceable. He considered this to be particularly important at the present time because the Regional Cadastral Survey and Registration Project, largely financed by the United Kingdom, was nearing

completion. He pointed out that claims to land and other interests received numbered 6,423, while the numbers of parcels shown in separate ownership, which had been demarcated, surveyed and recorded, totalled 4,933. The excess of claims over ownerships was the result of duplication of claims and individual claims for undivided family and other land. It was hoped that all outstanding land disputes in the Territory would be settled by December 1974.

32. The bill would broaden the definition of the term "alien" to include all persons, partnerships and companies not deemed to belong to the British Virgin Islands. It would also require an alien to be licensed to be a director or member of, vote at meetings of, or acquire an interest in, a company having share capital. The bill was subsequently submitted to the Legislative Council. On 31 October 1974, however, the Council endorsed the Government's proposal to withdraw the bill to give the public an opportunity to study its provisions more carefully.

#### d. Environmental planning

33. In his speech, the Governor expressed the view that in order to encourage foreign investment, especially in the tourist industry, the Government would have to pay special attention to environmental planning. The first stage of its planning programme included consideration of two master plans for East End/Long Look and the Valley and a draft master plan for Road Town, as well as the preparation of several "action area" plans for various parts of the British Virgin Islands. In the second stage, the Government intended to present draft legislation providing for the protection of the environment, with particular reference to the preservation and improvement of buildings, areas of architectural, historic or cultural value, the development of marine national parks and the improvement of existing national parks. The feasibility of setting up an omnibus trust to conserve the Territory's national heritage and legacies was also under consideration.

34. The Governor stated that the Government was awaiting the report on the environmental survey of the British Virgin Islands. The object of the study was to assist in establishing environmental guidelines for planning future development and for negotiating future proposals for projects affecting the economic infrastructure. He added that protection of the environment also depended to a very large extent on the attitudes of individuals; certain government measures were therefore aimed at shaping a community spirit by helping each citizen to develop his potential for economic and social growth.

#### e. Financial developments

35. During his visit to London in 1974 (see para. 23 above), Mr. Wheatley had discussions with the United Kingdom Foreign and Commonwealth Office on draft legislation concerning the development of the Territory as an international financial centre. The proposed legislation had been prepared following the exchange of extensive correspondence among the Governments of the British Virgin Islands, Bermuda, the Bahamas and the Cayman Islands, as well as the dispatch in

December 1972 of a fact-finding mission to Bermuda, which had recommended the creation of a tax-exempt facility. Mr. Wheatley drew attention to the following advantages of adopting this measure which, he believed, would far outweigh the disadvantages: (a) tax exemption would encourage international firms to incorporate management or holding companies in the Territory, which would help to stimulate economic development by expanding construction activity and the tourist trade; (b) the economic importance of the professional sector would be increased; and (c) because income tax would remain in existence, persons not immediately involved in international finance would benefit from the strengthened financial position of the Government.

36. While in London, Mr. Wheatley also continued negotiations for a new double taxation relief agreement. The former arrangement ended in 1972, after the United Kingdom Government had given notice of termination. The two Governments had expressed their willingness to continue to negotiate a new agreement, depending on certain conditions.

37. The territorial Government has made known its intention to continue to press the United Kingdom Government for approval to proceed with a new double taxation relief agreement and with the draft legislation referred to in paragraph 35 above.

#### f. Agriculture, livestock and fisheries

38. According to the administering Power, farming activity has not improved to any appreciable extent since the substantial decline in agricultural output in the early 1960s, and the Territory cannot yet be regarded as an "agricultural community". The number of families solely dependent on farming are few. However, a number of persons are engaged in fishing both for local consumption and for export to the United States Virgin Islands, and there are definite signs of improvement in this industry.

39. In 1973, the production of bananas, coconuts, limes and root crops expanded further, but that of sugar cane continued to decline, owing to high labour costs and low returns to farmers. The severe drought caused a significant reduction in the total cattle population. More and more farmers appeared to be turning to small stock production (sheep and goats) because of the quicker and higher profit returns. The livestock industry was unable to satisfy local demand for beef, pork and poultry products. Agricultural and fisheries exports amounted to \$US 52,322, of which fish accounted for \$US 40,866.

40. In his speech to the Legislative Council, the Governor said that the Government would continue its efforts to revitalize the agricultural and livestock industries. In recent months, experts from the British Development Division in the Caribbean, an extension of the United Kingdom Ministry of Overseas Development, had made several visits to the Territory. As a result, a plan had been drawn up for agricultural and livestock development over a two-year period. The plan embodied the following: (a) construction of dams in three areas and two new wells at Paraquita Bay; (b) the purchase of tractors, irrigation equipment and accessories; (c) erection of a shed for equipment and stores; (d) rehabilitation

of pastures; (e) the purchase of livestock, mainly Nelthrop bulls from the United States Virgin Islands; and (f) the planting of several acres of elephant grass for use on the Government Stock Farm and by farmers in the dry season. As part of its campaign to revitalize agriculture, the Government also planned to revive agricultural exhibitions, one of which would be held later in 1974. The Governor also announced that the Caribbean Development Bank had approved an application for an agricultural and livestock development loan of \$US 100,000.

41. With regard to the fishing industry, the Governor stated that the British Development Division had promised to make available the services of its Regional Marine Biologist to help develop the industry. He hoped that local fishermen would try out a new design for a collapsible fish trap recently submitted by the Fisheries Ecology Research Project of the University of the West Indies in Jamaica. He believed that a large number of such traps could be taken to the fishing grounds, especially those in deeper and more distant waters.

#### g. Industry and mining

42. There are few manufacturing industries in the Territory. In early 1974, a handicraft scheme was initiated, with the aim of promoting the utilization of locally available raw materials for the production of jewellery, household articles and tourist souvenirs. This scheme is part of the Eastern Caribbean Regional Craft Training, Production and Marketing Project jointly undertaken by the United Nations Development Programme (UNDP) and the International Labour Organisation (ILO). One of its immediate objectives is to establish a production workshop for the training of 30 craftsmen over a period of two years. With a grant from the United Kingdom (about £13,000), the Government will be able to provide buildings, equipment and supplies, various services and instructors for the first two years, by which time the scheme is expected to be self-supporting.

43. Legislation covering mineral and petroleum exploration was enacted in 1972. In his recent speech, the Governor said that, during 1974, three companies had been permitted to carry out feasibility studies on commercial dredging of sand, and that one of the companies had been granted a licence. With regard to petroleum exploration, the Government had been furnished with the services of an expert under the United Kingdom Technical Assistance Scheme to give advice on the granting of prospecting licences and other related matters.

#### h. Communications and other basic facilities

44. In his speech to the Legislative Council, the Governor stated that in general the Government would continue to press forward with the provision of infrastructure essential to further development by the private sector. He gave the following information on the road system, water supply and electric power capacity.

45. In 1974, the Government decided further to expand its road programme with a special bias toward the requirements of tourism. The programme included

improvements to the East End/Road Town trunk road and two other major projects aimed at completing the road around Tortola, the largest island in the Territory. Construction of the Road Town/Cane Garden Bay road was scheduled for completion in early 1975. Work was then to begin on the Ridge road and on improvements to certain minor roads. During the debate on the speech in the Legislative Council, Mr. Reeial George, of VIP, stated that roads were badly needed for Virgin Gorda, a major tourist centre, especially in the Baths area. Government ministers defended the above-mentioned programme, however, which included work on the Valley/North Sound road on Virgin Gorda.

46. In 1974, the Government's water supply distribution network was being extended. The effects of the anticipated water shortages were partially offset by the deepening and reconditioning of an old well in Road Town. Plans were under way to construct two additional wells to improve the supply in the areas of Road Town and Baughers Bay. Several new wells at Sea Cow Bay were nearing completion and three experimental wells were soon to be built at Paraquita Bay to determine the nature and quality of their yield.

47. Based on numerous inquiries from prospective developers concerning the provision of service, the Electricity Board has predicted an annual growth rate in sales of over 15 per cent during the next few years. The Board therefore intends to increase its maximum generating capacity by 450 kW in early 1975. The Government is also taking measures to establish additional generating facilities (with a capacity of 1,200 kW) to meet the anticipated increase in demand.

48. Other important developments during 1974 included the following: (a) two local firms were awarded a government contract for the completion of the Beef Island Air Terminal; (b) the United Kingdom allocated a total of \$US 303,600, mainly for cargo handling facilities at Port Purcell, the deep-water harbour on Tortola; (c) Cable and Wireless (West Indies), Ltd., operator of the Territory's telecommunications system, commissioned a firm to conduct a survey and feasibility study on the development of a cable television system for the more populated residential areas; and (d) following the company's decision to set up an Eastern Caribbean microwave radio network stretching 800 miles from the British Virgin Islands to Trinidad and Tobago, work was well under way on the Tortola section.

i. Developments at Anegada and Wickham's Cay

49. It will be recalled g/ that in 1973, the Sterling Bank and Trust Company, Ltd. of the Cayman Islands established a subsidiary on Tortola (the Anegada Corporation, Ltd.) to undertake the development of a tourist/residential resort complex on the western portion of the island along lines to be decided by the Government after completion of a feasibility study. Upon receiving the result of this study in early 1974, the Government sought and obtained technical assistance for an evaluation of

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g/ Official Records of the General Assembly, Twenty-ninth Session, Supplement No. 23 (A/9623/Rev.1), vol. VI, chap. XXV, annex, sect. A, paras. 68-70.

the proposals made by the Anegada Corporation. In its report on the proposed project, published in June, the Government stated that implementation of the proposals would result in a total investment of about \$US 145.0 million spread over a period of 15 to 20 years. A minimum of 60 per cent of this sum would be expended on the purchase of material and equipment and about \$US 2.9 million was expected to be injected into the economy each year through wages etc., during the development period. According to the government report, a development of the magnitude proposed would require a supporting population of several thousand, most of whom would have to come from abroad. On 22 June, when the Chief Minister met with representatives of the Anegada Corporation, he informed them that the Government would be unable to reach a conclusion on the proposals until it was satisfied on certain points. According to a statement issued by the Chief Minister's Office in September, the two parties involved had reached such an understanding.

50. In his speech of 17 October, the Governor referred to the negotiations concerning Anegada and announced that two of the three banks (the Sterling Bank and Trust Company, Ltd., and the International Bank, Ltd.) in the Interbank House Group of the Cayman Islands had gone into voluntary liquidation. In these circumstances, he considered it difficult to make a definite statement concerning the proposals for the development of Anegada. The Government would make every effort, however, to encourage the establishment of viable development projects on Anegada and would not overlook the feasibility of special incentive legislation for that island. At the same time, it would proceed with the care necessary to ensure that the way of life of the people of Anegada was not too violently disrupted.

51. Recalling legislation recently enacted to enable the Government to pursue its Anegada land policy, the Governor stated that a number of Anegadians had been issued Crown grants for lands on which they had built houses. He further stated that substantial progress was also being made in the settlement of claims for land outside the village. The Government's view, he continued, was that an acceptable solution to the long-standing land question on Anegada would create better atmosphere for investment on that island.

52. It will also be recalled h/ that, in July 1972, the Government accepted the report of the consultants engaged under United Kingdom technical assistance auspices as a basis for the planning and development of Wickham's Cay. The consultants proposed, inter alia, (a) to develop Wickham's Cay as the nucleus of shopping, commercial and entertainment activities in Road Town with the marina as a major yachting centre; (b) to make land available in a variety of plot sizes in order to attract both large and small investors; and (c) to spend a substantial sum on engineering, a sea wall, storm and foul-water drainage and the removal of silt from the marina.

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h/ Ibid., Twenty-eighth Session, Supplement No. 23 (A/9023/Rev.1), vol. V, chap. XXIV, annex, sect. A, paras. 51-54.

53. In his speech of 17 October, the Governor stated that the Government was attempting to meet the need for an expanding tourist market through the establishment of a more vibrant commercial centre in Road Town, but would continue to ensure that Wickham's Cay was not developed in isolation from the rest of the Road Town area. He further stated that the Government wished to invite local businessmen to come forward with proposals designed to ensure that economic interests at the Cay would be well balanced; each proposal would be carefully studied with a view to giving the widest possible accommodation within an acceptable commercial framework. A large proportion of the development aid funds for 1975 and 1976 would be spent on remedial works and sewage disposal projects in the Cay. In the meantime, the sale of plots at the Cay was continuing at a satisfactory pace and, by October 1975, it was anticipated that a number of new buildings would be nearing completion. Some were to be occupied by banks and others expected to supply office space as well as supporting facilities for the new marina, construction of which would soon be under way.

54. Between April and November 1974, the Government entered into three important agreements with private investors concerning the establishment of development projects on Wickham's Cay. Under the first agreement, Tortola Investment Trust, Ltd., will reclaim 4.47 acres of land, of which 0.97 acres will be owned by the Government and the remainder by the company. The Government has been paid a sum of \$US 210,000 for the land and mooring rights for 70 boats. The company's land will be used to extend the facilities of the Treasure Isle Hotel to provide an improved service for the growing marina activities of the area. The Government has also agreed to lease the site of the existing Treasure Isle jetty together with mooring rights for 30 boats for a period of 99 years. The second agreement provides for the development of a complex on Wickham's Cay. Work is already in progress on this complex, which will provide up-to-date servicing facilities for yachts of varying sizes. Under the third agreement, the Government has leased one of the most important waterfront sites on the Cay to a consortium of United Kingdom and United States businessmen. The consortium plans to invest \$US 30.0 million in the development of the site as a complex of commercial, hotel and residential buildings, together with the construction of one of the largest marinas in the Caribbean.

#### j. Public finance

55. The Government's financial position improved somewhat in 1973. Recurrent revenue amounted to \$US 4.6 million and recurrent expenditure to \$US 5.0 million (\$US 3.6 million and \$US 4.6 million in 1972). During this period, the budgetary deficit decreased from \$US 1.1 million to \$US 363,000, and the recurrent grant-in-aid from the United Kingdom dropped from \$US 1.2 million to \$US 956,000. The principal items of territorial revenue are direct and indirect taxes (consisting mainly of customs duties), which yielded \$US 2.4 million in 1973. Total recurrent expenditure for that year was divided as follows: education, \$US 804,403; the public debt, \$US 774,710; public works, \$US 599,458; finance, \$US 499,042; electricity, \$US 491,540; and public health, \$US 479,765. Capital expenditure for that year increased slightly to \$US 1.4 million, which was largely met by United Kingdom development aid, primarily for further expansion of the economic and social infrastructure.

56. The budget for 1974 envisaged \$US 4.2 million in recurrent revenue and \$US 5.4 million in recurrent expenditure (excluding the recurrent grant-in-aid from the United Kingdom provisionally fixed at \$US 801,000). Estimated capital expenditure for that year totalled \$US 2.5 million. The sources of capital revenue were: United Kingdom development aid, \$US 1.9 million; loans, \$US 246,000; and other, \$US 288,814.

57. Introducing the budget estimates for 1974 in the Legislative Council, Chief Minister Wheatley said that the basic pattern of recurrent revenue and expenditure remained unchanged. Efforts had been made to limit recurrent expenditure to a degree consistent with the maintenance of existing public services, but it was anticipated that there would be an increase of \$US 400,000 over the previous year, owing to the recent revision of salaries and the higher costs of goods and services required. Mr. Wheatley also said that the estimated capital expenditure for 1974 showed United Kingdom development aid to be \$US 1.9 million, \$US 500,000 more than the amount to be made available to the Territory. He considered, nevertheless, that this level of expenditure was not unrealistic for planning purposes and could form the basis for discussions with the British Development Division in the Caribbean. In the development programme for the year, it was proposed to concentrate on projects for roads, educational facilities, agricultural development and the development at Wickham's Cay.

58. In his speech before the Legislative Council, the Governor stated that in 1974, the Territory would have to face its share of the cost of the recent revision of salaries and the effects of world inflation, but expected that the provisional grant-in-aid from the United Kingdom (\$US 801,000) would not require supplementation. Noting that despite the continued rise in recurrent expenditure in recent years, aid towards the Territory's recurrent budget had decreased. He said that one of the basic aims of the Government continued to be the elimination of dependence on such aid at the earliest possible date. The Government would therefore continue to exercise restraint on its expenditure and would also seek to rationalize its activities to prevent overlapping expenditure. At the same time, it would explore new areas of taxation, but would ensure that any new tax measures contemplated would not result in hardship for the people.

59. In June and December, the Legislative Council authorized \$US 861,481 in supplementary appropriations. The additional funds were required to cover the costs of many of the Government's responsibilities, ranging from wages for civil servants to higher costs of fuel for the Electricity Department.

60. Until 1969, the projects undertaken by UNDP in the Caribbean area (including the British Virgin Islands) had been financed on a contingency basis. From 1969 through 1971, country target figures had been allocated and, for 1972-1976, an undistributed indicative planning figure had been assigned. The country programme for the area, based on the indicative planning figure, as approved by the Governing Council of UNDP in early 1974 for the period 1974-1978, was adjusted accordingly. Total funds available to the Territory for 1967-1973 amounted to \$US 241,618; assistance envisaged for 1974-1978 totalled \$US 320,900.

#### 4. SOCIAL CONDITIONS

##### a. Labour

61. In early 1973, the British Virgin Islands continued to experience an economic recession. However, as a result of substantial emigration by both British Virgin Islanders and expatriates, the percentage of unemployed declined from the previous year. As noted earlier (see paras. 16-19 above), the Government recently decided to co-operate more closely with the United States immigration authorities in their efforts to prevent illegal entry into the United States Virgin Islands. It also adopted a series of measures aimed at accelerating the upward trend in the economy, discernible in late 1973, thus helping to broaden employment opportunities. Further, at the Government's request, UNDP will send an expert to the Territory in 1975 to undertake a study of the manpower resources available, training needed and projections for future years.

62. According to a survey conducted in June 1973, the Territory had a total labour force of approximately 3,000, of whom 23 per cent worked in hotels and restaurants, 21 per cent in public administration, 18 per cent in construction, 13 per cent in commerce and 10 per cent in transport and communications.

63. Details of wage and salary levels were included in the survey. Average earnings were \$US 63 for male employees paid on a weekly basis and \$US 446 for those paid on a monthly basis. Comparable figures for women were \$US 41 and \$US 265. Earlier in 1973, a Commissioner had been appointed to review the structure, salaries and working conditions of the civil service, police and teaching service. On the basis of his report, the United Kingdom Secretary of State for Foreign and Commonwealth Affairs later approved proposals for modest increases in salaries for officers with effect from 1 July.

64. The survey also revealed the presence of 1,100 gainfully employed non-British Virgin Islanders. In 1973, the Government issued and renewed 906 work permits (1,516 in 1972 and 2,090 in 1971). The basic requirements governing the issue of such permits continued in effect, including in particular the unavailability of qualified British Virgin Islanders.

65. In 1973, only one labour union was active. The number of industrial disputes decreased by 53 to 16. In his recent speech, the Governor said that a labour code was to be laid before the Legislative Council with the object of ensuring that all developers, investors and employers would be fully aware of the industrial relations practices in the Territory. With assistance from UNDP, the Government plans to establish a unit dealing with labour problems and a social security scheme.

##### b. Public health

66. In his recent speech, the Governor stated that the health of the population remained basically good. He said that the Government would continue to support and encourage all available measures concerning preventive medicine, including:

(a) the implementation of immunization projects; (b) the formation of a health education committee to provide basic training in hygiene; (c) improvement in refuse collection and disposal; (d) maintenance of the programme for the eradication of the Aedes aegypti mosquito (which had substantially reduced the percentage of house premises infested since its inception in July 1973); and (e) the introduction of legislation regulating the keeping of animals.

67. Despite transport difficulties and the need for economy, a start had been made on an occupational therapy programme for mental patients, which it was hoped to expand gradually. The absence of suitable ward accommodation at Peebles Hospital (with 38 beds) continued to cause difficulties in dealing with such patients. The first major step to reconstruct and extend Peebles Hospital had been taken with the recent arrival of a hospital planner, who was to collaborate with the Public Works and Medical and Health Departments in the design of the long-awaited new and improved hospital building. Meanwhile, further improvements were to be made to the hospital. In 1974, the new health clinic at Cappsos Bay was completed and a clinic on Anegada was under construction. Efforts would be made to provide a resident doctor on Virgin Gorda. The Territory was expected to participate in the Regional Programme of Epidemiological Surveillance, as agreed at the Caribbean Health Ministers Conference in 1974.

68. On 31 October 1974, the Legislative Council passed a bill to amend the Medical Act. Under the bill, any suitably qualified person with a medical or surgical degree or diploma from any university or institution of Canada or the United States would be entitled to be registered as a medical practitioner under the Medical Act.

## 5. EDUCATIONAL CONDITIONS

69. Education is assigned to the portfolio of the Chief Minister, who is advised by a Board of Education and two other organs dealing with primary and secondary education respectively. Education is free and compulsory in so far as facilities exist.

70. In 1973, the principal educational institutions comprise 11 government and 3 mission primary schools (1,930 pupils, including 62 in the post-primary sections, and 77 teachers) and the government high school (787 pupils and 46 teachers). Twelve British Virgin Islanders (all on scholarships) were attending the University of the West Indies. The Government intends to explore the possibility of sending students to other institutions in the West Indies, especially those of the polytechnic type.

71. The British Virgin Islands High School offers comprehensive secondary education with courses leading to the "O" level of the General Certificate of Education (GCE) and with provision for pre-vocational courses in wood-work, metal-work, automobile mechanics, home economics and commercial studies. One of the major educational problems of the Territory is the lack of accommodation at the school. In order to cope with this problem the Chief Minister approved the following recommendations made by the Board of Education at its meeting on

7 June 1974: (a) students over 17 years of age who have failed in more than half of their school work over the preceding four terms should be asked to withdraw at the end of the academic year 1973/74; (b) students of 16 years of age showing unsatisfactory interest, attitude and progress should be required to leave school if no improvement were evident at the end of the academic year 1974/75; (c) students who have made two attempts at the GCE examinations should not be allowed to return in September 1974 and those desirous of taking such examinations for the second time should be permitted to remain on a part-time basis; and (d) students under 11 years of age in September 1974 should spend another year in primary school.

72. The Education Department continued to carry out a programme of in-service training for teachers. Seven teachers completed the in-service course at the University of the West Indies and 15 others were receiving training abroad. In 1974, trained teachers in the primary and secondary schools accounted for 50 and 60 per cent respectively of the teaching personnel, a significant improvement over previous years; in addition, 11 teachers completed courses in institutions of higher education overseas.

73. With regard to educational development, the Governor stated in his speech to the Legislative Council that the Government intended to introduce a bill to bring educational legislation more in line with the demands of modern times. Of particular importance was the exploration of avenues for technical training. With the assistance of the Caribbean Development Bank, local businessmen and others, the Government would make vigorous efforts to eliminate the hardships experienced as a result of a deficiency of training in vital skills needed within the community. With reference to secondary education, the Government had engaged a team of educational experts to review the structure of the high school and to assist in formulating programmes geared more directly to the varied needs it was expected to satisfy.

74. The Governor made it clear that the Government's concentration on technical and secondary education would not be at the expense of primary education. Extensions to an existing primary school were expected to be completed before the end of 1974, and the construction of a new school and of the first phase of another were scheduled for completion in 1975. (He also expressed the hope that the workmanship on the new school buildings would be improved.) Furthermore, the College of the United States/ Virgin Islands, the University of the West Indies and the United Nations Educational, Scientific and Cultural Organization (UNESCO) were co-operating with the Government in its efforts to tackle problems relating to English and mathematics at the primary school level.

75. Information is not available on educational expenditure for 1974.

B. CAYMAN ISLANDS\*

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## 1. GENERAL a/

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

2. At the latest census, held in 1970, the population of the Territory totalled 10,249, of whom 60 per cent were of mixed origin, 20 per cent were African and 20 per cent were European. The capital, George Town, had about 4,000 inhabitants. Caymanians who had emigrated were not included in the census figures. In 1974, the population of the Territory was estimated to be approximately 13,000, the increase being attributed to the return of almost 2,000 Caymanian emigrants attracted by the economic prosperity of the islands.

## 2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

### A. Constitution

3. There has been no change in the constitutional arrangements set out in the Cayman Islands (Constitution) Order, 1972, details of which are contained in an earlier report of the Special Committee. c/ Briefly, the governmental structure consists of: (a) a Governor appointed by the Queen; (b) an Executive Council composed of four elected members and three official members (the Chief Secretary, the Attorney-General and the Financial Secretary); (c) a Legislative Assembly composed of 12 elected members and 3 official members. At present, the Governor is Chairman of the Executive Council and President of the Legislative Assembly.

### B. Future status of the Territory

4. On 26 July 1974, Mr. Kenneth R. Crook left the Territory upon completion of his tour of duty as Governor. His successor, Mr. Thomas Russell, was sworn in as Governor of the Cayman Islands on 28 August. In an address delivered on this occasion, Mr. Russell said:

"The policy of Her Majesty's Government towards constitutional development is that it should be guided largely as to the pace of progress

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a/ The information contained in this section has been derived from published reports and from information transmitted to the Secretary-General by the Government of the United Kingdom of Great Britain and Northern Ireland under Article 73 e of the Charter of the United Nations on 10 May 1974, for the year ending 31 December 1973.

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

c/ Ibid., paras. 5-13.

in dependent Territories and by the wishes of the people in each individual country. It would seem that the present state of constitutional advancement suits the country well and it will certainly not be my intention to urge upon you changes that you do not seek, nor conversely to hamper the submission to Her Majesty's Government of any wish for adjustments during my term of office if, in the course of time, these should seem to you to be appropriate."

### C. Public service

5. As previously noted, d/ a substantial salary review was put into effect in January 1974 in an attempt to close the wide gap between the civil service basic wages and those offered by the private sector. It was agreed at that time that every effort should be made to maintain the newly established position by annual adjustments according to the rise in the cost of living and the availability of funds.

6. In November 1974, the Financial Secretary, in introducing the 1975 budget estimates to the Legislative Assembly, said that the Government had decided, in light of the rise in the cost of living, to recommend a 10 per cent increase in civil service salaries, effective 1 January 1975. He added that necessary funds would have to be obtained through new revenue measures (see para. 33 below).

## 3. ECONOMIC CONDITIONS

### A. General

7. During the period under review, the Cayman Islands continued to enjoy the unprecedented prosperity brought to them by the rapid growth of tourism, property development and international finance, which have become the mainstays of the Territory's economy. The construction industry also thrived, stimulated by the demand for new buildings for banks, offices, apartments, houses and tourist accommodation. The capital projects programme launched by the Government in 1973, described as the greatest in its history, also included construction work on a large scale. A traditional occupation of Caymanians, that of seamen on foreign ships, was to a certain extent being abandoned in favour of remaining in the Territory to participate in the over-all economic growth. As a consequence, remittances from seamen, once a major contribution to the economy of the Territory, played a decreasing role. According to the Financial Secretary, the estimated gross domestic product of the Cayman Islands in 1974 was \$CI 28 million, e/ compared with \$CI 25 million in 1973, calculated at January 1974 prices. Allowing

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d/ Ibid., Twenty-ninth Session, Supplement No. 23 (A/9623/Rev.1), vol. VI, chap. XXV, annex, sect. B, para. 6.

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

for inflation, which accounted for a considerable portion of this growth, the average annual rate of real growth of the economy has been estimated at 12 per cent for the last four years, constituting the highest in the Caribbean.

8. Despite encouragement by the Government, there has been little agricultural development in the Territory, owing mainly to the general lack of suitable arable soil. Other adverse factors are the limited supply of labour, which also affects other economic activities such as manufacturing and fishing, and the inadequacy of access roads to the areas with suitable land for agriculture. Caledonian Farms, Ltd., a new farming enterprise which made an encouraging start in vegetable growing in 1973, extended its activities in 1974 by purchasing the assets of Caribbean Farms (Cayman), Ltd., the only dairy farm in the Territory. Caledonian Farms was also reported to have initiated a scheme for breeding sheep and pigs locally, and had received the first shipment of sheep from the Bahamas in December 1974. Mariculture, Ltd., the first turtle farm in the world, continued to obtain good results.

