

Distr. RESTRICTED
CRS/2009/DP.1

ORIGINAL: ENGLISH

SECOND INTERNATIONAL DECADE FOR THE ERADICATION OF COLONIALISM

Caribbean regional seminar on the implementation of the Second International Decade
for the Eradication of Colonialism: challenges and opportunities in the process of
decolonization in today's world

Frigate Bay, Saint Kitts and Nevis
12 to 14 May 2009

DISCUSSION PAPER

PRESENTATION

BY

PROF. JESSICA BYRON

***Challenges and Opportunities in the Process of Decolonization of the Non-Self
Governing Territories in the Caribbean Region: Anguilla and Montserrat***
Paper presented by Jessica Byron, University of the West Indies, Mona, Jamaica
Caribbean Regional Seminar, U.N. Decolonization Unit, Frigate Bay, St. Kitts
May 12 – 14, 2009

1. Introduction

The United Nations Decolonization Committee has a mandate to monitor the situations of non-independent populations and, as far as possible, to support their progress towards *self-determination* and the achievement of *political equality*. Resolution 1541 (XV) of 1960 sets out three legitimate options for exercising full self-determination, namely independence, free association with an independent state or integration into an independent state. Once it is agreed that one of these options has been achieved, the territory in question is removed from the UN List of Non-Self Governing Territories. In addition to the issue of self-determination, political equality may equally relate to such territories' access to participation in consultations and decision-making on issues which may profoundly affect the development prospects and well-being of their populations. This is a crucial concern for micro-entities like Anguilla and Montserrat, heavily inserted into the global economy and exposed to external shocks yet without a direct voice in many international, British or EU fora where issues which affect them are debated and decided upon.

The 2007 UN Caribbean Regional Seminar pointed to the challenges of applying a single decolonization standard to all Non-Self Governing Territories.¹ This paper suggests that Anguilla and Montserrat seem at present to fall somewhere in between the second and third option for self-determination. They manifest some tendencies towards free association and equally some elements of integration, but no clear path is available for the full realization of either option. Nor is it clear that they aspire to the first option. While there have been calls for more powers to devolve from the British authorities to the territorial governments, there appears to be at present limited support for full independence among their populations, based on considerations of the structure of their economies and the vulnerability of Small Island Developing States (SIDS) coupled with aspects of their political history (in the case of Anguilla). Since the British Government published its White Paper in 1999, there have been long drawn out, inconclusive talks on constitutional reform that would extend the powers of the local authorities. Periodic dissatisfactions with the colonial authorities on constitutional issues surface in the media in both countries. Yet the ambivalence continues, captured in this comment by one analyst "...independence remains an issue especially in...Montserrat, that will probably never disappear, constantly to resurface when some aspect of the constitutional and economic relationship proves difficult, to be debated, discussed and yet again postponed"

¹ The Chair of the Special Committee of 24, H.E. Margaret Hughes Ferrari observed that "different territories have different needs, different expectations and different concerns...some are quite satisfied with present arrangements, while others have expressed dissatisfaction or the need for further progress. The Committee has to recognize this spectrum and find ways forward to deal with the reality on a case-by-case basis...". See UN Special Committee on Decolonization, 2007 Caribbean Regional Seminar, St. Georges, Grenada, 22 – 24 May 2007, Closing Statement by Chair of Special Committee, CRS/2007/CRP.18

(Connell, 2001: 133). It must be noted, though, that their situations have evolved considerably since that assessment.

The following section presents brief socio-economic profiles of the territories and an overview of their constitutional histories. Section Three examines contemporary international developments for the islands. The global economic crisis with its related impact on investment flows, tourism activity, employment and the financial services sector is viewed as a major blow for their economies. The recent political developments in the Turks and Caicos Islands (TCI) are also seen as a challenge for other British Overseas Territories and particularly those in the Caribbean, which may further complicate their own constitutional negotiations with Britain.² The concluding Section Four discusses opportunities for Anguilla and Montserrat in their interaction with the regional and global environments.

2.1 Political and Socio-economic Profiles of Anguilla and Montserrat

Anguilla and Montserrat are both micro-territories, exhibiting all the characteristics of socio-economic and environmental vulnerability that are usually associated with Small Island Developing States (SIDS).³ Nonetheless, it must be emphasized that both have GDP per capita figures, growth rates and quality of life indicators that are on par with or significantly better than many of their independent Caribbean neighbours.⁴ This is especially the case for Anguilla since Montserrat has experienced many socio-economic setbacks since 1989. Their socio-economic profiles are presented below.

