Members present: Baroness Verma (Chairman); Baroness Browning; Lord Cromwell; Lord Jay of Ewelme; Earl of Kinnoull; Baroness Neville-Rolfe; Lord Whitty; Baroness Wilcox; Lord Woolmer of Leeds.

Evidence Session No. 1 Heard in Public Questions 1 - 4

Witnesses

I: Councillor Leslie Jaques OBE, Pitcairn Islands Government; Chris Carnegy, UK Representative, Government of Tristan da Cunha; Dr Honourable D Orlando Smith OBE, British Virgin Islands Government; Dr Derrick Binns, Secretary of the Cabinet, Bermuda Government; MLA Roger Edwards, Falkland Islands Government; Donaldson Romeo, Honourable Premier of Montserrat, Montserrat Government; The Premier Honourable Sharlene Cartwright-Robinson, Premier, Turks and Caicos Islands Government; Victor Banks, Chief Minister, Government of Anguilla.
Examination of witnesses

Councillor Leslie Jaques OBE, Chris Carnegy, Dr Honourable D Orlando Smith OBE, Dr Derrick Binns, MLA Roger Edwards, Donaldson Romeo, The Premier Honourable Sharlene Cartwright-Robinson and The Honourable Victor Banks.

Q1 The Chairman: Thank you very much, ladies and gentlemen. Can I remind everybody that this session will be in public? It is being broadcast. There will be a transcript, which will be given to you after the session has taken place. If there are any corrections, please feel free to send the corrected transcript back.

We have quite a full session, so the easiest thing to do is to introduce all our visiting witnesses and open up with the first question, which will allow the following questions to become part of the wider debate without taking a break in between. I will start by welcoming: Mr Victor Banks, Chief Minister, Government of Anguilla; Dr Derrick Binns, Secretary of the Cabinet, Government of Bermuda; Dr D Orlando Smith, British Virgin Islands Government; MLA Roger Edwards, the Falkland Islands Government; Donaldson Romeo, the Honourable Premier of Montserrat; Councillor Leslie Jaques OBE, Government of the Pitcairn Islands; Chris Carnegy, UK Representative of the Government of Tristan da Cunha; and the Premier Honourable Sharlene Cartwright-Robinson of the Turks and Caicos Government. Welcome to you all.

We will start with our representative from Anguilla. What are your principal concerns, both individually and collectively, about the impact of Brexit on the Overseas Territories? If each of the other witnesses then answers in turn around the table, that would be very helpful.

Victor Banks: Thank you very much, and thanks for having us. Obviously we have issues that affect all of us as Overseas Territories. We are concerned as a collective about those issues. A number of them have to do with our future relationship with the EU specifically, and how that will impact the support that we receive from the EU, whether financial and otherwise. It has been considerable over the years, and has been a blessing to many of our territories, including Anguilla, where the support from the EU from EDF funding accounted for some 36% of our capital budget in 2016. This is critical for that aspect of it. Most of the territories will be concerned about the impact that it will have on aid and other support that we receive.

Of course, we would like to know that our administering power, the UK Government, is able to negotiate an arrangement coming out of the negotiations that would enable us to enjoy some of the privileges we have enjoyed from an immigration standpoint: our ability to move around, freedom of movement throughout the EU and so on.

Anguilla in particular has another issue, which we want to focus on very strongly in all our presentations and everything that has to do with these negotiations going forward. We are in fact a border state of the European Union, being located geographically within five miles of French and Dutch
St Martin. Obviously that relationship goes beyond economics. It is a familial relationship. As a matter of fact, the President of the Collectivité of St Martin and I are first cousins once removed. That is the level of that relationship. In addition to that, 60% of the elected representatives of French and Dutch St Martin have Anguillian roots. The Prime Minister of the Dutch side of St Martin is a grandson of Anguilla. It is strong at that level.

Additionally, we are involved in the tourist industry, other elements of trade, social services and medical services. We have a small population of 15,000, and French and Dutch St Martin has a population of over 100,000. Certain social services, medicines and so forth will be much more readily available because of the population of St Martin, so we have taken advantage of that. There are ferries that go to St Martin every 20 minutes, to the Dutch side and to the French side. There is a movement that takes place every day. Children in Anguilla go to school in St Martin. There is trade with St Martin. Most importantly, it is the access point for our key industry, which is tourism; 90% of the people who come to Anguilla use St Martin as a hub.

Obviously, we are very dependent on that relationship. If Brexit impacts the degree to which we are able to continue to do business with French and Dutch St Martin, it will be very critical to our development. We want to ensure that we bring that impact on our region to the attention of the British Government in these negotiations.

There are also benefits for the UK Government that are available because of where we are positioned geographically. One of the neighbouring islands that we as a Parliament are responsible for, Sombrero, is a gateway to the Panama Canal, so a lot of the shipping that goes through the Panama Canal has passed through that channel historically over the years. There are certain benefits to be derived from having a relationship with the UK, which is concerned about how that develops and how it impacts Anguilla. Oil comes in to Anguilla via Dutch St Eustatius, the main terminal in that region, so there are a host of things that impact this.

