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Cayman Islands

Working paper prepared by the Secretariat

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Note: The information contained in the present working paper has been derived from public sources, including those of the territorial Government, and from information transmitted to the Secretary-General by the administering Power under Article 73 *e* of the Charter of the United Nations. Information was transmitted by the administering Power on 11 January 2016. Further details are contained in previous working papers, available from www.un.org/en/decolonization/workingpapers.shtml.



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The Territory at a glance

Territory: The Cayman Islands is a Non-Self-Governing Territory under the Charter of the United Nations administered by the United Kingdom of Great Britain and Northern Ireland.

Representative of administrative Power: Governor Helen Kilpatrick (September 2013)

Geography: Located some 290 km west of Jamaica and about the same distance south of Cuba, the Territory comprises three islands: Grand Cayman, Cayman Brac and the adjacent Little Cayman.

Land area: 264 km²

Exclusive economic zone: 119,137 km²

Population: 58,238 (2014 estimate)

Life expectancy at birth: 81.1 years (male 78.4 years, female 83.9 years (2015 estimate))

Ethnic composition: Afro-European (40 per cent), African (20 per cent), European (20 per cent), other (20 per cent)

Languages: English

Capital: George Town

Head of the territorial Government: Premier Alden McLaughlin (May 2013)

Main political parties: People's Progressive Movement (Progressives), Cayman Islands Democratic Party

Elections: The most recent elections were held on 22 May 2013; the next elections are due in May 2017.

Legislature: Legislative Assembly (18 elected and 2 ex officio members)

Gross domestic product per capita: US\$ 57,714 (2014 estimate)

Economy: International financial services and tourism

Main trading partners: United States of America

Unemployment rate: 4.7 per cent (2014 estimate)

Monetary unit: Cayman dollar, pegged to the United States dollar (CIS 1 = US\$ 1.20)

Brief history: The Territory, reportedly sighted by Christopher Columbus in the late fifteenth century, was first settled by the British between 1661 and 1671. A tradition of self-government gradually grew in the Territory since 1734 and a legislative assembly was established in 1831. Slavery was abolished in 1834. In 1863, the Cayman Islands became a dependency of Jamaica and, when the latter achieved independence 99 years later, the Islands remained under the British Crown.

I. Constitutional, legal and political issues

1. Under the 2009 Constitution, the Governor, appointed by the British Crown, is responsible for external affairs, defence, internal security and the appointment of persons to the civil service.

2. The Legislative Assembly consists of the Speaker, 18 elected members and 2 ex officio members, the Deputy Governor and the Attorney General. The Speaker of the Assembly can be either an elected member of the Assembly who is not a minister or a person qualified to be an elected member of the Assembly. The Territory's Cabinet, chaired by the Governor, is composed of the Premier, six other ministers and two ex officio members, namely the Deputy Governor and the Attorney General. The Premier is a member of the Assembly who is recommended by the party with the majority of seats and appointed by the Governor. The six other ministers are appointed by the Governor upon the advice of the Premier from within the elected membership of the Assembly.

3. During the general elections held in May 2013, the People's Progressive Movement (Progressives) won 9 of the 18 seats in the Assembly. The United Democratic Party, now known as the Cayman Islands Democratic Party, won three seats, and the remaining six seats were won by candidates who ran as independents or as part of differing political groups. Following the election, the former Premier, Juliana O'Connor-Connolly, joined the Progressives, giving them a majority of seats to form the Government. Shortly thereafter, three other newly elected representatives, who had campaigned together as the Coalition for Cayman political group, also agreed to serve in the new Administration, thus giving the Progressives a majority of 13 seats in the Assembly. As a result, the Leader of the Progressives, Alden McLaughlin, was appointed Premier.

