**Politics in the Overseas Territories and Crown Dependencies – Seminar Report**

On 14 March 2014 a one-day seminar was held on the British Overseas Territories and Crown Dependencies at the Institute of the Americas, University College London. Over the past few years a series of semi-regular meetings have been held in London to discuss developments in the Overseas Territories, and this year the focus was broadened to include the Crown Dependencies as well. Both the Overseas Territories and Crown Dependencies are often neglected when domestic British and international politics are discussed, but they have vital links with Britain and are important global actors in their own right. The objective of this seminar was to consider recent developments in the Overseas Territories and Crown Dependencies, discuss their links with Britain and the European Union, and to evaluate whether each group of territories can learn lessons from the other. What follows is a brief report of the day, which was kindly supported by UCL, Westminster in the Caribbean Research Network, and the Caribbean Group of the Political Studies Association.

**Session One: The Overseas Territories – Relations with the UK and EU**

The first part of the session was on the relationship between the UK and the Overseas Territories (OTs). A key focus was the 2012 White Paper entitled *Security, Success and Sustainability*. The document sets out the nature of the existing links between the UK and its OTs and the measures required to “renew and strengthen” the relationship, while supported by a “very strong positive vision”. Thus the White Paper attempts a balance between promoting a more positive overall agenda while making clear the responsibilities and high standards of governance the territories must maintain. From the outset the White Paper refers to the “valued partnership within the Realm” and the mutual benefits gained from the relationship. For the UK that includes a global presence; a set of strategic assets; economic and financial opportunities; and access to significant natural and environmental resources. For the territories advantages include UK defence and security guarantees; economic and technical assistance; and reputational benefits. The White Paper also makes clear that all UK government departments are “committed to engaging with supporting the Territories” – not just the Foreign and Commonwealth Office and the Department for International Development – to establish a mutually beneficial relationship. Stronger political links between the UK and the territories are also encouraged through a new Joint Ministerial Council, supported by a small secretariat, which replaced the more ad hoc and rather ineffective Overseas Territories Consultative Council. Further, the White Paper highlights the government’s desire to promote broader engagement with the territories via local government, private companies and non-governmental organisations, and also the sharing of best practice between the territories.

In relation to specific policy areas the White Paper includes chapters on defence, security, and safety; economic development and resilience; the natural environment; good governance; education, health, culture and sport; and the territories’ links with the wider world. Within these chapters several considerations standout: (1) Territories must “abide by the same basic standards of good government as in the UK”, which means *inter alia* maintaining the highest standards in public life, strengthening the public service, and safeguarding fundamental rights and freedoms. (2) Territories must follow “prudent fiscal management and effective fiscal planning” to become as financially self-reliant as possible – if not the UK government will intervene. However, the UK will strongly defend the territories’ offshore financial sectors and provide financial support, including investments to promote growth, when called upon. (3) Greater efforts will be made to develop the territories’ links with key organisations such as the UN, the Commonwealth, the European Union, and the Caribbean Community (CARICOM).

There was discussion on how the White Paper has been implemented in practice, with particular focus on the issues of human rights (and the implementation of key conventions in the OTs, such as those against the discrimination of women and the protection of the rights of the child); the maintenance of sound public finances (for example with the Framework for Fiscal Responsibility); and improving environmental safeguards. The issue of good governance and initiatives against corruption were also considered, particularly with the forthcoming criminal trials of former prime ministers in the Turks and Caicos Islands and the Cayman Islands. But overall, a strong argument was made that decent progress has been made in implementing key aspects of the White Paper; that the OTs have been decolonised; and that overall the OTs have used their autonomy well. There was a final brief word on whether the OTs could one-day match the autonomy of the Crown Dependencies (CDs).

The second part of the session considered the relationship between the OTs and the European Union (EU), with a strong focus around the recently adopted Council Decision 2013/755/EU on the Association of the Overseas Countries and Territories (OCTs) with the EU. The OCTs are 25 countries and territories, which are linked to Denmark, France, the Netherlands, and Britain, and which are associated with the Union under Part IV of the Treaty on the Functioning of the EU. The Decision adopted on 25 November 2013 replaced the previous Council Decision 2001/822/EC. The new agreement aims to modernise the relationship between the EU and the OCTs, “moving beyond development cooperation and focusing on a reciprocal relationship based on mutual interests”. Discussions focused on the key provisions of the Decision including, the establishment of closer economic relations between the EU and the OCTs, such as through an improvement in market access for OCT goods and services, and relaxation of the rules of origin. Other key aspects of the new relationship include the promotion of EU values, standards and interests in the wider world via the OCTs; the enhancement of OCTs’ competitiveness; the strengthening of OCTs’ resilience and reduction of their vulnerability; the establishment of more reciprocal relations between EU and OCTs based on mutual interests and shared values; and the promotion of cooperation of OCTs with third partners. There was also discussion of the financial instruments linked to the new Decision. Total EU funding for OCTs via the 11th European Development Fund (EDF) (2014-2020) is €364.5 million; a sizeable increase on the previous allocation. Two-thirds of that amount will be allocated to individual OCTs. In addition to the EDF money the OCTs will also receive funding under programmes by way of the EU’s general budget (e.g. research, education, innovation and competitiveness, culture and media, etc.). A couple of other issues were also raised during the session – the attempt to encourage links between the OCTs and the EU’s outermost regions (integral but distant regions of EU member states, e.g. Azores, Martinique, and Saint Martin), and the fact that Bermuda has signed up to the Decision (Bermuda was not party to the previous agreement).