Anguilla

Area:	90 sq. km.
Population:	13,677 (est. 2007)
GDP:	US\$158.2 mn (2006)
GDP per capita:	US\$9711 (2006)
GDP growth rate:	15.4% (2006)
Economic sectors:	Tourism, Construction, Boat Building, Government Services, Agriculture, Banks and Insurance
Currency:	East Caribbean dollar

² As a result of a March 2009 Report of the Turks and Caicos Commission of Integrity on allegations of corruption relating to some present and past elected members of the TCI Legislature, an Order in Council was laid before the British Parliament on March 25 2009. This ruling suspends, for two years in the first instance, the provisions of the TCI Constitution that relate to government by Cabinet and the House of Assembly and removes trial by jury. The TCI revert to direct rule from Britain through the Governor. See *CARICOM Statement on the Situation in the Turks and Caicos Islands, March 27 2009*. www.oecs.org/Press/news_Statement_Turks_Caicos.html

³ Environmental vulnerability was dramatically demonstrated in the case of Montserrat which enjoyed moderate prosperity until it experienced the devastation of Hurricane Hugo in 1989, followed by the eruptions of the Soufriere Hills which began in 1995. Since then, Montserrat has been heavily dependent on British budgetary assistance. Economic activity in both islands, and particularly in Anguilla, is dominated by the tourism and international financial sectors which are extremely vulnerable to external developments like changes in the global economy or policy shifts regarding international financial centres.

⁴ See Girvan N., "Creating and Recreating the Caribbean", in Benn D., Hall K., *Contending with destiny: The Caribbean in the 21st Century*, Ian Randle, Kingston, 2000.

Four political parties: Anguilla United Front; Anguilla United Movement; Anguilla Progressive Party; Anguilla National Strategic Alliance

Chief Minister: Hon. Osbourne Fleming

Cabinet of four ministers, portfolio responsibilities: (1) Finance and Economic Development; (2) Infrastructure, Housing, Public Utilities and Agriculture; (3) Social Development; (4) Immigration, Environment, Physical Planning and Gender.

Britain is responsible for foreign affairs, defence, internal security and the public service and plays a major role in regulation of the financial sector. Britain is represented by the Governor who, under normal circumstances, is required to consult with the Chief Minister on matters relating to internal security and the public service but has reserved powers to legislate and administer in the case of a breakdown of public order. One recent development is the appointment of the first Anguillian Deputy Governor in 2006. Anguilla is an Associate Member of the Caribbean Community, the Association of Caribbean States and the Organization of Eastern Caribbean States. It is a member of the Eastern Caribbean Currency Union and the Eastern Caribbean judicial system.

Montserrat

Area: 102 sq. km.

Population: 4655 (est. 2006)

GDP: US\$45.5 mn. (2007)

GDP per capita: US\$7629 (est. 2007)

GDP growth rate: 3.5% (2008)

Economic sectors: Mining and quarrying, construction, financial and professional services, tourism.

Currency: East Caribbean dollar

Three political parties: National People's Liberation Movement; Movement for Change and Prosperity; Montserrat Democratic Party.

Chief Minister: Hon. Dr. Lowell Lewis

The Chief Minister's Office holds responsibility for government and political affairs, regional affairs, information services and Montserrat Diaspora relations. Other ministerial portfolios are Agriculture, Communications and Works, Health, Finance.

Montserrat is a member of the Caribbean Community and the Organization of Eastern Caribbean States. It needs British Government authorization to participate in international agreements. In the case of the CARICOM Single Market and Economy, for example, although Montserrat has indicated an interest in acceding, the British Government recommended in 2008 that it should defer this for two years or until the island's economic capacity was stronger. Montserrat is a member of the Eastern Caribbean Currency Union and the Eastern Caribbean judicial system and an Associate Member of the Association of Caribbean States.

Sources: Foreign and Commonwealth Office Country Profiles on Anguilla and Montserrat, <http://www.fco.gov.uk>; OECS and CARICOM statistical data bases, www.oecs.org/membs.html; www.caricom.org; UNGA Special Committee on Decolonization Working Paper on Anguilla, A/AC.109/2009/11 10/3/2009; UNGA Special Decolonization Committee Working Paper on Montserrat, A/AC.109/2009/6, 26/2/2009.

2.2. Constitutional Background and Developments

“We are, in fact, writing or attempting to write a Constitution that renegotiates our position with our administering power... and are attempting to put together something where we have an administering power that does not necessarily agree with some of the things that we would like to see happen.” (Chedmond Browne, Chair of Select Committee on Constitutional Reform, Montserrat, March 2004).

Notwithstanding all the flurry of activity that has taken place on constitutional reform since 2001, Anguilla is still governed by the Anguilla Constitution Order of 1982, amended in 1990, and Montserrat by its Constitution Order of 1989. Two competing logics appear to be at work which have produced periodic stalemates in the constitutional reform talks. The British Government’s actions reflect a mixture of pragmatism, contingency and an oft-stated concern to maintain what it considers to be adequate regulatory powers as long as it retains responsibilities for the Overseas Territories. Some argue that the British Government’s position has become more restrictive since the late 1990s, possibly in response to global trends towards regulating offshore financial activity and increased international and EU emphasis on good governance and human rights norms. The logic underpinning constitutional reform discussions in both Anguilla and Montserrat has been the quest for more internal self-government which stops short of full independence. They are acutely conscious of their vulnerability as micro-states and the value of having maximum flexibility in terms of mobility for their populations, economic safety nets and security guarantees, and the freedom to operate in several different spheres – in a sense, they seek the best of all possible worlds.