9. Exports were valued at \$CI 650,000 in 1973, compared with \$CI 135,400 in 1972. Imports for the same years, mainly from the United States of America, totalled \$CI 15.5 million and \$CI 12.8 million respectively. Principal imports were food-stuffs, building materials, clothing, petroleum products and luxury items. The output of Mariculture, Ltd. accounted for 95 per cent of exports in 1973 (\$CI 620,000). Among the products exported by Mariculture were turtle meat, soup products, cosmetic oil and leather and shell goods.

10. On 12 March 1974, at the opening of the Legislative Assembly, Mr. Crook, then Governor of the Territory, stated that the main trouble with the Territory's economy was its potential fragility, owing to the fact that very small shifts in the political and economic climates could be seriously damaging to the financial and tourist industries. He added, however, that possibilities of economic diversification were not great. The Governor also warned that a period of rising prices and increases in the cost of living, resulting from the higher price of oil and general inflationary trends, could be expected in the Territory. He said that the Government would fight inflation with the help of consumer associations, through its policy of voluntary restraint and measures to increase public awareness of the true nature of the problem.

#### B. Financial developments

11. The absence of stringent fiscal restrictions and of a direct tax system in the Territory, coupled with its accessibility and political stability, have contributed to its popularity as a tax haven and encouraged the operation of international finance business through ordinary and exempt companies based in the islands. Another attraction was the move in 1974 f/ to stabilize the Cayman Islands dollar through its revaluation and the switching of its link with the pound sterling to the United States dollar.

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f/ Official Records of the General Assembly, Twenty-ninth Session, Supplement No. 23 (A/9623/Rev.1), vol. VI, chap. XXV, annex, sect. B, paras. 16-17.

12. During the first 10 months of 1973, the number of financial institutions in the Territory reached a total of 5,071 (4,000 in 1972). In late 1974, there were also about 175 banking organizations and trust companies (138 in 1973).

13. In addition to the major international banks and trust companies previously reported as operating in the Territory, g/ the following may also be noted: Arawak Trust Company (Cayman), Ltd.; Bank of Tokyo Trust Company (Cayman), Ltd.; Bank of Virginia (Grand Cayman), Ltd.; Butterfield's Bank and Trust Company, Ltd.; Caribbean Bank (Cayman), Ltd.; Castle Bank and Trust (Cayman), Ltd.; Cayman International Trust Company, Ltd.; Guinness Mahon Cayman Trust, Ltd., a subsidiary of the Guinness Mahon Merchant Banking group; Lloyds Bank International; and Panatrust Corporation, Ltd., a subsidiary of the Banque Nationale de Paris.

14. In late 1974, the financial industry suffered its first serious setback with the collapse of the Interbank House Group, which had been formed in 1968. The Group had been involved in many aspects of non-banking activities, notably real estate, both within and outside the Territory. On 16 September 1974, two banks in the Group, the Sterling Bank and Trust Company, Ltd. and the International Bank, went into voluntary liquidation because of their inability to meet withdrawals. On 19 September, on application of the creditors, the High Court of the Territory ordered the two banks compulsorily wound up. Their licences (together with that of a third bank in the Group, the Cayman Mortgage Bank) were subsequently suspended by the Governor in Council.

15. In a statement circulated in January 1975, in preparation for a three-day meeting of creditors held in the Territory starting 13 January, the liquidators said that there were substantial deficiencies in respect of both banks (\$CI 15.2 million for the Sterling Bank and \$CI 21.9 million for the International Bank) which, in their opinion, were the result of imprudent investments by the management of the two banks, especially through a complex of 45 interrelated companies, many of which were engaged in long-term real estate development. On 15 January, the creditors were informed of further details of the banks' failure, including the question of a possible fraudulent conversion of gold bullion reserves. It was estimated at that time that unsecured creditors would be reimbursed only 10 to 15 per cent of their credits, although nothing definite could be said until the liquidation process had made further progress.

16. The economic impact of the banks' failure extended well beyond the misfortune of individual depositors. First, it meant the loss of an important source of employment, affecting not only banking employees but also construction workers hired for land development projects financed by the Group; the latest reports, however, indicate that most of the people who had lost their jobs found new ones soon after and that some of the non-Caymanians had left the Territory. Secondly, a number of local companies were left without economic backing and, while many were subsequently reported to have found new financing, the survival of others seemed uncertain at that time. Finally, the incident has caused concern about the economic future of

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g/ Ibid., para. 15.

the Territory, although the financial community is reluctant to concede that the episode will have much of an adverse effect on the Territory's tax haven image abroad.

### C. Tourism

17. Despite the world-wide economic recession, which it is feared will harm the tourist industry everywhere, tourism in the Cayman Islands has continued to expand, contributing substantially to the Territory's prosperity. According to figures released in late 1974, 46,567 tourists visited the Territory during the first 10 months of the year (45,751 for all of 1973). Of that number, 44,054 arrived by air and 2,513 by cruise ships, representing, respectively, a 19.7 per cent and 158.9 per cent increase over comparable figures for 1973.

18. The tourism policy of the territorial Government is one of carefully controlled growth, geared to quality, not quantity, and destined to answer the needs of the Territory without placing an excessive burden on the infrastructure and the local labour force, or affecting the environment. Another matter of concern is that tourism development should essentially benefit the local population and, to this end, legislation has been passed providing for substantial local participation in new facilities and for preferential recruitment of local staff, combined with a judicious use of immigration laws. Hotel training is also encouraged to ensure the availability of qualified Caymanian personnel.

19. At the end of 1973, there were 21 hotels, residential club and apartment facilities and about 65 cottages catering to the tourist trade. During the same year, authorization was granted to a Caymanian concern for the erection of a 20-room hotel in the Breakers area of Grand Cayman. In 1974, consideration was being given to a request for the establishment of a 194-room hotel on Seven Mile Beach on Grand Cayman, considered to be the best tourist area in the Territory.

20. In March 1974, a tourism law was passed to regulate the industry. The law, which established a Department of Tourism with an advisory council to provide liaison between the Government and the private sector, provides for a harmonious relationship between development and tourism in that all applications for the provision of new accommodation of more than six beds must be sent to the Department of Tourism by the Central Planning Authority for comment. It also established a three-member Hotel Licensing Board, presided over by the Director of Tourism. Under the law, all existing tourist accommodation was to be licensed on or before 1 January 1975.

21. In his budget address (see para. 6 above), the Financial Secretary proposed a total expenditure of \$CI 440,725 for the Department of Tourism in 1975, compared with \$CI 361,074 for the previous year.

#### D. Property development

22. The surge of interest in the Territory as an international finance centre and a holiday resort has created an increased demand for land, the price of which has mounted constantly over recent years. It has also encouraged construction, which has become one of the more flourishing industries in the islands, with a number of major projects under way, including commercial buildings, a telephone exchange and a supermarket complex. The Government is currently working on a physical development plan to be ready in 1975, which it is anticipated may recommend additional zoning and other regulations to supplement the powers of the Central Planning Authority. The Authority is responsible for approving or rejecting proposed developments and providing general guidance, with the help of a United Nations physical planning adviser.

23. The collapse in September 1974 of the Interbank House Group (see paras. 14-16 above) affected several development projects financed wholly or partly with Interbank funds. Although many of these projects have reportedly found new financing sources, work on one of the more important, Mitchell's Creek Gardens, a luxury home project being built at an estimated cost of \$CI 5 million on eight acres of land, was suspended in October at the request of the liquidators of the Interbank House Group, pending a thorough review of the future cost and commercial value of the project. The hope was expressed that work would be resumed to complete the project through joint venture arrangements with international concerns. It was pointed out, however, that considerable time would be involved in finding substantial financing for the project in terms adequate to protect the interests of the creditors.

24. By the end of 1973, the cadastral survey team supplied by the United Kingdom Government had completed the surveying, recording and registration of 2,770 parcels of land (1,770 on Grand Cayman and 1,000 on Cayman Brac). Parcels varied in size from 0.05 acre to over 250 acres.

#### E. Communications and other basic facilities

25. In 1973, the main roads of Grand Cayman totalled approximately 80 miles in length, of which about 50 miles were paved. Cayman Brac had about 25 miles of roads, 15 of which were paved. Government plans to improve communications in the Territory, including the construction of linking roads in Cayman Brac, which are expected to prove an incentive to agriculture and land development on that island, and reconstruction of the main road from West Bay to Bodden Town and the main thoroughfares of George Town on Grand Cayman. As previously reported, h/ the Government will finance this programme through a loan of over \$CI 3 million obtained from a consortium of six banks, led by Barclays Bank International, Ltd.

26. The main airport in the Territory is the Owen Roberts Airport on Grand Cayman. The first phase of improvement planned for the airport was completed in late 1974.

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h/ Ibid., para. 27.

The second phase, scheduled to start in early 1975, comprises construction of a new terminal building and the enlargement of the apron and parking area, and will be financed with interest-free loans from the United Kingdom Government. The airport is expected to be fully modernized by 1976. Rehabilitation work has also been started on the airport on Cayman Brac. There are no other airports in the Territory, except for a private landing strip on Little Cayman.

27. Líneas Aéreas Costarricenses, SA (LACSA) and Cayman Airways, Ltd., a local airline owned jointly by the territorial Government and LACSA, provide scheduled flights between the Territory and Miami, Jamaica and Costa Rica. Cayman Airways also provides inter-island service. In 1973, 60,675 passengers landed in the Territory, compared with 43,441 in the previous year. In December 1974, Southern Airways, Inc., a United States airline, began providing daily flights between the Territory and Miami.

28. There are no passenger vessels servicing the islands. The Kirkconnel Company operates three vessels which ply regularly between the Territory and ports in Florida, Jamaica and Honduras. Small vessels provide an irregular service from Honduras, bringing fruit, vegetables and timber. In December 1974, it was reported that Trans-Caribbean Lines Inc., a new steamship line, was giving service from Miami to the Cayman Islands, Belize, Colombia, Honduras, Mexico and Nicaragua. In 1974, 64 vessels called at the George Town port, including 28 ships which landed 46,514 tons of goods for processing.

29. In his speech to the Legislative Assembly on 12 March 1974, Governor Crook stated that the preliminary study for the George Town port project had been completed and that a loan of \$CI 975,000 from the Caribbean Development Bank had been raised on that basis. The second phase of the project, that of engaging consultants to prepare the final study and related estimates, receive tenders and supervise the construction (which would be the third and last phase), was under way. In August, it was reported that Cayport Consultants, a firm set up specifically for the project, had been awarded the contract, and had signed a formal agreement to that effect. Actual work on the port was expected to begin in January 1975, following the appointment of a contractor, and to be completed in approximately 14 months.

30. The constant improvement and expansion of telecommunications facilities in the Cayman Islands has been stimulated by the growing demands of the financial institutions based in the Territory and in turn has furthered the latter's popularity as an international business centre. In 1974, the Territory could offer the financial industry the largest number of telex lines per capita of any country in the world, with one for every 200 people. There was also a high concentration of telephones, estimated at 30 for every 100 people. The Islands have 2,500 telephone lines (1,000 in 1969) and further expansion has been delayed only by the lack of capacity at the telephone exchange; a new exchange scheduled for completion in 1975, is expected to allow for almost unlimited expansion.

31. The Caribbean Utilities Company, Ltd. and the Cayman Brac Power and Light Company are the only two public utility companies in the Territory supplying electric power to Grand Cayman and Cayman Brac, respectively. There is no main water system

and no main sewage disposal system in the Territory; hotels and home-owners must rely on catchments or wells for water and on septic tanks for sewage disposal. These parallel problems could become extremely serious if the development of private housing and tourism continues at the present pace. In October 1974, it was reported that Richards and Dumbleton International, a firm of consulting engineers, had been appointed by the United Kingdom Ministry of Overseas Development, through British Technical Aid, to conduct a water resources, water supply and sewage study in the Territory, which was expected to be completed within six months. In December 1974, it was reported that the first of three desalination plants, which will increase the Territory's water supply capacity to 200,000 gallons daily by 1976, had been installed on Grand Cayman; the other two plants were to follow in 1975 and 1976.

#### F. Public finance

32. Total expenditure for 1974 was estimated at \$CI 11.7 million, including United Kingdom development aid and loans. Total revenue was estimated at \$CI 7.1 million.

33. On 20 November 1974, Mr. V. Johnson, the Financial Secretary, presented his 1975 budgetary proposals to the Legislative Assembly. In order to offset a deficit created by a present overdraft and a recommended increase in civil service salaries (see para. 6 above), his proposals included two new tax measures: an increase in the licence fees of bank and trust companies, both initial and annual, and an increase in incorporation, registration and annual fees.

34. Ordinary local revenue for 1975 was estimated at \$CI 8.7 million. Estimated expenditure, comprising recurrent expenditure, new services and capital expenditure financed from local revenue, totalled \$CI 11.0 million. Total expenditure, including that under British Development Aid and Loan Funds, amounted to \$CI 14.0 million, an increase of approximately 20 per cent over the total budgeted estimated expenditure in 1974. The largest allocations were for public health and education.

35. It will be recalled i/ that in 1973, the United Kingdom Government, after reassessing the economic position of the Cayman Islands, had decided that it would cease to be eligible for capital grants-in-aid after 31 March 1974. Current projects, however, would continue to benefit from existing arrangements. As at 1 April, the United Kingdom would start providing aid in the form of interest-free loans for an initial three-year period. The loans would be repayable over 25 years starting after a grace period of seven years.

36. Until 1969, the projects undertaken by UNDP in the Caribbean area (including the Cayman Islands) had been financed on a contingency basis. From 1969 through 1971, country target figures had been allocated and, for 1972-1976, an undistributed indicative planning figure had been assigned. The country programme for the area,

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i/ Ibid., para. 37.

based on the indicative planning figure, as approved by the Governing Council of UNDP in early 1974 for the period 1974-1978, was adjusted accordingly. Total funds available to the Territory for 1967-1973 amounted to \$US 454,678; assistance envisaged for 1974-1978 totalled \$US 337,300.

#### 4. SOCIAL CONDITIONS

##### A. Labour

37. A condition of full employment exists in the Territory. There is a shortage of both skilled and unskilled labour, owing, on the one hand, to the small size and population of the Territory and, on the other, to intensive demand for labour resulting from the rapid economic growth. Wage rates, particularly in the construction industry, are extremely high.

38. All immigrant labour is controlled by the Caymanian Protection Law of 1971. There are two trade unions in the Territory: the Global Seamen's Union, registered in 1959, and the Cayman Islands Taxicab Association, registered in 1965.

##### B. Public health

39. Medical services are under the control of the Chief Medical Officer, a surgeon, who is in charge of the government hospital on Grand Cayman. He is assisted by a staff of four doctors, a dental officer, health inspectors, nurses and other related medical officers, as well as a hospital administrator appointed in 1973 to work on the general improvement of medical services.

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

41. New developments mentioned by the Governor in his speech to the Legislative Assembly on 12 March 1974 included the construction of a modern emergency room and nurses quarters at Grand Cayman Hospital, as well as a pharmacy, a store building and a 200,000-gallon cistern. The Governor also stated that a firm had been engaged to plan the renovation of the in-patient wing of the hospital and that a sanitary engineer would be recruited during 1974 to further the Government's policy of making quality care readily accessible to all residents of the islands.

42. According to the budgetary proposals for 1975, total expenditure for public health would amount to \$CI 1,316,795, of which \$CI 877,504 would be allocated to the Personal Health Services Department and \$CI 439,291 to mosquito research and control.

### C. Social services

43. Two important steps were taken in 1974 in the field of social services. The first was the acceptance by the Government of a report prepared by Mr. Andrew Lochhead, of the University of Swansea, Wales, which recommended the establishment of a National Council of Social Services to co-ordinate assistance given by the Government, the churches, voluntary organizations and private enterprises and persons. The Council was reportedly inaugurated in January 1975, with 33 organizations and churches joining as corporate members. The second step was the preparation of a study under the auspices of UNDP to advise the Government on the feasibility of introducing provident fund and medical insurance schemes in the Territory.

### 5. EDUCATIONAL CONDITIONS

44. The educational system of the Territory is under the control of the Educational Council, which is responsible for formulating educational policies and for regulating the management of government schools. Education is free and compulsory for all children between the ages of 5 and 15 years.

45. There are nine government primary schools and a comprehensive secondary school, including a junior high school on Cayman Brac. There are also five private schools, two of which have secondary departments. In 1973, pupils in government schools totalled 2,301, of whom 1,185 were at the secondary level. During the same year, 971 students were registered in private schools (816 in primary classes).

46. The Territory is unable to supply all the teachers required. Consequently, a large proportion of the staff is recruited from the Caribbean area, the United Kingdom, the United States and Canada. The majority of local teachers have received training in Jamaica.

47. Most Caymanians go abroad to pursue higher studies, some on government-paid or government-sponsored scholarships. In 1974, a \$CI 50,000 loan was negotiated with the Caribbean Development Bank for the purpose of providing loans to students for higher education. The Cayman Islands Government contributes to the University of the West Indies. The International College of the Cayman Islands, a private institution, operating in the Territory under a licence, offers a United States liberal arts programme culminating in the award of a college diploma. In January 1975, it was reported that the International College had entered into an association with the Fort Valley State College of Georgia (United States) by which the faculty of the Fort Valley College would advise the International College on the development of a primary and a secondary teacher-training curriculum. Faculty members would also help the International College to maintain university standards and examine candidates at the bachelor's level who had completed studies at the International College. Co-operation between the two colleges would include faculty and student exchanges.

48. In his speech to the Legislative Assembly, the Governor said that new developments in the field of education included: (a) the expansion of class-room

facilities at the East End Primary School and at the Cayman Brac School; and (b) the acquisition of land by the Cayman Islands Comprehensive High School to be used for the erection of additional class-rooms and workshops. The Governor said that it was the Government's intention to develop the Cayman Islands High School into a community college which would provide higher and adult education with a career bias.

49. In introducing the budget estimates for 1975, the Financial Secretary stated that the recurrent cost of education would amount to approximately 14 per cent of the recurrent budget. Total estimated expenditure on education would amount to \$CI 1.3 million.

C. TURKS AND CAICOS ISLANDS\*

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1. GENERAL a/

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

2. At the last census, held in 1970, the population of the Territory numbered 5,675, of whom the majority were of African descent, the remainder being of mixed or European origin. Approximately 2,300 people live in Cockburn Town, on Grand Turk, where the seat of government is located. In addition, some 6,000 to 8,000 Turks and Caicos Islanders are estimated to be living abroad, including about 4,000 in the Bahamas. Emigration and a relatively high child mortality rate have offset the rapid rate of natural increase during the last decade, leaving the number of inhabitants of the Territory practically unchanged.

2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

a. Constitution

3. Present constitutional arrangements for the Territory are set out in the Turks and Caicos Islands (Constitution) Order, 1969, as modified by the Constitution Amendment Order, 1973. Briefly, the governmental structure consists of: (a) a Governor appointed by the Queen; (b) a State Council with both executive and legislative powers, composed of nine elected members, three official members (the Chief Secretary, the Financial Secretary and one other official member with legal qualifications), and two or three nominated members; and (c) a Supreme Court and Court of Appeal of the Territory.

b. Constitutional reform

4. It will be recalled c/ that, in May 1973, in response to a request from the State Council, Lord Oxford, the Earl of Oxford and Asquith, was appointed

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a/ The information contained in this section has been derived from published reports and from information transmitted to the Secretary-General by the Government of the United Kingdom of Great Britain and Northern Ireland under Article 73 e of the Charter of the United Nations on 23 May 1974, for the year ending 31 December 1973.

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

c/ Ibid., Twenty-ninth Session, Supplement No. 23 (A/9623/Rev.1), vol. VI chap. XXV, annex, sect. D, paras. 6-10.

Constitutional Commissioner "to examine the various paths of constitutional evolution open to the Territory, taking account of the wishes of the people and the realities of the local situation". Lord Oxford visited the Territory between 27 October and 11 December 1973. During his six-week stay, the Constitutional Commissioner held consultations with the Governor, senior officials and elected members of the State Council and attended a series of public meetings throughout the Territory. He also met with members of the Chamber of Commerce and several organizations, including youth groups. All meetings were well attended and Lord Oxford addressed altogether some 1,500 people, which is considerably more than half the voting population.

5. Lord Oxford stated in his report d/ that the abandonment of the dual system of Executive Council and Legislative Assembly and its replacement by the single body known as State Council were the most fundamental changes introduced by the Turks and Caicos (Constitution) Order, 1969. In number and composition, as well as in law-making powers, the State Council was similar to the former Legislative Assembly, but it also advised the Governor in matters of policy, as had been the case with the smaller Executive Council. The Governor may establish one or more committees of the Council to deal with the conduct of government business.

6. Lord Oxford stated that the introduction of this system represented an attempt to break away from the more usual model, which many people (including himself) had thought unsuitable for the smaller Territories. The municipal pattern of a single council with committees appeared to offer advantages, particularly in Territories where the tradition of political parties had not yet developed. In the case of the Turks and Caicos Islands, where the population was scattered among several islands, it seemed desirable that each island should be represented not only in the legislative body, but also in the body to be consulted about executive policies.

7. Lord Oxford concluded, however, that the State Council had proved itself an unwieldy instrument for making executive decisions, drawn as it was from six different islands. The committee system had been found impracticable to operate. As a consequence, no powers had been devolved upon committees or individual members of the Council and all matters had been debated by the full Council from the outset. Disenchantment with the State Council system had led eventually to a widespread conviction that its operation should be reviewed and advice sought on possible further constitutional changes. This in turn had resulted in the formal request by the State Council in response to which the Constitutional Commissioner had been appointed.

#### Executive Council

8. Lord Oxford's recommendation consisted essentially in a return to the two-body system which had existed in the Territory prior to the 1969 constitutional reform. According to his proposal, the Executive Council would be composed of

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d/ Turks and Caicos Islands, Proposals for Constitutional Advance, Report by the Constitutional Commissioner the Rt. Hon. the Earl of Oxford and Asquith, PCMG (London, Her Majesty's Stationery Office, October 1974).

three official and four elected members, with departmental responsibilities or "portfolios" assigned to each of the latter. The official members (normally the Chief Secretary, the Financial Secretary and the Legal Adviser) would be appointed by the Governor. The elected members would be appointed by the Governor on the advice of the elected members of the Legislative Assembly.

9. Under present constitutional arrangements, the Governor, with the advice and consent of the State Council, may make laws for the peace, order and good government of the Territory. He is required to consult with the Council in the formulation of policies and the exercise of functions conferred upon him by the Constitution or the laws of the Territory. He may, however, with the prior approval of the Secretary of State, "act against the advice given to him by the Council if, in his judgement, it is expedient to do so in the interests of public faith or the welfare of the Islands". Matters on which the Governor is not required to consult with the State Council include those relating to defence, external affairs, internal security, the police and specified public service matters. The Governor may also forego consultation with the Council in matters of a routine nature or when the urgency of the case demands his immediate action.

10. Lord Oxford stated that he considered the powers of the Governor to be usual in this type of constitution. He noted, however, that there existed among the people of the Territory a strong conviction that certain powers should be curtailed, particularly the power to act contrary to the advice of the Council. It was also believed that certain matters, especially those relating to the public service, should not be excluded from consultation. Lord Oxford noted that a recently established Public Service Advisory Board, composed wholly of Turks and Caicos Islanders, was expected to contribute greatly to the solution of any problems arising in this connexion. He recommended that, with one important proviso, present constitutional arrangements regarding consultation should remain substantially unaltered. This proviso would state that the Governor shall keep the Executive Council informed of any matters that may involve the economic or financial interests of the Territory or the enactment of laws.

11. With regard to the power of the Governor to act contrary to the advice of the Council, Lord Oxford considered that it was not desirable to alter existing constitutional arrangements. In order to make clearer that this power should be used only in exceptional circumstances, he recommended the adoption of the following text, taken from the Constitution of the Cayman Islands:

"The Governor shall act in accordance with the advice given him by the Council unless he considers it inexpedient in the interests of public order, public faith or good government to do so."

#### Legislative Assembly

12. In his meetings with the people of the Territory, Lord Oxford found that there was a general opinion that the number of unofficial members of the Assembly should be further increased. After careful consideration of several suggestions put forward to him, the Constitutional Commissioner decided to recommend an increase in the number of nominated members. They would not, however, be designated according

to the present constitutional arrangements, under which the selection of a nominated member depends solely on the Governor. Instead, the nominated, or "appointed", members would be chosen from among persons qualified to be elected members by agreement between the Governor and a majority of the elected members of the Assembly. In the light of the foregoing, Lord Oxford recommended that the Legislative Assembly should consist of: (a) the Speaker, elected by all the members of the Assembly; (b) 3 official members (the same as in the Executive Council); (c) 10 elected members; and (d) 4 appointed members.

13. One of the most controversial issues in the present Constitution is that of the power of the Governor to declare, with the prior approval of the Secretary of State, that a bill or motion which the legislature has failed to pass should have effect as if it had been passed. While noting that there was strong opposition to this provision among the elected members of the State Council, Lord Oxford considered, at this stage of the constitutional development of the Territory, that this power should be retained, although in a somewhat modified form. He pointed out that the Constitution of the British Virgin Islands provides that the question of making a declaration under this provision shall first be submitted in writing by the Governor to the Executive Council. If the Council advises that such a declaration should be made, the Governor shall make it forthwith and then report the circumstances to the Secretary of State. If the Council does not so advise, the Governor shall submit the question to the Secretary of State. Lord Oxford recommended the adoption of the above formulation, if the elected members of the State Council so preferred, or otherwise the retention of the present provision.

14. The present Constitution provides that not less than four years and nine months and not more than five years should elapse between the last reconstitution of the State Council and the next general election. The Governor may, on his discretion, appoint "an earlier day for a general election". Noting that this seemed to be a highly controversial issue, Lord Oxford made the following recommendations, along the general lines of the Constitution of the Cayman Islands: (a) the term of office of the Legislative Assembly shall be four years; (b) the Governor shall be empowered, at any time, to prorogue or dissolve the Assembly by proclamation; (c) this power shall be exercised after consultation with the Executive Council; and (d) a general election shall take place within two months of every dissolution.

#### Electoral system

15. Under the present Constitution, a person is qualified for elected membership if he "belongs" to the Territory, is at least 21 years of age and is either domiciled in the Territory or has resided there for 12 months before nomination day. A person is a "belonger" if he is a British subject and, inter alia, was either born in the Territory or born of a father and mother both born in the Territory. A British subject aged 21 years or more may become a "belonger" after seven years' residence. It should be noted that a foreigner can become a "belonger" if he has been granted a certificate of naturalization under the British Nationality Act, 1948, which can be obtained after only five years' residence. The changes recommended by Lord Oxford are: (a) the replacement of "domicile" by a requirement

to have been resident in the islands for 12 out of the last 24 months; (b) the reduction of the period of residence required before British subjects can become "belongers" from seven to five years; (c) the substitution of "father or mother" for "father and mother" in determining "belonger" status by birth; and (d) a minimum voting age of 19 years.

16. The last recommendation is a response to the demand by the youth of the Territory for a reduction of the minimum voting age from 21 to 18 years.

17. In October 1974, Mr. William Herbert, Barrister to the Supreme Court of the Associated States, visited the Territory at the invitation of the elected members of the State Council. He was requested to make a critical analysis of Lord Oxford's proposals for constitutional advance and to endeavour to ascertain whether their implementation would result in a constitutional framework along the lines requested by the people of the Turks and Caicos Islands.

18. In Mr. Herbert's opinion, the object of the constitutional reform should be the creation of a constitution which would fit the patterns of the changing times and would not become outdated in the near future, and which would make possible the responsible participation of the people of the Turks and Caicos Islands in the effective machinery of government. He also suggested that the new constitution should include a section dealing with the fundamental rights of the people. Other major recommendations included the introduction of a ministerial system, bearing in mind the financial resources of the Territory; a clear delimitation of the powers of the Governor; and the setting of a maximum term of four years for the Legislative Assembly. With regard to the electoral system, Mr. Herbert favoured the reduction of the voting age to 18 years and the avoidance of the concept of "belonging" when considering qualifications for elected membership.

