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THIRD INTERNATIONAL DECADE FOR THE ERADICATION OF COLONIALISM

Pacific regional seminar on the implementation of the Third International Decade for  
the Eradication of Colonialism: current realities and prospects

Quito, Ecuador  
30 May to 1 June 2012

STATEMENT

BY

THE REPRESENTATIVE OF THE

BRITISH VIRGIN ISLANDS

Statement by Honourable Delores Christopher at the

Pacific Regional Seminar on the implementation of the Third International Decade for the Eradication of Colonialism: current realities and prospects

Quito, Ecuador – 30 May to 1 June 2012

Good Morning/Afternoon

I bring you Greetings on behalf of the Premier, Dr. the Honourable D. Orlando Smith and the people of the British Virgin Islands. I am pleased to be here as part of these discussions that continue to examine the status of our various countries and territories.

As has been previously presented at this body, the British Virgin Islands, constitutionally named the Virgin Islands, is an internally self-governing Territory administered by the United Kingdom. Currently, the BVI is governed by a democratically elected 13-member House of Assembly. The National Democratic Party led by D. Orlando Smith, which was elected to office in the last elections held on November 7, 2011, has a nine-member majority in the House. The Virgin Islands Party led by Ralph T. O'Neal has a four-member minority, which forms the Opposition. Premier Smith and four other ministers comprise the Cabinet. Elections are constitutionally due every four years.

*As it relates to The BVI's Constitutional Process*

The history of the British Virgin Islands continues to show that constitutional advancement has led to economic growth. The more autonomy given to Virgin Islanders to manage their own affairs, the more we have been able to make meaningful improvements to the quality of life of our people.

Virgin Islanders have sought more autonomy while maintaining a link with Britain. In some respects, this affords us a certain amount of stability and confidence to do international business.

For their part, successive UK governments since 1965, have held the position that it is up to the overseas territories themselves to decide whether they wish to remain constitutionally linked to the United Kingdom, but that any decision to disconnect should be based on the unequivocally expressed desire of the majority of the people of these islands.

Generally, in more recent times, the administering Governments of the European Union for the non-independent overseas countries and territories (OCTs), have seen further utility in their OCTs.

Emphasis is being placed on encouraging the OCTs, (countries that were previously viewed as almost a burden) to become "European spheres of influence" in their respective regions. The European Union is also expected to soon publish a new Overseas Administration Decision paper which will provide details on this "European sphere of influence" and on the overall relationship with the OCTs.

From our perspective, Virgin Islanders have never truly moved the question of the BVI's independence beyond peripheral status in the discourse of the development and advancement of the territory. The Constitutional Commissioners of 1993 concluded in their report that there was nothing inevitable about independence.<sup>1</sup>

Similarly, the next full review in 2005 -- the last one held, and the first locally constituted group of Constitutional Commissioners, in their report did not deviate too far from that conclusion, that independence was not desired by the people of the British Virgin Islands. But, they nonetheless were of the opinion that the time had come for "there to be some significant constitutional advancement for the Territory short of independence."<sup>2</sup>

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<sup>1</sup> 1993 Constitutional Commissioners Report

<sup>2</sup> 2005 Constitutional Commissioners Report

The resulting 2007 Constitution brought about significant changes and advancement in the BVI–UK relationship. These changes have already been discussed in previous sittings of this body, so I will not go into those details. I will say, however, that we are still in the implementation stage of fully bringing into effect the provisions of the Virgin Islands Constitution Order that was negotiated with the United Kingdom in 2007.

### UK- BVI Relationship

As it stands right now, we are awaiting the publication of the new White Paper that will outline the parameters of a BVI- UK relationship for the foreseeable future.

As you may be aware, during the last eight months, the United Kingdom has undertaken a consultation process that is not yet implemented, that reviews its relationship with its overseas territories. Although some of the overseas territories' constitutions are still relatively new, the UK still undertook this general review. The Conservative and Liberal Democratic Coalition government has stated however that it does not seek to alter the constitutional relationships and has pledged its support to the territories. This was reiterated by Deputy Prime Minister, Nick Clegg, who said that “as long as these Territories' citizens wish to remain British, then we must be prepared to carry out our duties towards them to the very best of our abilities.”

The White Paper review is part of a broader process whereby a new United Kingdom Government is developing its strategy towards its 14 Overseas Territories. It embarked on a consultation on how best to capture the shared vision and values in a new White Paper to replace the 1999 White Paper, titled Partnership for Progress and Prosperity. Most of the 1999 recommendations, covering such areas as constitutional links, citizenship, the environment, financial standards, good governance and human rights, have now been implemented.

Building on those recommendations, the new review focused on six main questions: challenges facing the OTs; cooperation with the UK; governance, financial management and economic planning; external support; cooperation between territories; and the territories' global profiles.

It has not gone without notice that previous significant reviews of the UK-OT relationship, not coincidentally, have followed, and may have been precipitated by, crisis or critical developments in the OTs.

Since the ushering in of the new Virgin Islands Constitution, in June 2007, there have been some pivotal events in the Virgin Islands, the other OTs, the United Kingdom and internationally that may have tested the solidarity of the UK-OT relationship and also been the impetus for a renewed interest in reviewing and refining its parameters to formulate a new White Paper.

The global economic crisis, the constitutional debacle in the Turks and Caicos Islands, the change in government in the United Kingdom and changes in government in the BVI are just some of the significant developments, post the 2007 Virgin Islands Constitution.