Anguilla

Anguilla has a long historical memory of administrative neglect by overseas authorities, of resourceful fending for itself and of constitutional arrangements that have not worked well, like its linkage with St. Kitts in 1825 which culminated in secession from St. Kitts and Nevis in 1967 and reversion to direct British rule. This reversion to British Overseas Territory status has enabled the island to have greater autonomy and economic well-being than it had previously experienced. Geographically, it is very close to the French and Dutch territories in the Northern Caribbean and has extensive economic and social interaction with them. Despite the secession in 1967, social ties with St. Kitts and Nevis remain strong and Anguilla was able subsequently to rebuild relations and to craft a stronger regional insertion, resulting in its Associate membership in CARICOM and in the OECS. Anguilla is likewise a part of the Eastern Caribbean judicial and monetary systems.

Anguilla is governed under the Anguilla Constitutional Order of 1982 which was amended in 1990 to create the office of Leader of the Opposition and to modify the concept of citizenship or being a “Belonger” in the Anguillian context. In 1999, the United Kingdom administration of Prime Minister Tony Blair issued a White Paper on Partnership and Prosperity, initiating a new phase in its relations with the Overseas Territories. It set out principles and mutual responsibilities and soon after, Overseas Territories nationals were offered full British citizenship. As a follow-up to the White Paper, Overseas Territories were encouraged to undertake constitutional review talks and the Anguillian authorities established a Committee for this purpose in 2003. Although this Committee published a record of its meetings in 2005, it produced no formal report.

In 2006 a new Commission for Constitutional and Electoral Reform was established and a report published in July 2006. The Commission stated that the majority of people consulted were generally satisfied with the status quo but that there was a minority favouring independence. It made recommendations on a number of issues including electoral reform, Anguillian Belonger status, voter eligibility and increased self-government. In 2008, two public fora were held on constitutional reform, and in mid-2008, the government established an Anguillian team to draft a Constitution. The government's explicit aim is the attainment of a greater degree of self-government. It is reported that discussions with the British Government should take place in 2009 but to date there are no reports of such talks.⁵

Montserrat

It is conceivable that without the spate of natural disasters the country has experienced from 1989 onwards, Montserrat may have proceeded to full independence. In the 1970s, Montserrat appeared to be on a similar trajectory to its Leeward Islands neighbours, Antigua and Barbuda and St. Kitts and Nevis, territories with which it had historically been joined in a Crown Colony administration. Consequently Montserrat became a full member of the Caribbean Community in 1973. It participated in the West Indies Associated States (WISA) institutions and became a founding member of the OECS in 1981, forming part of the Eastern Caribbean judicial and monetary systems.

Montserrat achieved substantial economic growth and budgetary autonomy during the 1980s and was an active participant in regional diplomatic and functional cooperation. However, Hurricane Hugo in 1989 and volcanic eruptions from 1995 onwards have devastated the physical terrain and infrastructure, reduced its population to approximately 25% of its former numbers, brought major social and economic disruptions to the society and made the territory heavily dependent on budgetary support from Britain. This is the historical and contemporary context in which constitutional reform discussions have taken place.

The Montserrat Constitution Order was adopted in 1989⁶. In a similar sequence to the process in Anguilla, constitutional review followed the publication of the British Government White Paper of 1999. In 2001, Montserrat's Legislative Council was invited to review the Constitution according to guidelines laid down by the Foreign and Commonwealth Office. The Constitutional Review Committee was appointed in October 2001, began its work in January 2002 and presented its report in February 2003.

In 2004, Montserrat's Legislative Council set up a further Select Committee to review this report. There are indications that there was some criticism of the report and a desire

⁵ *Report of Anguilla Constitutional and Electoral Reform Commission, August 25 2006*; United Nations Special Committee on Decolonization Working Paper on Anguilla for 2009 Caribbean Regional Seminar A/AC.109/2009/11, March 10, 2009; Government of Anguilla Public Relations, *Overseas Territories Consultative Council Press Release No. 2*, November 2, 2008, www.gov.ai/