19. On 7 November, the State Council unanimously adopted a resolution, the preamble of which stated that the people of the Territory demanded a greater say in, and responsibility for, their own affairs; that to achieve these objectives a ministerial system was essential; and that the formation of committees under the present Constitution was necessary to provide experience in the work of the projected ministries. Accordingly, the State Council called for a constitutional conference to be held in the Territory not later than March 1975, and requested the Governor to establish four committees to deal with the following subjects: administration and education; social and welfare; public works and development; and revenue and resources.

#### c. Military bases

20. The Government of the United States of America maintains a Coast Guard Station on South Caicos. It also maintains a naval facility, an air force base and a telemetry station on Grand Turk covering an area of 575 acres, which has been leased from the territorial Government. The air force base has been open to civil aircraft since 1971. The agreement between the Governments of the United Kingdom and the United States, which will expire in 1977 unless renewed by common consent,

has been under review by representatives of both parties since 1967. e/ One of the questions under review has been the provision of additional services by the bases in lieu of rent, which would include the use of facilities at South Pier and extended use of the airport on Grand Turk. The access to duty-free establishments on the bases by off-base personnel, which certain businessmen claim has been detrimental to their business, was reportedly also under discussion. Although the bases are a source of employment and expenditure by personnel attached to them is of some economic importance to the Territory, the bases themselves are almost entirely self-sustaining and, as a result, contribute little to the gross national product.

### 3. ECONOMIC CONDITIONS

#### a. General

21. The development of agriculture is seriously hindered by such adverse factors as the poverty of the soil, which is affected by saline conditions, irregular rainfall and the risk of hurricane damage. Consequently, the Territory relies on imports to meet most of its requirements for agricultural products. On Grand Turk and South Caicos, agriculture is practically non-existent. On North and Middle Caicos, a limited amount of subsistence farming is carried out, the principal crops being corn and beans. In August 1974, it was reported that the British Development Division in the Caribbean had approved a grant of £23,830 to meet the capital costs of drilling for fresh water near Kew, on North Caicos, with the aim of providing the necessary irrigation to expand market gardening in the area. Livestock, mainly cattle, pigs and poultry, is reared in most settlements to supplement food supplies.

22. The most important economic activity in the Territory is fishing, although the industry has never been organized on a large-scale commercial basis. Three commercial processing and export licences have been granted by the Government to Butterfield Fisheries, Ltd., Atlantic Gold and Routh Fisheries, which operate plants on South Caicos and Providenciales. A fourth export licence was granted to the Fishermen's Co-operative, which was established in 1972 on Middle Caicos as part of a government scheme to encourage the development of the co-operative movement in the Territory. Exports of crayfish are the main source of foreign exchange earnings. Exports of dried conch to Haiti and the Bahamas have dwindled over recent years. In the period 1973/74, 428,000 lobsters were caught (673,500 in 1972/73). In his address to the budget session of the State Council on 30 May 1974, Governor A. G. Mitchell stated that the decline in the lobster catch, coupled with the high cost of fuel used by fishermen, appeared to indicate the need for a complete "re-thinking" of the industry.

23. A small Fisheries Department based on South Caicos is assisted by a fisheries adviser provided under the British Technical Assistance Scheme. The Department,

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e/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 23 (A/9023/Rev.1), vol. V, chap. XXIV, annex, sect. D, para. 25.

which is responsible for the application of the policy established by the State Council in respect of the fishing industry, supervises fishermen and the fish-processing plants, enforces regulations and undertakes research in connexion with crayfish. In July 1974, it was reported that the British Development Division in the Caribbean had acceded to a request from the territorial Government for a grant of £15,972 for the purchase of a research vessel, which will be used to investigate conservation measures to protect crayfish stock against depletion through over-fishing, and to discourage and apprehend poachers in local waters.

24. Owing to its poor natural resources and the lack of industry, the Territory relies on imported goods to meet most of its needs. Food, beverages and other consumer goods are the principal imports, with raw materials accounting for an increasing portion of total imports. In 1973, imports (excluding government imports) totalled \$US 3.6 million. f/ Exports in the same year totalled \$US 505,000, consisting mainly of crayfish exports (\$US 453,000). Other exports were dried and frozen conch and fish meat. There were no exports of salt in 1973.

25. The deficit in the balance of trade, which amounted to \$US 3.1 million in 1973, is normally offset by aid from the United Kingdom, land purchased by foreigners, local expenditure by United States military bases personnel and remittances from emigrants. According to estimates published in the Conch News, a local newspaper, expenditure by United States personnel was expected to amount to \$US 500,000 in 1974 and emigrants' remittances to \$US 800,000.

26. In 1973, total government expenditure amounted to \$US 4.1 million. The United Kingdom provided a grant-in-aid of \$US 1.2 million and capital aid of \$US 1.5 million. Actual local revenue for that year was \$US 1.4 million.

27. For 1974, total estimated government expenditure amounting to \$US 4.2 million was approved in the budget session of the State Council in May of that year. Of this sum, \$US 3.1 million was for recurrent expenditure and \$US 1.1 million for capital expenditure. The main item of expenditure was education. The United Kingdom grant-in-aid was estimated at \$US 1.6 million and capital aid at \$US 1.1 million. Local revenue was \$US 1.5 million, of which almost half (\$US 753,000) was derived from custom duties.

28. Until 1969, the projects undertaken by UNDP in the Caribbean area (including the Turks and Caicos Islands) had been financed on a contingency basis. From 1969 to 1971, country target figures were allocated and, for 1972-1976, an undistributed indicative planning figure had been assigned. The country programme for the area, based on the indicative planning figure, as approved by the Governing Council of UNDP in early 1974 for the period 1974-1978, was adjusted accordingly. Total funds available to the Territory for 1967-1973 amounted to \$US 115,800, while assistance envisaged for 1974-1978 totalled \$US 328,300.

29. During the period under review, local and foreign investors and developers continued to make extensive use of the benefits of the Encouragement of Development

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f/ On 1 August 1973, the legal currency of the Territory was changed from the Jamaican dollar to the United States dollar.

Ordinance. The establishment of a Development Board to handle soft loans funds from the Caribbean Development Bank was approved by the State Council in its executive meetings, and a bill to that effect was submitted to the legislative session of the Council which began in May 1974. The State Council sought to ensure that the board would be locally controlled and that it would not enter into new activities or transactions without the consent of the Council.

30. It will be recalled g/ that the Outline Development Plan for the Territory, prepared by the consultant firm of Shankland Cox and Associates and accepted by the State Council, had concluded that the best opportunity for economic progress lay in the development of tourism phased over a period of 15 years in order to provide a base for private investment and generate income and employment. This plan serves as a guide for the expenditure of development funds and British Development Aid.

b. Real estate development and tourism

31. In 1971, land adjudication of all the islands was completed, and it became possible to ascertain the ownership of all land in the Territory. The majority of the land is Crown land, the remainder for the most part being freehold. The policy in respect of Crown land is not to part with freehold title until the land has been developed according to the terms and conditions agreed. Crown land needed for agricultural purposes is only available on lease, subject to the land being suitable. There are no restrictions on the ownership of land, and the purchase of private land is not controlled.

32. In 1973, efforts were made towards improving the over-all accuracy of the land registry block plans through the use of electronic equipment. In May 1974, 66 re-surveyed block plans were completed in the first stage of a continuing process. The full reproduction of the land registry files in micro-film was begun in 1973 and was expected to be completed in 1974.

33. In 1973, 5,861 tourists visited the Territory, an increase of 19.5 per cent over the previous year, which was not far short of the total of 6,000 anticipated by the Tourist Board. In November 1974, the number of hotel beds available reached 287 (130 in 1972). These figures include the first-class, 10-room Prospect of Whitby Hotel built by Seven Keys, Ltd. on North Caicos, which is the first on that island. Seven Keys' over-all plan provides for the full development of the area, encompassing 1,500 acres, including the construction of private houses, shopping centres, churches, recreational and water-sport facilities and medical centres. Eleven miles of roads have been completed and plans are under way to build a marina. On Grand Turk, 56 units with a total of 112 beds were expected to be completed in time for the 1975 tourist season.

34. It was reported on 10 January 1974 that an agreement had been reached between the Government of the Territory and Mr. Jack Gold for the construction of a

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g/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 23 (A/9023/Rev.1), vol. V, chap. XXIV, annex, sect. D, para. 32.

50-bedroom hotel complex on Salt Cay, at an estimated cost of \$US 2.5 million. h/ According to the agreement, Mr. Gold would submit plans within six months and begin the project in 1975. About \$US 300,000 would be spent on infrastructure by Mr. Gold's newly registered company (Sunshine Development Company, Turks, Ltd.). The company would provide or improve electricity and water utilities, roads, marina and docking facilities, as well as landscaping and beautification projects on Salt Cay. Local residents would be employed in all phases of development.

35. In his address to the State Council on 30 May 1974, the Governor stated that this project would have far-reaching effects throughout the Territory by providing substantially broader employment opportunities and possibly replacing the ailing salt industry on the island with a more attractive economic activity.

c. Industry

36. Except for the fish-processing plants referred to earlier (see para. 22 above) and a limited amount of handicrafts for the tourist trade, there is practically no industry in the Territory. Salt production, once an important source of export earnings, is now being heavily subsidized by the Government as a non-viable industry in order to provide employment on Salt Cay. There were no exports of salt in 1973, compared with 2,235 tons valued at \$US 8,588 in 1972. Subsidies provided by the Government amounted to \$US 46,081 in 1973.

37. In 1972, talks were held between representatives of the State Council, the United Kingdom and the territorial Government and representatives of Esso Inter-America regarding the establishment of an oil refinery on the uninhabited island of West Caicos. i/ Esso proposed to build the refinery on West Caicos and housing and related services on Providenciales. The Government indicated that the development should be fully integrated into the island's community, to which Esso reportedly agreed.

38. In May 1973, at the formal opening of the budget session of the State Council, the Governor of the Territory stated that the studies undertaken by Esso had proved to be more complex and difficult than had been envisaged at the time and that the future fuel and power policy of the United States Government was one of the many factors on which the ultimate decision would be based. However, the basis of an agreement for the establishment of the refinery had been set down and the State Council had agreed to Esso's request for an extended option.

39. In June 1973, it was reported that Esso had paid \$US 100,000 to the Government of the Territory to offset costs in planning the refinery and a further sum of \$US 200,000 for an option on land on West Caicos, valid until 30 June 1976. The funds have reportedly been invested in the Joint Consolidated Fund in the United Kingdom and are earning interest at the rate of approximately 9.5 per cent.

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h/ Ibid., Twenty-ninth Session, Supplement No. 23 (A/9623/Rev.1), vol. II, chap. IV, annex, appendix VII, paras. 6-7.

i/ Ibid., paras. 8-12.

40. In his address of 30 May 1974 to the State Council, the Governor of the Territory stated that the production and supply of oil products throughout the world had become a matter of international politics. He added that at present it was difficult to foresee circumstances in which an oil refinery was likely to be constructed on West Caicos, even though the island was an ideal location for bunkering and trans-shipment facilities.

d. Communications and other basic facilities

41. Work is under way to expand facilities in most of the nine airstrips in the Territory, including the construction of an airport terminal building at Bottle Creek, North Caicos, scheduled to begin in December 1974, and the reconstruction of the air terminal at South Caicos International Airport, which was destroyed by a fire in October 1974. Under an agreement entered into with the Government, Mackey International Airline's, Inc., operates a scheduled passenger route between Florida and the Territory, and Turks and Caicos Airways, a local subsidiary of Out Island Airways (OIA), provides scheduled and non-scheduled passenger and freight services within the Territory. In November 1974, Mackey introduced a new service of four weekly flights between Florida and various points in the Territory. In addition, Turks and Caicos Airways also maintains three weekly flights to Port-au-Prince. In May 1974, Bahamasair reportedly set out a tentative schedule for two flights a week between the Territory and the Bahamas, starting in June.

42. The Territory has three commercial ports: Grand Turk (the largest), Cockburn Harbour and Providenciales. The Caribbean Shipping Company and the Windward Shipping Company call at ports in the Territory every month. Ships of the Royal Netherlands Steamship Company and the Pacific Steam Navigation Company also call at Grand Turk at various intervals on voyages between Europe and the United States.

43. The main roads on Grand Turk are macadamized or are being prepared for this type of surface. Some of the roads on Salt Cay and at Cockburn Harbour are surfaced with scale from the salt ponds. Extension and improvement of the basic road network, including causeways between islands, is a major item of future road policy.

44. Cable and Wireless (West Indies) Ltd., operating under licence from the Government, provides international telegraph and telex service. Grand Turk and South Caicos have dial telephone systems. Similar systems are planned for Salt Cay and the other Caicos Islands.

4. SOCIAL CONDITIONS

45. During the period under review, there was no significant change in the social conditions in the Territory. The Government is aware of the necessity to generate new and attractive opportunities of employment in the Territory, not only to solve

unemployment problems affecting its present inhabitants, but also to induce those who have emigrated to return. To this end, the Government has combined traditional measures, such as the public works programme and the subsidization of the salt industry in Salt Cay, with the active encouragement of the growing tourist industry, which is expected to become the principal source of employment in the Territory in the near future (see paras. 33-34 above). Another area which has seen further improvement is that of public health. Plans are under way to build new clinics and to introduce measures which would emphasize preventive medicine and would expedite the eradication of malnutrition. A small training school for nurses will be established at the Grand Turk Hospital with assistance from UNDP. A total of \$US 219,248 was allocated to the Medical Department in the 1974 budget (\$US 177,803 in 1973).

## 5. EDUCATIONAL CONDITIONS

46. The major features of the educational system were described in the last report of the Special Committee. j/ In his speech of 30 May 1974 to the State Council, the Governor reported on new developments in this field, which included the completion of new schools in most areas of the Territory, as well as efforts to improve the over-all quality of education. He stated that, at the beginning of the academic year, a total of 35 student-teachers were receiving training abroad and that 5 had returned after completing their training. According to a report published in November 1974, 50 students were following higher training courses overseas, mostly in the Caribbean area. In 1974, education continued to be the largest single item of public expenditure, with an allocation estimated at \$US 480,028 (\$US 405,952 in 1973).

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j/ Ibid., vol. IV, chap. XXV, annex, sect. D, para. 58.

CHAPTER XXVIII

(A/10023/Add.8 (Part II))

MONTSERRAT

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A. CONSIDERATION BY THE SPECIAL COMMITTEE

1. At its 993rd meeting, on 18 February 1975, by approving the seventy-fourth report of the Working Group (A/AC.109/L.993), the Special Committee decided, inter alia, to refer the question of Montserrat to Sub-Committee II for consideration and report.
2. The Special Committee considered the Territory at its 996th, 997th, 1016th and 1018th meetings between 27 March and 19 August.
3. In its consideration of the Territory, the Special Committee took into account the provisions of the relevant General Assembly resolutions, including in particular resolution 3328 (XXIX) of 16 December 1974 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 11 of this resolution the Assembly requested the Special Committee "to continue to seek suitable means for the immediate and full implementation of resolutions 1514 (XV) and 2621 (XXV) in all Territories which have not yet attained independence and, in particular, to formulate specific proposals for the elimination of the remaining manifestations of colonialism and to report thereon to the General Assembly at its thirtieth session". The Special Committee also took into account General Assembly resolution 3289 (XXIX) of 13 December 1974 concerning six Territories, including Montserrat, by paragraph 10 of which the Assembly requested the Committee "to continue to give full consideration to this question, including in particular the dispatch of visiting missions to those Territories ...".
4. At the 996th meeting, on 27 March, the Chairman informed the Special Committee that, further to his consultations with the Permanent Representative of the United Kingdom of Great Britain and Northern Ireland to the United Nations concerning the question of sending visiting missions to Territories, referred to in the related report (A/10023 (Part II), annex I), the Government of the United Kingdom had invited the Committee to send a three-member visiting mission to Montserrat during the first week of May. At the same meeting, the Special Committee decided to request the Chairman to hold the necessary consultations with a view to the early dispatch of a United Nations visiting mission to Montserrat.

5. At its 997th meeting, on 11 April, the Special Committee, on the proposal of its Chairman, decided that the Visiting Mission should be composed of India, Trinidad and Tobago and Tunisia.

6. At its 1016th meeting, on 18 August, in the light of related consultations undertaken by the Chairman, the Special Committee took up the question of Montserrat directly in plenary meeting, on the basis of a decision taken by Sub-Committee II at its 244th meeting, on 24 July (A/AC.109/SC.3/SR.244).

7. At the same meeting, the representative of India, in his capacity as Chairman of the Visiting Mission, introduced the report of the Mission (see annex to the present chapter), as well as a draft resolution on the item (A/AC.109/L.1057), submitted by Afghanistan, Australia, Denmark, India, Indonesia, Iran, Iraq, the Ivory Coast, Trinidad and Tobago, Tunisia, the United Republic of Tanzania and Yugoslavia. The representative of the United Kingdom, as the administering Power concerned, made a statement (A/AC.109/PV.1016).

8. At its 1018th meeting, on 19 August, the Special Committee adopted the draft resolution (A/AC.109/L.1057) without objection (see para. 10 below). Statements were made by the representative of China and by the Chairman (A/AC.109/PV.1018).

9. On 26 August, the text of the resolution (A/AC.109/502) was transmitted to the Permanent Representative of the United Kingdom to the United Nations for the attention of his Government.

#### B. DECISIONS OF THE SPECIAL COMMITTEE

10. The text of the resolution (A/AC.109/502) adopted by the Special Committee at its 1018th meeting, on 19 August, to which reference is made in paragraph 8 above, is reproduced below:

The Special Committee,

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

Having examined the report of the United Nations Visiting Mission dispatched to the Territory in May 1975, 1/ at the invitation of the administering Power, the United Kingdom of Great Britain and Northern Ireland, and having heard the statement of the Chairman of the Visiting Mission, 2/

Having heard the statement of the administering Power, 3/

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1/ See annex to the present chapter.

2/ A/AC.109/PV.1016.

3/ Ibid.

Noting with appreciation the continuing participation of the administering Power in the relevant work of the Special Committee and its readiness to permit United Nations visiting missions access to the Territories under its administration,

1. Approves the report of the United Nations Visiting Mission to Montserrat, 1975, and the conclusions and recommendations contained therein; <sup>4/</sup>
2. Expresses its appreciation to the members of the Visiting Mission for the constructive work accomplished and to the administering Power and the Government of Montserrat for the close co-operation and assistance extended to the Mission;
3. Requests the administering Power to continue to take all necessary measures to expedite the process of decolonization in the Territory in accordance with the relevant provisions of the Charter of the United Nations and the Declaration on the Granting of Independence to Colonial Countries and Peoples;
4. Endorses the view of the Visiting Mission that measures to promote the economic development of Montserrat, within a framework of regional co-operation, are an important element in the process of self-determination, and expresses the hope that the administering Power will continue to intensify and expand its programme of budgetary and development aid;
5. Requests the administering Power, in the light of the Visiting Mission's conclusions and recommendations, to continue to enlist the assistance of the specialized agencies and the organizations within the United Nations system in the development and strengthening of the economy of the Territory;
6. Decides, subject to any directives which the General Assembly might give in this regard at its thirtieth session, to continue the full examination of this question at its next session in the light of the findings of the Visiting Mission, including the possible dispatch of a further visiting mission at an appropriate time in consultation with the administering Power.

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<sup>4/</sup> See annex to the present chapter, paras. 101-124.

## ANNEX\*

REPORT OF THE UNITED NATIONS VISITING MISSION  
TO MONTSERRAT 1975

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\* Previously issued under the symbol A/AC.109/L.1046.

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## INTRODUCTION

### 1. Terms of reference

1. In accordance with paragraph 15 of General Assembly resolution 3328 (XXIX) of 16 December 1974, the Government of the United Kingdom of Great Britain and Northern Ireland invited the Special Committee to send a three-member visiting mission to Montserrat during the first week of May 1975 in order to secure first-hand information regarding the Territory and to ascertain the wishes and aspirations of its inhabitants concerning their future status, thus enhancing the capacity of the United Nations to assist in the attainment by these inhabitants of the goals set forth in the Declaration on the Granting of Independence to Colonial Countries and Peoples and the Charter of the United Nations.

### 2. Composition of the Mission

2. The Mission was composed as follows:

Mr. Rikhi Jaipal	India (Chairman)
Mr. Vincent D. Lasse	Trinidad and Tobago
Mr. Mohamed Bachrouch	Tunisia

3. The following staff members accompanied the Mission: Mr. A. Z. Nsilo Swai, Principal Secretary and Mrs. Helena M. Lim, Secretary.

### 3. Itinerary and programme of the Mission

4. Before going to the Territory, the Mission visited London on 1 May 1975, where it met at the Foreign and Commonwealth Office with the following officials: Mr. E. N. Larmour, Assistant Under-Secretary, Foreign and Commonwealth Office; Mr. P. C. Duff, West Indian and Atlantic Department; Mr. J. R. Todd, United Nations Department; Mr. T. C. Holmes, United Nations Department; and Miss Judy Lewis, Economist.

5. The Mission arrived in Montserrat on 5 May. At 9 a.m. on the following day, 6 May, the Mission met with Mr. N. D. Matthews, the Governor. This was followed at 10.15 a.m. by a discussion with the following members of the Executive Council, in the Governor's office: Mr. P. Austin Bramble, Chief Minister; Mrs. Mary R. Tuitt, Minister of Education, Health and Welfare; Mr. Eustace A. Dyer, Minister of Communications and Works; Mr. William H. Ryan, Minister of Agriculture, Trade, Lands and Housing; Mr. Basil F. Dias, Attorney-General; and Mr. Alan Collings, Financial Secretary.

6. At 12.05 p.m. on the same day, the Mission visited the Plymouth Secondary School and the Technical College, where it had a discussion with Mr. W. Hoppie,

Principal of the Secondary School, and Mr. J. E. Weekes, Principal of the Technical College.

7. Thereafter, the Mission visited the Administration Building, where it met with the following officials: Mr. K. Cassell, Permanent Secretary, Chief Minister's Office; Mr. J. D. Lewis, Deputy Financial Secretary; and Mr. N. Meade, Officer and Senior Agricultural President of the Civil Service Association.
8. Later, on the same day, the Mission visited the Handicrafts Centre, where it met with Mr. T. Buffonge, the Handicraft Development Officer, and also visited the construction site of the deep-water harbour.
9. The Mission's programme on 7 May began at 9 a.m. with discussions with the Land Development Authority on housing and land matters, in which the following officials participated: Mr. J. Bass, Permanent Secretary, Ministry of Agriculture, Trade, Lands and Housing; Mr. R. A. Frederick, Director of Agriculture; Mr. F. L. Margetson, Assistant Manager, Land Development Authority; Mr. M. J. Wilson, Land Settlement Adviser; Mr. W. P. Ryan, Plant Protection Officer; Mr. H. McD. Meade, Senior Agricultural Officer; and Mr. G. Waller, Development Finance and Marketing Corporation.
10. At 10.30 a.m., the Mission inspected the hospital and held discussions with Dr. C. D. Wooding, Chief Medical Officer; Mr. P. Kothari, Surgeon Specialist; and Miss F. Daley, Matron.
11. At 2.30 p.m., the Mission visited the Grove for discussions on land and agriculture development plans with the Permanent Secretary of the Ministry of Agriculture, Tourism and Housing.
12. At 3.30 p.m., the Mission met with officials of the Development, Finance and Marketing Corporation (DFMC), which was followed by visits to the cotton ginnery and the Otway Land Settlement.
13. On the evening of the same day, the Mission attended a meeting with the general public held at the University Centre in Plymouth.
14. On 8 May, after a morning devoted to final discussions with the Chief Minister, which completed its visit to the Territory, the Mission departed at 1.30 p.m.
15. The Mission subsequently made a further visit to London where, on 10 June, it attended a meeting at the Foreign and Commonwealth Office for final discussions with officials of the administering Power.

#### 4. Acknowledgements

16. The Mission wishes to place on record its deep appreciation to the United Kingdom Government for the close co-operation, assistance and courtesy it received during its consultations in London.

17. The members of the Mission also wish to express their profound gratitude to the Government and the people of Montserrat for the co-operation and the warm hospitality extended to the Mission.

18. The Mission wishes in particular to convey its appreciation to Mr. Matthews, the Governor of Montserrat, Mr. Bramble, the Chief Minister, and the other members of the Executive Council of Montserrat for facilitating the work of the Mission.

19. The Mission also wishes to thank Mr. Thomas L. Richardson, First Secretary of the Permanent Mission of the United Kingdom to the United Nations, who accompanied the Mission during its visit to Montserrat. His assistance was most useful to the Mission.

#### A. INFORMATION ON THE TERRITORY

##### 1. General description

20. Montserrat is one of the Leeward Islands in the Eastern Caribbean, lying some 27 miles south-west of Antigua and some 40 miles north-west of the French Overseas Department of Guadeloupe in 16° 45' north latitude and 60° 15' west longitude. The island is 11 miles long and 7 miles broad at its extremes, and has an area of 39.6 square miles. It is entirely volcanic in origin, very mountainous and comprises three main mountain ranges: Silver Hills in the north (1,323 feet), Centre Hills (2,429 feet) and Soufrière Hills (3,000 feet) in the south. The hills are covered with forest and give rise to numerous streams. Some limited volcanic activity in the form of warm sulphur springs is still present.

21. The climate is tropical with mean maximum and minimum temperatures of 86°F and 73.5°F, respectively. Rainfall averages about 60 inches annually. Its incidence is extremely variable, but the rainy season is usually from September to November and the dry season usually from March to June. The island lies in the hurricane zone and is cooled by breezes for the greater part of the year.

##### 2. Constitutional and political developments

###### Constitution

22. The present Constitution of the Territory was introduced in 1960, with

several amendments being made in 1971. Briefly, it provides for: (a) a Governor appointed by the Queen; (b) an Executive Council; and (c) a Legislative Council.

(a) Governor

23. The Governor, who has the status of representative of the Queen and chief administrative officer of the Territory, must act on the advice of the Executive Council, except as otherwise provided, as, for instance, in the exercise of his powers to dispose of Crown or government lands and property, and to constitute offices and make appointments.

(b) Executive Council

24. The Executive Council is responsible for the general control and direction of the Government. It is presided over by the Governor and currently consists of two ex officio members (the Principal Law Officer and the Financial Secretary) and four elected members, namely, the Chief Minister (who is also Minister of Finance) and three other ministers. The Governor appoints as Chief Minister the elected member of the Legislative Council who, in his judgement, is most likely to command a majority. The other elected members are appointed on the advice of the Chief Minister. Ministers may be assigned responsibility for any government business except defence, external affairs, the judiciary, law and order, the public service and the audit of public accounts.

(c) Legislative Council

25. The Legislative Council has the power to make laws for the peace, order and good government of the Territory. It is composed of the Governor, who presides, two ex officio members (the Principal Law Officer and the Financial Secretary), one nominated member and seven members elected on the basis of universal adult suffrage in single-member constituencies. Elections to the Council are held at intervals of not more than five years. In 1975, the composition of the Legislative Council was as follows:

N. D. Matthews (Governor)	President
P. Austin Bramble (Plymouth Constituency)	Chief Minister
Mary R. Tuitt (Southern Constituency)	Minister of Education, Health and Welfare
Eustace A. Dyer (Central Constituency)	Minister of Communications and Works
William H. Ryan (Eastern Constituency)	Minister of Agriculture, Trade, Lands and Housing
Basil F. Dias ( <u>ex officio</u> )	Attorney-General
Alan Collings ( <u>ex officio</u> )	Financial Secretary

R. G. Joseph (Windward Constituency)	Government Party
J. A. Osborne (North-Western Constituency)	Independent
J. Weekes (Northern Constituency)	Independent
D. R. V. Edwards	Nominated member

### Constitutional reform

26. In a statement delivered to the Legislative Council on 26 October 1973, Mr. W. Thompson, the former Governor, said that the territorial Government was considering the question of constitutional reform, and was seeking the approval of the United Kingdom for: (a) the election of a Speaker from outside the Legislative Council to replace the Governor as its President; and (b) a second nominated member of the Council to be appointed on the advice of the Chief Minister.

