

Anguilla



General

Anguilla, a 90 sq km island, flat with limited natural resources, is the most northerly of the Leeward Islands in the Eastern Caribbean. Colonised by British and Irish settlers in 1650, Anguilla was administered as a single federation with St Kitts and Nevis from 1958 to 1962 but sought separation in the 1960s, came under direct UK administration in the 1970s, and eventually became a separate British Dependent Territory in 1980.

The estimated population of Anguilla is 11,915. Several thousand Anguillians live and work outside Anguilla on adjacent Caribbean islands, in Britain and in the USA.

Anguilla has one of the most important largely unbroken coral reefs in the Eastern Caribbean. Its coastal and marine biodiversity (including fish, seabirds and marine turtles) is the island's most important natural asset.

Constitutional status

Elections are held every five years, the last of which took place in March 1994. The three main parties – the Anguilla National Alliance (ANA), Anguilla Democratic Party (ADP) and Anguilla United Party (AUP) – won two seats each of the seven contested in the House of Assembly. The remaining seat was won by an independent candidate. The AUP leader was elected Chief Minister of a coalition AUP/ADP Government. The next election is expected in March 1999.

Law and order

The law of Anguilla is the common law of England and locally enacted legislation. It is administered by a Magistrates' Court and the Eastern Caribbean Supreme Court. The incidence of violent crime in Anguilla is low.

Economy

Anguilla is an up-market tourist destination with high standard, expensive hotels. Tourism provides about 31.5 per cent of revenue. The island has experienced rapid economic development over the last decade. Economic prospects are relatively good but dependent on tourism and a nascent international financial services sector.

The international financial services industry is small but growing (approximately £2 million revenue annually). The British Government is supporting the development of the financial services sector through the provision of the Director of Financial Services and the development of a computerised online registration network.

Fishing is one of the most important economic activities in Anguilla. Fishermen produce annually between 300 and 500 tonnes of fish, lobster and crayfish, the latter being exported to neighbouring islands. The UK is helping to support the Longline Fisheries Development Project aimed at improving Anguilla's fishing industry while relieving pressure on inshore fish stocks. In a bid to modernise fishing techniques, a jetty at Island Harbour has recently been constructed.

UK development assistance

The main aim of the current UK development assistance programme to Anguilla is to support economic growth and self-sufficiency through sensible economic and financial management and, in the meantime, to help to ensure their basic needs are met, including the provision of essential infrastructure in the education sector.

The future development strategy for Anguilla will be discussed in the context of the Country Policy Plan which will be negotiated in 1999. This will be directed at Anguilla's graduation from UK capital assistance by financial year 2001/02 with continued support for sound economic and financial management and good government.

Key Facts

Currency	Eastern Caribbean Dollar US\$ = EC\$2.7 (fixed rate)
GDP per capita	US\$7,383 (1997)
GDP growth	7.1% (projected 1998)
Government revenue	EC\$72.3 million (1998)
Government expenditure	EC\$71.0 million (1998)
UK exports	£5.7 million (1998)
UK imports	£0.02 million (1998)
Population	11,915 (estimated 1998)
Unemployment rate	7% (1998)
Capital	The Valley



Bermuda



General

Bermuda, a group of about 150 islands and islets, lies 917 km east off the coast of North Carolina. The total land area is 53.33 sq km. The warming effect of the Gulf Stream makes Bermuda the most northerly group of coral islands in the world. The small areas of natural habitat which survive support 14 endemic plants and the Bermuda Cahow, the only endemic bird in Bermuda.

The population of Bermuda is 61,545 (at 1997) with approximately 60 per cent of African descent and the remainder of European extraction (including expatriates). Portuguese settlers from the Azores have been coming to Bermuda for about 150 years.

The climate is generally humid, with a mean annual temperature of 21° centigrade. Average annual rainfall is 146.3 cm (57.6 inches), distributed throughout the year.

Constitutional status

Bermuda is Britain's oldest colony and its Parliament, which first met in 1620, is the oldest legislature in the Commonwealth outside the British Isles. It is a self-governing territory with a high degree of control over its own affairs. The Premier has complete responsibility for choosing the Cabinet and allocating portfolios, though the Governor retains responsibility for external affairs, defence, internal security and the police.

Bermuda has two legislative chambers, the House of Assembly and the Senate. There are two main political parties, the United Bermuda Party (UBP) and the Progressive Labour Party (PLP).

Law and order

Bermuda's legal system is based on English common law and principles of equity, English statute law in force since 1612 and Acts of the Bermuda Parliament passed since then. The judiciary is a separate body from the Government and its members are appointed on the advice of the Chief Justice. There are three courts presiding in Bermuda – the Magistrates' Courts, the Supreme Court and the Court of Appeal, which sits only at certain times of the year.

Recent developments

A referendum on independence was held in Bermuda on 16 August 1995, when polling was delayed for 24 hours due to the passage of Hurricane Felix. Over 58 per cent of the electorate took part in the referendum; 25 per cent voted for independence and over 73 per cent voted against. On 9 November 1998 the PLP defeated the UBP in a General Election, winning 26 of the 40 seats. This was the first time that the PLP have held power since Bermuda's parliamentary system of government was introduced in 1968.

Economy

Bermuda's per capita income is one of the highest in the world at US\$35,600 per annum, with offshore finance (especially reinsurance) and tourism being the two main pillars of the economy. More than 10,000 international companies are based in Bermuda, including subsidiaries of 75 per cent of the Fortune 100 and their European equivalents. In insurance and reinsurance, Bermuda has an industry capital base exceeding US\$35 billion and gross premiums of US\$24 billion. In this sector, Bermuda ranks with London and New York as a global leader. Tourism accounts for just under 50 per cent of Bermuda's overseas earnings, but has been in decline in recent years. There is virtually no structural unemployment, though there are few natural resources and little manufacturing activity.

UK development assistance

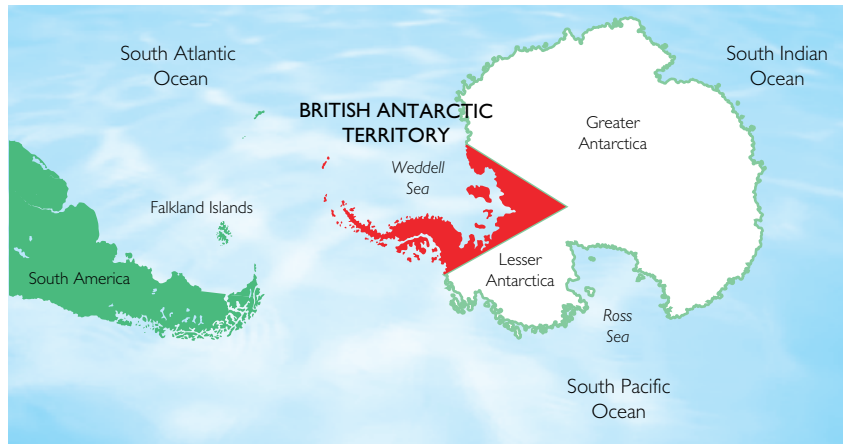
Bermuda receives no financial aid from Britain.

Key Facts

Currency	Bermuda Dollar (parity with the US\$)
GDP per capita	US\$35,600 (1997)
GDP growth	5.3% (1997)
Government revenue	US\$477.5 million (1997)
Government expenditure	US\$515.1 million (1997)
UK exports	£40.22 million (1998)
UK imports	£3.70 million (1998)
Population	61,545 (1997 estimate)
Unemployment rate	Negligible
Capital	Hamilton



British Antarctic Territory (BAT)



General

The British Antarctic Territory comprises that sector of the Antarctic south of latitude 60°S and bounded by longitudes 20°W and 80°W. It is the UK's largest Overseas Territory covering some 1,709,400 sq km, but it has no indigenous population. Although most of the BAT is counter-claimed by both Chile and Argentina, the disputes over territorial sovereignty are held in abeyance by the Antarctic Treaty, which provides an internationally agreed regime for Antarctica. Article IV of the Treaty imposes a freeze on all territorial claims and disputes while the Treaty, which is of indefinite duration, remains in force. As well as the British Antarctic Survey (BAS) presence in the BAT, 10 other states under the terms of the Antarctic Treaty have permanently manned scientific stations in the territory.