⁶ Claude Hogan reminds us wryly that the Constitution Order came into effect right after the destruction of Hurricane Hugo and argues that the emphasis tended therefore to be on maintaining and strengthening the reserve powers of the British Governor. See *Statement by Hon. Claude Hogan, Montserrat, Caribbean Regional Seminar, St. Georges' Grenada, 22 – 24 May 2007, CRS/2007/CRP.12*

in some quarters to expand on the original proposals⁷. The Select Committee presented its report in 2005. Most of its recommendations were accepted by the Legislative Council.⁸ Subsequently, there have been five negotiating sessions with a team from the Foreign and Commonwealth Office in 2005, 2006, 2007 and 2008. The talks ended in stalemate with major differences between the Montserratian and British positions on the powers that should be exercised by the Governor, the expansion of the authority of the Montserratian authorities and the issue of “democratic deficit” in the voting power exercised by non-elected members of the Legislative Council. The most far-reaching recommendation was a call for a new status of Free Association with Britain which would encompass a significant degree of self-government.⁹ In the context of a seemingly unbridgeable gap between the Montserratian representatives and the British Government on this point, the Chief Minister finally announced in March 2008 that more time was needed for further consultations with the Montserratian people and that the constitutional review process would be postponed.

In conclusion, although these constitutional review processes are separate and specific to each territory, there are striking parallels in the concerns raised: the need to reduce the powers of the British Governor and extend those of the territorial government, notably in the areas of economic decision-making and the legislative process; the aspirations for an indigenous Deputy Governor and for an official post of Leader of the Opposition (both realized in the case of Anguilla); the need for an additional ministerial post; the perceptions of democratic deficit in the functioning of the Legislative and Executive

⁷ See Transcript of ZJB Tadio Interview with Parliamentarian Chedmond Brown by Radio ZJB Manager Herman Sergeant, April 21 2004, <http://www.geocities.com/CapitolHill/Parliament475/index39.html>; Transcript of ZJB Radio Interview with MP Chedmond Brown by Winston “Kafu” Cabey, March 2 2004, www.geocities.com/CapitolHill/Parliament475/index38.html

⁸ *Summary Report on Meeting of the Committee of the Whole House Convened to Review Report of the Constitutional Commissioners 2002, January 26 and February 2, 2005*, www.geocities.com/CapitolHill/4751/index41.html

⁹ The main areas of difference between the British and Montserratian parties concern the Montserratian proposals to reduce the powers of the British Governor and extend the authority of the local government. They wish to reduce the Governor’s financial power over use of the Consolidated Fund; they propose an independent Public Service Commission that is not controlled by the Governor and that has participation from civil society; they propose a National Advisory Council for co-decisionmaking with the Governor during periods of public emergency. In terms of extending local powers, they propose giving the local administration greater freedom to borrow money without the authorization of the British Government and giving the local government responsibility for the socio-economic aspects of Caribbean affairs. The proposals included a call for greater democracy, stating that the voting rights of the non-elected members of the Legislative and Executive Councils should be terminated. See Statement by Hon. Claude Hogan (Montserrat), Caribbean regional seminar, Grenada, May 2007; *Summary report on Meeting of Committee of the Whole House, Montserrat 26/1/2005 and 2/2/2005*.

Councils and the recommendations to remedy it; concerns to further define the status of Belonger and the entitlements and regulation of non-Belongers; more involvement of civil society in governance processes.

These demands also parallel the discussions and developments in other British Overseas Territories in the Caribbean and Bermuda.¹⁰ Developments in each negotiation influence the others, benchmarks are being set and the shape of a desired level of self-government is gradually emerging for each territory. Despite the stop and start nature of each process, the current decade has been characterized by a significantly higher level of public awareness of decolonization issues and more active participation in consultation processes by the island populations than previously. The actual introduction of new constitutions in the TCI in 2006 and the British Virgin Islands in 2007, and the major advances that are said to have been made in constitutional talks in the Cayman Islands, have given Anguilla and Montserrat an opportunity to observe the advantages and disadvantages of the new arrangements and reason to believe that their own negotiations will eventually bear fruit.

Anguilla appears to have more leverage than Montserrat, no doubt due to its stronger economic circumstances. It has been more successful in some of its demands. However, in both cases, the British Government has been adamant that it is not open to the option of Free Association and internal self-government should only take place as a fixed term transitional stage to full independence¹¹. Evidently, this is an ongoing negotiating process, which requires flexibility from all parties involved, and which is likely to be characterized by gradual advances and cumulative minor concessions.

A number of factors have contributed to the on-and-off nature of the constitutional talks and public consultations. In addition to the impasses between the British and local authorities, local politics seem to have delayed the processes at times. This would seem to indicate the need for consistent and broad-based public education and consultation to lay a foundation for as much consensus as possible on matters related to constitutional reform and self-determination. Since diasporic communities are so crucial to both societies, particularly in the special circumstances of Montserrat, such consultations should seek to involve them as much as possible. One final observation concerns the (apparently) relatively less emphasis given to issues of transparency, accountability and prevention of corruption in the discussions. Given the prominence of such issues not only in Overseas Territories but regionally and internationally, this may well be an important theme on which local populations and civil society groups would wish to reflect further and propose legislative checks and balances.