27. The Mission was informed that the administering Power had approved the election of a Speaker from outside the Legislative Council and that the Montserrat Government had requested an increase in the number of nominated members from one to two: one to be appointed by the Governor on the advice of the Chief Minister and the other to be appointed at the Governor's own discretion. The elected representatives would still form the majority. The ordinance necessary to allow for the election of a Speaker and for the creation of a second nominated member has been passed by the Legislative Council and has been assented to.

### Elections

28. The last general election in the Territory was held on 20 September 1973, mid-way through the Government's term of office. The only political organization to contest the election was the ruling Progressive Democratic Party (PDP), although nine persons ran as independent candidates. In the final results of the election, PDP won five of the contested seats, the other two going to independent candidates. Later, the Governor invited Mr. Bramble, leader of PDP, to form a new government.

### Regional co-operation

29. Following the dissolution of The Federation of the West Indies in 1962, the Governments of Montserrat, Antigua, Barbados, Dominica, Grenada, St. Kitts-Nevis-Anguilla, St. Lucia and St. Vincent began discussions among themselves and with the United Kingdom Government for the formation of a federation to be known as "The West Indies Federation". Late in 1962, Grenada opened discussions with Trinidad and Tobago on a possible association, but the remaining seven Territories decided to go ahead with plans for a federation. The idea was abandoned in 1965, however, following the announcement by the Chief Minister of Antigua that Antigua would not join the proposed federation, and by the Premier of Barbados that Barbados would seek separate independence.

30. In December 1965, the United Kingdom Government issued a White Paper in which it proposed a new constitutional status for six Territories, namely, Antigua, Dominica, Grenada, St. Kitts-Nevis-Anguilla, St. Lucia and St. Vincent. It was also proposed that constitutional changes for Montserrat should be considered separately. Between 1967 and 1969, the six Territories mentioned above accepted the proposals contained in the White Paper and became States in association with the United Kingdom, with control of their internal affairs and the right to amend their own Constitution, including the power to terminate this association with the United Kingdom and eventually to declare themselves independent, while the Government of the United Kingdom retained powers relating to external affairs and defence of the Territories.

31. After a series of preparatory steps taken starting in 1965, a regional free trade area, known as the Caribbean Free Trade Association (CARIFTA) was established on 1 May 1968 with the participation of Antigua, Barbados, Guyana and Trinidad and Tobago. Later, Belize, Dominica, Grenada, Jamaica, St. Kitts-Nevis-Anguilla, St. Lucia and St. Vincent joined CARIFTA; Montserrat joined on 1 August 1968.

32. At the Seventh Caribbean Commonwealth Heads of Government Conference, held at Chaguaramas, Trinidad, in October 1972, it was decided to transform CARIFTA into a common market and to form a Caribbean Community (CARICOM), which would embrace the Common Market. At the Eighth Caribbean Commonwealth Heads of Government Conference, held at Georgetown, Guyana, in April 1973, the Georgetown Accord was signed by all the members of CARIFTA, with the exception of Antigua and Montserrat. The Accord, which provided for the establishment of CARICOM, recognized the special position of Montserrat relating to its constitutional status, and expressed the hope that both it and Antigua would give urgent consideration to the signing of the Accord.

33. The treaty establishing CARICOM was signed by the then four independent Caribbean States (Barbados, Guyana, Jamaica and Trinidad and Tobago) at Chaguaramas, Trinidad and Tobago, on 4 July 1973. After signing the Accord on 10 December 1973, Montserrat, with the approval of its legislature, joined five other members of CARIFTA (Belize, Dominica, Grenada, St. Lucia and St. Vincent) in signing the treaty at Castries, St. Lucia, on 17 April 1974, thus becoming a member State of CARICOM on 1 May 1974.

34. In January 1974, at a meeting of the Council of Ministers of the West Indies Associated States (WIAS), it was decided to set up a commission to investigate the possibility of forming a political union among the non-independent Territories in the Commonwealth Caribbean. On 19 May 1974, Mr. J. F. Mitchell, then Premier of St. Vincent, announced, in his capacity as Chairman of the Council, that on his recommendation the Governor of St. Vincent had appointed a commission composed of seven members under the chairmanship of Sir Hugh Wooding, a former Chief Justice of Trinidad and Tobago, to make a detailed investigation of the possibility of eventually creating a political union among the Associated States and Montserrat and to review the constitutional status of those Territories. The commission was also asked to examine: (a) the problem of small States in the international community, bearing in mind the issue of their financial and economic viability;

(b) the worsening terms of trade between the developed and developing countries, with special reference to the less-developed countries in the Caribbean; (c) the current deterioration of the latter's balance of payments position relating to higher oil prices; and (d) the cost of administration within the context of the political structure of the Associated States and Montserrat, individually and collectively.

35. Later in May, it was announced that only St. Kitts-Nevis-Anguilla, St. Lucia and St. Vincent were participating in the commission's entire investigation, while Grenada, which had become independent on 7 February 1974, and Montserrat were only interested in the economic study, and Antigua and Dominica had decided against participation. It was also stated that the cost of the commission would be borne by the Governments of Barbados, Guyana, Jamaica and Trinidad and Tobago. Following the death of Sir Hugh Wooding in July 1974, the commission continued its work under the chairmanship of Justice Philip Terford Georges, of Trinidad and Tobago.

### 3. Economic conditions

#### General

36. In global terms, the Territory's gross domestic product in 1973 was \$US 6.3 million, made up as follows: agriculture, 35-40 per cent; tourism and construction, 15 per cent; distribution (that is, retail, wholesale trade and banking), 15 per cent; and Government, 22 per cent. Inflation has been at an annual rate of 10 per cent. The labour force totals 3,800 people, of whom 17 per cent are in government employment. Present unemployment is not high, but there is an urgent need to expand opportunities to meet the demands of the rapidly growing labour force, which can reasonably be expected to increase by 40 per cent over the next 10 years.

37. Thus, the economy of the Territory is based on agricultural production, tourism, construction and, to a lesser extent, manufacturing. Substantial economic progress was made in the tourism and construction sectors during the 1960s, following the decision of the Government to concentrate on attracting "residential" tourists. There are between 1,500 and 1,800 residential plots in the Territory, most of which are privately owned by North American citizens. About a third of these have been developed and are occupied by retired persons or used as vacation homes. The rate of expansion slowed between 1970 and 1974.

38. The Territory is a net importer of certain food-stuffs and manufactured goods (see table 1 below). In 1974, the import value of food items amounted to \$EC 4.25 million a/ (an increase of 46.8 per cent over 1973) out of a total import bill of \$EC 15.25 million (\$EC 12.2 million in 1973). Exports consist mainly of agricultural products and a limited quantity of retreaded tires (see tables 1 and 2 below). Total exports in 1973 were valued at \$EC 693,025 (\$EC 369,741 in 1972). Export figures for 1974 are not yet available. The adverse trade balance, approximately \$EC 11 million yearly, is more or less offset by aid from the United Kingdom and other sources, tourist spending and the remittances of nationals living abroad (see tables 3 and 4 below).

39. In order to reduce the spiralling import bill and to stimulate local production, the Chief Minister, in introducing the 1975 budget estimates, proposed increases in consumption duties and other taxes on certain food items, textiles and manufactured goods coming into the Territory. In anticipation of the United Kingdom remaining a member of the European Economic Community (EEC), he also said that he would abolish the Commonwealth Preference Tariff, under which goods originating in Commonwealth countries, mainly Australia, Canada and the United Kingdom, enter the Territory under special arrangements. Under Protocol 22 of the Treaty of Rome, Montserrat would be granted associated status by EEC as a dependent Territory of the United Kingdom.

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

40. Since April 1974, the Government has been exploring the possibilities of expanding trade with Guadeloupe, with which it had a favourable trade balance. In September 1974, two shipments of livestock, valued at \$EC 69,000, were exported to Guadeloupe. Montserrat is self-sufficient in meat.

41. Efforts are being made to expand tourism by attracting potential investors. However, the infrastructure needs to be further developed and the black sand beaches and the airline schedules need to be improved.

#### Land, real estate development and tourism

42. According to a background paper prepared by the Government, entitled "Agricultural Development Plan, 1975-1977", the total land area is estimated to be 25,344 acres (39.6 square miles) (see also paras. 48-51 below). The total amount of land available for agriculture appears to be rather small. Approximately one third of the island has no agricultural potential and one third has some potential for tree crops and forestry development; the remaining one third is suited to some form of intensive agricultural development, and it is on this area of the island that agricultural development will be focused. There is at present more land available than there are farmers to develop it. Fewer than 1,000 acres of the island is under intensive agricultural production of one form or another. If the future average economic size of a farm holding is taken to be 8 acres, the available land on Montserrat suited to intensive development would allow for some 800 farm units.

43. As stated in paragraph 37 above, the Government introduced a land policy in the early 1960s that encouraged the sale of land to foreigners for residential tourism, which stimulated the construction industry. As a result, the total of 3,000 house lots were made available to foreigners under this programme. Large tracts of arable land along the west and east coasts of the island have been alienated for real estate development. In a speech to a school leavers' club on 15 February 1975, the Chief Minister said that the Government would not impose any restrictions on the resale of the 3,000 lots, but that no further alienation of land would be permitted unless it were proved that significant benefits would accrue to the Territory.

44. The Government has been pursuing an active land utilization policy. A number of surveys and reports have been completed on various land settlement projects. Some settlement schemes are going ahead. Draft legislation designed to give the Government further control over land utilization and to acquire under-developed land is under consideration. Negotiations for appropriate legislation and financial assistance for acquiring the land are continuing. In September 1974, the Government obtained the services of a land purchase adviser through the United Kingdom Ministry of Overseas Development, to advise and to make recommendations on matters relating to land tenure, including in particular the terms and conditions under which purchased land should be made available to settlers. The adviser also prepared draft legislation on land utilization as well as guidelines on the functions of the Land Development Authority.

45. Considerable progress has been made in the construction of new houses. Approximately 80 per cent of the houses in the Territory have piped water and electricity. Mortgages are available through the Government Housing Loans Board and to a greater extent from commercial banks and the Montserrat Building Society. In 1973, it was reported that 24 houses valued at \$EC 1.5 million had been built for residential tourists.

46. The current cost of a middle-income house made of concrete blocks is approximately \$EC 40,000. In September 1974, the Society announced that research would be carried out to develop a house costing \$EC 24,000, by using different combinations of prefabricated materials and steel frames. The project would be financed by the Agency for International Development (AID) of the United States of America, through the Caribbean Development Bank.

47. The level of conventional tourism is low; approximately 5,000-6,000 persons visit the Territory a year. According to press reports, the tourism sector contributed \$EC 6.8 million to the economy in 1974. Of this amount, an estimated \$EC 1.6 million was collected in direct and indirect taxation. In November 1974, Mrs. Tuitt, Minister of Education, Health and Welfare, in opening a four-day seminar for small hotel operators, stated that the Government would pursue a policy of controlled tourism by integrating the development of the industry with that of agriculture and handicrafts, which she hoped would remove any socio-economic side effects to the mutual comfort of both residents and visitors. The Territory became the tenth member of the Caribbean Tourism Research Centre, which has its headquarters in Barbados.

### Agriculture, livestock and fishing

#### (a) Agriculture

48. A better appreciation of the problems facing Montserrat's agricultural industry can be obtained through a perspective profile of its evolution in the past two decades. The following excerpt is taken from the Government's agricultural development plan for 1975-1977:

"Traditionally, Montserrat has derived most of its revenue from agricultural exports. Within the last two decades, 1952 to 1972, the position has drastically changed. During this period the world terms of trade dealt a heavy blow to the agricultural sector. This resulted in the collapse of Estate Agriculture and was followed by mass migration of the younger and more enterprising members of the farming community. Subsequently, with the emergence of the hotel trade and the construction of retiree homes agriculture was not able to offer the same wage rates or return on capital that were available in these other sectors of the economy.

"These combined circumstances plunged the agricultural sector into a major depression, during which the area of land in farms fell from 17,420 acres in 1957 to 5,860 acres in 1972. Almost no new capital investment took place in this period and very few new farmers entered the sector.

The 1972 agricultural census showed the total number of farmers to have declined by 60 per cent from 1954. Only 18 per cent of farmers were under 40 and 42 per cent of these were women. Most were over 60. Demand for land was so low that agricultural rents remained unchanged between 1952 and 1972 in spite of the fact that other prices rose by 188 per cent over the same period.

"The decline of agricultural exports by 66 per cent since 1957 is revealed by the trade statistics. Throughout the early half of the sixties, total exports were in excess of \$EC 225,000, of which approximately 90 per cent were derived from agriculture. Total domestic exports in 1973 were \$EC 130,000, of which only \$EC 90,000, or 75 per cent, were attributable to agriculture. The balance of visible trade for 1973 was \$EC 11.5 million. The value of food imports has risen rapidly as a result of this depression and in 1973 imports of agricultural goods accounted for one third of all imports."

49. The object of the agricultural development plan is to revitalize and expand agricultural production. Emphasis is placed on land development and reform, the production of vegetables and fruit, livestock, tree crops and the promotion of agro-industries. In according priority to agricultural development, the following reasons are listed in the plan:

- (a) The development of agriculture is necessary to reduce the Territory's current importation of 63 per cent (in value terms) of its food needs;
- (b) Agriculture is the only sector that can offer employment to people of all categories, including all ages, sexes and levels of education;
- (c) Agriculture has the advantage over other sectors of the economy, such as industry and the service sector (including tourism), in that the degree of indigenous control is greater because the inputs of labour, land and techniques are available locally, whereas the other sectors are largely influenced by external considerations;
- (d) Agriculture should provide intersectoral linkage by providing vital inputs for the industrial and service sectors as well as raw materials for the development of agro-industries.

50. The long-term objectives of the plan are to:

- (a) Achieve self-sufficiency in the production of certain items during the period;
- (b) Ensure that the value of agricultural exports over the next 15 years finance at least 50 per cent of imported agricultural products.

51. It is apparent that production of food for the home market, by eliminating high priced imports, is just as important as the foreign exchange accruing from the export of cheap primary products. A number of items have been identified

from import statistics, which could be produced locally in larger quantities. They include onions, Irish potatoes, ground-nuts, peas, beans, a variety of ground provisions, bananas, plantains, fruits, corn meal, mutton, pork, fish and dairy products. The plan notes that an essential part of the programme would be public education to encourage greater consumption of locally produced food-stuffs and eventually to bring about a profound change in the Territory's consumption habits.

52. Agriculture remains the main contributor to the economy in terms of the Territory's gross domestic product (estimated at 35-40 per cent in 1974) and employment. The chief agricultural products are cotton, bananas, mangoes and a wide range of vegetables. Agricultural exports form the major part of total exports and consist mainly of peppers, cotton, lint, tamarinds, tomatoes and limes (see table 2 below).

53. Consolidation of land into economic farm units is essential. According to the 1972 census of agriculture, 1,247 farmers owned or managed a total of 5,860 acres of agricultural land. More than half of these operate units of less than one acre. On the other hand, fewer than 1 per cent of the farmers controlled 60 per cent of all farm land.

54. In 1973, the Government continued to promote agricultural development, particularly through the implementation of various projects aimed at introducing more people to agriculture and providing existing farmers with more manageable, consolidated and economic farming units. Seven government-owned estates are available as land settlement schemes for farmers. In 1973, the following developments were reported.

55. The sum of \$EC 180,353 was provided for the infrastructural development of the Otway Estates scheme, which increased its holdings from 112 to 116. The New Otway Farms (Amersham) received \$EC 21,950 for the establishment of irrigation and livestock watering. A total of \$EC 10,300 was approved for the redesign of the Trants Estate scheme to accommodate farmers interested in beef production. Plans were being prepared for the development of the Hermitage Estate, following the mapping of landholdings in the area. In February 1975, the Government purchased the Lees Estate, consisting of 300 acres, from the Dominica Catholic Church, for the sum of \$EC 90,000. Thirty acres of the estate would be used for housing and the remainder has been allotted to farmers.

56. In 1972, the Development, Finance and Marketing Corporation (DFMC), financed with assistance from the Caribbean Development Bank and the United Kingdom Government, was set up to provide farm improvement loans and other forms of credit to farmers. It is also responsible for the handling of the marketing of most of the Territory's agricultural exports under a policy of offering guaranteed minimum prices.

57. In 1973, DFMC approved 35 short-term loans valued at \$EC 19,099, mainly to supply working capital to farmers, and five long-term loans totalling \$EC 49,649, for the establishment of tree and food crop development and lime orchard rehabilitation. In 1973, agricultural exports through DFMC amounted to \$EC 32,072 (\$EC 79,184 in 1972).

58. The Director of Agriculture warned farmers that the combination of low yields and high prices would keep the island's agricultural production out of the markets of CARICOM and other countries. He said that while DFMC was paying 40 cents a pound for pineapples, Puerto Rico was exporting pineapples at 22 cents a pound. He blamed the declining yield of carrots, Irish potatoes and tomatoes on the farmers' reluctance to buy fertilizers at the current high prices. After attending the ninth meeting of the Agricultural Marketing Protocol of CARICOM, held at Grenada in September 1974, a representative of DFMC warned that the Territory might experience difficulty in the disposal of its 1975 surplus of tomatoes on the CARICOM market. It was estimated that the surplus would amount to approximately 40,000 pounds a month during the period from January to May. He said that many of the Territories represented at the meeting had also declared surpluses.

59. Sea island cotton, once the mainstay of the economy, has declined over the years from a total of 485,884 pounds valued at \$EC 622,752 in 1952 to 2,800 pounds valued at \$EC 6,800 in 1973. The quality of cotton, however, remained among the highest in the region. A report from the London-based West India Committee released in September 1974 stated that cotton produced in the Territory in 1973 was of a higher grade than any other in the Commonwealth Caribbean. The 1974 crop of 8,000 pounds of cotton from less than 25 acres of land was said to be among the lowest in the history of the Territory. During 1974, the Government continued its support for the revitalization of the cotton industry by offering, among other things, free fertilizer and spraying chemicals and a guaranteed minimum price of 80 cents a pound for seed cotton. By September, over 100 acres of cotton were planted. The Director of Agriculture said that government assistance to cotton growers could lead to a major revival of the industry and added that the Agricultural Extension Service was determined to demonstrate that with proper control the cotton yield could be increased by nearly 100 per cent. According to the agricultural development plan, there are only 500 acres in the Territory suitable for cotton production without danger of soil erosion. Allowing for a rest from production of one year in three, the effective maximum annual total would be 350 acres, insufficient to justify mechanical harvesting. There are secure markets for the crop and future possibilities lie in local spinning and hand-weaving and in a regional cotton textile industry.

(b) Livestock

60. Local production of meat has remained static since 1946, as is indicated by the following figures, which exclude a large number of unclaimed sheep and goats that roam the countryside.

	<u>1946</u>	<u>1957</u>	<u>1972</u>
Pigs	2,020	2,150	2,250
Sheep and goats	5,180	7,960	5,332
Cattle	2,140	2,823	1,861
Chickens	13,790	17,710	16,796

61. Although no major increase in the total number of cattle was expected during the period 1975-1977, the Government continued to place emphasis on improving the quality of beef and milk animals, by improved pasturing and introducing better management techniques. Milk processing and distribution are encouraged but are left specifically to private enterprise. The Government has considered the use of sugar cane as animal feed, using the Comfith process, and a Comfith machine was to be supplied by the Canadian International Development Agency (CIDA) for testing purposes in 1975.

62. Although the Territory is self-sufficient in beef, the Government is concerned about the annual import of 15 tons of quality cuts for the hotel industry that cannot be met from the badly finished and butchered local animals. Measures taken to improve this situation include the opening of a new abattoir in 1975, the establishment of butcher shops with cold rooms and training courses in meat cutting.

63. The extension of pork and poultry production will depend on the availability of cheap feed. The territorial Government has been co-operating with private individuals, the University of the West Indies and other institutions with a view to producing effective local substitutes for imported feed. The use of rabbit, already available on Montserrat, as a source of animal protein, is to be popularized by the Agriculture Extension Service.

#### (c) Fishing

64. Fishing has been confined to the in-shore fishing grounds, but owing to over-exploitation, it is believed that these areas will be exhausted in the near future. The Government has encouraged deep-water fishing and in 1973 DFMC granted nine short-term loans for the supply of fishing equipment and four long-term loans (totalling \$EC 29,391) for the purchase and installation of marine engines. In 1972, catches amounted to 140,367 pounds, compared with 93,577 pounds in 1971 and 91,400 pounds in 1970. Assistance to the industry from UNDP for the period 1974-1975 was valued at \$US 35,000. A UNDP fisheries adviser arrived in the Territory in February 1975 to provide training for local fishermen in navigation, marine engineering and deep-sea fishing techniques.

### Industrialization

#### (a) General

65. The manufacturing sector of the economy consists of about 10 small-scale enterprises which produce mainly for the local market. Montserrat Industries, a tire-retreading enterprise, is the largest exporting firm in the Territory and up to 1973 accounted for almost 100 per cent of total industrial exports, which were valued at \$EC 40,057. Under the Treaty of Chaguaramas, which established CARICOM (see para. 33 above), special provisions were made for Montserrat and members of the less-developed countries, including financial and technical assistance for the promotion of industrial development from the Caribbean Development Bank and the Caribbean Investment Corporation.

66. According to information provided by the Government, two new firms started operations in late 1974: Montserrat Plastics, which manufactures plastic shopping bags; and Montserratique, which is engaged in the hand printing of fabrics. There were no reported closures or market expansions during the year and it was assumed that growth or contraction of the sector would be related to demand. Total industrial employment was estimated to be 233 persons.

67. Background and feasibility studies for a candle manufacturing enterprise were recently completed and the project shows promise of being both viable and profitable. Joint ownership between the Government (60 per cent) and the Caribbean Investment Corporation (40 per cent) has been suggested and a request for financing has been made to the United Kingdom Government, the Caribbean Investment Corporation and the Caribbean Development Bank. A feasibility study for a biscuit and macaroni company is currently being undertaken and a company based in Jamaica has indicated interest in participating in the venture. Negotiations on financing and ownership are to be considered after completion of the study.

68. The Caribbean Development Bank has recently approved funds for the construction of three factories in the government industrial park. Commitments have been made for two of the three units by a local furniture manufacturing firm and a food processing company based in Jamaica. Construction on the building was expected to begin by June 1975.

(b) Agro-industries

69. In the absence of domestic raw materials for industrialization, the establishment of agro-industries presents the greatest linkage possibilities for domestic resources and employment opportunities both in the primary and secondary stages of production. In 1974, under the auspices of the Commonwealth Caribbean Technical Assistance Programme, a team of experts assisted the Government in investigating the possibility of establishing agro-based industries. Further assistance was offered by the East Caribbean Common Market (ECCM) to local businessmen in the preparation of industrial profiles, preparation of loan applications and on information or procurement of equipment and raw materials. The following agro-industries have been identified by the Government: (a) lime oil and other lime preparations; (b) avocado by-products; and (c) small-scale food processing of jams, jellies, preserves, pickles and sausages.

70. According to the Agricultural Development Plan, the Government has placed a high priority on the development of this subsector and has undertaken the following: (a) the establishment of a processing laboratory with a pilot plant in 1975; (b) the encouragement of foreign investment in agro-industries (negotiations are under way with two large Caribbean firms); (c) the engagement of an industrial planner to assist the public and private sectors in this field; and (d) the reorganization of DFMC to function, in part, as an industrial development corporation, to assist in the promotion of agro-industries.

(c) Constraints to industrial development

71. In a paper prepared by the territorial Government for the United Nations Visiting Mission, the following constraints to industrial development were listed:

- (a) The lack of management and entrepreneurial drive;
- (b) A small domestic market;
- (c) Infrastructural deficiencies in terms of air communications, shipping services and other basic facilities;
- (d) The lack of availability of domestic raw materials and packaging.

72. The above constraints, although formidable, were not considered by the Government to be intractable. The paper noted that managerial skills would have to be recruited from overseas for the time being. The appointment of an industrial promotions officer, who would operate in North America (see para. 77 below) to attract foreign investment, and the infrastructural development currently being undertaken, should improve the investment situation. In view of the paucity of raw materials, it was stated that agro-industries would be promoted together with the identification and selection of a range of industries that could operate within the above constraints.

(d) Handicrafts

73. The Territory received technical assistance in promoting industrial development from many sources during 1974. In the early part of the year, a leather craft expert from the International Labour Organisation (ILO) visited the Territory and, as a result of his feasibility study on the leather goods industry, training of local people in leather-craft work was started early in 1975. UNDP is assisting in the establishment of a tannery, which eventually would be locally owned and would utilize local materials. Two potters arrived from Canada to experiment with and to train people to work in local clays. Further investigations are under way to determine the possibility of the establishment of a small-scale ceramics industry.

Development co-ordination

74. A Development Co-ordinating Committee, comprising the Chief Minister and other ministers, senior civil servants and experts, meets on a monthly basis.

Financial and development institutions

75. The Territory maintained its membership in the East Caribbean Currency Authority (ECCA), which is responsible for the issue and management of a common

currency for the Government. b/ Control of foreign exchange is exercised by the Ministry of Finance through the Financial Secretary.

76. In 1975, there were five financial institutions operating in the Territory: three international banks (Barclays Bank International, Ltd., the Royal Bank of Canada and the Chase Manhattan Bank of the United States); the Government Savings Bank; and the Montserrat Building Society, a subsidiary of the Commonwealth Development Corporation.

77. DFMC was created initially to finance agricultural development, but eventually its functions were extended to include those of an industrial development corporation (see paras. 56, 70 and 72 above). An industrial promotion representative was appointed in 1974 for the North American region. The Territory receives financial and technical assistance from the Caribbean Development Bank, the Caribbean Investment Corporation, the Commonwealth Development Corporation (CDC) and other external sources.

#### Communications and other basic facilities

78. There are over 150 miles of roads in the Territory, most of which are all-purpose roads. The road construction and maintenance programme continued during 1974.

79. Extension to the terminal building and other facilities at the Blackburn Airport will be carried out during 1975 as a result of an allocation of \$EC 200,000 from the 1975 development funds. Present plans include the construction of a first-class lounge, a sheltered platform and an apron taxiway. In October 1974, a spokesman for the Government said that further consideration to extending the 3,400-foot runway must await the outcome of negotiations on the future of Leeward Islands Air Transport (LIAT), the major airline operating in the Territory.

80. Plymouth is the only port for cargo and passenger vessels to the Caribbean, North America and Europe. The construction of a deep-water harbour financed by the Caribbean Development Bank and the British Development Division is currently proceeding. In 1974, the Caribbean Development Bank approved a loan of \$EC 574,490 for the land reclamation aspect of the harbour development project. The Government has allocated \$EC 250,700 under the 1975 development fund for consultant services and construction. Port charges were increased in May 1974 for the first time in 10 years.

81. Cable and Wireless (West Indies), Ltd., continues to operate the Territory's telephone system. In 1973, there were 1,002 installations in the Territory (883 in 1972). In September 1974, the Government increased the telephone rates. A spokesman for the company said that no profits had been made during the past seven years.

b/ The East Caribbean Currency Agreement was signed in 1965 by the Governments of Antigua, Barbados, Dominica, Montserrat, St. Kitts-Nevis-Anguilla, St. Lucia and St. Vincent. Grenada acceded to ECCA in 1968 and Barbados withdrew in 1973.

