

Hurricane Irma and the UK Overseas Territories

Written by Peter Clegg

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PETER CLEGG, SEP 17 2017

The impact of Irma, a Category five hurricane, on three British Overseas Territories on 6 and 7 September was very serious, causing significant structural damage and the deaths of at least six people. Anguilla, British Virgin Islands, and Turks and Caicos Islands, with a range of outside help, are trying to deal with the immediate humanitarian crisis, while beginning to assess what longer-term efforts are required to re-build their countries. As soon as Irma had passed criticism grew of how effective the UK had been in responding to the hurricane and its aftermath; since then several other issues related to the territories have been added into the mix. In particular there has been a focus on the nature of relations between the UK and its territories, and whether the outcome of Irma will be a recalibration of ties. The next few paragraphs will consider some of the key arguments and observations that have been made in recent days.

There has been wide-spread criticism of the UK's response, both in terms of preparing for the coming of Irma and its aftermath, with comments such as 'pathetic', 'sorely lacking', and 'too slow'; the latter coming from Tory MPs. It is true that a Royal Fleet Auxiliary (RFA) ship, Mounts Bay, was already in the region, with humanitarian aid, marines and engineers on board. However, it was clear early on that this was not going to be enough, and since then the UK has been playing catch-up with more aid and troops being deployed. But still HMS Ocean, which has been promised to strengthen the relief effort, has only just left Gibraltar. The UK does have ultimate constitutional and legal responsibility and a duty of care for the territories, with most of their citizens being British passport holders. As the UK's 2012 White Paper, *The Overseas Territories: Security, Success and Sustainability*, noted 'The protection of the Overseas Territories and their people is one of the UK Government's most important responsibilities'[1]. It states also 'The UK Government recognises its responsibility to support a Territory facing a disaster'[2]. So an argument can be made that the UK should have been better prepared and acted more quickly and decisively.

However, there are perhaps one or two mitigating factors. Relations between the UK and its territories are quite devolved. The UK has awarded greater autonomy in recent years, while the territories have been keen to assume further responsibilities; and they aspire to more. Thus, it could be argued this re-balancing of relations has meant the UK has become slightly more disengaged from the territories, therefore creating a situation whereby a more robust response to Irma was more difficult to achieve. The comment from Foreign Office Minister, Alan Duncan, that 'We do not directly govern the overseas territories; they govern themselves' was not helpful in this respect.

In recent days there has been a narrative constructed by the UK that its capacity to financially support the territories has been hindered by OECD rules that stipulate higher income countries (which the territories are) do not qualify for development assistance, including hurricane relief. This is the case, but it is somewhat of a red herring. First, funds from elsewhere can be found, i.e. the Treasury. Second, it can be seen as a way of using part of the existing aid budget, rather than providing new resources. Third, the UK has long-promoted the idea that the territories should be economically self-sufficient, and so funding has been kept to a minimum. The position of the UK is encapsulated in the following quote from William Hague, then Foreign Secretary, on launching the 2012 White Paper: 'We expect these territories to do all that is necessary to reduce ... their reliance on subsidies from the British taxpayer'.

Indeed, a related issue is whether the territories, with relatively high GDPs per capita (e.g. British Virgin Islands, US\$32,000), should receive significant assistance at all, especially with long-term reconstruction. However, the territories are small in size, have limited capacity to deal with such extensive reconstruction, and are highly

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vulnerable. The inability of the British Virgin Islands to cope with the escape of more than 100 prisoners after the jail was damaged is a case in point.

Some commentators, such as Richard Murphy of Tax Research UK, and Robert Barrington of Transparency International, have said that funds for reconstruction should be linked to the territories moving away from their 'off-shore' status. Although Labour leader Jeremy Corbyn has not made this link yet, he has in the past been very critical of their off-shore economies. In a parliamentary debate on 11 April 2016 he argued, the 'national scandal [of tax avoidance] has got to end'. Reforming the economies of the territories would be a very difficult undertaking requiring sustained UK engagement and significant levels of additional spending, at least in the short to medium-term. Based on recent experience such engagement is unlikely to happen, and therefore tying reconstruction efforts to economic reform is difficult to countenance.

Brexit does cast an indirect shadow over the territories and their recovery from Hurricane Irma. Anguilla and the Turks and Caicos Islands benefit from bilateral, thematic and regional EU funding, whilst the British Virgin Islands receives funds from the latter two resource envelopes. Funds have gone to strengthen and diversify the economies of the territories; to aid climate change mitigation and sustainable energy; and to assist after the impact of natural disasters. Turks and Caicos Islands received €6.25 million following Hurricanes Ike and Hannah in 2008, and further funding is likely to be provided after Irma. However, these funding streams will likely end with Brexit, including those that might help diversify the territory economies away from offshore finance. There is no certainty that the UK will plug the resulting funding gap. Also, the regional cooperation that has taken place, involving the UK, Dutch, and French governments, and local territory governments, could become more difficult after Brexit. Anguilla, for example, is concerned about how its close links with Dutch and French St Martin will be impacted.

So what might the future hold for the relationship between the UK and its territories? Certainly in the short-term, with the humanitarian relief efforts and the start of longer-term rebuilding, ties will strengthen and resources from London will be provided. There might also be an attempt to enhance Britain's presence in the region when it comes to preparing and dealing with natural disasters, including hurricanes, which are a regular occurrence. Beyond that it is difficult to see what more fundamental change can be made. There is no appetite on either side for the French model of incorporating the territories into the metropolitan state, and the territories would wish to retain a significant level of autonomy. Further, going on past experience the UK would be reluctant to engage much more heavily in the territories, including with financial flows. Indeed this might cause conflict with the territories if the UK's commitment to reconstruction efforts wane over time. So despite talk of quite fundamental changes in the relationship the outcome of Irma could well be slight reform rather than major recalibration.

Notes

1. Foreign and Commonwealth Office (2012) *The Overseas Territories: Security, Success and sustainability*. Cm 8374, June. London: The Stationary Office, p. 22.
2. Foreign and Commonwealth Office (2012) *The Overseas Territories: Security, Success and sustainability*. Cm 8374, June. London: The Stationary Office, p. 25.

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