3. Recent international challenges

¹⁰ See Select Committee on Foreign Affairs, *Seventh Report*, July 6, 2008, www.publications.parliament.uk/pa/cm200708/cmselect/cmfaaff/147/14705.htm

¹¹ See statement from Ian Hendry reported in Caribbean Net News, "Montserrat's Constitutional revision Process Criticized", Tuesday December 5, 2006, www.caribbeannetnews.com/

Anguilla and Montserrat are micro-economies, heavily dependent on a very narrow range of service industries (tourism, financial services, construction in particular). Remittances from nationals overseas are also significant for household economies. Economic expansion for Anguilla, in particular, has been fuelled by inflows of FDI. Both islands import most of their requirements in food, energy and manufactured goods. Thus, they are extremely sensitive to developments in the global economy and have been greatly affected by the economic crisis of 2008 – 2009. Moreover, for at least two decades their economies have relied on a significant proportion of migrant workers. Although the availability of such workers from the region and elsewhere is an asset, it poses specific challenges in periods of economic downturn.

In December 2008, the Anguillian government announced a 2009 budget of EC\$339 million (US\$125.5 million). This comparatively large budget was intended to boost the capabilities of various public service departments and complete some capital projects. However, revenue and employment have been quite adversely affected during the first quarter of 2009. Data from the Caribbean Tourism Organization shows that Anguilla suffered an 18.8% drop in tourist arrivals for the first quarter of the year, forcing layoffs in the hotel sector. Important tourism development projects have been delayed or suspended. As in the case of other small island destinations, there have been cutbacks in flights by commercial airlines. By February the government announced that it would be issuing Treasury bonds in the amount of EC\$100 million. There have been consultations with the public sector on a number of austerity measures including wage freezes. Finally, in a context of rising unemployment, public discussion has focused on immigration and labour issues, with calls for migrant workers to be the first to be laid off.¹² The negative economic climate therefore has the potential to generate social tensions within the society as a whole and between different groups in the society. Depending on how long the economy takes to recover, it may generate a climate of greater caution about the island's capacity for autonomy.

In Montserrat, the government's realistic perception is that "development and growth for the foreseeable future will rely heavily on HMG and EU support" (Chief Minister's Budget Speech, March 2009). For several years, the official focus has been on rebuilding the local economy, strengthening economic viability and trying to induce members of the expatriate Montserratian community to return.¹³ A conservative budget of EC\$138 million (US\$51 million) was tabled for 2009, which represented a 2% decrease on the 2008 budget. Tourism arrivals for the first quarter of 2009 fell by 11.6%. Though not quantified, it was also expected that there would be falls in remittance income due to the rising unemployment in the rest of the world. An additional risk factor indicated by the financial authorities in their projections for 2009 concerned the falling exchange rate of

¹² The information in this paragraph comes from *The Anguillian* "Largest Budget in Anguilla EC\$339 million in 2009" 12/12/2008, www.anguillian.com; *The Anguillian* "Chief Minister's Weekly Press Conference: Economic Situation", www.anguillian.com/article/articlestatic/6758/1/38/; *Jamaica Gleaner*, "Caribbean Tourism Suffering from Economic Fallout" 1/05/2009; www.CorruptionfreeAnguilla.blogspot.com;

¹³ See *Government of Montserrat Sustainable Development Plan 2003 – 2007*, www.devunitgov.ms/documents/

the pound sterling, the currency in which most of Montserrat's budget support and development aid is predicated, to the local currency.¹⁴ Nonetheless, Montserrat appears thus far to have suffered a less dramatic slow down in growth from the global crisis than Anguilla, no doubt because of its more moderate growth rate and primary reliance on development assistance rather than on large inflows of FDI at this point.

A longer term dilemma for Anguilla and Montserrat may well be the future of their financial services sectors. Both are acknowledged to be very minor players among the international financial centres but the rents derived from offshore accounts are a much-needed additional source of revenue for small economies with a small tax base. Since 2000, close scrutiny has been directed at offshore financial centres by the OECD, the IMF and other entities, and there have been enquiries into their capacity to cause systemic financial instability, into their links with money-laundering activity, the funding of international terrorism and tax evasion.¹⁵

Anguilla and Montserrat have been judged by the IMF and the Financial Stability Forum to have made substantial progress in their levels of compliance with international regulatory standards. They have made cooperation commitments to the OECD Project on Harmful Tax Competition and complied with the European Union Savings Tax Directive of 2005.¹⁶ Nonetheless, the global financial crisis has occasioned renewed pressure on financial centres and renewed inquiries into the matter of tax evasion. A British Government National Audit Office Report in 2007 warned of the prospect of British Government potential legal liability for its Overseas Territories which are offshore financial jurisdictions¹⁷, and in July 2008, the Treasury Select Committee of the British Parliament began an inquiry into offshore tax centres, requesting submissions from British Overseas Territories. Finally, the OECD in 2009 published a progress report on implementation by financial jurisdictions of the Internationally Agreed Tax Standard which requires the exchange of information on request in all tax matters for the administration and enforcement of domestic tax laws. Anguilla and Montserrat were listed on a Grey List of tax havens which have committed to the International Standard but have not yet substantially implemented it. Only one Caribbean tax jurisdiction, Barbados, found itself on the White List of jurisdictions that have substantially implemented the International Standard.¹⁸

¹⁴ *The Montserrat Reporter*, 2009 Budget Statement "Maintaining Financial Stability in the Face of Global Economic" presented by Hon. Chief Minister Dr. Lowell Lewis 26/03/2009, www.themontserratreporter.com; *Jamaica Gleaner* 1/05/2009.