82. The Montserrat Electricity Services, Ltd., which is owned jointly by the Government and CDC, increased electricity rates in October 1974 ranging from 4.7 per cent to 32 per cent. The increase was blamed on the soaring price of fuel, labour and equipment, and to a drop in sales to domestic consumers.

83. There are no known mineral deposits in any appreciable amounts in the Territory, although stone and sand are mined for local usage; there is also some sulphur.

84. The Territory's potential for geothermal energy was established in 1973 following its investigations by a United Nations geothermal expert. In 1975, \$EC 750,000 was earmarked for geothermal exploration. It was confirmed that the neighbouring Territory of Antigua had expressed an interest in the development of geothermal energy in Montserrat.

85. The Water Authority, established in 1972, continued to manage the Territory's water supply. Total expenditure by the Authority for 1974 was estimated at \$EC 283,000, an increase of \$EC 117,415 over 1973 estimates. With the introduction of wells, pumps and boosters and as a result of the severe drought in early 1974, electricity costs to the Authority have become a major item of expenditure. The cost of materials and labour has also increased. The Authority has applied to the Government for a review of water rates on the basis of a surcharge, similar to that levied on electricity users during the energy crisis. Restrictions on water usage, which had been applied earlier in the year, were lifted in October 1974. The manager of the Authority said at that time that there was a definite improvement in the supply situation and that three new wells under construction would ease the water supply situation in the near future. However, the prospects of over-all supply to meet the demand in the future were not very good.

#### Public finance

86. The budget estimates approved by the Legislative Council for 1975 made provision for a total of \$EC 8.1 million in recurrent expenditure (\$EC 6.8 million in 1974) against local revenue of \$EC 5.8 million (\$EC 5.4 million in 1974) and a grant-in-aid from the United Kingdom Government of almost \$EC 2 million (\$EC 1.3 million in 1974) leaving a deficit of \$EC 378,000. The principal items of expenditure were social services, \$EC 3.2 million; communications and works, \$EC 1.3 million; the Ministry of Finance, \$EC 732,776; and Consolidated Fund Services, \$EC 667,759. Provisions were made for the expenditure of \$EC 6.5 million in the 1975 development fund estimates, incorporating all capital revenue, mainly grants from the United Kingdom (\$EC 3.6 million) and loans from the Caribbean Development Bank and other sources, for the following: infrastructural development, \$EC 3 million; natural resources \$EC 1.2 million; social services, \$EC 2 million; and miscellaneous expenditure, \$EC 295,100 (see also tables 5-9 below).

87. In introducing the 1975 budget estimates, the Chief Minister said that he hoped to achieve the following during the fiscal year:

- (a) Maintain and improve the standard of the public services;
- (b) Reduce the level of unemployment by the creation of job opportunities in public and private sectors;
- (c) Increase public assistance and abolish tuition fees for local students attending secondary and technical schools;
- (d) Establish a department for community and rural development to promote self-help and nation-building in the community.

88. In the same speech, the Chief Minister introduced a number of proposals for increases in taxes on a wide variety of food-stuffs, textiles and manufactured goods (to 25 per cent), company tax (to 40 per cent), personal income tax (to 30 per cent) and the abolition of the Commonwealth Preferential Tariff system, which he said would affect some 40 per cent of the Territory's imports. In the new tax package, the \$EC 50 fee for alien landholding licences was replaced by a fee of 2 per cent on the cost of freehold land or, in the case of leasehold land, 10 per cent of the annual rental. The airport service charge, or departure tax, was increased from \$EC 2 to \$EC 3 in the case of local residents and \$EC 4 in all other cases.

89. It is estimated that the new tax measures, together with revised calculation from taxes introduced in 1974, will yield an additional \$EC 790,000 during 1975.

#### 4. Social conditions

90. About 40 per cent of the Territory's work force is unemployed and underemployment was considered to be high. The Chief Minister warned in his 1975 budget speech that a combination of critical unemployment and the crippling high cost of living, which was responsible for hunger, malnutrition and sickness among children and old people, could cause frustration and general feelings of hopelessness which eventually could threaten the well-being and stability of the society. He outlined a number of measures designed to increase employment and public assistance and to provide for self-help projects.

#### Labour

91. There are three labour unions in the Territory: the General Workers' Union; the Waterfront Workers' Union and the Montserrat Allied Workers' Union (MANU). They continued to expand their membership and to secure better wages and conditions of employment for their members. The Labour Department is the responsible authority for matters of employment and industrial relations. A new Labour Code, prepared by an adviser from the International Labour Organisation (ILO) in late 1973, was accepted in principle by the Government. Employment and wage statistics are contained in tables 10 and 11 appended below.

#### Public health

92. Medical, public health, and sanitary services remain under the control of the Chief Medical Officer. The government medical staff consist of the Chief Medical Officer, two district medical officers, one surgeon and one dentist. Public health and sanitation are administered by the Chief Health Inspector, four public health inspectors, one public health dispenser and three public health nurses. There are two general practitioners and one dentist in private practice. According to the administering Power, free medical services are provided for school children and the elderly, and the state of health of the Territory is of a most satisfactory standard. Efforts are being made to reduce the incidence of tooth decay among children through an island-wide fluoride programme in the schools.

93. The Territory is served by a general hospital (Glendon Hospital, with 60 beds), three health centres, nine dispensaries and an infirmary. The Government tendered for the construction of a new hospital (67 beds) in 1974 and accepted an offer of \$EC 5.6 million made by the United Kingdom Government for the construction of the new hospital.

94. In May, the Glendon Hospital received an electric convulsion therapy machine from the Mental Health Association and the Christian Action for Development in the Caribbean (CADEC). The Chief Medical Officer, at the official presentation ceremony, said that with the machine it would be possible to treat mental patients in the Territory, instead of sending them to Antigua or Barbados, thus saving \$EC 25,000 annually. A mental health adviser to the Government of Jamaica from the

World Health Organization (WHO) and a member of his staff have been briefing the hospital medical personnel on the operation of the machine. The Minister of Agriculture, Trade, Lands and Housing donated 40,000 square feet of land in August to the Old People's Welfare Association for the construction of three self-contained units and an old people's welfare centre. The land is situated at Cork Hill about one mile north of Plymouth, the capital.

95. Recurrent expenditure on medical and health services was estimated to have risen from \$EC 544,536 in 1973 to \$EC 662,865 in 1974.

##### 5. Educational conditions

96. The Minister of Education, Health and Welfare is assisted in the field of education by the Chief Education Officer and his staff. Primary and secondary education is free for all children.

97. Enrolment in education facilities during 1973 was as follows:

	<u>Schools</u>	<u>Enrolment</u>
Primary education	16 <sup>a/</sup>	3,001
Junior secondary education	1	174
Secondary education	1	239
Technical and vocational training	1	55

a/ Government schools, except two aided and two unaided schools.

98. The training of an adequate number of teachers remains one of the major problems in education. In 1973, there were 96 teachers in primary and junior secondary schools, of whom 49 were uncertified assistants (120 and 70 respectively in 1972). The secondary school was served by 14 teachers, including three uncertified assistants (18 and 3 in 1972). Teacher-training at the Cork Hill Centre was discontinued in September 1973, but in-service training continued to be carried out in the Territory with the assistance of the University of the West Indies School of Education.

99. According to the administering Power, the Government of Trinidad and Tobago, under a bilateral Caribbean aid scheme, continues to supply four trained teachers on two-year assignments.

100. Government expenditure on education was estimated to have risen from \$EC 1.1 million (including development grants) in 1973 to \$EC 1.5 million in 1974. This figure was maintained in the 1975 budget estimates.

## B. CONCLUSIONS AND RECOMMENDATIONS

101. The working and personal relations between the elected representatives of the people and the officials of the administering Power in Montserrat are excellent. The Mission received the impression that there is complete understanding between the Chief Minister and the Governor, which is clearly the result of open and free discussions on all problems of the Territory with a view to finding practical solutions for them.

102. The officials of the administering Power in London made it clear to the Mission that the United Kingdom Government was ready to grant independence to Montserrat should the people, through their elected representatives, express their wish for such a move. The Chief Minister reaffirmed this and expressed his satisfaction. The Mission considers that it is now entirely up to the people of Montserrat to decide on their own political destiny.

103. The Chief Minister and his elected colleagues keep an open mind as to the ultimate political goal of Montserrat. Having regard to its size, resources and population, they are aware of the options before it, including independence. They would prefer that the positive and negative aspects of the options be freely discussed by the people and, if necessary that the issue of independence be decided through a referendum. The alternative goal of closer association with neighbouring countries or Territories, or with the United Kingdom, is also being considered.

104. The Mission was impressed by the maturity, caution and realism of the local leaders, who appear to have no illusions about the available political options and their probable consequences. The Chief Minister made it clear that he would favour any arrangement that "works" and which improves the standard of living of the people. He declared that he did not like change for the sake of change, unless it was for the betterment of the people.

105. The Mission detected an undercurrent of genuine apprehension that independence without a substantial measure of economic viability might in fact place Montserrat in a new situation of greater external dependence of one kind or another. This apprehension stems from the fact that Montserrat lacks the necessary resources, infrastructure and qualified and experienced local personnel. The Mission considers that further efforts should be made to develop the Territory's infrastructure, to train the local people in all departments of administration and to attract financial resources for economic development.

106. Under the present Constitution, the powers reserved to the Governor are in the areas of external affairs, defence, public security, public administration and the judiciary. In practice, however, the Governor invariably consults the Chief Minister on all matters concerning his reserved powers. This was confirmed by the Chief Minister, who acknowledged that, while he was consulted in regard to all internal matters, he actually represented Montserrat in certain matters relating to external affairs, especially at regional conferences. He further

confirmed that the Governor had always acted in accordance with his advice. The Mission formed the opinion that, despite the reservation of powers to the Governor, the local Government of Montserrat was in fact functioning for all practical purposes as a self-governing Territory.

107. The Mission hastens to add, however, that the Territory has not yet attained full internal self-government and considers that, as a first step, the present de facto situation might be made de jure. For example, the reserved powers of the Governor could be divided into two areas, one in which he exercises his discretion in regard to defence and public security, and the other in which he acts on the advice of the Chief Minister in regard to public administration, judiciary and external affairs. It now remains for the Governor to withdraw from the Legislative Council so that it would be presided over by an elected Speaker, as provided for in the ordinance recently assented to (see para. 27 above). During its visit to the Territory, the Mission received a petition in which it was suggested that the next Governor might be a Montserratian or an eminent person from the Caribbean region.

108. The Mission suggests for consideration that the Attorney-General be redesignated as the Attorney-General and Legal Adviser and the Financial Secretary as the Financial Adviser, and that both might attend meetings of the Executive Council in advisory capacities, and not as full members. The reason for this suggestion is that the Governor is vested with responsibility for law and order, and the Chief Minister holds the portfolio of finance; consequently, in practice, the two above-mentioned officials act virtually as their advisers, although the Attorney-General has broader functions than advising the Governor in the exercise of his responsibilities for law and order.

109. The Mission considers that further constitutional advance towards full internal self-government could usefully be made. Both the administering Power and the territorial Government are conscious of this and have in fact authorized certain steps, such as expansion of the Legislative Council and the election of a Speaker (see paras. 26 and 27 above). The Mission did not hear any view in favour of taking Montserrat outside the purview of Chapter XI of the Charter of the United Nations. On the contrary, the Chief Minister and others expressed their satisfaction with the sympathetic interest shown by the United Nations in the welfare of the people of Montserrat and in their future.

110. Montserrat is a member of CARICOM and the Caribbean Development Bank. The Government recognizes that the potential benefits of these economic arrangements do not automatically accrue to the less-developed members of the region. The Mission understands that within the Caribbean region concrete steps are being taken to give priority attention to the needs of the less-developed members. The Mission was informed of the areas where Montserrat, which is classified as a less-developed country within CARICOM, would be able to derive benefits from both agricultural and industrial development.

111. In addition, in keeping with the Georgetown Accord (see para. 32 above), a regional perspective plan is to be drawn up, wherein special attention would be

given to the opportunities available to Montserrat for accelerated development. The Charter of the Caribbean Development Bank, which began its effective operations in mid-1970, sets out its purpose as being "to contribute to the harmonious economic growth and development of the member countries of the Caribbean and to promote economic co-operation and integration among them, having special and urgent regard to the needs of the less developed members of the region".

112. Montserrat's views having been made known to CARICOM, the Mission feels certain that, in conformity with the treaty which established CARICOM and in particular chapter VII of the annex, c/ special measures could be taken in relation to Montserrat. The Mission believes that economic integration and regional co-operation should be viewed as one of the means of promoting a greater level of economic and social development in Montserrat.

113. The territorial Government appreciates the assistance it is receiving from several Caribbean Governments in the form of experts, consultants and others. The Mission hopes that the larger Caribbean countries will continue to pay sympathetic and favourable attention to Montserrat's requirements.

114. The Mission found the territorial Government intensely preoccupied with economic problems. While it did not have the time or the expert knowledge to examine the economy of Montserrat in depth, the Mission was made aware of the people's doubts regarding the economic viability of the Territory and of the Government's plans for improving and diversifying its economy. Export earnings are extremely limited and are inadequate to pay for the present level of imports. The deficit is met through remittances from abroad, earnings from tourism and aid funds. The United Kingdom Government finances capital expenditure and supports the recurrent budget. The Mission expresses the hope that, having regard to present inflationary trends, both the budgetary subsidy and the development aid will continue to be increased by the administering Power.

115. The Mission was informed by the Chief Minister of certain constraints on financial expenditure imposed by the administering Power in accordance with its own regulations, which tended to restrict the spending of budgeted funds according to the variable requirements of social and other services. The territorial Government has been raising, through taxation, the revenues needed for any additional expenditure on social and other services. The Mission considers that external restrictions, such as an over-all ceiling on expenditure, are no longer necessary, especially as there is a financial adviser provided by the administering Power, who is in a position to advise on matters concerning financial discipline. Moreover, external financial control on the budget approved by the local legislature is not in keeping with the substantial measures of internal autonomy already enjoyed by the territorial Government in other areas. The Mission was glad to learn

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c/ An outline of the Common Market annex is contained in Official Records of the General Assembly, Twenty-ninth Session, Supplement No. 23 (A/9623/Rev.1), vol. VI, chap. XXVIII, annex, paras. 25-37.

that the administering Power was urgently considering these questions. The usefulness of any new procedures that may be introduced as a result of the present review of the budgetary aid policy would need to be assessed after they have been used. The Mission believes that the territorial Government should have full budgetary control, while recognizing that the administering Power has an interest in seeing that its assistance is well spent.

116. There has been a decline in agricultural production during the last 15 years. Unemployment could become a serious social problem in the near future as a result of an annual increase in the labour force of 300 school-leavers, of whom only about 50 find gainful employment in the Territory. The present pattern of absentee land ownership has proved to be an obstacle in the way of the Government's efforts at revitalizing agriculture and obtaining maximum use in land utilization. For example, 13,000 acres (54 per cent) of the Territory are still owned by 10 major estates, although the mountainous terrain of much of the estate land makes it virtually unproductive.

117. The raising of cattle for both beef and milk has shown promise, especially with the growing and use of elephant and pangola grasses. The Mission was very much impressed by the efforts being made to develop the milk herd. Problems of marketing, refrigeration and canning etc. are also receiving attention.

118. Some 500 foreign residents have built their homes on Montserrat and land is available for the same purpose to another 2,500 foreigners (see paras. 37 and 43 above). The introduction of this new element into the island's social fabric has caused some initial complications, and the Government is taking measures to establish harmonious relations between the foreign and local communities. At the moment there is surface tranquillity, but the situation needs to be closely watched to ensure that there is steady improvement.

119. The housing situation in the Territory has not yet fully recovered from the damage caused some years ago by hurricanes. There are still small areas of poor housing. The Mission hopes that the foreign residents will find it possible to make their own contribution voluntarily to a solution of the housing problem, as indeed some of them are contributing their services and skills free of charge to the development of handicrafts.

120. The importance of land and its planned utilization cannot be over-emphasized. The Government is fully aware of this and is examining ways and means of acquiring unutilized and under-utilized land from absentee owners. There were said to be certain "legal obstacles", but the Mission was informed by the administering Power that these could be overcome. The Mission considers that the overriding need to improve and expand the agricultural potential of the Territory calls for special legislation, which is within the competence of the territorial Government. It hopes that the administering Power will continue to provide financial assistance for acquiring these lands, and that its aid will include elements for payment of compensation, for land development and for the training of farmers. The possibility

may be considered of initially establishing government farms and employing local farm labour, to whom land could be leased on a tenancy basis after adequate training and experience.

121. Land acquisition and use integrated into the planned development of the island's resources, linking production with shipping, marketing and regional complementarity, is the key to the Territory's economic growth, besides providing employment opportunities for the local people. The revival of agriculture, establishment of agro-based industries, exploitation of geothermal energy, exploration of prospects for tourism and improvement of shipping facilities for reaching the markets in time are essential. The Government is aware of all these needs, although it impressed on the Mission that, without external capital, the Territory's development cannot be undertaken meaningfully. An over-all integrated development plan for the Territory, formulated with the assistance of UNDP or the World Bank, should stimulate the flow of much needed external capital. The need for a high-level local planning machinery to initiate, co-ordinate and review the formulation and implementation of plans was also brought to the notice of the Chief Minister by the Mission, and he readily agreed to improve and widen the existing machinery.

122. The Mission is in agreement with the need for external funds on a bilateral and multilateral basis, in addition to the financial assistance provided by the United Kingdom Government. The Mission is of the view that the organizations within the United Nations system, particularly UNDP, the World Bank and the United Nations Children's Fund (UNICEF), should take more interest in the economic development of small dependent island Territories, such as Montserrat, whose financial requirements are relatively modest. There is no reason why the above-mentioned and other specialized agencies should not establish separate "windows" for the specific purpose of providing such Territories with development planning assistance, as well as financial and technical aid. It may be necessary for these agencies to amend their existing regulations in order to render this assistance, and the Mission would recommend such a course of action for their consideration. International financial assistance by the specialized agencies and other organizations as well as by States Members of the United Nations should be provided on soft terms to Montserrat and underwritten by the administering Power.

123. The Mission has given careful thought to the political future of Montserrat in terms of General Assembly resolution 1514 (XV) of 14 December 1960. Association with the United Kingdom is not regarded by any responsible person in the Territory as being either realistic or feasible. Association with neighbouring countries is, however, regarded as desirable in principle, but it would first have to be demonstrated in practice that it would be in the interests of the people of Montserrat. Independence is, of course, a natural and legitimate aspiration. Although it is attainable as a political goal, it is realized at the same time that the small island of Montserrat with its limited resources cannot be totally independent economically. It is inevitable therefore that this factor of economic dependence should influence the thinking of the people about the political future of their island.

124. The Mission refrains from making any recommendation in this regard, except to draw attention to the fact that the dilemma facing Montserrat is not unique. There are other similar historical legacies of the colonial era; small dependent island Territories whose people may aspire to political independence and who may wish to replace their present economic dependence by some form of interdependence involving their neighbours, or perhaps the international community. In situations where there are no other viable options, small dependent island Territories might conceivably regard themselves as the common responsibility of the United Nations. The plight of Montserrat has served to highlight the question of international responsibility under the Charter of the United Nations for small dependent Territories which are already close to full internal self-government and which would proceed further to independence, if they could be assured of international support for their economic viability. The Mission considers that this general problem merits careful examination within the United Nations system.

## APPENDIX

Table 1

Imports and exports, 1971-1972  
(Value in East Caribbean dollars)

Item	1971		1972	
	Quantity	Value	Quantity	Value
<b>A. Imports</b>				
Motor cars (units)	204	598 597	163	636 002
Cement (pounds)	9 986 450	263 541	8 375 698	391 268
Lumber	...	213 522	...	333 158
Beer (gallons)	75 623	272 104	83 316	320 965
Wood and metal furniture	688	206 280	...	253 576
Medical and drugs	...	63 926	...	244 371
Gasoline (gallons)	218 217	173 792	338 885	190 468
Flour (100 bags)	9 781	154 392	11 787	170 418
Electrical equipment, television and radios (units)	4 647	72 980	2 934	156 888
Tires (units)	9 979	122 222	8 010	149 037
Sugar, refined (pounds)	476 139	85 114	665 720	145 445
Boots, shoes and slippers (pairs)	34 674	122 006	34 055	128 126
Soap (pounds)	153 959	85 304	180 528	124 345
Salt fish (pounds)	109 260	74 315	129 575	111 476
Whiskey (gallons)	...	65 597	7 708	97 474
Cigarettes (pounds)	85 541	67 380	14 027	96 377
Rice (pounds)	181 424	56 624	111 386	94 633
Rum (gallons)	60 418	123 496	24 406	94 032
Sugar, unrefined (pounds)	510 184	70 578	502 827	85 324
Cheese (pounds)	66 654	59 796	62 343	62 625
Wine (gallons)	12 588	54 972	5 529	62 536
<b>B. Exports</b>				
Vegetables (pounds)	111 547	23 439	202 314	35 318
Cotton lint (stained) (bales)	40	21 465	40	24 141
Tomatoes (pounds)	37 537	13 519	24 789	7 249
Limes (pounds)	6 670	2 341	10 932	2 254
Mangoes (pounds)	23 451	12 196	4 679	2 183
Cotton seed, etc. (pounds)	2 081	73	49 848	1 540
Bananas (stems)	28 522	3 838	...	...

Source: West Indies and Caribbean Year Book, 1974 (London, Thomas Skinner Directories, 1974).

Table 2

Value of agricultural exports, 1967-1972  
(In East Caribbean dollars)

Commodity	1967	1968	1969	1970	1971	1972
Peppers	13 320	5 934	3 448	9 894	17 862	28 069
Cotton lint	2 328	2 600	77 972	192 956	21 465	24 141
Tamarinds	780	6 000	1 208	5 956	8 904	11 837
Tomatoes	1 695	5 024	9 244	14 240	13 519	7 249
Limes	10 800	1 747	489	8 451	2 341	2 254
Mangoes	1 665	3 121	1 854	12 546	12 196	2 183
Cotton seed	1 989	5 300	2 210	4 785	...	1 540
Sweet potatoes	4 130	416	813	813	279	911
Mixed vegetables	12 729	2 120	14 881	632	5 567	795
Lime juice	...	10 437	111	...	...	...

Source: Montserrat 1967 to 1972 (London, Her Majesty's Stationery Office, 1974).

Table 3

Total trade and balance of visible trade, 1967-1973

(In East Caribbean dollars)

	1967	1968	1969	1970	1971	1972	1973
Domestic exports	52 643	57 604	115 606	276 984	124 904	121 917	...
Re-exports	178 596	183 951	...	174 210	178 590	247 824	...
Total exports	231 239	241 555	...	451 194	303 494	369 741	693 025
Imports	6 923 290	7 731 196	...	8 805 613	8 557 642	12 079 844	12 224 544
Balance of visible trade	-6 692 051	-7 489 641	...	-8 354 419	-8 254 148	-11 710 103	-11 531 519

Source: Montserrat 1967 to 1972 (London, Her Majesty's Stationery Office, 1974).

Table 4

Direction of trade, 1970-1972  
(In thousands of East Caribbean dollars)

	1970	1971	1972
<b>A. Imports</b>			
United Kingdom of Great Britain and Northern Ireland	2 981	3 016	3 726
West Indies	1 842	1 869	2 428
United States of America	1 369	1 132	1 830
Canada	746	679	1 477
Netherlands	312	336	512
Japan	59	100	222
Belgium	96	40	96
New Zealand	88	99	90
Switzerland	25	26	86
Australia	52	43	76
Germany, Federal Republic of	66	82	66
Hong Kong	52	34	46
Czechoslovakia	33	27	30
Other Commonwealth countries	27	54	97
Other foreign countries	<u>1 076</u>	<u>1 021</u>	<u>1 298</u>
Total	8 806	8 558	12 080
<b>B. Exports</b>			
West Indies	66	58	88
United Kingdom of Great Britain and Northern Ireland	15	30	12
Canada	-	4	-
United States of America	1	-	-
Other	<u>194</u>	<u>33</u>	<u>22</u>
Total	276	125	122

Source: West Indies and Caribbean Year Book, 1974 (London, Thomas Skinner Directories, 1974).

Table 5

Principal items of government revenue, 1967-1971

(In East Caribbean dollars)

Item	1967	1968	1969	1970	1971
Import duty	893 003	847 154	636 334	781 970	790 769
Income tax	153 088	253 377	289 779	424 529	506 732
Property tax	83 997	237 324	187 034	210 765	317 848
Licences	43 783	69 345	70 605	74 622	89 938
Stamp duty	27 560	36 231	46 811	53 700	71 945
Excise duty	9 588	10 677	3 515	...	...
Other local revenue	834 384	1 305 659	1 946 188	1 684 370	1 377 407
Total local revenue	2 045 403	2 759 767	3 180 066	2 979 896	3 154 639
Total revenue	2 718 825	2 369 367	3 896 431	3 995 908	4 981 418

Source: Montserrat 1967 to 1972 (London, Her Majesty's Stationery Office, 1974).

Table 6

Recurrent expenditure, 1964-1975  
(In thousands of East Caribbean dollars)

Year	General public services	Defence	Educa- tion	Health	Welfare	Public health	Amen- ities	Economic services	Population
1964	538	6	345	149	113	37	3	298	11 963
1965	584	8	412	159	115	48	7	438	11 916
1966	640	6	413	180	112	60	7	470	11 868
1967	865	8	444	209	127	49	7	333	11 821
1968	1 024	...	455	234	176	59	8	646	11 773
1969	975	13	477	238	155	64	10	639	11 726
1970	1 175	11	675	280	233	71	10	652	11 670
1971	1 334	11	760	359	318	97	14	832	11 842
1972	1 343	18	792	378	365	116	14	839	12 018
1973	1 483	16	1 015	450	363	124	18	1 095	12 196
1974	2 040	20	1 378	743	450	196	31	1 527	12 376
1975	2 442	20	1 536	1 015	452	203	35	1 407	12 559

Source: Information supplied to the United Nations Visiting Mission to Montserrat by the administering Power.

Table 7Per capita expenditure (non-commercial), 1964-1975(In East Caribbean dollars)

Year	General public services	Defence	Educa- tion	Health	Welfare	Public health	Amen- ities	Economic services
1964	45.0	0.5	28.8	12.5	9.5	3.1	0.3	24.9
1965	49.0	0.7	34.6	13.3	9.6	4.0	0.6	36.8
1966	53.9	0.5	34.8	15.2	9.4	5.1	0.6	39.6
1967	73.2	0.7	37.6	17.7	10.8	4.1	0.6	28.2
1968	87.0	...	38.6	19.9	14.9	5.0	0.7	28.3
1969	83.1	1.1	40.7	20.3	13.2	5.5	0.7	55.1
1970	100.7	0.9	57.8	24.0	20.0	6.1	0.9	55.9
1971	112.7	0.9	64.2	30.3	26.9	8.2	1.2	70.3
1972	111.7	1.5	65.9	31.5	30.4	9.7	1.2	69.8
1973	121.6	1.3	83.2	36.9	29.8	10.2	1.5	89.2
1974	164.8	1.6	111.3	60.0	36.4	15.8	2.5	123.4
1975	194.4	1.6	122.3	80.8	36.0	16.2	2.8	112.0

Source: Information supplied to the United Nations Visiting Mission to Montserrat by the administering Power.

Table 8

Funds issued by the administering Power for the development programme,  
1967-1973

(In East Caribbean dollars)

1967 . . . . .	700 429
1968 . . . . .	645 120
1969 . . . . .	832 416
1970 . . . . .	1 573 809
1971 . . . . .	2 027 288
1972 . . . . .	1 852 504
1973 . . . . .	2 148 416

Source: Montserrat 1967 to 1972 (London, HM Stationery Office, 1974)

Table 9

Budgetary grants-in-aid from the administering Power,  
1967-1975

(In East Caribbean dollars)

1967 . . . . .	736 422
1968 . . . . .	688 375
1969 . . . . .	716 364
1970 . . . . .	1 016 011
1971 . . . . .	1 826 779
1972 . . . . .	895 373
1973 . . . . .	1 219 200
1974 . . . . .	1 300 000
1975 . . . . .	1 952 000

Source: Information supplied to the United Nations Visiting Mission to Montserrat by the administering Power.