4. The judiciary consists of a summary court (including a youth court), a coroner's court, a grand court and a court of appeal. The Summary Court has civil and criminal jurisdiction. Appeals from the Summary Court lie to the Grand Court, which is a superior court of record and administers the common law of England and Wales. Appeals from the Grand Court lie to the Court of Appeal, composed of a president and no fewer than two judges. Further appeal lies, in certain circumstances, to the Judicial Committee of the Privy Council in London. According to the administering Power, the Territory has also developed three "problem-solving" courts to deal with offenders with drug addiction or mental health problems or those who have committed offences in a domestic context.

5. As previously reported, in 2011, the Cayman Islands Review Committee issued a report entitled "United Kingdom and Cayman Islands Relationship Review". Among the central issues raised during the consultative exercise was a desire to achieve more local autonomy, while at the same time establishing a relationship that allowed for sustained support from the United Kingdom — for instance, in case of pressure from the international financial community.

6. Also as previously reported, at a meeting of the Commonwealth Parliamentary Association held in Johannesburg, South Africa, in September 2013, a former Premier of the Territory stated that the Cayman Islands had no mandate for independence, nor had the question arisen publicly.

II. Budget

7. The Territory's 2015/16 budget document forecasts total operating revenues of some CI\$ 661.2 million and operating expenses of some CI\$ 539.9 million. Unaudited financial results indicate that, during the financial year that ended on 30 June 2015, the territorial Government registered a surplus of CI\$ 134.6 million.

8. Since 2012, the United Kingdom and the Cayman Islands have been working together under a framework for fiscal responsibility that commits the Territory to prudent and transparent fiscal management through effective medium-term planning.

9. The Cayman Islands is a jurisdiction with no direct individual or corporate income tax. The principal sources of government revenue are import duties, financial services, licence fees, work permit fees and stamp duties. There is also an environmental tax on visitors.

10. The Cayman Islands is not eligible for territorial allocations under the eleventh European Development Fund, but is eligible for non-programmed aid.

III. Economic conditions

A. General

11. According to the administering Power, the Cayman Islands has one of the highest standards of living in the Caribbean. The economy is based on the provision of financial services — the dominant sector in the economy — and tourism. There are no commercial fisheries.

12. The administering Power estimated the 2014 gross domestic product (GDP) at US\$ 3.1 billion, an estimated growth of 2.1 per cent, compared with 1.4 per cent in 2013. Furthermore, according to the Cayman Islands 2015 semi-annual economic report, in the first half of 2015, the Territory's economy grew by 1.6 per cent, owing mainly to increased economic activity in real estate, renting and business services and construction.

B. Financial services

13. According to government statistics, the financial services sector accounted for 41.2 per cent of the Territory's GDP in 2014.

14. According to "The Cayman Islands' Annual Economic Report 2014" of the territorial Government, the Cayman Islands was ranked as the sixth top financial centre in the world in 2014. In the same year, bank and trust licences declined to 198 from 213 in 2013, while total insurance licences stood at 787, which was practically the same as the previous year. The number of company registrations in 2014 increased by 4.1 per cent from 2013, to a total of 99,459, with the number of new registrations totalling 11,010.

15. The Cayman Islands became a signatory to the Council of Europe-Organization for Economic Cooperation and Development (OECD) Convention on Mutual Administrative Assistance in Tax Matters, in 2014. Furthermore, in October

2014, the Cayman Islands became one of the first signatories to the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information based on article 6 of the Convention, which signified its commitment to the automatic exchange of information through the OECD Common Reporting Standard. In October 2015, the Cayman Islands adopted domestic legislation to implement the Common Reporting Standard.

16. In the communiqué adopted at the fourth meeting of the Overseas Territories Joint Ministerial Council, held in London on 1 and 2 December 2015, all overseas territories with financial services confirmed their full commitment to international cooperation in tax matters and to efforts to combat money-laundering, tax evasion, illicit finances and corruption.

C. Tourism

17. Tourism was one of the key drivers of GDP growth in 2014 and in the first half of 2015. Cayman Airways, along with other airlines, operates international services from various cities in Canada, Cuba, Honduras, Jamaica, Panama, the United States and a number of European countries. Domestic airline services and charters operate between the three islands in the Territory.