¹⁵ See House of Commons Treasury Committee, "Offshore Financial Centres: Written Evidence", July 2008, www.parliament.uk

¹⁶ See Government of Anguilla, *Commitment of Anguilla to OECD Project on Harmful Tax Competition*, March 5, 2002, www.oecd.org/dataoecd/48/47/2072868.pdf; House of Commons Treasury Committee, "Offshore Financial Centres: Written Evidence", July 2008, www.parliament.uk

¹⁷ *Foreign and Commonwealth Office: Managing Risk in the Overseas Territories* 16/11/2007, www.nao.org.uk/publications/0708

¹⁸ Bryan Cave Alert Tax Advice and Controversy, April 17 2009, "Global Leaders Meet and Draft Tools to Combat International Tax Evasion", www.bryancave.com

At the recent meeting of the G-20 countries in London, with a major offensive from the new U.S. administration, several new, tougher measures were agreed on to enforce international financial centres' compliance with tax information exchange requirements.¹⁹ Some analysts suggest that there will be a substantial decline in the numbers of international financial jurisdictions due to the OECD pressure to end bank secrecy and tax competition, and the costly administrative and technical burden for small jurisdictions like Anguilla and Montserrat of maintaining ever higher international regulatory standards

To conclude on this issue, not just Anguilla and Montserrat but most of the micro-states of the Caribbean are at a crucial turning point in their economic evolution. Twenty to twenty-five years ago, they began a major transition to service based economies, with tourism and international financial services as their areas of comparative advantage. The latter have demonstrated high growth capacity but there are also high risks involved, including the possible demise of much of the international offshore financial sector. The countries remain heavily dependent on a narrow range of economic activities. Many also feature on the IMF list of countries with the highest international debt to GDP ratios in the world and are now forced to explore a reorientation of development strategies. This is an area in which there are shared interests and opportunities for close collaboration between Anguilla and Montserrat, other Overseas Territories and their Caribbean neighbours, particularly the OECS countries, Barbados and the Bahamas.

The final challenge concerns the announcement in March 2009 of the suspension of the 2006 Constitution of the Turks and Caicos and the reversion to direct rule from Britain. On the one hand, this is not the first instance of such an event in the TCI - the territory succeeded in making constitutional advances after a similar occurrence in the 1980s. On the other hand, it sets an unfortunate precedent so soon after the inauguration of a new Constitution for the TCI.²⁰ It presents a sobering reminder to other Overseas Territories of the reserve powers of the British Government that are contained in most of their Constitutions and may render more difficult the realization of some of their own constitutional reform proposals in the short term.

4. Opportunities and Recommendations

"(They) moved freely between the Dutch, French and Danish territories as if these were mere extensions of Anguilla. The islanders depended on inter-island trading in their sloops and schooners...Anguillian sloops connected Anguilla with St. Martin and St. Croix where so many of the local families had family and business connections..."
(Report of the Anguilla Commission for Electoral and Constitutional Reform, 2006: 5)

¹⁹ Bryan Cave Alert, April 17 2009.

²⁰ One source described the new constitutional status as "the incremental and reversible delegation of power conferred on the TCI (2006) and further advanced in the BVI (2007)...", see *Overseas Territories Review*, "The Year Ahead for the OCTs - Part I" 10/02/2009, <http://overseasreview.blogspot.com>

The quotation above describes Anguilla almost three hundred years ago and emphasizes the timeless importance for small territories of flexible economic relations, wide social networks and access to the outside world. Anguilla and Montserrat have both benefited economically, socially and politically from geographical locations which offer them easy insertion into their regional environments.

Anguilla is located just a thirty minute boat ride away from the French and Dutch island of St. Martin. This has greatly facilitated its transportation and trade links since regular ferry connections enable its economy to benefit from St. Martin's thriving air and sea ports. Montserrat enjoys close links with Antigua and with St. Kitts and Nevis and significant communities of Montserratians have settled in each of these countries since the volcanic eruptions began. A ferry service between Montserrat and Antigua is one of the most feasible transport links to the island since the natural disaster. EU citizenship enables the Belongers in both Anguilla and Montserrat easy transit to neighbouring European territories, while their CARICOM and OECS membership/Associate membership status offers them similar benefits in most other countries of the region. This has been a major means of avoiding isolation and every opportunity should be explored for increasing the maritime links with neighbouring countries, as a means of expanding trade, tourism and social integration.