Table 10

Employment statistics classified by industry, 1972<sup>a/</sup>

Industry	Male	Female	Total	Percentage
Agriculture and fishing	499	269	768	20.4
Mining and quarrying	15	-	15	0.4
Construction and installation	852	27	879	23.3
Manufacturing	146	58	204	5.4
Electricity, gas, water and sanitary services	193	189	382	10.1
Commerce	72	43	115	3.1
Transport, storage and communication	174	30	204	5.4
Services	482	685	1 167	31.0
Not classified elsewhere	22	13	35	0.9
Total	2 455	1 314	3 769	100.0

Source: Montserrat 1967 to 1972 (London, Her Majesty's Stationery Office, 1974).

a/ Between 1966 and 1972, the main occupation in the Territory ceased to be that of agriculture. Numbers employed in the building industry rose considerably and, apart from services, became the largest employer of labour.

Table 11

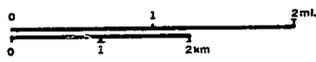
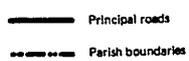
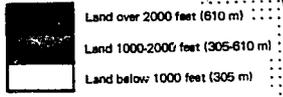
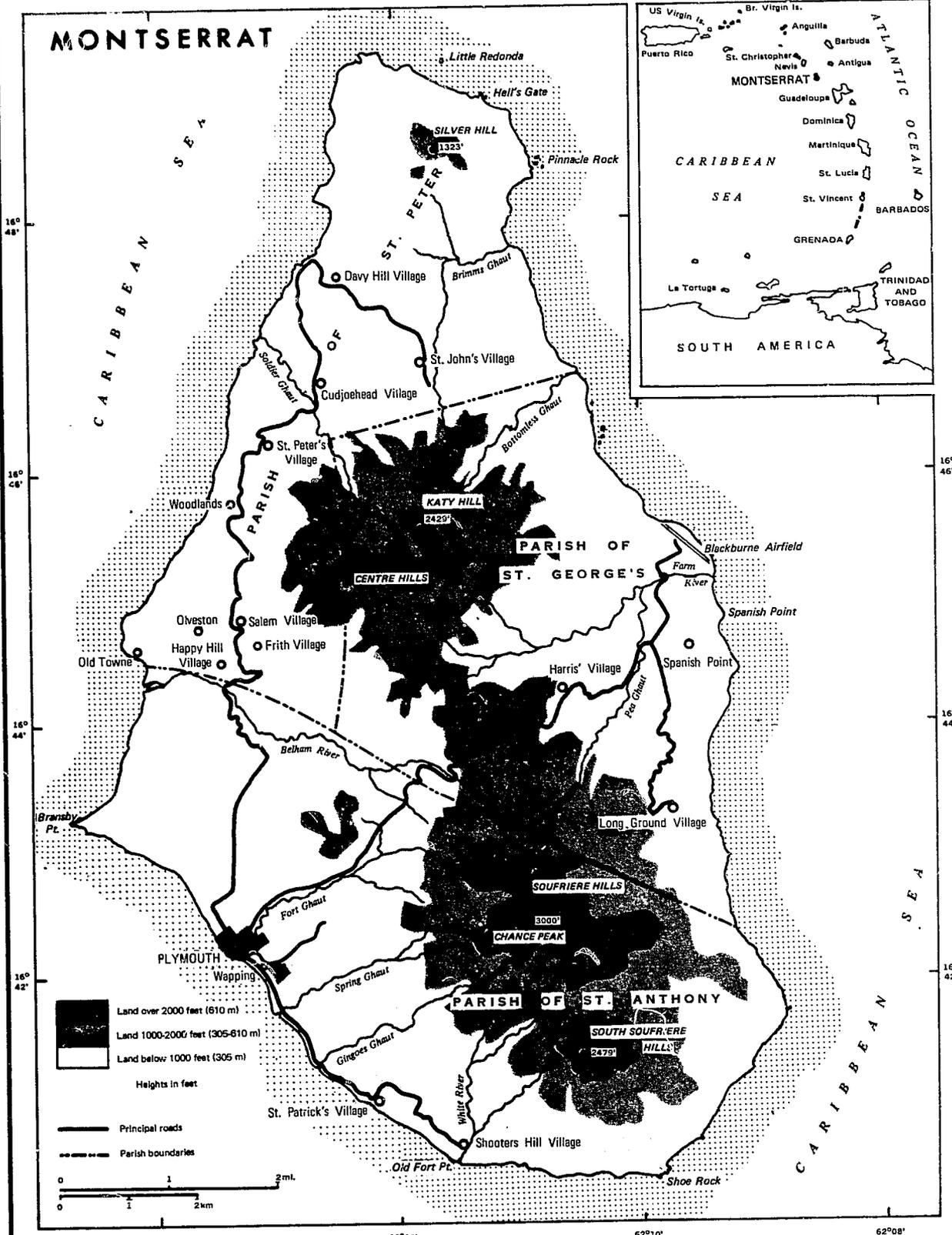
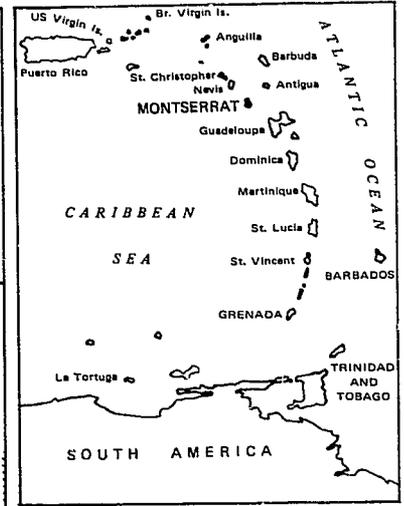
Wages in principal occupations, 1967, 1970 and 1972 <sup>a/</sup>  
(In East Caribbean dollars)

Occupation	1967		1970		1972	
	Daily	Weekly	Daily	Weekly	Daily	Weekly
Commerce <sup>b/</sup> Banks Offices		50.00-100.00 <sup>c/</sup> 32.25-50.00- 75.00		52.50-107.50 37.50-62.50- 112.50		62.50-112.50 <sup>c/</sup> 37.50-62.50- 112.50 <sup>d/</sup>
Hotel and catering <sup>d/</sup> Waiters and bartenders Cooks Maids, kitchen help, etc.		17.00-20.00 23.00-25.00 17.00		16.00-35.00 30.00-70.00 15.00-25.00		23.00-40.00 35.00-60.00 25.00
Agriculture Mobile machinery operators Labourers	6.00 2.25-3.00				8.00-12.88 <sup>e/</sup> 2.87-4.02-5.18	8.70 2.87-5.18-8.00
Construction <sup>f/</sup> Craftsmen Apprentices Labourers		15.00-20.00 <sup>c/</sup>		26.00-30.00		30.00-40.00
General workers Messengers, store clerks, handymen		12.00-25.00- 40.00 <sup>c/</sup>		15.00-35.00- 50.00		20.00-30.00- 50.00
Watchmen Labourers		30.00-50.00 <sup>c/</sup> 12.00-40.00 <sup>c/</sup>		31.60-57.50 18.00-45.00		35.00-50.00 20.00-50.00 <sup>c/</sup>

Source: Montserrat 1967 to 1972 (London, Her Majesty's Stationery Office, 1974).

- <sup>a/</sup> The ranges presented in this table were obtained by using the figures for the lowest and highest paid workers in each category. Where three figures are used, the highest figure is exceptional and the average is best obtained from the other two.
- <sup>b/</sup> Paid monthly.
- <sup>c/</sup> Estimate.
- <sup>d/</sup> Plus commission on service charge.
- <sup>e/</sup> Tractor drivers at bottom of scale and D6 drivers at top.
- <sup>f/</sup> Five-day week exclusive of overtime.

# MONTSERRAT



CHAPTER XXIX

(A/10023/Add.8 (Part III))

FALKLAND ISLANDS (MALVINAS)

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A. CONSIDERATION BY THE SPECIAL COMMITTEE

1. The Special Committee considered the question of the Falkland Islands (Malvinas) at its 1019th meeting, on 20 August 1975.
2. In its consideration of the item, the Special Committee took into account the provisions of the relevant General Assembly resolutions, including in particular resolution 3328 (XXIX) of 16 December 1974 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 11 of this resolution, the Assembly requested the Special Committee "to continue to seek suitable means for the immediate and full implementation of resolutions 1514 (XV) and 2621 (XXV) in all Territories which have not yet attained independence and, in particular, to formulate specific proposals for the elimination of the remaining manifestations of colonialism and to report thereon to the General Assembly at its thirtieth session". The Committee also took into account the decision taken by the General Assembly on 13 December 1974 on the question of the Falkland Islands (Malvinas). 1/
3. During its consideration of the item, the Special Committee had before it a working paper prepared by the Secretariat (see annex to the present chapter) containing information on developments concerning the Territory.
4. The Special Committee also had before it two letters addressed to the Secretary-General: one dated 25 March 1975 from the Permanent Representative of Argentina to the United Nations (A/AC.109/482; see also annex to the present chapter, para. 16), and the other dated 5 May 1975 from the Permanent Representative of the United Kingdom of Great Britain and Northern Ireland to the United Nations (see annex to the present chapter, para. 18).

1/ Official Records of the General Assembly, Twenty-ninth Session, Supplement No. 31 (A/9631 and Corr. 2), p. 117, item 23.

## B. DECISION OF THE SPECIAL COMMITTEE

5. At its 1019th meeting, on 20 August, following a statement by the Chairman (A/AC.109/PV.1019), the Special Committee decided, without objection, to transmit to the General Assembly the documentation referred to in paragraphs 3 and 4 above, in order to facilitate consideration of the item by the Fourth Committee and, subject to any directives which the General Assembly might give in that connexion at its thirtieth session, to consider the item at its next session.

ANNEX\*

WORKING PAPER PREPARED BY THE SECRETARIAT

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\* Previously issued under the symbol A/AC.109/L.1044.

## FALKLAND ISLANDS (MALVINAS) a/

### 1. GENERAL

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

2. At the latest census, held in 1972, the population of the Territory, excluding the Dependencies, numbered 1,957, of whom almost all were of European descent, mainly of British origin. Of this total, 1,079 lived in Port Stanley, the capital. The estimated population at 31 December 1973 was 1,874.

### 2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

#### A. Constitution

3. An outline of the constitutional arrangements for the Territory, introduced in 1949, as amended in 1955 and 1964, appears in the report of the Special Committee to the General Assembly at its twenty-fifth session. c/ Briefly, the governmental structure consists of: (a) a Governor appointed by the Queen (currently Mr. Neville A. French, who succeeded Mr. E. G. Lewis upon the expiration of the latter's term of office in January 1975); (b) an Executive Council consisting of two unofficial members appointed by the Governor, two elected members of the Legislative Council chosen by that Council's elected and independent members and two ex officio members (the Chief Secretary and the Financial Secretary); (c) a Legislative Council consisting of the Governor, who presides, two ex officio members (the Chief Secretary and the Financial Secretary), two nominated independent members and four other members elected on the basis of universal adult suffrage; and (d) a Court of Appeal set up in July 1965 to hear and determine appeals from the courts of the Territory.

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a/ This section is based on published reports and on information transmitted to the Secretary-General by the Government of the United Kingdom of Great Britain and Northern Ireland under Article 73 e of the Charter of the United Nations on 28 November 1974, for the year ending December 1973.

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

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

## B. Constitutional reform

4. As previously noted, d/ a Select Committee of elected members of the Legislative Council was appointed in January 1974 by the Governor, on a recommendation by the Council, to ascertain the views of the electorate on constitutional changes and thereafter to make appropriate recommendations. Between February and September 1974, the Select Committee held a series of meetings in Port Stanley and other places, in which several proposals were put forward, mainly concerning the revision of the composition and functions of the legislature and the electoral system. In reply to questions in the United Kingdom House of Commons, Mr. David Ennals, the Minister of State at the Foreign and Commonwealth Office, stated on 7 April 1975 that the Select Committee had recently submitted its report, which would be considered by the Territory's Legislative Council in June.

## C. Contacts between the Government of Argentina and the Government of the United Kingdom

5. In a letter dated 22 August 1974, addressed to the Secretary-General, the Permanent Representative of Argentina to the United Nations, referring to General Assembly resolution 3160 (XXVIII) of 14 December 1973, which declared the need to accelerate negotiations between the Governments of Argentina and the United Kingdom on the question of the Falkland Islands (Malvinas), stated that contacts had been established between the two Governments with a view to implementing the provisions of the above-mentioned resolution and that the Government of Argentina would report to the Secretary-General in due course on the results of the negotiations. e/

6. As previously noted, f/ it was reported in June 1974 that the United Kingdom Government, in accordance with the Communications Agreement signed in 1971 with the Government of Argentina, had approved a grant of £4.2 million g/ towards the construction of a permanent airfield at Cape Pembroke, near Port Stanley (see para. 29 below).

7. On 13 September 1974, the Governments of Argentina and the United Kingdom reportedly signed an agreement under which Yacimientos Petrolíferos Fiscales (YPF), the Argentine state oil company, acquired the rights to supply petroleum products in the Territory at prices obtaining in Argentina, which are lower than those in the Territory. The agreement contained a clause limiting the rights of YPF to the supply of diesel oil by stipulating that major users would be free to negotiate bulk purchase contracts with suppliers of their choice. A second agreement was also signed to facilitate trade and the carriage of goods between the Territory and the Argentine mainland (see below).

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d/ Ibid., Twenty-ninth Session, Supplement No. 23 (A/9623/Rev.1), vol. VI, chap. XXVI, annex I, paras. 4-6.

e/ Ibid., annex II.

f/ Ibid., annex I, para. 22.

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

8. In a statement before the General Assembly on 24 September 1974, the Minister for Foreign Affairs of Argentina, referring to resolution 3160 (XXVIII), stated that his country still had to bear the occupation of part of its territory by an extracontinental Power, a situation which was not in accordance with the direction and ideals of the world today, and one which Argentina considered inadmissible. He added that although contacts existed for resuming negotiations, a solution had not yet been reached. Accordingly, he wished to reiterate the unalterable sovereignty of Argentina over the Malvinas Islands and to point out that this just claim would of necessity condition Argentina's international relations in any circumstances in which its right might be discussed. After expressing confidence that the United Kingdom Government would show the necessary understanding and political decision to put an end to this problem, the Foreign Minister announced the following:

"As proof of our concern in regard to the matters involved, I declare once again that the Republic of Argentina will do everything within its power to protect the interests of the inhabitants of the Islands and to increase their well-being, enabling them to accede to the benefits and progress enjoyed by the people of Argentina. Therefore I am pleased to announce here that a few days ago I had the satisfaction of signing, together with the representative of the United Kingdom in Buenos Aires, separate notes in which an enlargement of the fuel plant installed by my Government on the Islands is envisaged as well as other measures intended to facilitate trade between the continental territory of Argentina and the Malvinas Islands." h/

9. In a letter dated 24 October 1974, addressed to the Secretary-General, the Permanent Representative of the United Kingdom to the United Nations stated that his Government shared the satisfaction of the Government of Argentina at the conclusion of the recent trade agreements between the two countries (see para. 7 above), and believed that these measures would contribute towards a greater mutual understanding between the inhabitants of the Falkland Islands and those of Argentina, a process which his Government had consistently stated that it wished to encourage. He then added:

"At the same time, I am instructed to state that my Government has no doubt about its sovereignty over the Falkland Islands, and I wish formally to reserve the right of the United Kingdom Government on this question. My Government reiterates its genuine desire to arrive at a just and peaceful solution to the problem provided that it is consonant with the expressed wishes of the inhabitants of the Falkland Islands themselves.

"The Foreign Minister of the Argentine Republic and the Argentine Permanent Representative referred to the contacts that have taken place between their Government and mine during the past year. My Government welcomed these contacts and hopes that they can be carried forward in agreement with representatives of the inhabitants of the Falkland Islands."  
(A/9814).

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h/ Official Records of the General Assembly, Twenty-ninth Session, Plenary Meetings, 2240th meeting.

10. In a letter dated 30 October 1974, addressed to the Secretary-General, the Permanent Representative of Argentina to the United Nations stated that his Government welcomed the satisfaction expressed by the Government of the United Kingdom in respect of the recent agreements. In this way, he continued, the Government of Argentina took into consideration the needs and interests of the inhabitants of the Territory in accordance with General Assembly resolutions 2065 (XX) of 16 December 1965 and 3160 (XXVIII) as "a collateral element of the substantive settlement that the two Governments must reach on the conflict of sovereignty existing between them", and added:

"The Government of Argentina reaffirms on this occasion that the only possible solution is simply the return of the Islands to the Argentine Republic, to whose sovereignty they are subject. In this sense my Government shares the desire expressed by the Government of the United Kingdom to arrive at a just and peaceful settlement of the dispute. However, the Government of the United Kingdom insists that the solution must be consonant with the 'wishes' of the inhabitants of the Malvinas. Here I must refer to the relevant paragraph of the letter which was addressed to you - also on the specific instructions of my Government - on 5 November 1973 (A/9287).

...

"Finally, as far as the contacts existing between the two Governments to renew the negotiations envisaged in resolutions 2065 (XX) and 3160 (XXVIII) are concerned, the Argentine Government wishes to reiterate that, under the terms of those resolutions, the negotiations must take place exclusively between the Governments of the Argentine Republic and the United Kingdom. There can thus be no presumption or claim that the settlers of the Islands should participate in the negotiations, with the proviso that during the negotiations the interests of the islanders must be duly taken into account - something that has been and is a concern of the Argentine Government, demonstrated at all stages of the process aimed at reaching a peaceful and final solution to the question. Resolution 2065 (XX) makes specific provision for this by inviting the Governments to negotiate and reach a peaceful solution 'bearing in mind ... the interests' - not the wishes - 'of the population of the Falkland Islands (Malvinas)'." (A/9824).

11. On 18 December 1974, in reply to questions in the United Kingdom House of Commons, Mr. Ennals stated that there had been several discussions between ministers of the United Kingdom and of Argentina on the future status of the Falkland Islands, one occasion being as recently as the previous week, and that it was the wish of both Governments to keep in touch. He added that no change in the present sovereignty of the United Kingdom over the Falkland Islands would be made against the wishes of the islanders.

D. Possible existence of oil deposits in the Territory and the off-shore areas surrounding it

12. As noted in previous reports of the Special Committee, there are some indications that oil deposits might exist in the Territory and the off-shore areas surrounding it, and some consideration has been given by the territorial Government to the leasing of off-shore areas for exploration. In an interview published in the November/December 1974 issue of the Falkland Islands Times, a local newspaper, Mr. A. Monk, the Chief Secretary of the Territory, confirmed that the Government had received a number of applications for concessions to drill for oil, but did not intend to issue any at present. He stated that a report on the possible existence of oil deposits in the Territory, prepared by a team from Birmingham University headed by Professor Donald Griffiths, had yet to be received and evaluated by the United Kingdom Government. He also noted that the current limits of the islands' territorial waters were 12 miles, while consideration was being given at international conferences to proposals to create a 200-mile economic zone.

13. At a meeting of the Legislative Council on 4 December 1974, Governor Lewis stressed the importance of a sound licensing policy which would take into account the Territory's long-term interests, and stated that the ways in which licences could be issued should be considered when all the information was available. At the same meeting, two motions were passed. The first motion read as follows:

"This Council considers that the Colonial Government should take immediate steps to invite interested parties to apply for licences to examine the possibilities of drilling for oil, both on-shore and within territorial waters."

The second motion read as follows:

"This House considers now is the time to examine applications for oil exploration licenses, in view of the Colony's almost certain future economic difficulties, in order to take advantage of any oil available in the Colony or its waters as soon as possible."

14. In reply to questions in the United Kingdom House of Commons, Mr. Ennals stated on 18 December that geophysical surveys of possible oil-bearing areas around the Falkland Islands had been carried out at the beginning of that year and that, until the evaluation of the results of those surveys was available, he could give no indication as to the accuracy of the rumours that there was an important oil field lying between the Territory and the Argentine mainland.

15. On 18 March 1975, the United Kingdom Government confirmed that it had received the report prepared by Professor Griffiths (see para. 12 above), but it did not disclose the contents.

16. In a letter dated 25 March 1975, the Permanent Representative of Argentina to the United Nations transmitted to the Secretary-General the text of the following press release, issued by his Government on 19 March:

"According to cabled information published in the press, the United Kingdom Foreign Office has received a scientific report, prepared on the instructions of the Government of the United Kingdom of Great Britain and Northern Ireland, concerning the possible existence of petroleum deposits under the Argentine continental shelf near the Malvinas Islands.

"Since the Malvinas Islands and the above-mentioned areas constitute an integral part of the national territory, the Government of Argentina wishes to state that it does not and will not recognize the right of any foreign Government to explore for or extract minerals or hydrocarbons. Consequently, the Argentine Government does not and will not recognize and will deem irrevocably null and void any activity or measure undertaken, or any agreement concluded by the United Kingdom in connexion with this question, which the Argentine Government considers to be of the utmost gravity and importance.

"Furthermore, the Argentine Government will regard the carrying out of activities of the kind referred to above to be contrary to United Nations resolutions and consensuses on the Malvinas Islands, the clear purpose of which is to find a peaceful solution to the sovereignty dispute between the two countries through bilateral negotiations.

"The Argentine Government therefore reaffirms once again its inalienable rights of sovereignty over the Malvinas Islands and reiterates that the dispute with the United Kingdom can be settled only by the restoration of the islands to the national heritage of the Argentine Republic." (A/AC.109/482).

17. On 3 April 1975, The Financial Times of London stated that progress towards greater contacts between the Territory and Argentina had for the moment been halted, as a result of the situation relating to the possible existence of oil deposits in the off-shore areas surrounding the Territory. Although there was little likelihood of a quick resumption of the talks between the Governments of Argentina and the United Kingdom on the question of the Territory, it continued, thought was being given by the United Kingdom Government to solutions which would harmonize Argentina's demands for sovereignty over the Territory with the United Kingdom's expressed determination to bow to the wishes of the inhabitants of the Territory. Among the solutions being discussed were the establishment of an Anglo-Argentine condominium over the Territory, the transfer of sovereignty to Argentina with the leasing back of the Territory to the United Kingdom, the freezing of all claims to sovereignty and the development on a bi-national basis of the Territory's resources.

18. In a letter dated 5 May 1975, the Permanent Representative of the United Kingdom to the United Nations transmitted to the Secretary-General the text of the following parliamentary question on the Falkland Islands raised in the House of Commons and the answer thereto by the Minister of State at the Foreign and Commonwealth Office:

"Mr. Golding asked the Secretary of State for Foreign and Commonwealth Affairs whether he will make a statement concerning his attitude to the further claims of the Argentine Minister for Foreign Affairs on the Falkland Islands made on 19 March."

"Mr. Ennals: Her Majesty's Government are in no doubt about their sovereignty over the Falkland Islands and their territorial sea. Nor do they have any doubts about their exclusive sovereign rights to explore and exploit the natural resources of the Falkland Islands continental shelf." (A/AC.109/488).

### 3. ECONOMIC CONDITIONS

19. The economy is almost entirely dependent on sheep farming. Statistics furnished by the administering Power show that in 1972/73 there were 612,058 sheep in the Territory distributed as follows: East Falkland, 346,537; West Falkland, 199,140; and other islands, 66,381.

20. The price of wool, the principal export (accounting for 95 per cent of all domestic exports in 1973) is the most important factor governing the economic life of the Territory. Exports of wool were valued at £1.5 million in 1973 and £2.2 million in 1974, reflecting an upward trend in prices which reached an exceptional figure of 53 new pence per pound in 1974. Currently, however, wool prices have dropped to approximately 25 new pence per pound.

21. The development of the Territory has been closely linked with the growth of the Falkland Islands Company (FIC), which was registered in the United Kingdom in 1851. The FIC, which is the largest producer of wool in the islands (owning 271,164 out of the total of 612,058 sheep in 1972/73), also controls much of the local banking, commerce and shipping. The FIC had previously planned to establish a local company, to be known as Falkland Trading, Ltd. (FTL), in which FIC would hold 46 per cent of the voting shares and to which it would transfer its interests in local trade and shipping. These plans were abandoned in August 1974, reportedly owing to difficulties in raising the necessary funds locally.

22. In a speech to the Legislative Council on 4 December 1974, Governor Lewis referred to a number of prospects for economic development. First, he mentioned the tourist industry, which was expected to prosper in the wake of expanding sea and air communications. Second, he remarked on the interest being shown in the Territory's fishing resources. In addition to the Taiyo Fishery Company of Japan, which was conducting research in local waters with a view to establishing a deep-sea fishing industry, a United Kingdom company was exploring the feasibility of setting up a base to exploit king crab. Finally, he referred to the activities of Alginate Industries, Ltd., which was in the process of building a factory to produce dried milled kelp for shipment to the United Kingdom. In February 1975, Alginate Industries announced that its first production plant would be ready by 1976 and that the factory was expected to be in full operation by 1978.

23. In his speech, the Governor also referred to the possible existence of oil deposits in the Territory (see paras. 12-18 above).

24. It was reported in February 1975 that Mr. B. Wilson, a representative of Chimo Management Services of Canada, had visited the Territory on behalf of six oil companies, including, in addition to his own: Ashland Oil Canada, Ltd., a subsidiary of Ashland Oil, Inc. of the United States of America; Coral Petroleum, Inc., also of the United States; Asamara Oil Corporation, Ltd., and Sunlight Oil Canada, Ltd., both of Canada; and Tanks, Oil and Gas, Ltd., a United Kingdom subsidiary of Tanganyika Concessions, Ltd. Mr. Wilson was reportedly seeking a licence to carry out a seismic survey with a view to locating oil in the off-shore area known as Burdwood Bank, a ridge no more than 25 fathoms under the sea to the south of the Territory, and possibly also on-shore. The companies were prepared to invest between £750,000 and £1 million in the operation, which it was estimated could take up to 18 months, starting two months after the granting of a licence.

25. The Territory depends on imports to meet nearly all of its requirements for consumer goods and capital equipment. Imports were valued at £651,579 in 1972 and £570,996 in 1973; exports for the same years (mainly wool) totalled £1.1 million and £1.5 million, respectively. As in the past, the United Kingdom absorbed all of the Territory's exports and provided most of its imports. As noted in paragraphs 7 to 10 above, steps have been taken recently to increase trade relations between the Territory and the Argentine mainland.

26. Given the characteristics of the economy, most territorial revenue is derived indirectly from sheep farming. The main items of expenditure are public works, education, posts and telecommunications and public health. The following table shows the financial position of the Territory in recent years:

(In pounds sterling)

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	<u>1972/73</u> (actual)	<u>1973/74</u> (revised estimates)	<u>1974/75</u> (estimates)
Revenue	465,526	688,977	862,176
Expenditure	525,120	624,922	790,710

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27. In a speech to the Legislative Council on 4 December 1974, Governor Lewis stated that the financial year 1973/74 had ended with a surplus of £116,000, raising the Territory's ordinary reserves to more than £200,000, and that a surplus might also be expected in 1974/75. He added that the bulk of revenue from the 1973/74 wool production, which had obtained exceptionally high prices, would accrue to the Government in 1974/75. If the current downward trend in wool prices continued, however, the Territory might be faced with difficulties in balancing the budget in 1976/77. Among other adverse factors affecting the Territory's finances, he mentioned inflation and the increased price of oil.

28. Details of a development plan for the period 1973-1978 were noted by the

Special Committee in its previous report. i/ The United Kingdom contribution to the development plan amounts to £50,000 annually, in addition to the grant approved for the building of an airport.

