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Politics in the Overseas Territories and Crown Dependencies

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PETER CLEGG, APR 24 2014

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. 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. What follows is a brief report of the day.

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”. 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.

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 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; the promotion of EU values, standards and interests in the wider world via the OCTs; and the strengthening of OCTs’ resilience and reduction of their vulnerability. There was also consideration of the financial instruments linked to the new Decision. Total EU funding for OCTs for 2014-2020 is €364.5 million; a sizeable increase on the previous allocation.

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. 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. 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. A case was also made

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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 but this will not be easy.

Session Three: The Crown Dependencies

This session considered the situation in the Crown Dependencies (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. 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. 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.

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 perhaps even with UK local authorities. Further, the EU will become a more active player in OT affairs with the signing of the new Association Decision.

The full version of this report can be found [here](#).

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