The Antarctic Peninsula was first sighted by Edward Bransfield RN in 1820 and was taken into the possession of Great Britain by John Biscoe in 1832. The UK's claim to the BAT is the oldest in Antarctica and dates from the Falkland Islands Dependencies' Letters Patent of 1908.

The UK's permanent presence in Antarctica dates from 1943 with the establishment of the wartime 'Operation Tabarin', mounted by the Admiralty on behalf of the Colonial Office. This provided reconnaissance and meteorological information in the South Atlantic. This year-round presence was taken over at the end of the war by the Falkland Islands Dependencies Survey which subsequently became the BAS in 1962.

Constitutional status

By means of an Order in Council which came into force on 3 March 1962, the BAT ceased to be a Dependency of the Falkland Islands and became a British Dependent Territory in its own right. However, the territory continued to be administered from the Falkland Islands until, under the British Antarctic Territory Order, 1989, responsibility for its administration was assumed by a Commissioner appointed by the Foreign Secretary. The Commissioner resides in London, is concurrently Head of the Foreign and Commonwealth Office's Overseas Territories Department and appoints such officers as he sees fit, for example, Chief Justice, Senior Magistrate, etc. He has powers to make laws, subject to certain conditions, and the BAT has a comprehensive set of its own laws, together with both judicial and postal administrations.

Legislation enacted by the BAT takes full account of the international regulations under the Antarctic Treaty System which govern Antarctica (ie the Antarctic Treaty and its Environmental Protocol, the Convention on the Conservation of Antarctic Marine Living Resources (CCAMLR) and the Convention for the Conservation of Antarctic Seals), as well as other relevant international legislation.

In recognition of the environmental importance of the BAT, activities in Antarctica are regulated by the Antarctic Act 1994. This enacts into UK law the strict provision of the Environmental Protocol to the Antarctic Treaty which entered into force in January 1998.

UK presence in the BAT

While the BAT has no indigenous population, the UK's presence in the territory is provided primarily by the BAS. The BAS maintains a year-round presence at two permanent scientific research stations (Halley and Rothera) and a summer-only presence at Signy Station in the South Orkney Islands. BAS's mission from the Government is to undertake a programme of first class science in Antarctica into areas of crucial concern such as global climate change, ozone depletion and atmospheric pollution. During the austral winter, around 40 BAS personnel are present in the BAT. This figure rises to approximately 250 (including visiting personnel) in the austral summer. Duly appointed magistrates administer the BAT judicial system from these stations, which also act as post offices. The BAT releases, on average, two commemorative stamp issues each year from these Antarctic stations.

There are no passenger airports in the BAT and no scheduled shipping services but the Royal Research Ships *Bransfield* and *James Clark Ross* resupply and restaff the British scientific stations. BAS also operates five aircraft out of Rothera during the austral summer.

The Ice Patrol vessel HMS *Endurance* spends five months each austral season on deployment in the BAT undertaking hydrographic surveying, assisting the BAS and supporting Britain in furthering its commitment to the Antarctic Treaty System (for example through undertaking CCAMLR Inspections, assisting with Inspections under the Antarctic Treaty, etc).

Economy (revenue and tourism)

The BAT's main source of revenue is from the sale of postage stamps. BAT funds are, as far as possible, re-invested into programmes which directly benefit the territory. In 1996/97, the BAT funded environment related projects in the territory to the sum of £74,398 and in 1997/98 it is anticipated that this figure will rise to approximately £113,400 out of a total estimated revenue of £211,550.

Independent auditors review the annual accounts of the territory.

Tourism in the BAT is a growing industry. The BAT is the most accessible sector of the Antarctic and public interest in the continent generally is attracting up to 9,000 tourists to the Antarctic Peninsula each year. A growing number of tour operators now visit the BAT and some 97 per cent of this tourism is ship-based. Approximately 60 per cent of tourists to the BAT visit the UK restored research station of Port Lockroy which, along with three other former bases, was declared an Historic Site under the Antarctic Treaty in 1995. The Environmental Protocol includes provision for the management of the growing tourism industry to minimise environmental impact.

UK development assistance

The BAT receives no aid from Britain. The BAS is funded by the Department of Trade and Industry, through the Office of Science and Technology.

Key Facts

Government expenditure (1996/97)	£130,396
Government revenue (1996/97)	£193,908
Administration centre (within territory)	Rothera Air Facility (BAS-run)



British Indian Ocean Territory (BIOT)



General

The islands of the Chagos Archipelago have been British territory since 1814 when they were ceded to Britain with Mauritius (which then included the Seychelles). For administrative convenience, and following French practice, they were administered as a dependency of Mauritius until 1965 when, with the full agreement of the Mauritian Council of Ministers, they were detached to form part of the newly established colony of the British Indian Ocean Territory. At the same time Britain paid £3 million to Mauritius in consideration of the detachment of the islands. Three other island groups, formerly part of the Seychelles, made up the rest of the territory, but these were returned to the Seychelles when it gained independence in 1976.

The BIOT lies about 1,770 km east of Mahé (the main island of the Seychelles). The territory covers some 54,400 sq km of ocean but the islands have a land area of only 60 sq km, with Diego Garcia, the most southerly island, the largest at 44 sq km. The near pristine coral reefs of the Chagos Archipelago support a wealth of marine flora and fauna of global significance.

The Chagos islands were exploited for copra from the late eighteenth century onwards. After emancipation in the nineteenth century, the former slaves on the islands became contract employees and some chose to remain on the islands, and had children who also stayed.

In 1966 it was agreed to make the BIOT available for the defence purposes of the US and Britain. The Crown purchased the freehold title to land in the islands in 1967. The copra plantations were run down as their commercial future was already becoming unviable, and the last of the contract workers and their children left the territory in 1972/73. Britain made £650,000 available to the Government of Mauritius in 1973, and a further ex gratia sum of £4 million in 1982 to the Ilois Trust Fund, in order to assist in the resettlement of the contract workers in Mauritius. Those who settled in Mauritius are now Mauritian citizens.

The BIOT has no permanent population, only military personnel and the civilian employees of contractors to the military. It is governed by a Commissioner, assisted by an Administrator and other officials, including the Commissioner's Representative (the officer in charge of the RIN complement on Diego Garcia, which is the principal island and the one where a large US defence facility is situated). Before the independence of the Seychelles in 1976, it was the practice for the Governor of the Seychelles to be appointed, concurrently, to hold the office of Commissioner for the BIOT. But since 1976 the Foreign Secretary has appointed a Commissioner based in London. The current Commissioner is concurrently Head of the Foreign and Commonwealth Office's Overseas Territories Department. The Administrator and some of the other officials are also concurrently Foreign and Commonwealth Office officials or other persons outside the territory.

Constitutional status

The constitutional arrangements of the BIOT are set out in the British Indian Ocean Territory Order in Council 1976 and various related instruments. The 1976 Order gives the Commissioner full power to make laws for the territory and these largely regulate the civil and criminal law in force there and establish procedures for enforcing it. A series of UK/US Agreements regulate matters arising from the use of the territory for defence purposes, such as jurisdiction over US military and other personnel, funding, access, etc.

Law and order

The BIOT has its own comprehensive set of laws and its own legal system which is administered through its Magistrates' Court, its Supreme Court and its Court of Appeal. The Justices of Appeal, the Chief Justice (who sits in the Supreme Court) and the Senior Magistrate are all non-resident, as is the Principal Legal Adviser (who performs similar functions to those of an Attorney General). In the territory, the Commissioner's Representative holds the office of Magistrate and is responsible for handling routine cases and also, through his subordinate officers, for the enforcement of the territory's laws – both the ordinary criminal law and the laws regulating such specific matters as import and export control, immigration, conservation, etc.

Current issues

The Government of Mauritius has asserted a sovereignty claim to the territory since 1980. Britain does not recognise this claim but successive governments have given undertakings to the Government of Mauritius to cede the territory to Mauritius when it is no longer required for defence purposes.

Economy

The population consists solely of military personnel and persons employed to support the defence facility; there are no commercial, industrial or agricultural activities in the BIOT. However, foreign vessels are licensed to fish in the territory's waters and this is regulated by a fisheries management and conservation regime.

The British military presence is funded by the Ministry of Defence. The civil administration of the BIOT is financed primarily from fisheries licence fees but some revenues are also derived from stamp sales and other fees and charges.

UK development assistance

The BIOT receives no aid funds from Britain.