29. As noted in paragraph 6 above, the United Kingdom has allocated funds for the construction of a permanent airfield at Cape Pembroke, near Port Stanley. The contract was awarded to Johnston Construction. In November 1974, the United Kingdom Government announced that advance work on the site was under way and that construction work would begin in January 1975. The airfield is scheduled for completion in April 1976, although it is expected to be operational before then.

#### 4. SOCIAL CONDITIONS

30. There was no significant change in the labour situation in the Territory during the period under review. Owing to the scarce opportunities for employment, there has been some loss of population to other countries. In order to reverse this trend, steps have been taken by the Government to stimulate the over-all development of the Territory, especially through economic diversification (see para. 22 above).

31. The Government maintains a general hospital with 27 beds in Port Stanley, which provides medical, surgical, obstetric and geriatric care. The Medical Department employs one senior medical officer, three medical officers and other staff.

32. Following a report by a professional hospital administrator, improvements were made in the organization and management of the hospital at Port Stanley. United Kingdom Development Aid funds have been made available for the purchase of additional hospital equipment.

33. In the budget estimates for 1974/75, the total allocated to public health amounted to £92,502 (£78,315 in 1973/74).

#### 5. EDUCATIONAL CONDITIONS

34. In 1973, there were 311 pupils (335 in 1972) attending government schools, which in principle were all primary schools, staffed by 28 teachers, including itinerant teachers for outlying areas (31 in 1972). There was a further decline in school enrolment to 290. Forty-seven children of secondary-school age were being educated in South America.

35. Following the signing of the Communications Agreement in 1971, a number of children continued their education in Argentina. In 1974, 36 children from the Territory attended bilingual schools in Argentina, of whom 23 were on scholarships

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i/ Ibid., Twenty-ninth Session, Supplement No. 23 (A/9623/Rev.1), vol. VI, chap. XXVI, annex I, para. 31.

granted by the Argentine Government, two were on scholarships granted by the United Kingdom Government and two were on scholarships granted by the schools. On 3 June 1974, it was reported that, in conformity with a decision taken by the Territory's Executive Council in late 1973, two Spanish-language teachers sponsored by the Argentine Government had arrived in the Territory to teach in Port Stanley schools and at adult education evening classes. It was reported in May 1975 that there were plans to extend the teaching of Spanish to classes by broadcasts over the local radio station.

36. In a speech to the Legislative Council on 4 December 1974, the Governor expressed the hope that the arrival of the new Superintendent of Education would make it possible to proceed with the rationalization of the educational system, providing a broader curriculum and cultural basis for all students.

37. In the budget estimates for 1974/75, the total allocated to education was £106,709 (£81,065 in 1973/74).

CHAPTER XXX

(A/10023/Add.8 (Part III))

BELIZE

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A. CONSIDERATION BY THE SPECIAL COMMITTEE

1. The Special Committee considered the question of Belize at its 1019th meeting, on 20 August 1975.
2. In its consideration of the item, the Special Committee took into account the provisions of the relevant General Assembly resolutions, including in particular resolution 3328 (XXIX) of 16 December 1974 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 11 of this resolution, the Assembly requested the Special Committee "to continue to seek suitable means for the immediate and full implementation of resolutions 1514 (XV) and 2621 (XXV) in all Territories which have not yet attained independence and, in particular, to formulate specific proposals for the elimination of the remaining manifestations of colonialism and to report thereon to the General Assembly at its thirtieth session". The Committee also took into account the decision taken by the General Assembly on 13 December 1974 on the question of Belize. 1/
3. During its consideration of the Territory, the Special Committee had before it a working paper prepared by the Secretariat (see annex to the present chapter) containing information on developments concerning the Territory.

B. DECISION OF THE SPECIAL COMMITTEE

4. At its 1019th meeting, on 20 August, following a statement by the Chairman, (A/AC.109/PV.1019) the Special Committee decided, without objection, to transmit to the General Assembly the working paper referred to in paragraph 3 above, in order to facilitate consideration of the item by the Fourth Committee and, subject to any directives which the Assembly might give in that connexion at its thirtieth session, to consider the item at its next session.

1/ Official Records of the General Assembly, Twenty-ninth Session, Supplement No. 31 (A/9631 and Corr.2), p. 117, item 23.

ANNEX\*

WORKING PAPER PREPARED BY THE SECRETARIAT

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\* Previously issued under the symbol A/AC.109/L.1025.

1. GENERAL

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

2. At the last census, taken in 1970, the total population of the Territory was 119,863, of whom 39,332 lived in Belize City. Belmopan, the new capital, had approximately 3,000 inhabitants in 1972. The population in mid-1973 was estimated to be 132,000, consisting mainly of Creoles, American Indians (Mayas) and Caribs.

2. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

A. Constitution

3. An outline of the constitutional arrangements set out in the British Honduras Constitution Ordinance, 1963, as amended in 1973 and 1974, appears in the last report of the Special Committee. c/ Briefly, the Constitution of Belize, formerly known as British Honduras, provides for a Governor appointed by the Queen, a Cabinet and a bicameral National Assembly consisting of a Senate and a House of Representatives.

4. The Governor retains responsibility for defence, external affairs, internal security (including the armed forces) and the public service. Under the Belize Letters Patent, 1964 to 1974, the Governor, acting in accordance with the advice of the Premier, may assign to the Premier or any other minister responsibility for any business of the Government, not otherwise delegated, as well as the department of the Attorney-General. The Governor may also, under conditions imposed by him, delegate to a minister chosen after consultation with the Premier, responsibility for matters relating to external affairs. Delegation of this authority is subject to the prior approval of the United Kingdom Secretary of State for Foreign and Commonwealth Affairs.

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a/ This section is based on published reports and on information transmitted to the Secretary-General by the Government of the United Kingdom of Great Britain and Northern Ireland under Article 73 e of the Charter of the United Nations on 25 June 1974, for the year ending 31 December 1973.

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

c/ Ibid., Twenty-ninth Session, Supplement No. 23 (A/9623/Rev.1), vol. VI, chap. XXVII, annex, paras. 3-4 and 10-14.

5. The Cabinet consists of the Premier and other ministers (11 at present). Of the eight members of the Senate, five are appointed by the Governor on the advice of the Premier, two on the advice of the Leader of the Opposition and one after such consultations as the Governor considers appropriate. The House of Representatives has 18 members elected by universal adult suffrage for a period of five years.

#### B. Political parties and elections

6. The major political parties are the People's United Party (PUP), formed in 1950 under the leadership of Mr. George Price, and the coalition known as the United Democratic Party (UDP), established in August 1973 by agreement among three opposition groups: the National Independence Party (NIP), led by Mr. Philip Goldson; the People's Development Movement (PDM), led by Mr. Dean Lindo; and the People's Liberal Party (PLP), led by Mr. Harry Lawrence. In late 1973, the Corozal United Front (CUF) was founded under the chairmanship of Mr. Omar Vellos. In early 1974, CUF announced its intention of working in association with the other opposition groups in the next general elections.

7. Elections for the 18 seats in the House of Representatives on 30 October 1974 were contested by PUP, which had held 17 seats in the dissolved legislature; the UDP coalition, one of whose members (NIP) had held the remaining seat; CUF, which nominated the opposition candidates in the Corozal District; and five independent candidates. About 77.6 per cent of the registered voters took part in the elections. The PUP secured 12 seats in the new House, the lowest total in 20 years, and the remaining seats went to the UDP coalition. Mr. Price of PUP was returned with 62.2 per cent of the vote in his Freetown, Belize City constituency, representing an increase of 3.4 per cent over the previous poll. Mr. Goldson, formerly leader of NIP and Opposition Leader in the last House, and Mr. Lindo, formerly leader of PDM, also won seats.

8. The issue on which the ruling party and UDP differed sharply was that of the timing of the Territory's independence. The PUP, in its "Manifesto for the Independent Belize", declared as its objectives the speedy granting of independence, coupled with suitable security arrangements to safeguard it; international recognition and support for independence; and peaceful and harmonious co-operation with other countries. The UDP reportedly believed that the Territory was not yet ready for independence. The basic objectives of UDP were the promotion of: (a) parliamentary democracy and the rule of law; (b) free enterprise, co-operatives and social development; (c) full national participation in the Territory's development; and (d) an equitable settlement of the Guatemalan claim to Belize. The party's manifesto and election declaration issued on 6 October 1974 indicated no change in these objectives.

9. Soon after the elections, Mr. Price, who was reappointed Premier, announced the appointment of 11 ministers to his new Cabinet, in which the Premier assumed responsibility for finance. Mr. Carl L. Rogers became Deputy Premier and Minister of Home Affairs and Health. The Opposition Party (UDP) chose Mr. Lindo to be its

leader and submitted his name to the Governor for appointment as Leader of the Opposition. Mr. Goldson was chosen to be Opposition Whip in the new House.

### C. Future status of the Territory

10. It will be recalled d/ that at the Eighth Commonwealth Caribbean Heads of Government Conference, held at Georgetown in April 1973, the delegates of Barbados, Guyana, Jamaica and Trinidad and Tobago adopted a resolution concerning a programme of mutual assistance which would protect members of the Caribbean Community (CARICOM) against external aggression, secure their political independence and territorial integrity and provide for the safety and well-being of their people. The delegates of several other countries, including Belize, stated their wish to be identified with the spirit of the resolution. At the first meeting of the Conference of Heads of Government of CARICOM, held at Castries, St. Lucia, in July 1974, the Heads of Government of the Bahamas, Barbados, Grenada, Guyana and Trinidad and Tobago adopted a resolution in which they condemned all acts inconsistent with, and in denial of, the right of the people of Belize to self-determination; expressed opposition to all policies calculated to impede fulfilment of the wish of the people and Government of Belize to terminate the Territory's colonial status; and declared their joint determination to take all steps necessary to support the people of Belize, help them to achieve independence and secure and preserve the sovereignty of the country.

11. In his National Day address on the state of the nation, delivered on 6 September, Premier Price stated that the Belizean people were aware of their right to determine their future political state. He outlined a foreign policy aimed at the attainment of independence which was later incorporated into the "Manifesto for the Independent Belize" (see para. 8 above).

12. In a statement before the General Assembly at its twenty-ninth session, on 26 September 1974, the Minister for Foreign Affairs of Guatemala reiterated the adherence of his country to the principle of self-determination of peoples as expressed in General Assembly resolution 1514 (XV) of 14 December 1960, which excluded from its scope the secession of territories, and accordingly restated the claim of Guatemala to the Territory of Belize. He added:

"We trust that the dialogue will continue between the parties to this century-long dispute, with no efforts spared towards a solution that would satisfactorily reconcile Guatemala's territorial rights with those of the people of Belize.

"In the meantime, until there is an understanding that will permanently ensure the peace of the region, Guatemala once again expresses its decisive reservation with regard to its sovereign right over the Territory of Belize, at present occupied by the United Kingdom of Great Britain and Northern Ireland." e/

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d/ Ibid., paras. 15-17.

e/ Ibid. Twenty-ninth Session, Plenary meetings, 2245th meeting.

13. At subsequent meetings of the General Assembly during the same session, the representatives of Guyana, Jamaica and Barbados, all member States of CARICOM, made statements supporting the right of the people of Belize to self-determination and independence. f/

14. On 10 October, the representative of Guatemala, in a statement in exercise of his right of reply, reiterated the position taken by the Minister for Foreign Affairs of Guatemala (see para. 12 above). He also said, inter alia:

"Belize, as a part of the territory of Guatemala, is called upon to share in a historic, social and economic union through a process of integration which we all earnestly seek for the joint Central American effort of integral development. An equitable solution must be based on realities that are just for all.

"My Government has officially expressed its unchanging resolve to continue direct negotiations with England so as to attain that end honestly and firmly." g/

15. In a letter dated 11 October 1974, the Permanent Representative of the United Kingdom to the United Nations transmitted to the President of the General Assembly a message from the Premier of Belize on behalf of his Government, concerning the statement referred to in paragraph 12 above. In his message, the Premier of Belize declared:

"This Government emphatically denies that Belize is or has ever been an integral part of the Republic of Guatemala and holds that no question of the disruption of national unity or territorial integrity arises or can arise in respect of the claim made by Guatemala to Belizean territory. Guatemala claims territory that is not, and never has been, theirs and over which the Belizean people claim the right to self-determination. This right is denied to the people of Belize only because of the threat that Guatemala continuously makes of her determination to forcibly incorporate Belize as part of Guatemala." (A/9802).

16. He added that the declared aspirations of the Belizean people to self-determination and independence could not be reconciled with the Guatemalan claim to Belize: its sovereignty was not for negotiation. He went on to say:

"We wish to inform you, Mr. President, that the Belizean people go to free and democratic elections on 30 October next. Even during this period, the people of Belize are united against the threat of Guatemalan absorption and reject Guatemala's unfounded claim. The People's United Party, the party in government, is preparing the Belizean people to assume the responsibilities of independence. The manifesto upon which the people will be called upon to vote is entitled 'The Manifesto for the Independent Belize'." (A/9802).

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f/ Ibid., 2249th, 2253rd and 2254th meetings.

g/ Ibid., 2265th meeting.

17. In a letter dated 29 October 1974, addressed to the Secretary-General, the Permanent Representative of the United Kingdom to the United Nations stated that his Government could not accept those statements (see paras. 12 and 14 above) in so far as they disputed the sovereignty of the United Kingdom over Belize, over which his Government formally reserved its rights. He further stated:

"As Your Excellency will be aware, my Government have in past years explored peaceful means, including direct negotiations, submission to the jurisdiction of the appropriate international bodies and international mediation, whereby their differences with Guatemala in regard to the future of Belize might be resolved. My Government will, as before, continue their peaceful efforts to reach a just and equitable solution which will take full account of the rights of the people of Belize in accordance with the universally acknowledged principle of self-determination. The indications that the distinguished Guatemalan representatives have given, that the Guatemalan Government are willing to engage in negotiations with the United Kingdom Government, are therefore welcome." (A/9821).

18. At the 2122nd meeting of the Fourth Committee on 29 November, Mr. Carl L. Rogers, Deputy Premier of Belize, addressed the Committee at the invitation of its Chairman. h/ He stated that Belize, the last colonial outpost on the American mainland, wanted its independence as soon as possible but feared that its territory would be occupied by Guatemala as soon as the United Kingdom withdrew. Recalling briefly the history of Belize, he said that it had always been a nation separate and distinct from the other nations of Central America, and that no country had exercised any jurisdiction over it before it was declared a United Kingdom colony in 1862. The central issue, he continued, was self-determination: the people of Belize, who had their own traditions, culture and personality, could not, after 10 years of internal self-government, gain their independence because of the objections of Guatemala.

19. The Deputy Premier also said that the Government of Guatemala had so far declined to negotiate with the United Kingdom while British troops remained in Belize. The Government of Belize, fearful of Guatemala's intentions, was unwilling to ask the United Kingdom to withdraw its troops until negotiations were resumed.

20. He invited members of the Committee to consider the situation of Belize in the light of General Assembly resolution 1514 (XV) as a whole, and not on the basis of paragraph 6 of that resolution, on which the Guatemalan Government took its stand. Finally, he stated that in the recent elections (see paras. 6-9 above) the people had endorsed the party whose platform advocated a foreign policy aimed at obtaining the independence of Belize, and appealed to the members of the Committee to support their cause.

21. In a letter dated 29 November 1974, addressed to the President of the General Assembly, the Permanent Representative of Guatemala to the United Nations, referring

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h/ Ibid., Fourth Committee, 2122nd meeting.

to the letter mentioned in paragraphs 15 and 16 above, said that his delegation could not but reject the inaccuracies therein contained, which reflected "erroneous opinions expressed by a local authority in the Territory illegally occupied by the United Kingdom".

22. He concluded by saying:

"I have instructions from my Government to confirm its keen desire to explore all avenues with a view to finding a peaceful solution to the question of Belize and its sincere wish to reach - in the negotiations with the United Kingdom which are to be resumed - an agreement which recognizes not only the legitimate rights of Guatemala to that Territory but also the well-being and progress of the local population, joined to the rest of Guatemala by indissoluble links of brotherhood and by a common destiny." (A/9915)

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

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

24. On 28 February, the Ministry for Foreign Affairs of Guatemala issued a press statement on the above-mentioned talks which said, inter alia, that the Guatemalan representatives had explored formulae previously discussed with the intention of finding a peaceful and constructive solution to the problem. It also said that this problem was no longer a mere territorial dispute between the United Kingdom and Guatemala, in view of the fact that there were now leaders of the local Government in Belize and parts of its population who wished to exercise a right of self-determination over the Territory: consequently, the formulae explored, which ranged from the unconditional restoration of the Territory to submission of the problem to the International Court of Justice, or to arbitration, or to new methods of mediation, took into account the territorial rights of Guatemala on the one hand and the interests of the Belizean people on the other. In addition to a proposal for the creation of an associated free state, the formulae included proposals based on federated, confederated or community arrangements. They also included measures for gradual integration: economic and financial agreements, the joint development of the Guatemalan province of Petén and Belize; free ports, zones and transit; and commercial and cultural arrangements. The press statement added that Guatemala was trying to maintain peace in the area and to find a constructive formula of agreement without prejudice to its rights, and that no unilateral granting of independence to Belize by the United Nations could be accepted by the Government of Guatemala.

25. According to press reports, Premier Price, accompanied by Mr. Vernon H. Courtenay, (see para. 28 below) visited London from 18 to 23 March

to hold talks with the United Kingdom Government on matters relating to the Territory. The talks were held mainly with Mr. James Callaghan, Secretary of State for Foreign and Commonwealth Affairs, Miss Joan Lester, Parliamentary Under-Secretary of State at the Foreign and Commonwealth Office, and Mrs. Judith Hart, Minister for Overseas Development. The subjects discussed included Belize's position as to the resumed talks on the Territory between the United Kingdom and Guatemala, constitutional issues affecting Belize, the levels of future United Kingdom aid to the Territory and the latter's future relations with CARICOM and the European Economic Community (EEC).

26. In an interview granted to The Belize Times upon his return, Mr. Price stated that he had informed Mr. Callaghan of the desire of the Belizean people for independence and had asked him to keep this desire uppermost in the talks with Guatemala about the future of the Territory, adding that the best interests of the local people must always be protected, a point with which Mr. Callaghan reportedly agreed. The Premier also stated that he had discussed with Mrs. Hart the question of an increase in economic co-operation, particularly in financing road-building, agricultural, housing, educational and other projects. As a result of the discussion, he continued, the United Kingdom Government had agreed to increase its yearly aid allocation to Belize by \$BZE 1 million i/ to a total of about \$BZE 10 million.

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

27. At a ceremony held in Castries, on 17 April 1974, the Premier signed the Treaty under which Belize became a member of CARICOM on 1 May. j/ Article 15 of the Belize Letters Patent, 1964 to 1974, under which the Premier was authorized to sign the above-mentioned Treaty, also provides for the Premier to represent Belize in CARICOM, subject to certain conditions, including the following: (a) Belize's voting powers in CARICOM's organs and institutions would be exercised in such a way as to ensure that, without the prior knowledge and approval of the United Kingdom Government, CARICOM would not enter into any international engagement affecting the Territory, nor would it or any of its organs and institutions make any recommendation or decision to pursue a particular foreign policy; and (b) the Premier would consult with the Governor before asking any other minister to perform any function within the scope of the responsibility delegated to the Premier.

28. Following the recent elections (see paras. 6-9 above), Mr. Price created a new post in his Cabinet designed to give full support to CARICOM, and accordingly designated Mr. Courtenay as Minister without Portfolio and Ambassador to CARICOM.

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i/ The monetary unit is the Belizean dollar (\$BZE); four Belizean dollars (\$BZE 4) equal approximately one pound sterling (£).

j/ Official Records of the General Assembly, Twenty-ninth Session, Supplement No. 23 (A/9623/Rev.1), vol. VI, chap. XXVII, annex, paras. 22-24.

### 3. ECONOMIC CONDITIONS

#### A. General

29. The agricultural sector is of primary importance in the Territory, occupying the place once held by forestry, the importance of which has declined in recent years as a result of the depletion of forest resources. In his recent address (see para. 11 above), Mr. Price stated that during the period 1973-1974 the Territory's economy had been subjected to greater strains and pressures than at any time in recent years, owing to the escalation of prices, including petroleum prices, international monetary instability and world shortages of certain commodities. He added that although Belize, as an importing country, could not escape inflation, the Government would fight it by various means, notably the upgrading of the Territory's Currency Board to an effective monetary authority.

30. The Government's economic objectives, as defined in the ruling party's platform in the recent elections (see para. 8 above), aim essentially at obtaining greater self-sufficiency for the Territory through the expansion of food production, the expansion of locally manufactured goods to replace imports and measures to encourage exports. The Government will continue to provide the economic infrastructure and to stimulate the private sector. Foreign investments and technology will be welcome, with due attention being paid to the participation of the local people at all levels of the economy. Other areas of special interest for the economic development of the Territory include fishing, tourism and oil exploration.

31. Foreign trade, a large part of which is conducted with the United Kingdom and the United States of America, has expanded steadily in recent years. Although the Territory is an exporter of agricultural products, it depends heavily on imports of capital equipment and consumer goods, the value of which has always exceeded that of exports. The Government is making active efforts to encourage exports and replace imports with a view to redressing the deficit in the balance of payments in future years.

32. In order to carry out the goals and objectives contemplated in a national development plan covering the period 1974-1976, which was prepared by the Economic Planning Unit of the territorial Ministry of Finance and Economic Development and is currently under study by the Cabinet for final approval, the Government has requested assistance from the United Nations Development Programme (UNDP) to establish adequate planning machinery and to strengthen the administrative capacity of the public sector. The immediate objectives of this project, which was approved by UNDP in November 1974, are: (a) to strengthen the structure of the Economic Planning Unit; and (b) to train local personnel in economic planning and statistics by providing fellowships abroad and in-service training. The value of the UNDP contribution has been estimated at \$US 120,300, and that of the Government at \$US 53,700.

33. Since the Government launched the Development Finance Corporation (DFC) in 1972 as part of its development programme, Belizeans have had access to

substantial funds mostly placed in DFC by the Caribbean Development Bank. At 31 December 1973, the Bank had made commitments to Belize for some \$US 4.6 million, of which approximately \$US 1.7 million were allocated to DFC. Operating on this base, DFC has been giving short-, medium- and long-term loans at 7 to 9 per cent interest, depending on the type of project, to agricultural, tourist and small manufacturing concerns. In July 1974, it was reported that DFC funds available to small farmers had been expanded by a grant of \$BZE 800,000 from the United Kingdom and that a special fund of nearly \$US 250,000 had been set up by CARE of Canada.

#### B. Land, agriculture, forestry and fishing

34. The total land area of the Territory is about 5.7 million acres, of which 3.4 million acres, mainly inaccessible and covered by forests, are Crown lands, and the rest are in private ownership, nearly 95 per cent in the hands of aliens. Approximately 2.2 million acres are suitable for agriculture and 2.6 million for forestry; the rest is unproductive swamp and mountainous areas. In 1973, only 10 per cent of arable land was cultivated or under pasture. Crown land may be purchased by Belizeans, subject to a development scheme approved by the Government, known as the Location Ticket System, which is a type of hire-purchase carrying conditions of tenure. In his address, (see para. 11 above), Mr. Price stated that the Government was effecting the necessary land reform in the Territory in two ways: the continued application of a programme of land acquisition, under which over 100,000 acres of land had been purchased since 1969, and the passage of two laws. The first of these laws is the Rural Land Utilization Ordinance, 1966, which imposes a special tax on the owners of more than 100 acres of undeveloped land; land transferred to the Government in lieu of tax is in turn made available for development. The second law is the Alien Land Holding Ordinance, 1973, which prohibits the purchase by aliens of more than half of an acre of land in urban areas and 10 acres in rural areas without a licence from the Government. The Premier stated that this law had already succeeded in reducing speculation and the inflated cost of land.

35. The most important crops are sugar and citrus. Sugar production increased from 70,170 tons in 1973 to some 89,000 tons in 1974, an exceptionally good year. Of this total, approximately 80,000 tons were to be exported, with earnings expected to exceed \$BZE 40 million. The remaining agricultural activities, although still mainly at the subsistence level, are showing potential for expansion. There are plans to increase substantially exports of bananas, rice, red kidney beans, mangoes, papaw, honey and beef, and to replace costly imports of vegetables, fruits and tobacco. Despite extensive damages caused to the Territory's 1,600 acres of banana fields in September 1974 by hurricane Fifi, banana production continues to grow rapidly and, having secured export markets through an agreement with Fyffes Group, Ltd. of the United Kingdom, is well on its way to becoming another major export industry.

36. Forestry, although no longer playing the leading role in the Belizean economy, is recovering steadily, stimulated by the high demand for timber in the world market and the Government's policy of control, sustained yield and regeneration of the forests. In early 1973, an ordinance was passed amending the Forest Ordinance,

1927, to permit the prescription of royalties in respect of trees felled on private lands in parcels of over 100 acres. The purpose of this tax is to obtain a contribution to the Government's conservation programme from the owners of large forests.

37. The fishing industry is operated by seven co-operatives wholly owned and managed by local fishermen. Its principal products are lobster tails, conch, scale fish and shrimp. In order to ensure the expansion of this industry, the Government is actively supporting proposals to extend the limit of territorial waters from 3 to 12 miles and to introduce an economic zone of 200 miles.

#### C. Manufacturing, mining and tourism

38. The principal manufacturing industries, largely owned by foreign interests, are those concerned with the Territory's major export products: sugar refining, citrus canning and saw milling. In July 1974, Belize Sugar Industries, Ltd., a subsidiary of Tate and Lyle, Ltd. of the United Kingdom, which operates the sugar factories at Libertad and Tower Hill, announced that it would offer shares to Belizean nationals, particularly company employees and sugar cane farmers, in order to encourage local participation in the milling operations of the sugar industry. With government assistance, other manufacturing activities have been growing in importance over recent years, producing a relatively wide range of consumer goods and building materials for the domestic market.

39. The Government promotes industrial development mainly through tax exemptions of up to 12 years and import duty exemptions on capital goods and raw materials. Substantial funds are also available through DFC (see para. 33 above). In August, it was reported that the Caribbean Development Bank had approved a loan of \$BZE 964,000 to DFC for the construction of industrial estates in Ladyville, near Belize City.

40. As previously noted, k' licences for oil exploration covering both in-shore and off-shore areas of the Territory have been granted to four companies. In October, it was reported that one of these companies, Auschutz Overseas Corporation, of the United States, had reached an agreement with the territorial Government on further drilling, under which the first well would shortly be started, north of Orange Walk Town. The Chevron Oil Company, also of the United States, was continuing explorations on the Territory's off-shore areas, and was expected to erect its first oil-drilling rig off the coast of Stann Creek Town and start drilling in November.

41. In his recent address (see para. 11 above), Mr. Price stated that the Government's policy in connexion with tourism was one of encouragement of orderly and desirable growth, aimed at enabling the Belizean people to maintain control and ownership of the tourist industry. The number of tourists who visited the Territory in 1973 was approximately 58,000, a sharp increase, compared with

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k/ Ibid., Twenty-eighth Session, Supplement No. 23 (A/9023/Rev.1), vol. V, chap. XXVIII, annex, para. 36.

50,651 in 1972. Total expenditure by tourists in 1973 was estimated to be in the neighbourhood of \$BZE 6 million. In 1974, there were 60 hotels in the Territory with a total of 1,181 beds. Plans to expand tourist facilities currently include: a 200-room complex near Belize City to be built by Noye Enterprises of the United States at an estimated cost of \$BZE 4 million; a small motel facility, also located near Belize City, which will be completed by 1975 at a cost of \$BZE 160,000 by New Deal, Ltd., a Belizean concern, and will provide the Territory's first marina; and a 17-room hotel in San Ignacio, Cayo District, to be completed in 1975 at a cost of \$BZE 200,000 by Escandar Bedran Family Hotel, Ltd. another local concern. In August 1974, 13 hotels joined to form the Belize Hotel Association, which became a member of the Caribbean Hotel Association the following month.