18. In 2014, overall tourist arrivals were approximately 2.0 million, an increase of 15.7 per cent compared with the previous year, owing mainly to a 17 per cent increase in cruise arrivals, which were approximately 1.6 million. Cruise arrivals in 2014 were at their highest since 2007. In addition, stay-over arrivals increased in 2014 to 382,816, a growth of 10.8 per cent from the previous year (approximately 345,400). The number of stay-over arrivals in the Territory has been on the rise since 2009, while overall arrivals are fluctuating between 1.7 million and 2.0 million. According to the territorial Government, rebranding efforts and the development of tourism niches, such as sports tourism, could be cited as positive factors contributing to the increase in stay-over arrivals.

D. Agriculture

19. According to information provided by the administering Power, in 2014, the contribution to GDP by the agricultural sector remained steady at an estimated CI\$ 9.1 million.

20. In addition, the administering Power indicated that the territorial Government was considering a draft national food and nutrition security policy and strategy that was received in November 2015 and intended to promote and ensure the availability and accessibility of adequate, affordable, safe and nutritious food for all people, especially the vulnerable, at all times in the Cayman Islands so as to meet their dietary and food preferences for an active and healthy life.

21. The Department of Agriculture is continuing to encourage local agricultural production through the provision of technical support, education and assistance to farmers.

E. Infrastructure

22. According to official data, the number of building permits granted in 2014 decreased by 16.4 per cent to 539, compared with 645 in 2013, continuing the downward trend for a fifth consecutive year. On the other hand, the value of building permits surged in 2014 to CI\$ 356.1 million from CI\$ 181.5 million the previous year. In 2014, 1,029 proposed projects were approved at a value of CI\$ 411.6 million, compared with 983 projects at a value of CI\$ 463.7 million in 2013.

23. The road network comprises approximately 590 km of roadways, the majority of which are located in Grand Cayman, with 99 district roads maintained throughout the Territory.

24. In the 2015/16 budget address delivered on 15 May 2015, the terminal upgrades of the international airport and the cruise berthing facility were identified as major projects that were expected to increase investment and economic growth.

F. Telecommunications and utilities

25. Four telephone companies provide fixed and/or mobile voice and data services, three companies provide subscription television services and there are 15 FM radio broadcasting stations in the Territory. According to the administering Power, as at 30 June 2015, the total number of fixed and mobile telephone lines had decreased by 0.6 per cent to approximately 122,600. Over the same period, the number of fixed high-speed broadband connections increased by 16.3 per cent to approximately 24,800.

26. According to the administering Power, on Grand Cayman, where the Caribbean Utilities Company has a non-exclusive licence for electricity generation and an exclusive licence for its transmission and distribution, almost all power generation relies on imported diesel. In addition, in October 2015, the Electricity Regulatory Authority approved a 5-MW solar power purchase agreement between an independent power producer and the Caribbean Utilities Company to provide energy to power some 800 homes with renewable solar energy; the project is scheduled to be completed by October 2016. Furthermore, since 2011, Grand Cayman has had a consumer-owned renewable energy generation programme, which allows consumers to generate energy from renewable sources and to be compensated through stable, long-term rates, with a current capacity limit of 4 MW, increased from 3 MW in 2015. On Cayman Brac and Little Cayman, the Cayman Brac Power and Light Company has exclusive licences. According to the administering Power, potable water consumption by residential and commercial customers increased by 3.5 per cent during the first six months of 2015, compared with the same period in 2014.

IV. Social conditions

A. General

27. According to information provided by the administering Power, in the fiscal year 2013/14, 2,493 families received some type of public assistance.