Key Facts

Government recurrent revenue	£1.71 million (1997/98)
Government recurrent expenditure	£1.57 million (1997/98)
Administrative centre	Diego Garcia



British Virgin Islands (BVI)



General

The British Virgin Islands comprise over 40 islands, islets and cays with a total land area of only 153 sq km scattered over some 3,445 sq km of sea. Sixteen of the islands are inhabited, the largest being Tortola (54 sq km), Anegada, Virgin Gorda and Jost van Dyke. Discovered by Columbus in 1493, the islands came into British possession in 1666 when planters took control from the original Dutch settlers, and have been a British colony since 1672.

The BVI population is predominantly of African descent. The remainder are of European, American and Asian extraction. Approximately half the population are immigrants from St Kitts and Nevis, the Dominican Republic, St Vincent and other Caribbean islands. Several thousand native BVI Islanders live outside the territory, mostly in the United States Virgin Islands (USVI) and mainland USA. The majority of the population are Christian. English is the only language in general use.

Constitutional status

The BVI enjoys a large measure of internal self-government. The Governor has direct responsibility for external affairs, defence and internal security (including the police), the public service and the administration of the courts. The Constitution provides for a ministerial system of government headed by the Governor, who presides over the Executive Council which includes the Chief Minister and three other Ministers. The Legislative Council comprises 13 elected Members, nine representing individual districts and four elected by a territory wide vote. The Attorney General, an appointed official, is an Ex Officio Member of both Executive and Legislative Councils. Elections are held at least every four years and the last election took place in February 1995.

Law and order

The law of the BVI is the common law of England and locally enacted legislation. It is administered by Magistrates' Courts and the Eastern Caribbean Supreme Court. Although violent crime does occasionally spill over from the USVI, which has one of the highest per capita murder rates in the US, the level of violent crime remains low and is among the lowest in the region.

Current issues – drugs

Problems associated with drug trafficking are the most serious threat to stability in the BVI. The territory is a major target for traffickers because of its numerous small uninhabited islands and close proximity to the USVI and Puerto Rico, which serve as gateways to the US mainland. Britain has provided expatriate police personnel, a police launch, a surveillance aircraft and other anti-narcotics equipment to assist with control. Two Royal Navy personnel and two Royal Air Force crew are funded by the Foreign and Commonwealth Office to assist in operating these assets. The BVI has achieved considerable success in drug interdiction with seizure of 1,765 kg of cocaine in 1996.

The BVI has a full Mutual Legal Assistance Treaty with the US and enjoys close cooperation with US law enforcement agencies.

Economy (tourism and offshore finance)

A rich vegetation, unspoilt beaches, yachting marinas and fine coral reefs make the islands a natural tourist destination, and tourism is the main contributor to GDP and source of employment. In 1997 there were 365,668 visitors to the islands, most of them from the US.

The financial services sector has been growing rapidly in recent years and now generates half of total government revenue. The BVI specialises in international business companies and is believed to have a dominant share of around 45 per cent of the global market for this product. By the end of 1998 there were in excess of 300,000 registrations. The BVI also offers financial services in the areas of banking, insurance, trusts, mutual funds, etc. Agriculture and manufacturing each account for less than five per cent of GDP. Fruit, vegetables and sugar cane (for rum) are produced.

UK development assistance

The BVI graduated from capital aid at the end of the 1995/96 financial year. It has since then been receiving a declining modest bilateral technical cooperation programme. It will continue to benefit from the UK's Caribbean Overseas Territories regional development programme.

Key Facts

Currency	US Dollar
GDP per capita	US\$28,434 (1997)
GDP growth	6.81% (estimated 1998)
Government revenue	US\$138 million (estimated 1998)
Government expenditure	US\$123 million (estimated 1998)
UK exports	£10.48 million (1998)
UK imports	£3.65 million (1998)
Population	19,107 (1997)
Unemployment rate	3.3% (1995)
Capital	Road Town (Tortola)



Cayman Islands



General

Discovered by Columbus in 1503 the three Cayman Islands (Grand Cayman, Cayman Brac and Little Cayman) are situated 268 km north-west of Jamaica in the Caribbean Sea. The Islands have an area of about 260 sq km. 'Cayman' comes from a Carib word meaning crocodiles, which were found on their shores by the Spanish. The Islands have been in British possession since 1670. The vast majority of the population live on the largest of the three islands, Grand Cayman. English is the only language.

Constitutional status

The Cayman Islands are an Overseas Territory with a large measure of self-government. The Governor retains responsibility for the civil service, defence, external affairs and security. The Constitution, which came into effect in 1972, provides for a system of government headed by a Governor, an Executive Council and Legislative Assembly. Unlike other Caribbean Overseas Territories there is no Chief Minister.

The Legislative Assembly comprises the Speaker, who acts as President, three Official Members (the Chief Secretary, the Financial Secretary and the Attorney General) and fifteen elected Members. Elections are held every four years, most recently in November 1996. However, there are no organised political parties.

The Constitution also provides for an Executive Council consisting of the Governor as Chairman, three Official Members and five Members drawn from the elected Members of the Assembly. As Ministers, the five elected Members of Executive Council have responsibility for the conduct of such government business as is allocated to them by the Governor.



Law and order

The judicial system is based on English common law. There are two courts: the Summary Court (a lower court) and the Grand Court, which has unlimited civil and criminal jurisdiction. There is a Court of Appeal.

Current issues – conservation

The mangrove wetlands of the Caymans give the area an importance for biodiversity much greater than their small area would suggest. The Cayman Islands will also be the first Overseas Territory to have the Protocol on Specially Protected Areas and Wildlife extended to it. The Islands have 25 endemic species of plants and reptiles. A botanical park and bird sanctuary on Grand Cayman provide safe environments for endangered species of birds and lizards. The National Trust is engaged in long-term projects to preserve the unique wildlife and flora indigenous to Cayman Brac. Little Cayman is host to a wide variety of flora, fauna, and birdlife. It also has its own bird sanctuary which is a designated Ramsar site. Over 200 species of birds have been recorded in the Islands.

The Cayman Islands Government has set world standards in marine conservation. The Cayman Islands Turtle Farm serves as a breeding ground for the Green Turtle. After being bred and hatched on the farm they are released into the ocean. This has led to an increase in the previously diminishing sea turtle population.

Economy (tourism and offshore finance)

The Cayman Islands have one of the highest standards of living in the Caribbean. GDP per capita was US\$30,120 in 1998. The economy is based on tourism – there were over 1.2 million visitors in 1997 (most from the US) – and on the Cayman Islands' status since 1966 as an international offshore finance centre. At the end of 1998 there were 585 bank and trust companies, 475 captive insurance companies, 1,978 licensed or registered mutual funds and 41,173 registered companies. The Cayman Islands Monetary Authority and the Cayman Islands Stock Exchange were established in 1997.

The principal sources of government revenue are import duties, company, bank and trust licence fees and stamp duties. There is no income tax, company tax, estate or excise duty. Although imports outstrip exports by about 100:1, the visible trade gap is more than offset by invisible earnings from the tourism and financial services sectors.

UK development assistance

The Cayman Islands receive no direct financial aid from Britain.

Key Facts

Currency	Cayman Islands Dollar
Rate of exchange	CI\$ = US\$1.20 (fixed rate)
GDP per capita	US\$30,120 (estimated 1998)
GDP growth	5.5% (1997)
Government revenue	CI\$249.9 million (estimated 1998)
Government expenditure	CI\$195.25 million (estimated 1998)
UK exports	£9.76 million (1998)
UK imports	£0.32 million (1998)
Population	36,600 (1997)
Unemployment rate	4.2% (1997)
Capital	George Town (on Grand Cayman)

Falkland Islands



General

The Falkland Islands are an archipelago situated in the South Atlantic about 770 km north east of Cape Horn and 483 km from the nearest point on the South American mainland. The Islands have a total land area of 12,173 sq km (more than half the size of Wales).

The distinctive coastal and inland habitats of the Falklands, such as stands of tussock grass, support a rich variety of flora and fauna including several endemic species.

The Islands were first sighted in the sixteenth century, but the first known landing was made in 1690 by British naval captain John Strong, who named them after Viscount Falkland, First Lord of the Admiralty at the time. A British settlement was established in 1766 and, although this was withdrawn in 1774 on economic grounds, British sovereignty was never relinquished. There was no indigenous or settled population on the Islands before 1833, when British occupation of the Islands was resumed and this has continued until the present day.