We need to be concerned about how that plays out. It is very important that this is an aspect of the discussions going forward, and we want you to continue to recognise that. In spite of whatever findings or whatever opinions have come as regards that relationship, the border relationship of Anguilla with two EU member states is critical to our development.

Thank you.

Dr Derrick Binns: Thank you for having us and good afternoon to you all. The people of Bermuda will be going to the polls next Tuesday, so, as a result, neither our Premier nor any of his Ministers could leave the island at this time. Bermuda will submit a written response after I am able to listen today, go back and advise whoever might be appointed Premier following next Tuesday’s election. After that advice is given, we will submit a written response to this Committee. Thank you.
Dr Hon D Orlando Smith: I am also grateful for the opportunity to give my input on the relationship with Brexit. The Government of the British Virgin Islands have a long relationship with the EU and value that relationship, because the EU is essentially a partner in our economic development.

I am also very grateful to be able to address the body and to speak about the relationship between the British Virgin Islands and the European Union. The EU has essentially been a good partner with the BVI over several years as we move along our road towards self-determination and economic growth.

This has been for several reasons, and we can look at them in three ways: as a matter of trade, as a matter of aid, and as a matter of travel. Because of the preferential trade arrangements that the Overseas Territories have by virtue of being Overseas Territories of the UK and other countries, the BVI and the other Overseas Territories have the ability to trade at these preferential rates with the EU. While the BVI does not, at the moment, have a significant trade apart from that in services, we do have potential, which we are developing quite well now, in fisheries. We expect to be able to make use of that in order to trade with the EU. With Brexit, we want to make sure that the United Kingdom recognises this so that when the negotiations are ongoing with the EU it can be taken into consideration.

The other important point is the matter of aid. Although the BVI does not qualify for direct aid from most countries because of its GDP, we get aid from the EU’s regional package of about $100 million. We are able to get aid through that package. As an example of that, right now, there is a programme supporting small and medium enterprise development, which is going on between the English, French and Dutch Overseas Territories. That is being managed from the British Virgin Islands. This is certainly important for the BVI, because for the past three or four years we have indicated to the people of the country that we will place more emphasis on the development of small and medium enterprises, because we see this as the engine that will drive the economy of the country. The provision of this support by the EU has been very significant, both in monetary support and in developing the capability to develop the service. It has benefited both us and the other territories.

We also benefit from the EU’s horizontal programmes, particularly when it comes to biodiversity. The biodiversity of the BVI and the Overseas Territories is very significant and very rich. The UK has always spoken about it, and that is of assistance too. The horizontal programmes help us to map and do what is necessary to protect and develop that biodiversity.

The association with the EU also helps us on alternative energy and other infrastructure development when it comes to the environment. Right now, we have a project going on in the most tourist-oriented part of the island, where the beach has been damaged quite significantly by run-off from the inside and the reefs themselves have been damaged. The other project that the EU is supporting is restoration of the revetment wall and
resuscitation of the beach and reef there. Those are just two examples of some of the important ways in which the EU has been able to assist us in our development.

The other matter is that of travel. We are able to travel into the Schengen area because of our relationship with the EU and with the United Kingdom, as we have British passports. That allows our people to access trade, to study in these countries if they wish, as well as simply to travel. There are all these various things—investments and opportunities—that we are able to appreciate because of our relationship with the EU.

Then, of course, there is the matter of financial services. Financial services are very significant to the economy of the British Virgin Islands. The UK has been a partner with us in the development and support of our industry. One of our concerns is that, with Brexit, we have to be sure that the British Government will still take into consideration, in the negotiation with the European Union, the supportive role that they have played and we would like them to continue playing, especially if matters are put forward that are not really internationally accepted but are just put forward by individual countries. Britain has always been supportive in that. We have had a continuous relationship with Britain as far as our financial services are concerned, and of course we have an agreement with them to provide the information they need in real time.

Apart from that, we also see the opportunity to support the British Government in their expansion into new markets. Because of the record of our facility, and because of the way BVI corporate structures are used, we can be jointly partnered with the United Kingdom in its ability to explore new markets. We do not see it altogether as something where we just give, but we see it as a partnership that can be useful for both the UK and the British Virgin Islands.

Roger Edwards: If I may, I beg to give a two-minute brief on the aspects of Brexit that will affect the Falkland Islands. I have a written submission dated 1 July with all the facts, figures, percentages and the like that I have brought to give you. It is a warm afternoon; I did not think you would like me to start quoting percentages of GDP and so on. However, there are three main areas that generate revenue and one area that concerns me from a political point of view.

The first of those is agriculture. We produce wool and meat as export crops. Currently, wool has no quota or tariff attached wherever it is sold, and it is thought that, even after Brexit, this state of affairs will remain. Our meat is more problematical, as about 60% is sold into the UK and the remainder into Europe. It is slaughtered to EU standards. Therefore, post-Brexit tariffs or taxes could apply. However, the quantities of meat are quite small and thus there is a possibility that all our produce could be absorbed into the UK market.

The second area is fisheries. As the Committee will be aware, we have one of the best managed fisheries in the world. The two main markets
are the Far East for our illex squid and some of our finfish, and Europe for
our loligo squid and the remainder of our finfish. Illex sales, and hence
the revenue, should not be affected by Brexit. Loligo sales into Europe
make up about 10% of the imports through the port of Vigo in Spain and
fill a similar percentage of the market in southern Europe. Following
Brexit, if quotas and tariffs are applied, this would reduce both our
revenues and company profits, leading to a loss of fishery development
and investment in new vessels.