**Session Two: The Overseas Territories – the British Virgin Islands and Beyond**

The second session considered developments primarily from the perspective of the British Virgin Islands (BVI), while also making reference to other OTs. It also reflected on an interesting link the BVI has developed with a UK local authority. However, first was BVI/OTs’ view of recent political and economic developments. The impact of the global financial crisis and its later consequences were evaluated. The impact on the OTs has been significant in terms of low rates of growth, rising levels of debt, and higher unemployment. Also, the amount of international regulation of the OTs’ offshore financial sectors has increased, with initiatives including the G5 multilateral information sharing pilot; the United States Foreign Account Tax Compliance Act; and the OECD’s Convention on Mutual Administrative Assistance in Tax Matters. But it was made clear that the BVI and other OTs believe that they maintain the highest standards of oversight of their offshore financial centres as laid down by organisations such as the OECD, IMF and World Bank. The OTs welcomed the comments by British Prime Minister David Cameron in October 2013 that the territories should not be considered as “tax havens” and that “they have taken action to make sure that they have fair and open tax systems”. A case was also made that the OTs’ offshore sector makes a major contribution to the British economy, in terms of facilitating foreign investment, job creation, and the direct presence of OT companies. In spite of such contributions there was an appreciation that the economies of the OTs are vulnerable due to their reliance on a few industries, such as finance, tourism and construction, and that some economic diversification is required. Options include fisheries, renewable energy (e.g. Montserrat is exploring the possibilities of geo-thermal energy), ICT, agriculture, and light manufacture. Although it was recognised that significant diversification into these areas will be difficult, it was hoped that with UK support and the new agreement with the EU, progress can be made.

There was also some discussion of governance arrangements and how the OTs could cooperate more effectively. It was felt that as well as strengthening oversight of local OT governments there should be a code of conduct for the UK-appointed Governors and that the OT presence in the UK should be enhanced through a stronger UK Overseas Territories Association (UKOTA) Secretariat. Other suggestions included greater collaboration with the Crown Dependencies (CDs) in financial services with possibly the promotion of a common brand; the sharing of resources in areas such as health care and transportation; and the continued lobbying for a stronger role within the Commonwealth, although associate membership might be difficult to achieve.

The second half of the session considered the interesting and so-far unique relationship between the BVI and Hertfordshire County Council in the UK. The origins of the link came in 2009 when an agreement was signed for BVI athletes to train and live in Hertfordshire prior to their participation in the 2012 London Olympics. Since that agreement relations have deepened. In November 2011 the BVI government and Hertfordshire County Council signed a Memorandum of Understanding (MOU). The MOU established a Twinning Partnership programme involving public service professionals, business organisations and non-governmental organisations. The objectives include sharing best practice, creating mutual opportunities, developing professional relationships, and building capacity. In terms of specific areas of cooperation these include sport, education and training, community engagement, economic development, and law enforcement. The session heard how the dedication and commitment of a few individuals has led to a growing and mutually beneficial set of relationships between the BVI and Hertfordshire, and that this could be used as a model for other OTs and UK local authorities to come together.

**Session Three: The Crown Dependencies**

This session considered the situation in the CDs of the Isle of Man, Jersey, and Guernsey. They are self-governing possessions of the British Crown, and have a greater level of autonomy than the OTs. Key reasons for this are that none of the CDs were colonies in the same way the OTs in the Caribbean were, and each has a long history of political and economic autonomy. E.g., the parliament of the Isle of Man (Tynwald) was supposedly established in 979 A.D., although this is contested. Its CD-status was formalised in 1866. Today, the CDs have significant autonomy and can pass their own domestic legislation without much interference from the UK. However, the UK’s Ministry of Justice does examine legislation to ensure that there is no conflict with international obligations or any fundamental constitutional principles. Also, UK legislation does not normally extend to the CDs. In relation to defence and international affairs the UK is still ultimately responsible, but in certain cases the CDs can conclude their own international agreements by a process of entrustment. Politically, the CDs have some interesting practices. For example, in the Isle of Man its two houses of parliament join together for some of the year to pass legislation, and junior ministers can vote against the government as long as the issue does not relate to their own ministry; this can lead to the government being defeated. Meanwhile in Jersey political parties have little representation – independent candidates are usually favoured.