The population is almost all of British birth or descent and many can trace their origins in the Falklands back to the early nineteenth century. English is the national language and 99 per cent of the population speak English as their mother tongue. There are Anglican, Roman Catholic and non-conformist churches on the Falklands.

The Falklands were invaded and illegally occupied by Argentine military forces on 2 April 1982. A British task force was dispatched immediately. Following a conflict in which over 1,000 British and Argentine lives were lost, the Argentine forces surrendered on 14 June 1982.

Constitutional status

Supreme authority is vested in HM the Queen and exercised by a Governor on her behalf, with the advice and assistance of the Executive and Legislative Councils and in accordance with the Falkland Islands Constitution Order (1985) as amended.

Universal adult suffrage was introduced in 1949. The voting age is 18. The Legislative Council has eight Members elected every four years and is chaired by the Governor. It also has two Ex Officio Members (the Chief Executive and the Financial Secretary), who do not have the right to vote.

The Executive Council comprises three Members of the Legislative Council elected annually by the eight elected Members of that Council from among their own number, and the same two Ex Officio Members who sit on the Legislative Council. In addition the Attorney General and Commander of British Forces in the Islands attend by invitation. The Governor is obliged to consult the Executive Council in the exercise of his functions except in specified circumstances (for example on defence and security issues, where he must consult and follow the advice of the Commander of the British Forces in the Islands).

Law and order

The judicial and legal systems consist of a Supreme Court, a Magistrates' Court presided over by the senior magistrate and a Court of Summary Jurisdiction, presided over by a bench of two or more magistrates.

The Court of Appeal hears appeals from the Supreme Court. In some cases there is a final appeal to the Judicial Committee of the Privy Council. Both the Court of Appeal and the Judicial Committee of the Privy Council sit in London.

Current issues

Argentina asserts a claim to sovereignty over the Falklands. But the British Government has no doubt about British sovereignty over them and does not regard this as negotiable. The British Government remains committed to defend the Islanders' right of self-determination. In exercise of this right the Islanders have repeatedly made known their wish to remain British.

Economy

In the past economic development was hindered by the lack of natural resources on the Falklands, the small size of the population, and the remoteness of external markets. Wool was the traditional mainstay of the economy and principal export.

Since 1982 the pace of economic development has accelerated dramatically. This rapid growth resulted initially from the influx of aid from Britain but more recently from the development of fisheries. The size of fisheries revenues and their subsequent careful investment has enabled much-needed improvements to be made in infrastructure and the promotion of tourism and other enterprises which will assist in the diversification of the economy.

Offshore oil exploration is now also under way in the North Falklands Basin. In October 1996 the Falkland Islands Government awarded licences to five consortia for oil exploration and exploitation in Falklands waters. Exploratory drilling started on 27 April 1998 and ended 20 November 1998.

UK development assistance

Following the 1982 conflict, Britain announced the provision of £31 million of financial aid. The final part of this was spent in 1992. Since then no further financial aid has been provided. The Islands are now self-sufficient in all areas except defence.

Key Facts

Currency	Falkland Islands Pound (at par with UK£)
GDP per capita	£12,202 (1995/96 Coopers & Lybrand estimate)
GDP growth (real)	1% (1995/96 Coopers & Lybrand estimate)
Government revenue	£36 million (financial year ended December 97)
Government expenditure	£51 million (financial year ended December 97)
UK exports	£42.24 million (1998)
UK imports	£12.64 million (1998)
Population	2,221 (1996 Census)
Unemployment rate	Negligible
Capital	Stanley



Gibraltar



General

Gibraltar is a narrow rocky peninsula which rises steeply from the adjoining low-lying coast of south-western Spain. It has a total area of 5.8 sq km and is nearly 5 km long from north to south. British title to the Rock of Gibraltar is based on Article X of the Treaty of Utrecht, signed in 1713. Our title to the southern part of the isthmus connecting the Rock to Spain is based on continuous possession over a long period.

According to the most recent figures (1997) the population was 27,192 of whom 20,772 were Gibraltarians. The population claims descent mostly from the British, Genoese or Maltese. English is the official language, but Spanish is widely spoken. About four-fifths of the population are Roman Catholic, but there are also Protestant, Jewish, Hindu and Muslim communities.

Gibraltar is a crossroads for bird migration and important for international studies of birds of prey and seabirds. The famous Barbary macaques are prospering – almost to pest proportions – as is a dolphin colony in the Bay. There are threats to biodiversity from invasive plant species.

Constitutional status

Gibraltar's legislature, the House of Assembly, consists of a Speaker and 15 elected and 2 Ex Officio Members (the Financial and Development Secretary and the Attorney General). Elections take place every four years. The territory consists of a single constituency with a block voting system under which each elector may vote for up to eight candidates.

The last elections were held in May 1996 and were won by the Gibraltar Social Democrats with an absolute majority in the House of Assembly.

Sovereignty

Under the Treaty of Utrecht, Spain has right of 'first refusal' should Britain decide to relinquish sovereignty over Gibraltar. The Spaniards have campaigned vigorously for Gibraltar to be returned to them. The British Government has reaffirmed that it stands by the commitment enshrined in the preamble to the 1969 Constitution: Her Majesty's Government will never enter into arrangements under which the people of Gibraltar would pass under the sovereignty of another state against their freely and democratically expressed wishes.

Over the years, the Gibraltarian people's sense of identity has been strengthened and the right of self-determination has become a theme in the territory. The British Government's policy is clear and long-standing: it supports the principle or right of self-determination, but this must be exercised in accordance with the other principles or rights in the United Nations Charter as well as other treaty obligations. In Gibraltar's case, because of the Treaty of Utrecht, this means that Gibraltar could become independent only with Spanish consent.



Law and order

The law of Gibraltar is the common law of England and locally enacted Ordinances and subsidiary legislation. The Courts of Law consist of a (non-resident) Court of Appeal, a Supreme Court, the Court of First Instance and the Magistrates' Court.

Gibraltar and the European Union

Gibraltar is within the European Union (EU) as part of UK membership by virtue of Article 227(4) of the Treaty of Rome. British Dependent Territory citizens from Gibraltar are defined as British nationals for EU purposes, thus giving them the right of free movement within the EU. Gibraltar has exemptions from Community policy in four areas; the Common Agriculture and Fisheries Policies, the Common Customs Tariff, the free movement of goods (but not services) and the levying of VAT. Although the Gibraltar Government is responsible for giving effect to European Community (EC) legislation in the territory, the UK is answerable to the European Court of Justice for the implementation and enforcement of EC obligations in Gibraltar. Gibraltarians do not have the vote in elections to the European Parliament. The UK has made clear that, as a result of a recent European Court of Human Rights ruling, it will seek amendment of the 1976 EC Act on Direct Elections which requires the unanimous agreement of all member states.

Economy

In the past, the economy of Gibraltar was highly dependent on Ministry of Defence employment. However, in recent years it has undergone major structural change from a public sector to a private sector economy. Gibraltar is keen to secure its economic future by diversifying through increased tourism, the provision of financial services, and through the development of niche sectors which require little land, but offer high added value, for example satellite communications.

In February 1997, the Government of Gibraltar announced a package of measures to boost tourism, including grants and soft loans for hotels. This doubled the tourism sector's allocation in the May 1997 budget. Attracting more visits by cruise liners is one of Gibraltar's major objectives, and a new passenger terminal opened in October 1997.

Gibraltar's financial sector is regulated by a Financial Services Commissioner who reports to a Commission made up of senior UK and Gibraltar financial experts. In March 1997 the British Government gave the Financial Services Commission permission to 'passport' (i.e. authorise) Gibraltar-based insurance firms to operate elsewhere in the European Economic Area.

Money laundering

Tough anti-money laundering legislation, on an all-crimes basis, came into force in Gibraltar on 1 January 1996. This legislation is to UK and EU standards. Gibraltar has also recently signed up to the recommendations of the Financial Action Task Force and has agreed to undergo mutual evaluation process within the Overseas Group of Banking Supervisors, of which it is a member. Gibraltar attaches importance to meeting internationally accepted standards.

Illicit trafficking

Drug smuggling from Morocco to Spain, using fast launches based in Gibraltar, and tobacco smuggling directly to Spain, were matters of great concern in the mid-1990s. However, firm measures were taken by the previous and present Governments of Gibraltar to ban the fast launches and to licence the tobacco trade. As a result, smuggling using boats based in Gibraltar has almost completely disappeared.