The third area is tourism. Currently, we have approximately 60,000
cruise vessel tourists a year who visit our pristine and plentiful wildlife.
Save for the imposition of some dramatic visa rulings, the tourists should
continue to arrive in increasing numbers to view our still pristine and
plentiful wildlife. As far as outward travel for our people is concerned, we
are assuming that, as we are all British subjects carrying a British
passport, we will be treated in the same way as UK citizens residing
anywhere on Earth.

Finally, there is the political side of Brexit. With the UK being a full
member of the European Union and a signatory to the Treaty of Rome, all
of the rest of Europe is obliged to recognise and accept that the UK OTs
are a part of the UK. Once the UK is no longer a member state or a
signatory to the Treaty of Rome, the same obligations do not apply. We
may well lose the support of the rest of Europe, and may well see Spain
and possibly other members of Europe give greater support to Argentina
over its mistaken and illegal claim to the Falkland Islands.

**Donaldson Romeo:** Good afternoon and thank you, my Lord Chairman
and Committee, for allowing us the opportunity to come and raise our
issues and concerns. As you know, we depend largely on this forum and
we hope that our points will be well heard.

As with all the other territories, or most of us, we are affected with
regard to trade, as you have heard, freedom of movement and aid.
Montserrat in particular has been dependent on aid from the UK for the
past 20 years because of the volcanic crisis. Therefore, any aid we get is
critical. In fact, being dependent for 20 years tells you that our
development is a bit retarded.

Every injection, especially that from the EU—being a significant
percentage of our capital budget—makes a huge difference in two ways.
First, it allows our Government some autonomy and some flexibility in
deciding what priorities we need to address, unlike with other aid we get.
Secondly, because of the amounts we get, we are able to plan over a
period of time. As you are aware, with Brexit, we may lose that
opportunity. Therefore, as of 2019, we are unaware of who will fill that
gap. We are hoping that the UK Government, through DfID, which is our
main donor, will fill that gap in a similar fashion as the EU has. We are
talking about significant sums, in excess of €20 million over the next few
years.
We are also dependent on our ability to move freely within our region. We are not as closely knit as to St.Maarten, but we have Guadeloupe very close to us and Martinique a bit further away. Those two territories are willing to work with us on trade as well as on tourism. These French territories are becoming a major part of the OECS—the Organisation of Eastern Caribbean States—and therefore we are discussing twinning our destinations. Montserrat has a beautiful tourism product, namely, the capital town which is now half-buried town. There is a huge attraction for all the territories around us to twin with us, hence the need for the freedom of movement and trade.

Our main export is the sand and aggregate that comes from the volcano. Millions of tonnes from the volcano are easily excavated and then shipped to neighbouring islands or used for products that we can export, if we develop them on the island. Therefore, at present, when we export to the French or Dutch territories, we enjoy tariff-free arrangements, which help us to be competitive. Therefore, we dearly need to protect that one main export that we have.

In some cases where we have specialist medical care that cannot be attended to on the island, we are dependent on arrangements with Guadeloupe, which we hope will continue and need to be considered seriously. We now have a population of 5,000 and therefore we cannot attract the specialist care that is needed. Oftentimes it is urgent medical care that has to be evacuated to Guadeloupe or neighbouring islands, and it can be very costly, so we are concerned that these costs will be affected. Those are the main concerns we have at present.

**Councillor Leslie Jaques:** It is a pleasure to be here. I appreciate you giving us the opportunity to talk about our issues regarding Brexit. Pitcairn is very small; it is the smallest overseas Territory. We are on budgetary aid from the UK, and a significant amount on top of that comes from the European Development Fund and other regional allocations from the European Union. The amount of funding on a per annum basis that comes through the European Development Fund and other areas to us is about 30% of our overall budget, which is very significant. My honourable friend from Montserrat has just asked who will fill the gap and, indeed, whether anybody will fill the gap. We do not know, which is a concern. We get small amounts from the EU. There is an allocation of only $2.4 million each time. We certainly appreciate the budgetary aid funding of $6 million a year from DFID, but we use the EU funds for infrastructure development. Where will that come from? We are certainly hopeful that it will come from somewhere, if the decision is made that there is no further funding.

We also partake in what the EU calls a regional envelope. The current one under EDF 11 is €36 million, which we will share with our Polynesian friends from French Polynesia, as well as with Wallis and Futuna and New Caledonia. The EU has certainly been pushing us towards that regional co-operation and it is rather disappointing that we are just
starting to develop this relationship and now suddenly it is probably going to end.

We have the funding issue. We also have, as many people here, border issues. We are an isolated island. Our nearest neighbour is French Polynesia. The southernmost part of that is 300 nautical miles away at Mangareva. It is not an international port. By agreement with our friends in French Polynesia and France, we use that as an international port. Will we still be allowed to do so? Will that happen? If not, we have serious problems in terms of our increasing isolation.