Regional cooperation has offered important opportunities to Anguilla and Montserrat, the most tangible of which are their insertion into the Eastern Caribbean monetary and judicial systems and into the CARICOM health and education systems. This has facilitated the development of a strong regional sense of identity in their youth, for example, since they use a Caribbean educational curriculum and not one emanating from Britain.²¹ It is recommended that regional cooperation be deepened wherever possible, particularly in functional areas like disaster management, security cooperation, social, cultural and economic cooperation. Not only does it offer a collective self-help option and improve access to regional governance institutions but it provides opportunities to influence the formulation of regional, and eventually international policies.

Three possibilities for increased cooperation are worth mentioning. Montserrat has the potential, through close collaboration with regional universities, research centres and other entities, to become a Caribbean focal point for research into and training about active volcanoes, post-disaster environmental management and risk management. This would be of mutual benefit and could generate a new type of educational tourism. Moreover, Montserrat, a territory that is tenaciously trying to maintain its identity and community in the midst of disaster-imposed exile, could be supported by regional academic institutions with sociological research on issues of identity, spatial location and transnational community networks. Another key opportunity for regional cooperation, for Anguilla this time, is on the issue of migration. Although the Anguillian economy relies heavily on migrant workers, the imposition of visa controls on some Caribbean nationals has created tensions with CARICOM partners. The migration theme, particularly at the current juncture, requires careful management, intra-CARICOM dialogue and

²¹ This is in contrast to their neighbours in the French Caribbean where curricula are for the most part the same as in Metropolitan France.

cooperation since most countries are experiencing similar pressures in the context of the CSME. A final opportunity for strengthened regional cooperation involving Montserrat and Anguilla is the issue of stronger regulation of regional financial entities within CARICOM, a theme that is receiving considerable attention in the midst of the global economic crisis.

There are numerous examples of the value for the Overseas Territories of having access to the consultations and technical resources of international organizations. The UNDP provided support to Anguilla to launch its Constitutional Review Committee in 2003 and should continue to assist with institutional strengthening in the area of good governance. Both ECLAC/CDCC and the ILO with the latter's focus on Social Dialogue can provide much needed advisory services for the public and private sectors during the economic crisis. The Commonwealth is a crucial organization for small states and territories since it has developed considerable expertise in addressing the constraints that they face in the international system. British Overseas Territories may want to explore strengthening their political and economic links with this institution as far as possible.

Non-state actors have emerged increasingly as a crucial dimension of international politics. International civil society has a key role to play in improving and democratizing global governance. As small, non-independent territories seek to further their access to the international community and to influence the policies that are adopted there, they may find numerous opportunities for their perspectives to be heard by nurturing their own internal civil society groups and by engaging actively with regional and global civil society networks.

During the past decade, British citizenship has provided opportunities for citizens of Overseas Territories to access labour markets, educational establishments and other facilities in Britain and in the European Union. Although the Overseas Territories' main link with the British Government remains the Foreign and Commonwealth Office, there seems to be increasing and beneficial engagement with various committees in the British Parliament. The Overseas Territories' Consultative Council, which convenes once per year has provided an additional channel through which to voice proposals for improvement in the relationship with Britain. Finally, territories like Montserrat and Anguilla maintain their own representative offices in Britain to keep in touch with their diaspora communities. This is of special significance for the Montserrat administration's links with its scattered population.

In concluding, the UN Committee on Decolonization has itself opened up new opportunities for the Overseas Territories to receive more attention from the international community and to be better informed about their various options. The Regional Seminars have provided useful fora and documentation in this regard. One possible follow-up project could be support for the development of a website which would provide updates on the constitutional status of all such territories, case studies and comparisons of various approaches to decolonization and the outcomes. It might even feature ongoing developments within peripheral territories that have already achieved a specific self-determination option. This could be a powerful instrument for public education that

would provide an avenue to articulate various perspectives from Non-Independent Territories and facilitate their networking among themselves and with the rest of the international community.

Another possible new initiative could be for the Committee of 24 to work in conjunction with the Administering Power to use public polling to try to determine more precisely the extent of public support for decolonization. The polling feedback would guide international policy-making on the way forward for the decolonization process and for the territories themselves.