In terms of the economy, the CDs raise their own public revenue and do not receive subsidies from or pay contributions to the UK. However, they do make a voluntary contribution to the UK towards the costs of their defence and international representation. Economic performance has remained strong, despite some recent cuts to expenditure. It was claimed that the Isle of Man has never been in recession. Despite this similar vulnerabilities and pressures to those in the OTs can be seen. The CDs have a heavy reliance on services and particularly offshore financial services while they are facing heightened scrutiny of the sector. In the session a robust defence was made of the probity of their offshore centres and criticisms were made against the campaign group Tax Justice Network. Also the importance of the CDs to the City of London and the British-Irish Council was highlighted. Finally, there was some brief discussion of the CDs relationship with the EU. They are not members of the EU, but are part of the customs unions. Other Community legislation does not generally apply.

**Session Four: Keynote speaker – Emilio-Pantojas Garcia, University of Puerto Rico**

**‘Options for further autonomy in Puerto Rico and the non-independent Caribbean: Looking beyond the rhetoric’**

The keynote considered the current political and economic plight of Puerto Rico, and whether a new status might be advantageous. The address began with an historical overview. In 1898, Puerto Rico became a possession of the United States (US). Since then the government of the Island evolved from military rule to a Free Associated State, also known as Commonwealth. In spite of changes, Puerto Rico remains a possession that belongs to but it is not a part of the US. Because of this, since its creation in 1952, the Commonwealth status has been considered by large sectors in Puerto Rico and in the international community as a colonial status. Puerto Ricans are divided between three alternatives: a more autonomous Commonwealth; independence; or statehood – becoming a state of the Union. Three plebiscites on the status question were held in 1967, 1993, 1998, and save for Commonwealth in 1967, no formula was strongly favoured.

In the decade that followed, the question of Puerto Rico’s status declined in prominence as a political issue. However, the status issue has now once again taken centre stage. One reason is that the territory is in the midst of its worst economic crisis in modern history. The government of Puerto Rico is nearly bankrupt and the Island’s GDP has dropped over 10% in the past decade. The result has been worsening social conditions with rising unemployment, increased levels of migration to the US, and growing levels of crime, prompting uneasy speculation in Puerto Rico that the lack of consensus on the status issue has caused a dangerous degree of stagnation to set in. A second and related reason is that funding caps have been placed on federal programmes, such as health care and housing schemes, owing to Puerto Rico’s commonwealth status, which puts it at a disadvantage vis-à-vis other parts of the US. Also because the US has signed a number of free trade agreements with other competitor jurisdictions in the region (such as Mexico and the Dominican Republic), Puerto Rico has lost its privileged trading position in the US market and its economic competitiveness has been negatively impacted. In addition, because the US Congress has ended the schemes that granted federal tax exemption to US corporations for earnings gained in Puerto Rico, the territory’s status is now much less important.

There is also increasing political support to address the status issue. For example, prior to his election victory in 2008, US President Barack Obama pledged to resolve the territory’s status question. While on a visit to the island in 2011, Obama stated ‘[w]hen the people of Puerto Rico make a clear decision, my administration will stand by you’. Furthermore, the US House of Representatives considered the issue in 2009 and 2010. This all led to a new vote on Puerto Rico’s status in November 2012. The ballot included two questions. Voters were asked first whether they wanted the current territory status to continue: 54% said ‘no’ and 46% said ‘yes, a clear rejection of the current status. Voters were then asked to give their preference among the three alternatives to the current status and the results were as follows: statehood, 44.4%; independence, 4.0%; and free association (or sovereign commonwealth status), 24.2%. Blank votes accounted for a significant 26.5%. So yet again the vote was inconclusive, and interestingly the share of the vote for statehood actually decreased by 2.1% from 1998.

In the absence of a clear result, President Obama and the US Congress did not comment on the 2012 vote. However, in April 2013 the US Administration announced the allocation of US $2.5 million ‘for objective, nonpartisan voter education about, and a plebiscite on, options that resolve Puerto Rico’s future political status’. Following that, Puerto Rico’s Resident Commissioner to the House of Representatives presented Bill HR 2000, the Puerto Rico Status Resolution Act, proposing a simple statehood ‘yes’ or ‘no’ plebiscite. If another vote does take place and statehood is supported (by no mean a certainty), the US Congress would then have to introduce and approve the necessary legislation before it was signed off by the US President. However, this would not be a foregone conclusion as the issue is not a high priority for Congress and there is little consensus among its members on which status is preferable, with some of the opinion that the people of Puerto Rico are too ‘foreign’ to be incorporated into the US.

**Final thoughts**

The seminar closed with a brief discussion on the main themes of the day. It was clear that much work has been undertaken by both the UK and the OTs to strengthen the latter’s political and economic position over the last few years. Real progress can be seen but concerns remain over the often partisan and parochial nature of local politics and the vulnerabilities of the economies. Some lessons/good practice can be learnt from other OTs, but deeper links can be made with the CDs and UK local authorities. Further, the EU will become a more active player in OT affairs with the signing of the new Association Decision. The focus on Puerto Rico was fascinating due to the choice of status options on offer but also how the lack of consensus on those options has made the territory vulnerable to economic decline and social dislocation. Perhaps this should act as warning to any OT who wishes to open up the status question in the future – that the process should be managed carefully but also decisively.