Freedom of movement to French Polynesia is an issue too. We also use the hospital in Tahiti for our people to get surgery. If that is not the case any more, the cost of bringing people to either the UK or New Zealand would be huge. We would ideally like to be in a position where we are no worse off than we would have been had we stayed in the EU.

We have a very small trade in honey. We have one of the purest honeys in the world. Europe is one of our biggest markets. What will be the impact? It has to be tested each year for us to be on the EU list. Will we still be allowed to do that? It is not significant in terms of quantum—it is only 25,000 units per year, which is the maximum we can produce given the size of our island—but not being able to ship that out to Europe would certainly have significant consequences for our bee industry.

Just in summary, we are as concerned as all our colleagues. We are starting a negotiation process. We trust in the process and we are hopeful that we will be able to come up with a solution collectively for all of us.

Chris Carnegy: First of all, can I present the compliments of Tristan da Cunha's Chief Islander? Tristan, as you may know, is the remotest human settlement on planet earth and he was not able to be here today, so he is asking me, as the honorary UK representative, to represent him here.

The biggest concern for Tristan is EU development funding. It is a proudly hard-working fishing community that stays with its fishing revenues narrowly out of UK budgetary aid, but it cannot afford the money for what you might call the big ticket infrastructure items. For small and remote places, infrastructure looms very large. It plays a disproportionately big part in our lives. It is also disproportionately costly, difficult and make-or-break for an island community.

The European Development Fund, in Tristan’s experience, has taken a healthily strategic multiannual view of infrastructure investment, so we are extremely grateful to it for what it has done for us over the last few years. We are hopeful that some kind of equivalent mechanism, or maybe even that one, will be put in place should the UK continue to fund the EDF in future years post Brexit. That for us is the biggest concern.

The second biggest concern has already been mentioned by some of the elected representatives here, which is the special access that UK Overseas Territories have to the EU market. Tristan is essentially a
monoculture. The island lives by fishing for the world’s finest lobster, and I know that one of your colleagues has a shared interest in the sustainable future of the world’s lobsters. Our ability to import it to the EU tariff-free is extremely valuable. That part of the market for us is 9% of the total, but being in high-end restaurants in Paris and Berlin helps to set the price of the other 91% around the world, exported mainly to Australasia and to the USA. It is important to us, therefore, if possible, that that special access to the EU market be continued for the future.

There is an opportunity in the lobster trade that keeps Tristan going, which is that, in a post-customs union world where the UK is doing business around the globe, we would welcome the opportunity to be included in preferential trade deals. The worked example for us is China. It is a promising market from which we are currently excluded in a way that Tristan would not be if it was part of metropolitan UK and thus part of the EU customs union. There may be an opportunity there. It is a complicated area but we would like to see it pursued.

The biggest threat for all OTs is perhaps the risk that the OTs will simply be forgotten or side-lined as too complicated, too distant, and in some cases too small, for British politicians to be devoting significant share of mind to. I am sure we are all extremely grateful to you, Lady Verma, and to your Committee for helping to ensure that does not happen in the weeks and months to come.

Sharlene Cartwright-Robinson: Good afternoon and thank you. I want to just pick up where my colleague left off, because collectively we have two main concerns. One of them is certainly to remain engaged in the process. We are very grateful to be appearing here before this Committee today. Secondly, we want to ensure that we are remembered throughout the entire process, that the process works with us and that, when we have a final agreement, our concerns will have been taken forward and given favourable consideration.

EU funding will be one of the greatest losses to the Turks and Caicos when the UK leaves the EU. We currently benefit from the 11th European Development Fund and we receive a territorial allocation of €14.6 million. We also benefit from the Caribbean Regional Fund of about €40 million; the thematic envelope, €16 million to €18 million; and BEST—Biodiversity and Ecosystems Services in Territories of European Overseas. We can access some horizontal budget lines such as Horizon 2020, as well as the EIB investment facility. The Turks and Caicos are not ODA-eligible under the DfID budget, but they are eligible to receive bilateral EDF funding under the EC criteria for development assistance.

We have benefited greatly over the years from EU funding. EDF 10 recently ended, and we are still doing a bit more work on that programme. We received an allocation of €11.8 million and that helped us to reform the business sector and improve the Government’s capacity to facilitate and improve foreign direct investment. We also benefited from the SME support via the Caribbean Regional Programme. Before that, EDF 9 allowed us to link two of our largest islands by causeway,
opening up the economies of those islands. We hope to benefit from the €40 million Caribbean Regional Programme, focusing on the areas of sustainable energy and marine diversity, as well as the thematic programme that will be concentrating on renewable energy and climate change, which is important for us.

After September 2008, when we suffered massive loss and damage following Hurricane Ike and Tropical Storm Hanna, the EU funded €6.25 million and allowed us to rebuild and remake 51 homes.

We have also been able to receive €4 million for the building of a radar system. You would appreciate that Turks and Caicos has a very wide land mass and we are very open with our chain of islands, and we suffer quite a bit from illegal sloops entering from Hispaniola generally and Haiti in particular. We have benefited from a radar system, which still continues to work for us, having over 90% success in detecting sloops that we are able to repatriate.

We also benefit from BEST. We expect the fund for the period 2015-19 to assist us to the tune of €10 million. We have also benefited from two small grants already.