28. According to the administering Power, to provide a more effective response to the social issues within the Territory, the Ministry of Community Affairs, Youth and Sports continues to strategically realign the services offered under its ambit, with specific focus on child safeguarding. The Needs Assessment Unit, which has been in operation for more than a year, following the decision to separate the welfare assistance services, continues to provide welfare services to vulnerable persons who meet the established criteria. In addition, the Department of Children and Family Services manages clinical services (such as care and protection investigation, assessment and monitoring of cases that involve child abuse, foster care and adoption and custody assessments), programme services (including provision of residential services to adults with special needs and persons with disabilities, community development and disaster preparedness), as well as services to senior citizens. In 2015, a full-time social worker based in the Family Support Unit of the Royal Cayman Islands Police Service was in charge of improving child safeguarding systems.

29. The Department of Counselling Services continues to offer community-based therapy and counselling services, residential treatment services for drug and alcohol abuse, skills-building workshops and programmes and broad public awareness campaigns on a variety of emerging social issues.

B. Labour and immigration

30. According to government statistics, in 2014, the labour force numbered 39,582 persons, comprising 19,689 Caymanians (49.7 per cent of the labour force) and 19,893 non-Caymanians (50.3 per cent). Total employment in 2014 was estimated at 37,723, 4.5 per cent higher than that of the previous year. The unemployment rate fell to 4.7 per cent in 2014 (compared with 6.3 per cent in 2013). The unemployment rate among Caymanians and non-Caymanians declined from 9.4 per cent and 3.1 per cent in 2013 to 7.9 per cent and 1.5 per cent in 2014, respectively. According to the administering Power, in June 2015, the unemployment rate forecast for 2015 was 5.2 per cent.

31. According to the administering Power, the independent Minimum Wage Advisory Committee, appointed by Cabinet under the provisions of the Labour Law (2011), presented its final recommendations on establishing a minimum wage regime for the Cayman Islands in February 2015, which were accepted by the Government and are expected to lead to the legislative establishment of an hourly minimum wage of CI\$ 6 in March 2016.

32. As previously reported, the Territory's Immigration Law was amended in 2013 to effect changes, inter alia, to the grant of permanent residence, the expiration of the term-limit exemption permit for key employees and the tenure of specialist caregivers.

33. Government statistics indicate that the number of work permits for non-Caymanian workers in 2014 was 21,076, an increase of 8.5 per cent from 19,432 in 2013, and that the number in the first half of 2015 also increased by 7.5 per cent compared with the same period in 2014.

C. Education

34. Education is compulsory for all resident children between 5 and 16 years of age. The public education system caters to about two thirds of Caymanian children, with the remainder attending fee-paying schools. Two public and two private institutions provide tertiary education. Citizens from overseas territories benefit from the home student fee rate at British universities. The European Union provides for access to, among others, horizontal European Union funds, such as those for higher education and vocational education.

D. Public health

35. Health insurance is compulsory in the Cayman Islands. The Territory's Health Services Authority is responsible for the provision of all public health care.

E. Crime and public safety

36. The 452-strong Royal Cayman Islands Police Service is headed by a commissioner, who reports to the Governor.

37. According to the crime statistics of the Royal Cayman Islands Police Service, in 2014, overall crime increased by 14.8 per cent compared with the previous year, from 3,196 incidents in 2013 to 3,670 incidents in 2014. Furthermore, in the first half of 2015, the overall number of crimes dropped to 1,547, compared with 1,719 during the same period in 2014. On the other hand, the number of serious crimes in the first half of 2015 rose to 414, compared with 364 during the same period in 2013, an increase of 13.74 per cent. According to the administering Power, during the second quarter of 2015, however, a noticeable increase in incidents of burglary and attempted burglary elevated the number of overall serious crimes by 14 per cent. According to the administering Power, burglary continues to be a persistent problem, increasing by 16.25 per cent in the first half of 2015.

38. In addition, there was a 15 per cent decrease in the number of traffic accidents in the first half of 2015 to 462, compared with 541 during the same period in 2014, and an increase of 17 per cent in the number of traffic citations and offences. Six fatalities were recorded during the first six months of 2015, while there were no fatalities during that period in 2014.

39. According to the administering Power, Youth Court statistics in 2014 continue to show a small decrease in the number of children convicted of criminal offences, compared with the peak of 77 children in 2011. The number of offences has also decreased, with 120 offences committed by juveniles in 2014, compared with 168 in 2013. A similar trend was also found in the number of cases filed.