#### *The Global Economic Crisis and the BVI Economy*

Of the pivotal developments, the global economic crisis has had the most altering effects on the well-being of the BVI, the OTs and the United Kingdom no less. The BVI, like most other countries, has been challenged with putting its fiscal house in order to mitigate the effects of the global economic crisis.

The BVI's economic pillars of tourism and financial services which account for more than 95 percent of Government revenues are both externally driven, making the BVI extremely susceptible to fluctuations in the global marketplace.

Since the crisis, tourist arrivals in the BVI have decreased steadily with overall tourism decline reaching above 10 percent in 2010<sup>3</sup>. The United States, BVI's principal trading partner in tourism, during the same period has struggled with a sluggish economy, showing an exceedingly slow pace of recovery. And unless the BVI can shift its primary dependence on US markets, its tourism recovery will remain intrinsically tied to the US's economic recovery.

Although not as intimately tied to the US economy, BVI's financial services also contracted with company incorporations, the mainstay of the industry, dropping by more than 20 percent in the first years of the crisis. During the same period, mutual funds and captive insurance business also decreased by more than 30 percent and 12 percent respectively.<sup>4</sup> Company incorporations started showing signs of rebounding in 2011.

The UK and the Caribbean OTs in the New Millennium

After close to a decade of constitutional discussions and reviews, new constitutions were adopted in the Turks and Caicos Islands (2006), the British Virgin Islands (2007) the Cayman Islands (2009), and Montserrat (2011). The spirit of cooperation in which they were developed belied the hostilities which followed.

Following up on one of the recommendations of the Foreign Accounts Committee Overseas Territories Report, which raised concerns about serious allegations of corruption in the Turks and Caicos Islands, the UK Government launched a Commission of Inquiry.

The comprehensive report from the Commission of Inquiry revealed troubling issues. The UK's response was swift. Using its constitutional powers, it passed and implemented an Order in Council in August 2009 suspending Ministerial Government and the House of Assembly in the

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<sup>3</sup> The Virgin Islands Recurrent Budget Estimates of Revenue and Expenditure 2010.

<sup>4</sup> Ibid.

TCI for two years. The Governor was then given the power to take charge of TCI Government matters.

In a BVI Focus Group Report, prepared for a one day review of the relationship on the 10<sup>th</sup> Anniversary of the 1999 White Paper – partnership for progress and prosperity - held in London in 2009, during the Overseas Territories Consultative Council (OTCC) meeting, it acknowledged islanders' hopes that "great care be taken to ensure..., that legal and other mechanisms available locally, are first utilized, or resorted to, before such action as the suspension of a territory's ministerial system of governance is taken.

In essence, the people of the Overseas Territories must themselves be given every opportunity to lawfully 'confront the menace' within their society before a resort to an extreme measure such as the suspension of a Territory's Constitution."

Another source of contention arose when Anguillan Chief Minister Hubert Hughes demanded the recall of Governor William Alistair Harrison over the latter's refusal to assent to the budget until expenditure was slashed by 30 percent.

The BVI has not remained untouched by dissension. In 2009, then Premier Ralph T. O'Neal protested the Governor's appointment of the Deputy Governor and traveled to London to get the appointment revoked. The Premier's failure to get the appointment rescinded strained the relationship.

More generally, Caribbean leaders have expressed great dissatisfaction over the implementation of the Air Passenger Duty which has made it even more expensive for British tourists to fly to the region. The impact of the Duty on those OTs which might have been hoping to expand their penetration into the British market is doubtlessly significant and the Duty should be reviewed and ways sought to mitigate its effects.

The BVI has stressed to the UK that although this review examined the relationship of the United Kingdom with all of its territories combined and the White Paper will present a collective framework for strengthening and improving that relationship, the UK's engagement with each individual territory is likely to be different and should be appraised based on its own merits and shortcomings.

While the territories share similarities and face many of the same challenges, they are not a homogeneous group, and policy prescriptions must be specific to address each territory's unique realities and peculiarities. The uniqueness of each OT requires restraint in adopting a one-size-fits-all approach.

It is fully understood that the UK Government wishes to prevent another TCI type debacle and the residual effects. It must not however, seek to administer all its OTs with the same tight fist with which it handled TCI.

The UK's proposal to have the territories have their budget reviewed and approved by the UK before passing in their Legislature is part of the closer administration and screening that undoubtedly resulted from the TCI Affair.

The BVI has always managed itself responsibly and, for the most part, shown fiscal restraint throughout its economic development. Thus it viewed this measure as retrogressive.

The BVI was, however, able to get its message across to the UK Government and instead was able to negotiate and sign Protocols for Effective Financial Management in April, 2012. Then the UK Minister for the Overseas Territories told Premier Smith that he was pleased with the "BVI's commitment to manage itself responsibly."



### Other Developments

In other developments, the BVI along with other members of the European Union OCTs in May in Curacao signed a Memorandum of Understanding, establishing the Caribbean Overseas Countries and Territories Council. This Council, comprising British, Dutch and French territories, will strengthen the position and collective voice of the OCTs in the Caribbean.

### Conclusion

In conclusion, the position of the Virgin Islands at this time, is to maintain its current relationship with the UK, built on mutual respect and a mature partnership. We do acknowledge however that is but an interim position as the territory continues to grow and generations of Virgin Islanders attain higher levels of education.

We further acknowledge that greater emphasis on the history and culture of our people is an essential ingredient in the development of our identity and a desire to self determine. This must be ingrained in our education system.

The British Virgin Islands is well-known globally as a world-class international finance centre and as a prime destination for discerning tourists. The territory's continued compliance with established international regulatory standards, and its political and economic stability, affords it a measure of prosperity. From the international community, we seek continued support in our development.

Thank you.