For us in the Turks and Caicos, and other OTs, we need to ascertain if, post Brexit, DFID will fill that gap, as my colleagues have already said. I wanted to paint a narrative of how important EDF funding and EU funding is for the Turks and Caicos Islands. To a lesser extent, of course, travel and access is important to us, as is the financial services sector, which we hope to strengthen in the years to come. But that is the situation in Turks and Caicos. More than anything else, it is the loss of funding that is of great concern to us.

The Chairman: Thank you very much indeed. On behalf of all of us in the Committee, we very much appreciate you all being here and giving us your contributions. We very much value our Overseas Territories.

Q2 Lord Cromwell: Can I just echo that? It is great to see you all here today, and I feel in the last few minutes that I have been on a fascinating journey through some of the most interesting and, dare I say, exotic and beautiful parts of the world. Thank you for that, among the other things.

From what you have been saying, there are various commonalities that seem to run across, which are trade, aid and the ability to travel freely, as well as a more personal requirement and request to remain involved and not to be forgotten. That leads me to my first of two questions, if I may, with the Chairman’s permission, sneak two questions in. My first question is: to what extent, given how diverse you are yet with these common issues, have you been able to join forces, make a common position and push your arguments together? Has it very much been an individual enterprise? I do not know who will be bold and help me with answering that question, but I am looking hopefully across to you.

The Chairman: Perhaps we can start with Anguilla.
Victor Banks: Thank you very much. Over the years, Anguilla has recognised that it is important for us to deal with issues where we have a common interest generally as a group. We have done that through OCTA. We have done that through the joint ministerial council meeting. We have UKOTA, which we have been struggling with for a number of years, to ensure it has the impact it should have.

Certainly, Anguilla has found that, when it comes to critical issues affecting Anguilla directly, it is important for us to make a direct approach on issues that affect our development. We recognise the importance of the collective approach. It is something that is critical. We are Overseas Territories and we have common issues. But, at the end of the day, when it comes down to the bread and butter issues that affect individual territories, we have to make representations on our own.

During this period with the Brexit discussions, because of our peculiar circumstances as a border state of the EU—and I want to emphasise that—it is important that we make that case very strongly. To do that, we have put together our own document, our own White Paper, explaining exactly what Anguilla is all about, and I am sure that you have received copies of it. We are trying to circulate those copies as widely as possible because we recognise that it could get lost in the negotiations. Of course, you talk about Gibraltar and you talk about Northern and Southern Ireland, but Anguilla is very important in that discussion as well, as you go forward.

It is important to have the collective and OCTA, because that enables us to access the benefits that we can derive from that decision. Of course, out of that come the aid that we receive and the various social and educational programmes that obtain. But, at the end of the day, it is important to have a two-pronged approach. We are in the wider framework for discussion on a collective basis, but individually we have to put forward our concerns as well.

Lord Cromwell: Before we go on, perhaps I could add a third prong to give you a trident, which is really my second question. It may be a heretical question. Particularly in the case of your location, to what extent are there opportunities to look at affiliating to the EU through your neighbours—through the French or the Dutch—or just a direct link into the EU? In many cases, it seems to me that the EU funding is more valuable than the DfID funding. Is there a third prong to that trident or is that a heretical suggestion?

Victor Banks: There have been certain partnership programmes that have been a part of past relationships. Going forward with the ACP countries and so forth, there are certain programmes that benefit countries in the region. We have been having some discussions about some of those programmes regionally. I cannot relate the specifics of those programmes now but they exist and they are part of the process. Certainly, even though we speak about the relationship between Anguilla and the French and Dutch St Martin, at the local level we really do not have any issues. We have the issues at the administering power level
because external affairs, which is what this comes down to, are dealt with by France, the Netherlands and the UK. On immigration, marine coastguard and other issues, such as the importance of ensuring that we have the coverage, security and safety of passengers travelling between the various territories, we can get by at the local level but, at the foreign and external affairs level, it can create a problem.

**Dr Derrick Binns:** In response to the first two points that you have raised, our view is similar to that of Anguilla, and you might find that it is shared by many of us: it is important for us to work together, and we do. We meet together on a regular basis. We meet with the UK Government in the joint ministerial council forum, but we also meet in advance of that to discuss those issues of concern to us. Where necessary, there might even be meetings by teleconference, so we work together.

At the same time, we also have issues that are distinct for each of us and it is important for us to represent our own positions on those most distinct issues. You will find that, Bermuda included, we make our own direct representations to the UK Government on those issues that pertain directly to us. It is therefore both a shared approach and an individual approach.

With regard to your third prong and the second question, our constitutions in many ways determine our ability to, and the extent to which we can, make a direct approach. For example, under our constitution, the UK Government have retained responsibility for external affairs, so we often work together with them. We are granted letters of entrustment that enable us to undertake a number of initiatives with other countries.

That has been the case with the EU and we have used that to our advantage. There are a number of things that we have been able to negotiate directly with the EU. Aid is not an issue for us—we do not qualify for the aid to the same degree—but there are other issues in support of our financial services sector that we work on. We would like to see the ability to extend that as necessary. We expect that we would get support from the UK to enable us to do that through letters of entrustment.