40. The Cayman Islands Monetary Authority is the body responsible for monitoring compliance with international financial standards in the Territory and for reporting findings to the territorial Government on a regular basis. An anti-corruption commission was established under the Territory's Anti-Corruption Law (2008).

41. During 2015, the United Kingdom continued to fund a law enforcement adviser based in Miami, United States, who coordinated, managed and facilitated training and strategic advice to introduce new techniques and skills for the Territory's law enforcement agencies. In 2015, HMS *Severn* and RFA *Lyme Bay* were in the Caribbean as part of the Royal Navy's Atlantic Patrol Tasking North, from January to July and from July to December, respectively, providing a United Kingdom maritime presence, humanitarian assistance and disaster relief and crisis communications in the region throughout the year. During core hurricane season, a larger Royal Navy or Royal Fleet Auxiliary ship is on standby to provide humanitarian and disaster relief support to Anguilla, Bermuda, the British Virgin Islands, the Cayman Islands, Montserrat and the Turks and Caicos Islands. During their time in the Caribbean, both ships also worked with other regional navies and coastguards to combat illegal activities on the high seas.

F. Human rights

42. The Territory is subject to several major human rights conventions to which the administering Power has acceded, including the European Convention for the Protection of Human Rights and Fundamental Freedoms, and has a human rights commission with responsibilities that include investigating complaints. A formal request was made in December 2013 to the Government of the United Kingdom to extend the Convention on the Elimination of All Forms of Discrimination against Women to the Cayman Islands. Following that request, the United Kingdom Government Equalities Office requested the Territory to complete an "evidence-gathering exercise" before extension of the Convention to the Territory could be considered.

43. As previously reported, part I of the Cayman Islands Constitution Order (2009) setting out the Bill of Rights, Freedoms and Responsibilities came into effect on 6 November 2012, with the exception of the provisions relating to the segregation of prisoners, which came into effect in 2013.

44. In 2012, the Gender Equality Law (2011) took effect and a five-person gender equality tribunal was established to hear and determine discrimination complaints.

45. The Cayman Islands Disability Policy 2014-2033 was developed with the vision of ensuring that persons with disabilities could live with dignity, be respected and have the opportunity to participate fully in society.

V. Environment and disaster preparedness

46. The Cayman Islands are included in the United Kingdom's ratification of the Convention on Biological Diversity. The Department of Environment works along with other agencies to ensure that the Territory's natural resources are preserved and protected. Furthermore, Hazard Management Cayman Islands, a government

agency, has overall responsibility for the Territory's hazard management programme, including preparedness, response, mitigation and recovery. An annual hurricane exercise is conducted prior to the hurricane season, which runs from 1 June to 30 November.

47. Increasing recreational and artisanal fishing in the shallow waters around the Islands continues to represent a threat to the Territory's marine environment. The National Conservation Law (2013) aims to protect and conserve endangered, threatened and endemic plants and their habitats, as well as the variety of wildlife in the Cayman Islands. The National Conservation Council was established in 2014 by the Law and to facilitate its goals. Furthermore, the Department of Agriculture works to protect the agricultural sector from the introduction of invasive alien species that could have a negative impact on crop and livestock production, as well as public health and national flora and fauna, such as the Cayman blue iguana, which until recently had been reduced to just a few.

48. With respect to solid waste management practices, in August 2015, the territorial Government presented the first national solid waste management policy with regard to the future management of solid waste, against the background of antiquated landfills on all three islands. According to the territorial Government, the policy is expected to be fully developed and implemented starting in 2016/2017.

49. Following the adoption of the Paris Agreement at the 21st session of the Conference of the Parties to the United Nations Framework Convention on Climate Change in 2015, the territorial Government reportedly decided to review its draft climate change policy of 2011, which aimed at facilitating the transition to a climate-resilient, low-carbon economy, as well as its draft national energy policy of 2013, which, inter alia, set a goal of generating 13.5 per cent of electricity from renewable sources by 2030.