UK development assistance

Gibraltar receives no programme or structural aid from the UK.

Key Facts

Currency	Gibraltar Pound (at par with UK£)
GDP per capita	£11,680 (1995/96)
GDP growth	0.34% (1995/96)
Government revenue	£122.1 million (1998/99)
Government expenditure	£122.8 million (1998/99)
UK exports	£81.08 million (1998)
UK imports	£10.08 million (1998)
Population	27,192 (1997)
Unemployment rate	13% (1997)

Montserrat



General

Montserrat is one of the Leeward Islands in the Eastern Caribbean, lying 43 km south-west of Antigua and 64 km north-west of Guadeloupe. The island is 17 km long and 11 km wide, occupying an area of 102 sq km, entirely volcanic and very mountainous. The coastline is rugged and offers no all-weather harbour, although there are several anchorages in the lee of the island sheltered from the prevailing trade winds.

Named after a monastery in Spain by Columbus during his second great voyage in 1493, the island became a British Colony in 1632. The first settlers were largely Irish. Montserrat was captured twice by the French for short periods but was finally restored to Britain in 1783.

English is the only language in general use. Christianity is the principal religion and the main denominations are Anglican, Roman Catholic and Methodist.

Constitutional status

Montserrat is an internally self-governing Overseas Territory. Government is executed through a Governor appointed by the Crown, and Executive and Legislative Councils. The Governor retains responsibility for internal security (including police), external affairs, defence, the public service and offshore finance. Elections are held every five years on the basis of universal adult suffrage.

Law and order

The law of Montserrat is English common law together with locally enacted legislation. It is administered by the Eastern Caribbean Supreme Court. The Royal Montserrat Police Force is presently headed by a British Commissioner who, together with his staff officer (a senior Superintendent), is funded from the Technical Cooperation Programme. Only 60 per cent of the 51-strong force are Montserratian.

Since the reactivation of the volcano in July 1995, there has been a small increase in the frequency of crimes of violence and burglary. Some evacuated areas have been looted. But Montserrat's crime rate remains one of the lowest in the Caribbean.



Current issues

On 18 July 1995, the Soufriere Hills volcano in the south of the island became active for the first time in 350 years. By April 1996, increased pyroclastic activity had forced the evacuation of the capital Plymouth and most of the south of the island. Eruptions increased in vigour until a large explosion on 17 September 1996 destroyed a village to the east of the volcano: the village had been evacuated. The situation changed dramatically for the worse on 25 June 1997 when a large pyroclastic flow led to the deaths of 19 people in an area long designated as unsafe. In the following month, the centre of Plymouth, the capital, was destroyed by pyroclastic flows. The largest pyroclastic flow so far occurred on Boxing Day 1997, destroying several villages in the Exclusion Zone. Dome growth stopped in early March 1998 and activity has diminished. Close monitoring of the volcano continues. Scientists advise that given the enormous amount of material in the dome, collapses could occur over the next two years. Half of the island has been evacuated and much of it will probably remain uninhabitable for the next decade or more. The effects of the eruptions on the island's plants and animals are being studied where circumstances allow.

Since volcanic activity began, the population on the island has declined from approximately 11,000 and is currently about 4,500. Some 3,500 Montserratians have relocated to the UK. Of the rest, the majority have resettled in the Caribbean region, principally Antigua.

Economy

By 1981, Montserrat no longer needed budgetary support from the UK. However, following Hurricane Hugo in 1989, which damaged around 90 per cent of all property on the island, around £16 million in UK aid was required to rebuild the infrastructure. By 1995 Montserrat was on the road to recovery from Hugo and was in budgetary surplus with the economy relying heavily on revenue from residential tourism (luxury villas) and associated services, and on some light engineering. The island suffered a further major set-back when volcanic activity began in July 1995, since when the Government has relied on UK budgetary aid to meet its recurrent costs. Economic activity has begun to recover from a low point in early 1998.

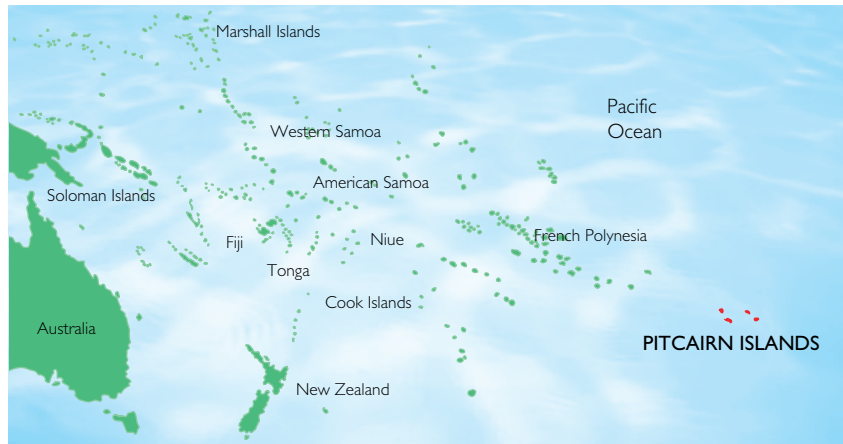
UK development assistance

Hurricane damage and volcanic activity have combined to seriously undermine Montserrat's economic development and have implications for future planning. From the start of the volcanic crisis (in 1995) to March 1998, Britain provided £59 million in assistance. A further £75 million has been allocated for the period April 1998 to March 2001 to help meet the Government of Montserrat's recurrent costs and to implement the policies set out in the Sustainable Development Plan to develop the north of the island. The Plan formed the basis of the joint Country Policy Plan agreed in January 1999 which includes an indicative public sector investment programme for the period to March 2001. Assistance includes provision of infrastructure and housing, a hospital, schools, a ferry and helicopter service, assistance to small-scale private sector companies, and expertise to assist the Government over a wide range of public service activities.

Key Facts

Currency	Eastern Caribbean Dollar (US\$ = EC\$2.7)
GDP growth	minus 21% (1997)
Government revenue	EC\$27.5 million, plus UK grant of EC\$37.7 million (1997)
Government expenditure	EC\$63.5 million (1997)
UK exports	£2 million (1998)
UK imports	£0.06 million (1998)
Population	4,500
Unemployment rate	6% (Feb 1998)
Capital	Plymouth (abandoned and largely destroyed)

Pitcairn Islands



General

The Pitcairn Islands comprise Pitcairn Island itself and three uninhabited islands, Henderson, Ducie and Oeno. Pitcairn is approximately 3 km long and 1.5 km wide. It was first settled in 1790 by some of the HMS *Bounty* mutineers and their Tahitian companions. Pitcairn was left uninhabited between 1856 and 1859 when the entire population was resettled on Norfolk Island. The present community are descendants from two parties who, not wishing to remain on Norfolk, returned to Pitcairn in 1859 and 1864 respectively.

The population totals only 54, all living in the only settlement, Adamstown. The official languages of Pitcairn are English and Pitkern, the latter becoming an official language by declaration of the Island Council in 1997. This is a mixture of English and Tahitian with the former predominating.

Constitutional status

Pitcairn is a British settlement under the British Settlements Act of 1887, although the Islanders usually date their recognition as a British territory to a constitution of 1838 devised with the help of a visiting Royal Navy officer. In 1893, 1898, 1904 and 1940 further changes were made in the Islands' government. In 1952 responsibility for Pitcairn was transferred from the High Commissioner for the Western Pacific to the Governor of Fiji. When Fiji became independent the Pitcairn Order and Pitcairn Royal Instructions, both of 1970, were the instruments that embodied the modern constitution of Pitcairn, establishing the office of the Governor and regulating his powers and duties. In practice, the British High Commissioner to New Zealand is appointed concurrently as Governor (Non-Resident) of Pitcairn and is assisted by the Pitcairn Island Administration Office in Auckland.

Pitcairn Islanders manage their internal affairs through the Island Council, for which elections are held annually.

Law and order

The Law of Pitcairn is covered by the Pitcairn Order 1970 together with the Pitcairn Royal Instructions 1970. Under these the Governor is the legislature for Pitcairn and is empowered to make laws on any subject. Prior approval of the Foreign Secretary must be sought for the enactment of certain classes of law.

Current issues

The dwindling population and the decrease in the number of ships stopping at Pitcairn has become a concern during the 1990s. There is no airfield. Ways of overcoming the isolation are being investigated.