**Dr Hon D Orlando Smith:** I would like to add my voice as well. I concur with my two colleagues, who mentioned the fact that we work together as a group through OCTA and other organisations, where we discuss these matters either individually together, or at the JMC and pre-JMC, when we meet to discuss matters before we have the JMC with the United Kingdom. In relation to that, we of course make direct representations ourselves.

In addition to that, we also have relationships with the other large Caribbean countries through CARICOM and the OECS. Just a few days ago, I was at a CARICOM meeting where they also raised their concerns about Brexit. In fact, their concern is such that they are saying that 25% of the export trade goes with the United Kingdom because of the
relationship with the EU. As part of CARICOM, I was able to basically take part in that discussion and express the views of the British Virgin Islands and the fact that we have similar needs and circumstances.

The same applies to the OECS, which is a smaller grouping of eastern Caribbean states. Again, these matters are discussed at that level because those countries are also involved in trade, using the same processes that are used within CARICOM. When we speak to all those groups, we are able to have a bigger voice with the EU or even with the UK. We will continue to do that, as well as to work through the JMC and organisations such as UKOTA.

When it comes to working with the French and the Dutch, for example, this happens through the Horizon regional programmes that the EU provides for. I mentioned one a little while ago when I spoke first, and that was the small and medium enterprise development programme, which is funded by the EU, for all the English, French and Dutch Overseas Territories. It has been a very successful programme and I hope that we will be able to continue similar programmes; hence we would really like to see how we can continue that relationship or how the support can be replaced from other sources.

Roger Edwards: As has been said before, we share many of the problems of Brexit across the Overseas Territories. Individually, we are all quite small but, when you put us together, we are actually quite a large number of people and our GDP runs into the hundreds of millions of pounds. It is a little like the old thing where individually we are not a lot, but combined we make quite a force.

I must say that we welcome, from the Falklands Islands’ point of view, the work done by our United Kingdom Overseas Territories Association. To make that work, we have to support our representatives here in the UK. I am pleased to say that I personally am much impressed with the level of work that they do on our behalf, not only for Brexit but for other things as well. But Brexit is the discussion here and they do an enormous amount. We have commissioned joint reports on the matter of Brexit. We also participate in the joint ministerial council and have regularly engaged with our colleagues through our permanent liaison with the Government, Ms Sukey Cameron, who is sitting here behind me.

In the private sector, we are working to explore new markets for the products. We are even engaging with our commercial partners in Vigo, in Spain, to lobby our position for the fisheries sector within Europe.

However, we need to be absolutely clear that the best outcome for the Falkland Islands’ economic development is a free trade agreement. I will give you an example. We could sell all our fish into the United States, but the return is about 50% of that which we get from Europe. There are other markets that we can go into, but they are not as valuable or viable for our companies, so we have to be careful.
Donaldson Romeo: I want to thank the United Kingdom Overseas Territories Association for its interventions, which have led to us being here today, to some great extent. I also want to thank Baroness Anelay, who was an FCO Minister then and is now, I am told, a Brexit Minister. She helped us in our efforts to unite and present our case to the Brexit Minister, who attended the joint ministerial council meeting last year. Not only, as my colleague has just said, are we concerned about Brexit, but there are many other issues that we collaborate on, especially since we have constituents who are voters within the UK, whom we can assist and who have concerns that we represent.

You also asked about our ability to negotiate with the EU and find opportunities through our neighbours who are Dutch and French. Because of our constitutional arrangements, as said before, we would need derogations and entrustments to allow us to do that, and we really hope that this is one of the points that will be put forward. The EU in main is far away from us but, as small territories close to each other, we need each other. In fact, very recently, the French territories—Martinique in particular—joined the OECS, which is the Organisation of Eastern Caribbean States, and that is one financial space and economic union. We have one currency, of course, and they will not have the same currency as us, but there are significant trade, social and economic ties, as mentioned. We are on the verge of making those ties more concrete, even with Brexit taking place. The Martinique delegation, in fact, offered us the opportunity to work through them and with them in accessing opportunities within Europe. These are things that we will pursue.

Councillor Leslie Jaques: I would like to agree with my last two colleagues about the importance of the work that UKOTA does for us. Pitcairn does not have a representative here. We do not have the budget or the resources. We are isolated—almost as isolated as Tristan—so we rely heavily on the work and the support that we get from our UKOTA colleagues, both in keeping us informed and in batting for us when they need to, and the solidarity that comes from being part of an organisation such as UKOTA. We certainly value the effort and the work that the UKOTA people do voluntarily, on top of the heavy responsibilities that they carry as representatives for their territories.

We also work closely with Her Majesty’s Government. We have a very good partnership. We have a good relationship with the Foreign Office and with DfID. We have not discussed any Brexit issues with our Pacific island friends, although we are having a meeting with them in New Caledonia in a few weeks’ time, and no doubt this will come up. We work collaboratively with UKOTA. We are part of it and we are proud to be part of it. Certainly, for a very small and isolated Territory, the work that it does for us is absolutely invaluable.