VI. Relations with international organizations and partners

50. The Cayman Islands is an associate member of the Economic Commission for Latin America and the Caribbean and of the United Nations Educational, Scientific and Cultural Organization and a member of the Universal Postal Union. The territory also participates in the work of the Caribbean Community as an associate member and is a member of the Caribbean Development Bank and the International Olympic Committee.

51. As a Non-Self-Governing Territory of the United Kingdom, the Territory is associated with but not a part of the European Union. Since January 2014, the Territory has been a partner under the 2013 Overseas Association Decision of the Council of the European Union, which was approved, inter alia, in an effort to move away from a classic development cooperation approach to a reciprocal partnership that promotes sustainable development and the values and standards of the European Union in the wider world.

VII. Future status of the Territory

A. Position of the territorial Government

52. Information on the position of the territorial Government regarding the future status of the Cayman Islands is reflected in section I above.

B. Position of the administering Power

53. On 15 October 2015, at the 7th meeting of the Special Political and Decolonization Committee (Fourth Committee) during the seventieth session of the General Assembly, the representative of the United Kingdom stated that the relationship of the Government of the United Kingdom with its overseas territories was a modern one based on partnership, shared values and the right of the people of each territory to choose to remain British. The Government of the United Kingdom and its territories recognized that their relationship brought mutual benefits and responsibilities.

54. He went on to say that, since the publication in June 2012 by the Government of the United Kingdom of a white paper entitled *The Overseas Territories: Security, Success and Sustainability*, the United Kingdom had worked closely with its territories to further develop those partnerships. His Government had consolidated the annual meeting with the leaders of territories into a Joint Ministerial Council, with a clear mandate to review and implement the strategy and commitments set forth in the paper. His Government's fundamental responsibility and objective under international law, including the Charter of the United Nations, was to ensure the security and good governance of the territories and their people.

55. At the fourth meeting of the Overseas Territories Joint Ministerial Council, held in London on 1 and 2 December 2015, the United Kingdom and overseas territory leaders agreed on a communiqué setting out, among other things, the joint position of the United Kingdom and the overseas territories on self-determination. In the communiqué, the political leaders and representatives stated that leaders of the overseas territories were democratically elected by the people of the Territories and were accountable to them and that the principle of equal rights and self-determination of peoples, as enshrined in the Charter of the United Nations, applied to the peoples of the overseas territories. They reaffirmed the importance of promoting the right of the peoples of the territories to self-determination, a collective responsibility of all parts of the Government of the United Kingdom. They committed to explore ways in which the overseas territories could maintain international support in countering hostile sovereignty claims and agreed that the fundamental structure of their constitutional relationships had been the right one — powers had been devolved to the elected Governments of the territories to the maximum extent possible consistent with the United Kingdom retaining those powers necessary to discharge its sovereign responsibilities — while agreeing the need to review the effectiveness of constitutional arrangements over time.

VIII. Action taken by the General Assembly

56. On 9 December 2015, the General Assembly adopted resolutions 70/102 A and B without a vote, on the basis of the report of the Special Committee (A/70/23) and the subsequent recommendation by the Fourth Committee. Section V of resolution 70/102 B concerns the Cayman Islands. In that section, the General Assembly:

(a) Recalled the 2009 Constitution of the Cayman Islands, and stressed the importance of the work of the Constitutional Commission, including its work on human rights education;

(b) Requested the administering Power to assist the Territory by facilitating its work concerning public awareness outreach efforts, consistent with Article 73 *b* of the Charter, and in that regard called upon the relevant United Nations organizations to provide assistance to the Territory, if requested;

(c) Welcomed the active participation of the Territory in the work of the Economic Commission for Latin America and the Caribbean;

(d) Also welcomed the efforts made by the territorial Government to implement financial sector management policies, medical tourism initiatives and unemployment alleviation programmes in various economic sectors.