The conservation of Henderson Island – the best example in the Pacific of a large raised coral atoll – as a World Heritage Site and the control of the environmental impact on all of the islands are being monitored and strengthened.

Economy

The economy of Pitcairn is largely based on subsistence fishing and gardening, and the sale of handicrafts. Pitcairn's primary source of income is through the sale of postage stamps and interest on the proceeds which are invested to help defray the costs of administration. The value of the Pitcairn Islands Investment Fund has declined in recent years, reflecting the draw-down of funds and the current state of the stamp market. The Administration is exploring ways of increasing revenue and containing costs.

The population of the territory is self-employed. Although there is no formal taxation, every person between the age of 15 and 65 is required to perform public work each month, in lieu of taxation. Allowances and wages are paid to members of the community who participate in local government activities and who perform communal services.

Handicrafts, fruit and vegetables are traded with visiting ships. Pitcairn's handicrafts are also marketed by mail order through the Internet.

UK development assistance

Pitcairn is critically dependent upon certain key items of infrastructure (including the jetty, long boats and boat shed, and the road from the jetty up to the main settlement). These items are routinely maintained by the Islanders but major refurbishment or replacement have been carried out with the help of Department For International Development (DFID) funding. DFID also funds a range of small-scale developmental activities on Pitcairn from its regional programme for the Pacific. There is a notional allocation of £150,000 per annum, but actual expenditure varies from year to year.

Pitcairn receives a Good Government Fund allocation of £30,000. This is directed towards improving the quality and self-sufficiency of the Islands' administration. The Foreign and Commonwealth Office also funds Pitcairn's £15,000 annual membership contribution to the Pacific Community.

Key Facts

Currency	NZ Dollar
Government revenue	NZ\$599,902 (1996/97)
Government expenditure	NZ\$601,665 (1996/97)
Population	54 (December 1998)
Administrative centre	Adamstown



St Helena



St Helena and its Dependencies

St Helena, Ascension and Tristan da Cunha are three UK Overseas Territories which together form a single territorial group under British sovereignty known as 'St Helena and its Dependencies'.

General

St Helena is a small island of volcanic origin in the South Atlantic with an area of 122 sq km. It is 1,930 km from the west coast of Africa and 2,900 km from South America. The nearest land is Ascension Island, 1,125 km away.

St Helena was discovered by the Portuguese navigator, Juan da Nova, on St Helena Day (21 May) 1502. Its existence was kept secret until the English seafarer Thomas Cavendish found it in 1588. It was then used for water and rest by ships of many nations. In 1633, the Dutch claimed, but did not occupy, the island. In 1658, a Charter from Richard, Lord Protector, authorised the British East India Company to colonise and fortify the Island, which it did the following year. Napoleon was exiled on St Helena from 1815 until his death there in 1821. It became a Crown Colony in 1834.

The population of 5,000 is of mixed ethnic origin. English is the only language.

The island has a distinctive flora and fauna, with many rare or endangered species. Systematic efforts are being made to re-introduce some of the endemic plants throughout the island.

Constitutional status

The St Helena Constitution Order provides for a Legislative Council consisting of the Speaker, twelve elected Members and three Ex Officio Members (the Chief Secretary, the Financial Secretary and the Attorney General). The last general election took place on 9 July 1997. The Governor enacts laws with the advice and consent of Legislative Council and receives advice from an Executive Council of five elected Members of Legislative Council and the Ex Officio Members. The Attorney General does not vote in Executive Council or Legislative Council.

The Governor of St Helena is also Governor of the Dependencies of Ascension Island and Tristan da Cunha.

Law and order

St Helena has its own legislation. The law of England as at 1 January 1987 is in force in St Helena in so far as it is applicable and suitable to local circumstances and subject to such modifications, adaptations, qualifications and exemptions as local circumstances render necessary. The law of England only applies in so far as it is not inconsistent with any Act of Parliament or Order in Council which extends to St Helena, or with any of the laws of St Helena. Magistrates' Courts deal with minor issues, while more serious cases are tried in the St Helena Supreme Court. A Court of Appeal was held on St Helena for the first time in 1998.

The Attorney General is responsible for legal matters relating to the St Helena Government. A Public Solicitor advises lay advocates and the public.

The St Helena Police Force has an authorised establishment of 29 officers. Their duties include running the small prison. A further detachment of six officers is stationed on Ascension. Crime rates are low.

Current issues

St Helenians have a strong cultural and economic connection with the UK. The imposition of immigration control was felt keenly and the Bishop of St Helena established a Citizenship Commission to promote the case for St Helenians to be granted British citizenship.

Communications with the outside world are by sea only. There is no airport.

Economy

In 1995 the St Helena Government embarked on a programme of structural adjustment, based on both public sector reform and private sector development. At that time the public sector employed 68 per cent of the working population and unemployment was 11.4 per cent. The Public Service now accounts for some 45 per cent of the working population. Unemployment totals about 15 per cent of the resident population with the underlying trend now downwards.

Fishing licences for waters around Ascension produce about £1 million for the St Helena economy and a Falklands company is setting up a fish freezing facility on St Helena.

About 1,000 St Helenians are employed offshore, mainly in Ascension and the Falklands: their remittances are worth over £1 million a year.

In 1997 8,698 tourists visited St Helena but without an airport, no safe anchorage for yachts in heavy seas and the limited capacity of the passenger/cargo ship *RMS St Helena*, tourism is unlikely to develop rapidly.

UK development assistance

The St Helena Government undertook a Strategic Review in 1996. This formed the basis of a three year Country Policy Plan (CPP), agreed in 1997, committing the British Government to provide a package of development assistance totalling some £26 million over the period 1997/98 to 1999/00. The second annual review of the Plan took place in December 1998.

The development assistance agreed under the CPP consists of direct budgetary aid for St Helena (approximately £3.2 million a year), an annual subsidy for the operation of the *RMS St Helena* (approximately £1.3 million) and support for bilateral development assistance – including the provision of some 24 long term personnel in key posts and of short term expertise, UK training awards and a number of infrastructure development projects (for example roads rehabilitation and improvement project, cargo handling projects, etc). Future development assistance will be discussed in the context of the next CPP due to be negotiated at the end of 1999.

Key Facts

Currency	St Helena Pound (at par with UK£)
GDP per capita	£2,536
Government revenue	£10.3 million (1997/98)
Government expenditure	£10.03 million (1997/98)
UK exports	£6.99 million (1998)*
UK imports	£0.65 million (1998)*
Population	5,000
Unemployment rate	15%
Capital	Jamestown

*Includes UK trade with St Helena's Dependencies Ascension Island and Tristan da Cunha



Ascension Island (Dependency of St Helena)

General

Ascension Island is in the South Atlantic, some 1,125 km north-west of St Helena. It covers an area of 90 sq km and is of volcanic origin. The last eruption was about 600 years ago.

Ascension Island was discovered in 1501 by the Portuguese and 'found' again on Ascension Day 1503 by Alphonse d'Albuquerque, who named the island. In 1815, when Napoleon was a prisoner on St Helena, a small British naval garrison was stationed on Ascension. The Island remained under Admiralty supervision until 1922 when it was made a Dependency of St Helena.

During the Second World War the US Government built 'Wideawake' airstrip on the Island. In 1957 a US Air Force presence was re-established and the airstrip and ancillary facilities enlarged. It is now an ICBM and space missile tracking station. In 1982 it became the intermediate stop for Royal Air Force flights to and from the Falklands.

Ascension is also used by Cable and Wireless, the BBC and the Composite Signals Organisation. These 'User' organisations, together with the Royal Air Force, finance all non-military activities on the Island. There is no indigenous population.

Constitutional status

Executive authority for the territory is exercised by the Governor of St Helena. A resident Administrator is responsible to the Governor. The 'Users' organisation on Ascension, The Island Customer Board, oversees the management of the Island's public and common services. The Administrator is advised on an informal basis by a 'Forum' of employees, most of whom are St Helenians.

Law and order

Ascension Island has a limited range of its own legislation. But English law applies to the extent that it is not inconsistent with local law, in so far as it is suitable for local circumstances and subject to such modifications as local circumstances make necessary.

There is a small unit of the St Helena Police Force seconded to Ascension. The Administrator is Chief Magistrate and six Justices of the Peace have been appointed.



Current issues

Aircraft may only land at Wideawake Airfield with the permission of the US authorities. Negotiations are under way to allow civilian charter flights. It is hoped that this will encourage a modest tourist industry on Ascension and improve access to St Helena. Studies will be conducted to establish how the governance of the Island should be organised for the future.