Chris Carnegy: Lord Cromwell, I had probably better bask in the reflected glory as a member of UKOTA’s organising committee and one of those representatives. We must be realistic, as Leslie says. It is an organisation that attempts to unite the interests, where they can be
united, of a very diverse collection of communities. That we are here today is emblematic of what it can do: it liaised with your team to arrange our presence. It has done the same to meet Ministers in two days’ time at the Overseas Territories Joint Ministerial Council. De jure, after that, the Governments of Overseas Territories are the people who will deal on behalf of the Overseas Territories with HMG and with other bodies, Governments and so on around the world. It is a facilitative operation. It cannot go and deal on behalf of overseas Territory Governments. It is jolly good all the same, as you have heard.

On your other question about alternative groupings, that may be appropriate for a number of Overseas Territories in the medium-term future. It certainly would not be for an island as remote as Tristan. There is ACP. You could argue that we are less than 2,000 miles from Africa, but it is still 2,000 miles.

The status that OCTs affiliated to European Union nations have at the moment is the product of a lot of passionate campaigning by EU politicians over decades, based on a sense of family, you might say. It is a special relationship. My gut instinct—it is a personal view—is that we would fall back on the sense of family of the UK realm immediately, and it may be only a medium or long-term ambition after that to join some other regional grouping for particular purposes.

**Sharlene Cartwright-Robinson:** I will begin with the final question. Our constitutional arrangement allows the Governor to retain responsibility for external affairs, so we are not free to just engage with others or to be involved in different groupings. However, we have had the benefit of letters of entrustment for specific issues and I am sure that, if the need arises, we have the sort of relationship where we can obtain that.

For Turks and Caicos, I am recently elected—perhaps the newest one—and I have had the benefit already of working with UKOTA and benefiting from the experience that exists there. Common sense dictates that, if we have common interests and common issues, we forge together collectively, not to the disadvantage or disservice of our own country, but as a means of strength. Turks and Caicos has not had an issue as yet that we feel we have had to push individually. Again, I say to you that our major issue is the loss of funding, which is common to all, and it is best approached collectively. I am sure that, if the time comes that we have to do that, we will do it not to disadvantage our colleagues in the Overseas Territories.

**The Chairman:** Before I ask Baroness Wilcox and Lord Woolmer to ask their questions, if you feel that the responses have already been made by other colleagues, please feel free to say “we agree” because it would be great to get through a number of questions, which I think will add great value to us as a Committee. I will ask Lady Wilcox first and Lord Woolmer straight after, and then I will ask our witnesses to respond to both or either.
Q3 Baroness Wilcox: Thank you very much indeed for being here today, representatives of the Overseas Territories. It is very exciting to hear these stories, but we have to write a report and that is what we are after. The question that I will ask is: to what extent are the Overseas Territories recipients of EU funding—not the rest, EU funding—and what will be the impact if that funding is lost? Those are the things that we will need to be able to put together.

Lord Woolmer of Leeds: In the same spirit of getting to some key issues, I would like to touch on the question of restrictions on movement within the EU. Mr Banks spoke eloquently about the effect of that in his case but there are two types. There is travel for the purpose of health, education, tourism and so on, and then there is travel for the purpose of work. I wonder if you could bring out the importance or otherwise of restrictions on the free movement of people, as far as you are concerned, into the European Union or its associated territories, distinguishing between the different kinds of movement.

Victor Banks: Thank you. I will first respond to Baroness Wilcox. You asked about the extent of the impact of EU funding loss. The EU is the only source of significant development aid for Anguilla. It accounts for 36% of its capital projects budget in 2016. Obviously, without EU funding, Anguilla would be unable to balance this capital budget. Under the EU’s 10th EDF fund, Anguilla was allocated €11.7 million for the three-year period. In the present 11th EDF fund, it is €14 million over that period.

It is critical for a number of projects. The funding this time around is for education. There has been a lack of capital investment in educational infrastructure in Anguilla over the last 10 to 15 years. It is important, with the growing population and with changes in educational policies and programmes, that we spend money in improving the quality of these human resources.

That funding is critical right now. Without that funding, going forward, we would be in a dilemma. It does not come from anywhere else except borrowing, and we have a very small fiscal space to undertake any borrowing for those kinds of things right now. With the challenges coming out of the recession in 2008, with the drop-off in tourism arrivals and the economy generally, we would be unable to even balance our budget, let alone put aside funds for that critical area of education. EU funding is very important for us. If we lose that funding, it must be replaced in some way.

You mentioned travel. A lot of the travellers for the purposes of work from our Territory go to French and Dutch St Martin. Over the years, we have been able to benefit from a close neighbour that has a vibrant economy and that has the job opportunities that people are qualified for. They go to St Martin to work in education as teachers, in the hotel sector, in construction and in other areas of work. They can do this by getting on a boat in the morning and going to St Martin and returning in the evening or by going to St Martin at the beginning of the week and coming back at
the weekend. Other people travel to the UK. Very few of them travel to mainland Europe for work but the opportunities are there and, as time goes on, I am sure they would avail themselves of those as well.

Anguilla has one of the largest diaspora of the Overseas Territories, in my estimation, in the UK. We have over 6,000 people of Anguillan descent living in the UK, and a majority of them live in an area called Slough, which is where I live when I come to the UK, because it is important to understand the issues of our people in that area as well. They will be impacted by Brexit, because a number of them have been looking to the wider European Union for job opportunities as well.