REFERENCES

- Bryan Cave Alert, *Tax Advice and Controversy*, “Global Leaders Meet and Draft Tools to Combat International Tax Evasion”, April 18 2009, www.bryancave.com
- Caribbean Net News, “Montserrat’s Constitutional Revision Process Criticized”, Tuesday December 5, 2006, www.caribbeannetnews.com
- Caribbean Net News, “British Financial Officers in the Region for Talks with Dependent Territories” March 24, 2009, www.caribbeannetnews.com
- CARICOM Secretariat, “Statement on the Situation in the Turks and Caicos Islands by the Caribbean Community”, March 17, 2009, www.caricom.org
- Connell, J. (2001), “Eternal Empire: Britain’s Caribbean Colonies in the Global Arena” in Gamaliel Ramos A. and Israel Rivera A. eds., *Islands at the Crossroads: Politics in the Non-Independent Caribbean*, Ian Randle Publishers, Kingston, pp. 115 – 135.
- Corbin C. (2001), “Direct Participation of Non-Independent Caribbean Countries in the United Nations: A Method for Self-Determination” in Gamaliel Ramos A. and Israel Rivera A. eds. *Op.Cit.* pp. 136 – 159.
- Foreign and Commonwealth Office (2009), *Country Profile Anguilla*, www.fcp.goc.uk
- Foreign and Commonwealth Office (2009), *Country Profile Montserrat*, www.fco.gov.uk
- Foreign and Commonwealth Office (2008), “Outcomes of the Overseas Territories Council Meeting”, October 30, www.fco.gov.uk/en/newsroom/
- Girvan N. (2000), “Creating and Recreating the Caribbean” in Benn D., Hall K., *Contending with Destiny: The Caribbean in the 21st Century*, Ian Randle Publishers, Kingston.
- Government of Anguilla, *Constitutional and Electoral Reform Commission Report*, August 25, 2006, www.gov.ai/constitutional_reform.htm
- Government of Anguilla, *Commitment of Anguilla to OECD Project on Harmful Tax Competition*, March 5, 2002, www.oecd.org/dataoecd/48/47/2072868.pdf
- Government of Anguilla Public Relations, *Overseas Territories Councillative Council Press Release No. 2*, November 3, 2008, www.gov.ai
- Government of Montserrat, *Sustainable Development Plan 2003 – 2007*, www.devunitgov.ms/documents/
- Government of Montserrat, *Summary Report on Meeting of Committee of the Whole House Convened to Review Report of Constitutional Commissioners 26/01/2002 and 2/02/2002*, www.geocities.com/CapitolHill/4751index41.html
- Government of Montserrat, *Budget Statement “Maintaining Financial Stability in the Face of Economic Turmoil”* presented by Chief Minister, Hon, Lowell Lewis, March 26, 2009, www.themontserratreporter.com

Hogan C., *Statement by Hon. Claude Hogan (Montserrat), Caribbean Regional Seminar on Implementation of Second International Decade for the Eradication of Colonialism: Next Steps in Decolonization*, St. Georges, Grenada, 22 – 24 May 2007, CRS/2007/CRP.12

Hughes Ferrari M., *Closing Statement by Margaret Hughes Ferrari, Permanent Representative of St. Vincent and the Grenadines to the United Nations, Chair of Special Committee on Decolonization, Caribbean Regional Seminar on Implementation of Second International Decade for the Eradication of Colonialism*, St. Georges, Grenada, 22 – 24 May 2007, CRS/2007/CRP.18

Mitchell D., <http://corruptionfreeanguilla.blogspot.com>

Overseas Territories Review, “The Year Ahead for the OCTs: Part I”, February 10, 2009, <http://overseasreview.blogspot.com>

OECS Secretariat, “Montserrat”, www.oecs.org/membs_html 2008

Radio ZJB, *Montserrat Constitutional Reform 2: Transcript of ZJB Radio Interview with Parliamentarian Chedmond Brown by Radio Manager Herman Sergeant, April 21, 2004*, www.geocities.com/CapitolHill/Parliament/4751/index39.html

Radio ZJB, *Montserrat Constitutional Reform: Transcript of Radio Interview with MP Chedmond Brown by Winston Kafu Cabey, March 2, 2004*, www.geocities.com/CapitolHill/Parliament/4751/index38.html

The Anguillian, “Largest Budget in Anguilla, EC\$339 million in 2009” December 12, 2008, www.anguillian.com/article/

The Anguillian, “Chief Minister’s Weekly Press Conference: Economic Situation”, www.anguillian.com/article/articlestatic/6758/1/138

United Kingdom House of Commons Treasury Select Committee, *Offshore Financial Centres: Written Evidence*, August 2008, www.parliament.uk/documents

United Kingdom House of Commons Select Committee on Foreign Affairs, *Seventh Report July 6 2008*

www.publications.parliament.uk/pa/cm200708/cmselect/cmfaaff/147/14705.htm

United Kingdom National Audit Office, *The Foreign and Commonwealth Office: Managing Risk in the Overseas Territories*, November 16, 2007, www.nao.org.uk/publications/0708

United Nations General Assembly Special Committee on Decolonization, *Working Paper on Anguilla*, A/AC.109/2009/11 March 10, 2009

United Nations General Assembly Special Committee on Decolonization, *Working Paper on Montserrat*, A/AC.109/2009/6 February 26, 2009