Environment

Ascension has globally important populations of seabirds (especially on Boatswain Bird Island) and turtles. A current issue is the prospect of eradicating introduced cats and rats.

UK development assistance

Ascension receives no aid from Britain.

Key Facts

Currency	Pound Sterling and St Helena Pound
Cost of Government, net of revenue	£1,863,720
Population	1,100
Unemployment rate	nil
Capital	Georgetown



Tristan da Cunha (Dependency of St Helena)

General

Tristan da Cunha is a small island of volcanic origin in the South Atlantic, mid-way between South America and South Africa. It is almost circular in shape and has an area of 98 sq km.

The neighbouring islands of Gough, Inaccessible and Nightingale make up the Tristan da Cunha Group. A team of South African meteorologists live on Gough. Inaccessible and Nightingale are uninhabited. The islands have a very distinctive endemic flora and fauna and are important breeding grounds for many seabirds. Gough Island is a World Heritage Site.

Tristan da Cunha was discovered in 1506 by the Portuguese navigator Tristao da Cunha who did not land but named the island after himself. It was garrisoned and possessed by the British in 1816. The current population is about 300 people of mixed descent. English is the only language.



Constitutional status

Executive authority for Tristan da Cunha is exercised by the Governor of St Helena. A resident Administrator is responsible to the Governor. The Administrator is advised by an Island Council, led by the Chief Islander and comprising eight elected Members (including at least one woman) and three appointed Members. Elections are held every three years. The last was on 23 October 1997.

Law and order

Tristan da Cunha has its own legislation but St Helena law applies to the extent that it is not inconsistent with local law, in so far as it is suitable for local circumstances and subject to such modifications as local circumstances make necessary. There is one full time police officer and three special constables. The Administrator is the Magistrate and he heard only one case (drunken driving) in 1997.

Current issues

Tristan da Cunha is an isolated island. Its nearest neighbour is St Helena, 2,100 km to the north. Cape Town is 2,400 km to the east. There are no air services. Transport to and from the island is provided by the yearly call of the RMS *St Helena*, the occasional passenger ship, two crayfish concession vessels and the South African research vessel, SA *Agulhas*. Due to heavy seas the harbour is only accessible for 60 to 70 days a year. Improvements to the harbour are vital to Tristan da Cunha's future. Tourism offers limited potential for economic development.

The volcano is still active and last erupted in October 1961. The population were evacuated to the UK, but returned in 1963.

Economy

Tristan da Cunha has been largely self-sufficient. The economy relies predominantly on the income from crayfishing and returns on investments. However, the downturn in demand in the Far East, the main market for Tristan crayfish, will mean that in 1999 the economy will run at a substantial deficit. Other sources of current income – a limited tourist industry based on three or four tourist ships per annum and the sale of postage stamps – cannot realistically be increased significantly. Other potential economic developments, such as the sale of mineral water, will require considerable capital investment.

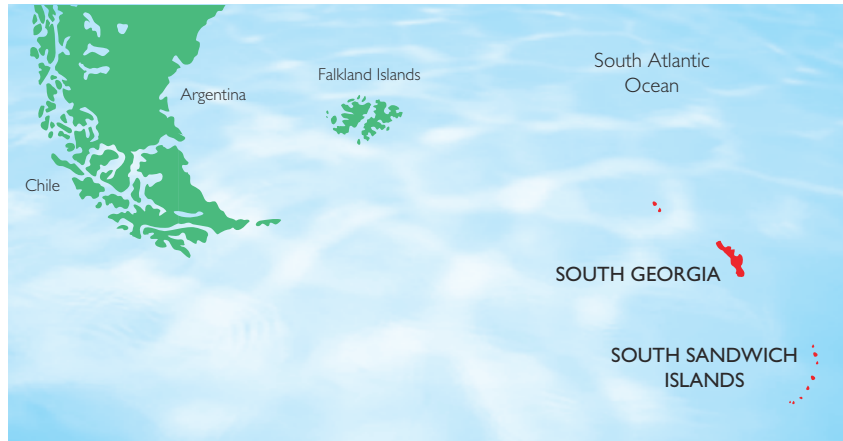
UK development assistance

Bilateral assistance to Tristan da Cunha is modest and consists of support for the provision of medical care on the island and continuing support for the Fisheries Management Project.

Key Facts

Currency	Pound Sterling
Government revenue	£744,534 (estimated 1998)
Government expenditure	£618,839 (estimated 1998)
Population	297 (1998)
Unemployment rate	Negligible
Capital	Edinburgh of the Seven Seas

South Georgia and the South Sandwich Islands (SGSSI)



General

South Georgia lies 1,290 km east-south-east of the Falkland Islands, and the South Sandwich Islands some 760 km south east of South Georgia. South Georgia, with an area of 3,755 sq km, is some 160 km long with a maximum breadth of 32 km. The land is mountainous, rising to 2,933 m, and the valleys filled with glaciers. The climate is severe and the mountains largely ice and snow covered throughout the year. There is no indigenous population.

The South Sandwich Islands consist of a chain of active volcanic islands some 240 km long. The climate is wholly Antarctic. In the late winter the Islands may be surrounded by pack ice. The prevalent westerly storms and lack of sheltered anchorages make landing difficult.

The first landing on South Georgia was that of Captain James Cook in 1775. Thereafter, South Georgia was much visited by sealers of many nationalities who reaped a rich harvest from the immense number of fur seals and elephant seals which frequented the shores. Britain annexed South Georgia and the South Sandwich Islands by Letters Patent in 1908. Since then the Islands have been under continuous British administration, apart from a short period of illegal Argentine occupation in 1982. Through most of this century South Georgia was the centre of land-based whaling in the Southern Hemisphere and whaling stations operated under licence from the Government of South Georgia. Although commercial whaling ended in the 1960s, the remains of the whaling stations such as at Grytviken, Stromness and Leith still exist.

The territory is of great importance for sub-antarctic flora and fauna. The South Sandwich Islands represent a maritime ecosystem scarcely modified by human activities. South Georgia is the breeding ground for some 85 per cent of the world's Southern Fur Seal population as well as globally significant populations of albatrosses, petrels and penguins.

The Governor of the Falkland Islands has been appointed concurrently Commissioner for SGSSI. Under the SGSSI Constitution he consults the Falkland Islands Executive Council on matters relating to the territory which might affect the Falkland Islands. He liaises with the Commander British Forces on matters concerning defence or internal security of the Islands. There has been a small garrison at King Edward Point on South Georgia since the Argentine occupation in 1982.

The First Secretary at Government House Stanley is concurrently Assistant Commissioner and Director of Fisheries. The Attorney General and Financial Secretary from the Falkland Islands fulfil parallel roles in SGSSI.

Law and order

The Senior Magistrate from the Falkland Islands presides over the Magistrates' Court. A Court of Summary Jurisdiction exists on the Islands, presided over by the Officer Commanding the British garrison on the Islands.

No separate Court of Appeal for South Georgia has been established. Falkland Islands legislation in 1989 made provision whereby the Court of Appeal in the Falkland Islands should, in effect, operate additionally as the Court of Appeal for South Georgia.

Current issues

Argentina asserts a claim to sovereignty over SGSSI. But Britain has no doubt about its sovereignty and does not regard this as negotiable. Illegal fishing in SGSSI waters poses a threat to the conservation of fish stocks, and to populations of sea birds which may be caught inadvertently in such fishing operations.

The decision has been taken to replace in 2000 the military garrison with a civilian presence provided by the British Antarctic Survey. BAS will occupy a newly constructed research station at King Edward Point, and will conduct scientific research there primarily into the sustainable utilisation of South Georgia marine fisheries resources.

Economy

The main sources of revenue are fishing licences, sale of stamps, customs and harbour dues, landing fees and trans-shipment fees.

Main items of expenditure are fisheries administration costs and research, fisheries protection, production of stamps and support for the South Georgia Whaling Museum.