#### D. Transport and communications

42. The road network, which is composed of some 1,500 miles of roads, is inadequate to meet the needs of the Territory. The road mileage, however, increases constantly, particularly feeder roads to serve the sugar industry, and current projects are expected to lay solid foundations for a good road system. In his recent address, Mr. Price referred to the Government's programme of improvement and expansion of the road network and related facilities, including the construction of several major bridges. He mentioned in particular work being carried out on the four principal highways, and said that the reconstruction of the 73-mile Northern Highway alone would cost over \$BZE 11 million. The Premier also announced that a loan of \$BZE 3 million from the Caribbean Development Bank had been approved for 110 miles of roads to serve the sugar industry. In October 1974, it was reported that Sir William Halcrow and Partners, a United Kingdom firm of consulting engineers, had completed studies for the Northern Highway and submitted its report to the Governments of Belize and the United Kingdom for their approval. Negotiations to obtain the necessary financing were expected to commence before the end of that year. In the budget estimates for 1975, the largest allocation of capital funds (\$BZE 4.3 million) was assigned to the roads and bridges programme.

43. The principal airport is the Belize City International Airport; there are also several small airstrips. Construction of a modern air terminal at the Belize airport is currently under consideration. Its estimated cost would be \$BZE 3 million. The Silva Airstrip, near Belmopan, is expected to be completed soon, and there are plans for several new airfields throughout the Territory.

44. Belize City and Stann Creek are the main seaports. In August 1974, it was announced that the Caribbean Development Bank had approved a loan of \$BZE 9.5 million to build a deep-water port in Belize City with a dredged channel approach, berths for ships of 28-foot draught and special equipment for handling sugar. In October, the Bank approved a further loan of \$BZE 635,000 for a subsidiary deep-water pier at Commerce Bight, Stann Creek.

45. The internal telephone system has been the responsibility of the Belize Telecommunications Authority since 1971. Cable and Wireless (West Indies), Ltd., has a concession for external telecommunication services which will expire in

1981. Current projects include the expansion of the telephone system and the provision of telegraph and telex services.

#### E. Public finance

46. Budget estimates for 1975 envisage an expenditure of \$BZE 49.5 million, representing an increase of nearly 30 per cent over the previous year. Of this amount, \$BZE 27.6 million is on recurrent and \$BZE 21.9 million on capital account. This expenditure is to be financed as follows: territorial revenue; both recurrent and capital, \$BZE 31.8 million; development aid funds from Canada and the United Kingdom, \$BZE 14.0 million; loan funds and miscellaneous, \$BZE 3.7 million. The budget estimates include several new taxation measures: increases in airport taxes and postal rates; a tax on aviation fuel; and a flat tax of 2 per cent on sugar exports. On the other hand, several measures have been proposed to help the people cope with inflation, including a salary increase of 10 to 20 per cent for civil servants and other government employees, an increase of the minimum non-taxable personal income level and other tax-relief measures.

47. In co-operation with UNDP, the Government of Belize drew up a country programme for the Territory for the period 1973-1976, on the basis of the UNDP indicative planning figure. The figure for the period 1972-1976, as approved by the Governing Council of UNDP, is \$US 1 million. In view of the expenditure already incurred by UNDP in 1972, however, the amount available for the period 1973-1976 is \$US 925,600.

#### 4. SOCIAL CONDITIONS

48. In his recent address (see para. 11 above), Mr. Price referred to the Government's activities in the field of public health, which included added emphasis on training for nurses and other medical staff; assistance to medical students through scholarships and other measures; and preventive campaigns against rabies, malaria and other diseases. He also mentioned that a new and larger hospital, to be furnished with modern medical and surgical equipment, was under construction in Orange Walk Town. The ruling party's platform in the recent elections (see para. 8 above), contained a proposal for construction of a new hurricane-proof hospital in Belize City, to provide specialist medical care for all six districts, as well as a mental hospital with ancillary services. In January 1975, it was reported that the cost of the new Belize City hospital had been estimated at \$BZE 5 million; a 12-acre site had already been selected and plans were being prepared by experts from Belize and abroad.

49. Expenditure on public health under the 1975 budget was estimated at \$BZE 7.4 million, an increase of nearly 30 per cent over the previous year.

## 5. EDUCATIONAL CONDITIONS

50. In his recent address (see para. 11 above), Mr. Price confirmed the Government's support for the church-State educational system and referred to new developments in education. These included plans for a new ecumenical high school or community college, to be financed with United Kingdom aid funds; the new Teachers' College in Belize City, now being built at an estimated cost of \$BZE 1 million; and construction of a university centre for the Extra Mural Department of the University of the West Indies, on which work was scheduled to start before the end of 1974 with assistance from the Governments of Belize and Canada. The Premier also stated that efforts were being made to adapt curricula to the special needs of the territory. Expenditure on education under the 1975 budget was estimated at \$BZE 7.2 million, representing an increase of nearly 10 per cent over 1974.

CHAPTER XXXI

(A/10023/Add.8 (Part III))

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

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A. CONSIDERATION BY THE SPECIAL COMMITTEE

1. The Special Committee considered the question of Antigua, Dominica, St. Kitts-Nevis-Anguilla, St. Lucia and St. Vincent at its 1019th meeting, on 20 August 1975.
2. In its consideration of the item, the Special Committee took into account the provisions of the relevant General Assembly resolutions, including in particular resolution 3328 (XXIX) of 16 December 1974 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. By paragraph 11 of this resolution, the Assembly requested the Special Committee "to continue to seek suitable means for the immediate and full implementation of resolutions 1514 (XV) and 2621 (XXV) in all Territories which have not yet attained independence and, in particular, to formulate specific proposals for the elimination of the remaining manifestations of colonialism and to report thereon to the General Assembly at its thirtieth session". The Committee also took into account the decision taken by the Assembly on 13 December 1974 concerning the Territories. 1/
3. During its consideration of the item, the Special Committee had before it a working paper prepared by the Secretariat (see annex to the present chapter) containing information on developments concerning the Territories.

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1/ Official Records of the General Assembly, Twenty-ninth Session, Supplement No. 31 (A/9631 and Corr. 2), p. 117, item 23.

## B. DECISION OF THE SPECIAL COMMITTEE

4. At its 1019th meeting, on 20 August, following a statement by the Chairman (A/AC.109/PV.1019), the Special Committee decided, without objection, to transmit to the General Assembly the working paper referred to in paragraph 3 above, in order to facilitate consideration of the item by the Fourth Committee and, subject to any directives which the General Assembly might give in that connexion at its thirtieth session, to consider the item at its next session.

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WORKING PAPER PREPARED BY THE SECRETARIAT

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\* Previously issued under the symbol A/AC.109/L.1051.

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

1. POLITICAL DEVELOPMENTS

Introduction

1. Following the dissolution of The Federation of the West Indies in 1962 and subsequent negotiations about the status of the individual Caribbean Territories, the Government of the United Kingdom of Great Britain and Northern Ireland proposed in 1965 a constitutional status for Antigua, Dominica, Grenada, b/ St. Kitts-Nevis-Anguilla, St. Lucia and St. Vincent. Under the proposals, which subsequently went into effect in 1967 (Antigua, Dominica, St. Kitts-Nevis-Anguilla and St. Lucia) and in 1969 (St. Vincent), each Territory became a "State in association with the United Kingdom", with control of its internal affairs and the right to amend its own constitution, including the power to terminate its association with the United Kingdom and eventually to declare itself independent. The Government of the United Kingdom retained powers relating to the external affairs and defence of the Territories.

2. The positions previously taken by the United Kingdom and the General Assembly regarding the associated status of the Territories are described in a previous report of the Special Committee. c/

A. Regional co-operation

3. It will be recalled d/ that in 1971, the premiers of Dominica, Grenada, St. Kitts-Nevis-Anguilla, St. Lucia and St. Vincent, as well as the Prime Minister of Guyana, signed the Grenada Declaration, which outlined a plan for the political union of those countries. However, subsequent developments prevented the realization of this objective.

4. As previously reported, e/ the Council of Ministers of the West Indies Associated States (WIAS) decided at a meeting in January 1974 to appoint a Commission to investigate the possibility of forming a political union among the non-independent Commonwealth Territories in the Caribbean. In May 1974, the Governor of St. Vincent, on the advice of Mr. J. F. Mitchell, who was then Premier

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

b/ Grenada attained its independent on 7 February 1974.

c/ Official Records of the General Assembly, Twenty eighth Session, Supplement No. 23 (A/9023/Rev.1), vol. V, chap. XXVI, annex, paras. 5-6.

d/ Ibid., Twenty-seventh Session, Supplement No. 23 (A/8723/Rev.1), vol. V, chap. XXIV, annex, paras. 8-17.

e/ Ibid., Twenty-ninth Session, Supplement No. 23 (A/9623/Rev.1), vol. VI, chap. XXVIII, annex, para. 4.

of St. Vincent f/ and Chairman of the Council, appointed a commission of seven members under the chairmanship of Sir Hugh Wooding, a former Chief Justice of Trinidad and Tobago. Other members of the Commission are Justice Philip Terford Georges (Trinidad and Tobago): Mr. Allister McIntyre, Secretary-General of the Caribbean Community (CARICOM) and the Caribbean Common Market, Mr. Vaughn Lewis, Deputy-Director of the Institute of Social and Economic Research (ISER), University of the West Indies (Barbados), and the executive secretaries of the secretariats of the East Caribbean Common Market (ECCM) and WIAS. Following the death of Sir Hugh Wooding in July 1974, Justice Georges was appointed Chairman. The Commission was requested to make a detailed investigation of the possibility of eventually creating a political union of the above group and to review the constitutional status of the Associated States and Montserrat. The Commission was also asked to examine: (a) the problem of small States in the international community; (b) the worsening terms of trade between the developed and the developing countries, with special reference to the less-developed countries in the Caribbean; (c) the current deterioration of the latter's balance-of-payments position in relation to higher oil prices; and (d) the cost of administration within the context of the political structure of the Associated States and Montserrat, both individually and collectively.

5. At the time of the appointment of the Commission, Mr. Mitchell said that St. Kitts-Nevis-Anguilla, St. Lucia and St. Vincent undertook to participate in all aspects of its work, while Grenada and Montserrat indicated that they were only interested in the economic study. The following week, Mr. Edward Oliver Leblanc, Premier of Dominica, was reported to have said that the proposals were "ill-timed and ill-advised", as well as without any known support in Dominica. Therefore he could not offer support to the proposal for constitutional advance at that time. Antigua did not participate in the Commission's investigation.

6. In August 1974, Premier Mitchell of St. Vincent was reported to have expressed a preference for a "strong central Government" to succeed associated statehood, with powers among other things "to fix airfares with international carriers, maintain a respectable judiciary vital to fundamental rights and to locate industries in order to alleviate unemployment". Mr. Mitchell expressed the view that the economic and social problems of the smaller Caribbean Territories could never be overcome, even within the framework of CARICOM, unless the Territories came together as a single political unity "presenting their view as a single view and beyond the region".

7. In a speech at the opening of the St. Vincent Legislative Council in January 1975, Sir Rupert John, Governor of St. Vincent, said that his Government would seek full independence, preferably in a federation with some or all of the Associated States or some other Caribbean Territory. He added that if the search should prove elusive, the Government would have no alternative but to "go it alone",

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f/ Following a general election in St. Vincent on 9 December 1974, Mr. R. Milton Cato, leader of the St. Vincent Labour Party (SVLP), was appointed Premier of St. Vincent.

acting on the clear mandate given to it by the people of the Territory. According to the Governor, the Government, whatever its political structure, would remain committed to the economic integration of the Caribbean.

8. The Council of Ministers of WIAS continued to be the forum for co-operation between the Governments of the Territories. At a meeting in September 1974, the Council decided to take over the ownership and control of Leeward Islands Air Transport (LIAT), the only airline providing a regular scheduled service between the Leeward and Windward Islands. Court Lines of London, the parent company of LIAT, had gone into voluntary liquidation in August 1974. In December 1974, the LIAT 1974 Company was established to acquire the assets of LIAT and to operate the new airline over the same routes as the old company. In February 1975, it was announced that measures to ensure the continuation of the airline were near completion.

#### B. CARICOM

9. CARICOM was officially brought into operation on 1 August 1973, after four independent States had signed the Treaty of Chaguaramas, which established CARICOM and the Caribbean Common Market. g/ On 17 April 1974, the Associated States of Dominica, St. Lucia and St. Vincent were among six Territories which signed the Treaty, at a special Heads of Government Conference in St. Lucia. The Governments of Antigua and St. Kitts-Nevis-Anguilla signed the Treaty at special ceremonies on 4 and 12 July in Antigua and Jamaica, thus bringing the CARICOM membership to 12. The Bahamas had indicated its willingness to join CARICOM, but not the Common Market. The Associated States are among the group classified under the Treaty as less-developed countries.

10. The objectives, structure and organization of CARICOM are outlined in the last report of the Special Committee. h/

#### Implementation of the Treaty

11. The following are some of the steps taken to implement the CARICOM Treaty with particular reference to the Associated States.

##### (a) Promotion of industrial development

12. The Associated States have introduced legislation in their respective parliaments, which would establish fiscal incentives to industry. The CARICOM Agreement for the Harmonization of Fiscal Incentives to Industry permits the less developed countries to grant business enterprises longer tax holidays than those obtainable in more developed member Territories.

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g/ Barbados, Guyana, Jamaica and Trinidad and Tobago.

h/ Official Records of the General Assembly, Twenty-ninth Session, Supplement No. 23 (A/9623/Rev.1), vol. VI, chap. XXVIII, annex, paras. 15-19.

13. The Caribbean Development Bank and the Caribbean Investment Corporation (CIC) continued to provide financial and technical assistance for the industrial development of the less-developed countries, including the Associated States. At the beginning of 1975, it was announced that CIC had invested \$EC 536,000 i/ in loans in those countries and that further loans (\$EC 1.5 million) were under consideration.

(b) Agricultural development and rationalization

14. In June 1974, the Caribbean Community Agricultural Development and Advisory Service (CADAS) was established to promote and co-ordinate agricultural production in CARICOM countries, particularly those less developed. CADAS is financed jointly by CARICOM and the Canadian International Development Agency (CIDA). Also in the area was a development team for the less-developed countries headed by an expert from the Food and Agriculture Organization of the United Nations (FAO) and working under the auspices of the United Nations Development Programme (UNDP) with the aim of formulating an agricultural rationalization programme for CARICOM. In March 1975, the High Commissioner of Canada and the President of the Caribbean Development Bank signed an agreement whereby the Government of Canada would provide an interest-free loan of \$EC 4 million to the Caribbean Development Bank for the financing of commercial livestock production in the less-developed countries, using sugar-cane by-products as animal feed.

## 2. ECONOMIC DEVELOPMENTS

### A. General

15. Agriculture, construction, tourism and the Government provide the main thrust of economic activity in the Associated States. After reaching a peak in 1964, agricultural earnings began declining in 1970, but, because of price increases, by 1973 the industry had slowly recovered to the level of 1969. The most dynamic sectors are tourism and Government, which together strongly stimulate the construction and services sectors. The rate of growth of the tourism and construction sectors tapered off following the large additions to hotel accommodation between 1970 and 1972. The spending plans of the territorial Governments seem certain to accelerate further economic activity, especially in construction. Growth in tourism will depend partly on an improvement in the international economic situation, particularly in North America, the source of the largest proportion of visitors.

16. The economies of the Territories have been hard hit by inflation and shortages of various commodities. In view of their high dependence on imports, the impact of world-wide price increases has been severe. An official of the

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

United Kingdom Government, on his return from a visit to the Associated States in September 1974, described the economic situation in some of the Territories as "gloomy". He said that world inflation, the energy crisis and the high cost of imported goods had placed a great strain on the budgets of these countries. He said further that an eight-man advisory team from the British Development Division in the Caribbean would visit the States in the near future to determine what further aid the Division could provide as a means of making their economies viable. These large price increases have led to an increased commitment to the development of import substitution, particularly in food-stuffs.

#### B. Money and credit

17. The Associated States continued their membership in the East Caribbean Currency Authority (ECCA).

18. Mr. William Demas, former Secretary-General of CARICOM, was appointed President of the Caribbean Development Bank in January 1974 and assumed his duties in September of that year. The Bank was established in 1970 as the major institution providing financial and technical resources for development in the Caribbean and is of special importance to the Associated States. According to the Bank's 1973 Annual Report, out of a total of \$EC 241 million in total resources, \$EC 88 million in loans had been committed by 31 December 1973, including \$EC 50 million (56.8 per cent) to the Associated States. At meetings of the Board of Governors in October 1974, further loans were approved, bringing the total sum of the loans to approximately \$EC 157.6 million. The largest loan (\$EC 4.1 million) was made to St. Kitts-Nevis-Anguilla for port development.

19. Other sources of financial aid available to the Associated States include the Governments of Canada and the United Kingdom, the Commonwealth Development Corporation (CDC) and the Development Fund of Barclays Bank International, Ltd.

#### C. Agriculture

20. As noted above, agriculture showed a modest recovery in 1972. In current value terms, the agricultural contribution to the gross domestic product of the combined Associated States amounted to \$EC 62 million in 1972 compared with \$EC 59 million in 1971, an increase of 5 per cent. Preliminary figures for 1973 indicated another mild increase. Since 1970, agricultural exports, the major subsector, have declined in volume, but, because of higher prices in 1972 and 1973, there has been no loss in earnings. Domestic consumption, on the other hand, has been increasing gradually and accounted for 47 per cent of agricultural production in 1972. Livestock, particularly small stock, has also made some progress and there have been increases in the catch of fish and lobsters.

#### D. Tourism

21. In 1972, the tourism sector remained relatively buoyant, although the rate of annual increase continued to decline. Estimates of tourism contribution to the gross domestic product for that year was approximately \$EC 24 million (\$EC 22 million in 1971). Estimates for 1973 indicated a moderate increase of about 7 per cent (12 per cent in 1972 and 20 per cent in 1971). Most of the Associated States are members of the Caribbean Tourism Association and the Caribbean Tourism Research Centre. The hotels in each Territory maintain their membership in national and regional organizations, including the Caribbean Hotel Association.

#### E. Other sectors

22. In 1973, the manufacturing sector maintained its share of gross domestic product at 4 per cent, while distribution, which tended to be import-based, increased between 1972 and 1973, but at rates below the 14 per cent level of 1971. The banking sector was also active in 1972, but declined in 1973.

#### F. External trade

23. External trade is important to the Associated States because of the preponderance of imports and therefore the need for foreign currency earnings. Improvements in export earnings were made in 1972 and further improvements were indicated for 1973. The value of exports increased because of higher commodity prices; although the volume of bananas has declined since 1970, export earnings for 1973 were up. In 1973, the United Kingdom was the Territories' largest trading partner, followed by the CARICOM countries taken as a group, the United States of America and Canada.

24. Despite improvements in export performance during 1972, the Associated States had a substantial trade deficit. Revised estimates put the 1971 deficit at around \$EC 220 million and a higher level was projected for 1972 and 1973. To some extent, these deficits were expected to be offset by the inflow of foreign capital, tourist spending and financial aid from external sources.

CHAPTER XXXII

(A/10023/Add.9)

INFORMATION FROM NON-SELF-GOVERNING TERRITORIES TRANSMITTED  
UNDER ARTICLE 73 e OF THE CHARTER OF THE UNITED NATIONS

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A. CONSIDERATION BY THE SPECIAL COMMITTEE

1. The Special Committee considered the question of information from Non-Self-Governing Territories transmitted under Article 73 e of the Charter of the United Nations and related questions at its 1018th meeting, on 19 August 1975.

2. In its consideration of the item, the Special Committee took into account the relevant provisions of General Assembly resolution 3328 (XXIX) of 16 December 1974 on the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. Further, the Special Committee took into account other pertinent resolutions of the General Assembly concerning information from Non-Self-Governing Territories transmitted under Article 73 e of the Charter and related questions, in particular resolution 1970 (XVIII) of 16 December 1963, which, inter alia, dissolved the Committee on Information from Non-Self-Governing Territories and transferred certain of its functions to the Special Committee, and paragraph 6 of resolution 3293 (XXIX) of 13 December 1974, in which the Assembly requested the Special Committee to continue to discharge the functions entrusted to it under resolution 1970 (XVIII), in accordance with established procedures 1/ and to report thereon to the General Assembly at its thirtieth session.

3. During its consideration of the item, the Special Committee had before it the report of the Secretary-General (see annex to the present chapter) containing information on the dates on which information from the Non-Self-Governing Territories concerned, called for under Article 73 e of the Charter, was transmitted for the years 1973 and 1974.

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1/ Official Records of the General Assembly, Nineteenth Session, Annexes, Annex No. 8 (part I) (A/5800/Rev.1), chap. II.

4. In addition, the Special Committee had before it a draft resolution on the item (A/AC.109/L.1058) submitted by the Chairman.

5. At its 1018th meeting, on 19 August, the Special Committee considered and adopted the draft resolution without objection (see para. 7 below) (A/AC.109/PV.1018).

6. On 26 August, the text of the resolution was transmitted to the administering Powers for their attention.

#### B. DECISION OF THE SPECIAL COMMITTEE

7. The text of the resolution (A/AC.109/503) adopted by the Special Committee at its 1018th meeting, on 19 August, to which reference is made in paragraph 5 above, is reproduced below:

The Special Committee,

Having examined the report of the Secretary-General on this item, 2/

Recalling General Assembly resolution 1970 (XVIII) of 16 December 1963, in which the Assembly requested the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples to study the information transmitted to the Secretary-General in accordance with Article 73 e of the Charter of the United Nations and to take such information fully into account in examining the situation with regard to the implementation of the Declaration,

Recalling also General Assembly resolution 3293 (XXIX) of 13 December 1974, in which the Assembly requested the Special Committee to continue to discharge the functions entrusted to it under resolution 1970 (XVIII),

Deploring that, despite the repeated recommendations of the General Assembly and the Special Committee, some Member States having responsibilities for the administration of Non-Self-Governing Territories have ceased or have failed to transmit information under Article 73 e of the Charter,

1. Reaffirms that, in the absence of a decision by the General Assembly itself that a Non-Self-Governing Territory has attained a full measure of self-government in terms of Chapter XI of the Charter of the United Nations, the administering Power concerned should continue to transmit information under Article 73 e of the Charter with respect to that Territory;

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2/ See annex to the present chapter.

2. Requests the administering Powers concerned to transmit, or continue to transmit, to the Secretary-General the information prescribed in Article 73e of the Charter, as well as the fullest possible information on political and constitutional developments in the Territories concerned;

3. Decides, subject to any decision that the General Assembly might take in that connexion, to continue to discharge the functions entrusted to it under General Assembly resolution 1970 (XVIII), in accordance with established procedures.

## REPORT OF THE SECRETARY-GENERAL

A. Transmission of information under Article 73 e of the Charter

1. The Secretary-General's previous report on the subject a/ listed the dates on which information was transmitted to the Secretary-General under Article 73 e of the Charter up to 19 August 1974. The table below shows the dates on which such information was transmitted in respect of the years 1973 and 1974 up to 12 August 1975.

2. The information transmitted under Article 73 e of the Charter follows in general the standard form approved by the General Assembly and includes information on geography, history, population, economic, social and educational conditions. In the case of Territories under the administration of Australia, France, New Zealand, Spain, the United Kingdom of Great Britain and Northern Ireland and the United States of America, the annual reports on the Territories also include information on constitutional matters. Additional information on political and constitutional developments in Territories under their administration is given by the representatives of Australia, New Zealand, the United Kingdom and the United States during meetings of the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples. Supplementary information is also made available by the United Kingdom concerning Territories under its administration.

3. The Secretary-General received information on the Territories under Portuguese administration for 1974 and, subsequently, supplementary information related thereto. Additional information was also given by the representative of Portugal during meetings of the Special Committee.

B. Study of information transmitted under Article 73 e of the Charter

4. In compliance with the provisions of paragraph 5 of General Assembly resolution 1970 (XVIII) of 16 December 1963 and other relevant resolutions of the General Assembly, including in particular resolution 3293 (XXIX) of 13 December 1974, the Secretariat has continued to use the information transmitted in the preparation of working papers on each Territory for the Special Committee.

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\* Previously issued under the symbol A/AC.109/501.

a/ Official Records of the General Assembly, Twenty-ninth Session, Supplement No. 23 (A/9623/Rev.1), vol. VI, chap. XXIX, annex I.

Table

Dates of transmission of information under Article 73 e  
of the Charter for 1973 and 1974 a/

	<u>1973</u>	<u>1974</u>
AUSTRALIA (1 July-30 June) <u>b/</u>		
Cocos (Keeling) Islands	22 July 1974	22 April 1975
Papua New Guinea	1 May 1974	23 May 1975
FRANCE (calendar year)		
Comoro Archipelago <u>c/</u>	-	-
French Somaliland <u>c/ d/</u>	-	-
New Hebrides (condominium with the United Kingdom)	17 April 1975	1 August 1975
NEW ZEALAND (1 April-31 March) <u>e/</u>		
Tokelau Islands	26 July 1974	11 August 1975
PORTUGAL		
Territories under Portuguese administration	-	5 June 1975
SPAIN (calendar year)		
Spanish Sahara	24 June 1974	30 June 1975
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (calendar year)		
Antigua <u>f/</u>	-	-
Belize	30 May 1974	5 June 1975
Bermuda	9 October 1974	6 August 1975
British Virgin Islands	21 May 1974	30 May 1975
Brunei <u>g/</u>	-	-
Cayman Islands	10 May 1974	6 August 1975
Dominica <u>f/</u>	-	-
Falkland Islands (Malvinas)	28 November 1974	15 July 1975
Gibraltar	19 August 1974	6 August 1975

Table (continued)

	<u>1973</u>	<u>1974</u>
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (calendar year) (continued)		
Gilbert and Ellice Islands	19 September 1974	6 August 1975
Montserrat	29 June 1974	30 May 1975
New Hebrides (condominium with France)	9 September 1974	30 May 1975
Pitcairn	21 May 1974	12 May 1975
St. Helena <u>e/</u>	9 September 1974	6 August 1975
St. Kitts-Nevis-Anguilla <u>f/</u>	-	-
St. Lucia <u>f/</u>	-	-
St. Vincent <u>f/</u>	-	-
Seychelles	22 July 1974	10 July 1975
Solomon Islands	22 July 1974	24 June 1975
Southern Rhodesia	19 August 1974	6 August 1975
Turks and Caicos Islands	23 May 1974	11 July 1975
UNITED STATES OF AMERICA (1 July-30 June) <u>b/</u>		
American Samoa	22 July 1974	1 April 1975
Guam	9 May 1974	8 April 1975
United States Virgin Islands	19 August 1974	1 April 1975

(foot-notes to table on following page)

(foot-notes to table)

a/ For a preliminary list of Territories to which the Declaration on the Granting of Independence to Colonial Countries and Peoples (General Assembly resolution 1514 (XV)) applies, see Official Records of the General Assembly, Eighteenth Session, Supplement No. 14 (A/5514), part one, annex II.

b/ Period extends from 1 July of the previous year to 30 June of the year listed.

c/ On 27 March 1959, the Government of France notified the Secretary-General that this Territory had attained internal autonomy and, consequently, the transmission of information thereon had ceased as from 1957.

d/ The new designation of the Territory is French Territory of the Afars and the Issas (see Terminology Bulletin No. 240 (ST/CS/SER.F/240) of 15 April 1968).

e/ Period extends from 1 April of the year listed to 31 March of the following year.

f/ At previous sessions of the General Assembly, the United Kingdom had declared that, having achieved the status of Associated State, this Territory had attained "a full measure of self-government" and, consequently, the transmission of information thereon was, in its view, no longer appropriate (see also documents A/AC.109/341, A/C.4/725, A/AC.109/PV.762 and Corr.1, A/C.4/SR.1752 and A/C.4/SR.1867).

g/ On 18 September 1972, the Government of the United Kingdom notified the Secretary-General that this Territory had attained full internal self-government and, consequently, the transmission of information thereon was, in its view, no longer appropriate.

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