Key Facts

Currency	Pound Sterling
Government revenue	£1.373 million (estimate financial year 1997)
Government expenditure	£0.66 million (estimate financial year 1997)
Administrative centre	King Edward Point



Turks and Caicos Islands (TCI)



General

The Turks and Caicos Islands form the south-eastern extremity of the Bahamas chain and lie 145 km north of Haiti and the Dominican Republic and 925 km south-east of Miami. The territory comprises some 40 islands and cays split into two groups by a deep water channel, with a total land area of 500 sq km. Of these islands only six are permanently inhabited: Grand Turk – the capital; Salt Cay; South Caicos; Middle Caicos; North Caicos; and Providenciales. In addition there are a number of hotel developments and holiday homes on smaller cays. Limited rainfall, coupled with poor soils and a limestone base, restrict the possibilities for agricultural development. The Islands have important wetland and reef habitats and provide a home for 14 endemic plants and reptiles.

The population is currently estimated to be around 20,000. This includes about 10,000 foreigners, especially from Haiti and the Dominican Republic. Most of the people are of African descent, the rest being of mixed or European origin. English is the main language with some Creole spoken by Haitian immigrants. The religion is Christianity; the Anglican Communion predominates. Education is compulsory between the ages of 5 and 14, and is provided free in 10 primary schools and 4 secondary schools run by the Government.

Constitutional status

The TCI is an internal self-governing Overseas Territory with a ministerial system of government. The 1988 Constitution provides for a Governor appointed by HM the Queen, an Executive Council and an elected Legislative Council. The Governor is responsible for external affairs, defence, internal security, offshore finance, and certain other matters, but is otherwise normally required to act on the advice of Executive Council. There are two main political parties, the People's Democratic Movement (PDM) and the Progressive National Party (PNP). Parliamentary elections are held at intervals of not more than four years. The last elections were held in January 1995. The PDM overturned the PNP's 8–5 majority and won 8 of the 13 elected seats on the Legislative Council: the PNP is in opposition. The next election is expected in March 1999.

Law and order

The legal system, based on English common law, includes a Supreme Court and a Court of Appeal, and has provision for appeal to the Privy Council in London. The Attorney General and Chief Justice are currently British technical cooperation officers, as are the Senior Crown Counsel, the Legal Draftsman, the Deputy Commissioner of Police and the Head of the CID. The Police Development Project will support the provision of a further two technical cooperation officers; an Assistant Commissioner of Police and a Financial Crimes Investigation Officer. Royal Navy and Royal Air Force attachments to the Police Force have enhanced the TCI's ability to combat drug trafficking. The Islands enjoy close cooperation with the US and Bahamian narcotics agencies under an agreement extended to the TCI in 1990, thus allowing for combined US/TCI/Bahamas interdiction operations. In one operation in February 1998 the TCI authorities seized over two tonnes of cocaine.

Recent developments

The TCI lies directly in the path of Haitian boat people attempting to reach the United States or the Bahamas. As a result, many have arrived illegally in the territory in recent years (having also been attracted by employment opportunities on fast-developing Providenciales). A 15-month long programme to repatriate them voluntarily or regularise their stay, under the auspices of the International Organisation for Migrants and with assistance from the United Nations High Commissioner for Refugees, began in January 1997. This programme provided for the processing of approximately 1,000 migrants who qualified for permanent residence in the TCI, and assisted some 3,500 with their return and reintegration into Haiti. The immigration authorities have tightened the regulations governing the migrant work force.

Economy

The TCI economy is based primarily on tourism and offshore finance. The opening of a Club Méditerranée village on Providenciales at the end of 1983 and accompanying provision of an international airport under the British aid programme gave the Islands a considerable boost. Tourist arrivals in 1997/98 fell just short of 100,000.

Foreign investors, mainly from Canada, the UK and the USA, play a significant role in the Islands' economic life. The main areas of private investment are tourism, property development, real estate, international finance and fishing, focused on the island of Providenciales.

Constitutional responsibility for the TCI's offshore finance sector rests with the Governor. Offshore finance is the TCI's second largest source of external revenue after tourism. The mainstays of the industry are trusts and insurance companies: seven banks are licensed to operate in the TCI. The UK Technical Cooperation Programme currently supports the sector through the provision of the Superintendent and Deputy Superintendent of the Financial Services Commission.

UK development assistance

The current bilateral assistance programme was agreed as part of the first TCI Country Policy Plan and focused on the development of the civil service, the provision of technical cooperation officers and expertise to assist the Government over a wide range of public service activities, the development of 'gateways' legislation on financial services and the strengthening of the judiciary and democratic institutions. The programme is increasingly focused on the provision of support in the education sector, while further assistance will be considered in the health sector. The future development strategy for the TCI will be discussed in the context of the next Country Policy Plan, to be negotiated in 1999.

Key Facts

Currency	US Dollar
GDP per capita	US\$6,000 (estimated 1998)
GDP growth	5.0% (1997/98)
Government revenue	US\$41,223,672 (1996/97)
Government expenditure	US\$34,782,781 (1996/97)
UK exports	£1.53 million (1998)
UK imports	£0.03 million (1998)
Population	20,000 (1998 estimate)
Unemployment rate	10% (rate varies: full employment in Providenciales, up to 25% unemployment on some islands)
Capital	Cockburn Town (Grand Turk)



Financial regulation check-list – notes

1. Legislation will be needed which fully meets relevant international standards such as those set by the Basle Group on Banking Supervision and the International Organisation of Securities Commissions. Where necessary the legislation and associated regulations should cover credit institutions (banks and building societies), stock exchanges, insurance and investment services sectors, investment trusts and collective investment schemes. The regulation of private trusts, company formation and management will also be covered.

2. Following the review in 1999 we shall consult Overseas Territory governments and regulators before setting individual targets to ensure that the requirements are appropriate, reflect the size and type of the financial sector and any plans to develop it further, and take into account the existing regulatory structure.

3. Good progress has been made on introducing legislation to combat money laundering. Legislation must be enforced, and implementation reviewed regularly. We shall review with the Overseas Territories the extent to which the updated 1996 recommendations of the Financial Action Task Force, the Caribbean Financial Action Task Force and the Offshore Group of Banking Supervisors can be implemented (some territories have already participated in mutual evaluations).

4. We shall also press Overseas Territory governments to introduce legislation to improve regulation of company formation and management because, for example, in the absence of proper regulation, complex company structures can be used to disguise the proceeds of crime and other regulatory abuse as well as providing limited liability. There is increasing evidence that companies, incorporated in an Overseas Territory but based elsewhere, have been used as vehicles to disguise money laundering and financial fraud. Company formation agents and company managers need to be required by law to hold key information about the companies for which they have responsibility and to disclose that information to a regulator on request. This will help ensure a properly documented paper trail for criminal and regulatory investigations.

5. The Caribbean Overseas Territories already have certain 'gateway' provisions which allow the local regulator to provide information to an overseas regulator. We have asked Overseas Territories to introduce, in addition, 'investigative powers' to allow an Overseas

Territory regulator to conduct an investigation on behalf of an overseas regulator, and to compel the production of evidence needed by the overseas regulator (subject to proper safeguards). These powers would be supported by Memoranda of Understanding with each Overseas Territory. The Memoranda would formalise the procedures under which information can be obtained and passed to other regulators. Overseas Territory governments should also introduce equivalent legislation to the Criminal Justice (International Cooperation) Act 1990 so that they can provide similar assistance for criminal investigations as they can – and do – already for drugs and money laundering investigations.

6. A sound, transparent regulatory environment is necessary to maintain investor confidence and the reputation of that jurisdiction's financial sector. This is only possible if the regulatory authority is, and is seen to be, independent, and free from business or political interference. Regulatory authorities should not become involved in the marketing and promotion of financial services. They need to be properly staffed and budgeted for, with ring-fenced funding, if necessary raised independently by the regulatory body through an industry levy. The regulatory authority should have the power and ability to supervise, set standards, investigate and take relevant enforcement action, take disciplinary action, grant and withdraw licences, make proposals for legislation and generally regulate all financial institutions under its control. It should also have the powers, including compulsory powers, to cooperate with authorities in other jurisdictions. It should keep the Governor and board members of the regulatory authority informed of developments on a regular basis. It should produce an annual report on progress made, problems encountered and where action is still needed in order to meet the required standards; and a plan of action for doing so.

7. All financial sector activity in the Overseas Territories should be subject to appropriate regulation, enforcement, and licensing regimes. Licensing applications should be formalised. Proper records of the application process need to be kept, and rigorous procedures for the conduct of investigations and routine on-going supervision should be introduced relating to both people and firms in the industry. Regulatory standards should be re-evaluated annually to ensure they take into account progress on the international regulatory front. The aim is for the same overall standards of regulation and licensing to apply in all the territories.