To respond to your question, there is a critical opportunity that can be lost if the negotiations do not go in the right direction. As far as the EU funding or the grant aid that we receive is concerned, it is very important that that be replaced in any negotiations that take place or is maintained in some other way.

**Dr Derrick Binns:** The two questions are actually on opposite ends of concern for us. With regard to EU funding for us, it is minimal. We have small allocations from BEST grants and small allocations from Darwin Initiative grants. If they were not to continue, it would not impact us significantly at all.

Freedom of movement is a major concern. The ability to hold a UK passport, and thereby an EU passport, has opened up tremendous opportunities for our people. The opportunity in terms of what they can do, where they can go, the experience they can gain and what they can then bring back to Bermuda is tremendous. If we were to lose that, it would be considered a very serious loss. One of our major concerns through Brexit is the freedom of movement of our people throughout the European Union, and we would not like to see that lost.

**Dr Hon D Orlando Smith:** I will start with the second question. I believe that our ability to move freely within the EU is important, as my colleagues have said, especially for the exposure of our young people, their ability to study and to engage in useful enterprise. More and more, young people in the BVI are taking advantage of this opportunity. It would be a pity if we should lose the possibility to explore other boundaries that could be beneficial to the BVI.

I mentioned earlier some of the other projects that we are doing through EU funding. I do not have a value at the moment—I cannot give you a value—but we are doing many projects. I mentioned the small and medium-sized enterprises. I mentioned using the climate change fund for the Cane Garden Bay revetment, trying to reinvigorate the beach in Cane Garden Bay, and on several of the other islands.

The BVI has many islands. Because of our tourism product, we are using funds to do things on each of these islands to improve the tourism product. For example, we are building beach structures on Virgin Gorda so that the visitors will be better able to enjoy the experience. We are
recreating special significant sites on Anegada. There is an old site in Anegada, called the Fisherman’s Wharf, that has conch mounds, which were started about 200 years ago and have become one of the tourist attractions. There are many different projects that we are engaging on, both individually and with assistance from donors, to improve the experience of visitors who come to the island. As everybody says, tourism is one of the twin pillars of the economy and it provides more in terms of employment opportunities, so we have to continue to concentrate on that.

Roger Edwards: Our relationship with the European Union as Overseas Territories is tied up in a thing called the Overseas association decision, which we signed in 2016 and is valid until 2020. At our last meeting of OCTA—this is the Overseas Countries and Territories Association, which is the French and Dutch Overseas Territories as well as the UK Overseas Territories; we get together twice a year for meetings—I asked, because nobody else did, whether the OAD would still be linked even after Brexit. I was assured that it would be until 2020. That is what we have signed up to until 2020 and I see no reason why it should not.

We must remember that Brussels does not generate money. The member countries pay into Brussels and Brussels divvies it up and pushes it back out again. If Brussels is not divvying it out, then perhaps the UK could take over that same responsibility for its Overseas Territories.

EU funding in the Falklands is very small. Between 2010 and 2020, we are only expecting something in the order of £10 million from both EDF funding and environmental funding in Darwin, BEST and the like. When we have a capital budget of about £20 million a year and an operating budget of £60 million a year, £1 million a year is not very much. But I would hope that we would still get some funding for those very specific items in our community.

One of the biggest problems we have with regard to our travel is—this is also part of what I wrote down but forgot to give as an answer to the last question—problems with our neighbours. Our neighbour is Argentina and, despite a wonderful joint statement of September last year where our Minister, Alan Duncan, stood up and said Argentina will be friendly and will drop all their 23 sanctions against the Falkland Islands, since then we have seen diddly squat, which I think the Oxford English Dictionary defines as no movement whatsoever.

We in Overseas Territories are British people. We are carrying a British passport. We will suffer the same travel restrictions as you sitting around this table. As far as I can see, we will be in no different position, or at least I hope we are not.

Donaldson Romeo: Perhaps describing Montserrat’s situation a bit will help in understanding how important EDF funding is to us. For instance, we have a hospital that, after 18 years, is still in a remodelled school. It is woefully inadequate. We have hundreds of evacuees still on the island after 18 years who are waiting for permanent hurricane-resistant
housing. There are over 400 on the list, not to mention thousands in the UK, many of whom would want to return and cannot. The lack of housing caused them to leave and not to return.

It so happens that EDF funding in the past years has helped us to build up to 100 homes, partially through grants, by doing an entire project and selling the homes to individuals we were able to, through repayments, create a revolving fund to assist others with building. EDF funding was critical and, in the next tranche of €18.4 million from the EDF, we will be able to address not just housing but various sectors—as I said, we have that flexibility—and to fill the gaps that are missing.

We have been promised a seaport for 18 years. Without safe harbour, we have ships that turn up with cargo and wait a week or more before they can discharge their cargo. We also have tourist ships turning up to see a wonderful product but, because of rough seas, passengers cannot come ashore. We have a ferry in Antigua that the British Government funds. We are now negotiating to have hundreds of tourists who come to Antigua be carried over to Montserrat by ferry to view our product, and the tourist ships and agents in the US and the UK are keen to add Montserrat as a product. But, again, often those ferry passengers cannot leave the dock in Antigua because the rough seas on Montserrat mean that they cannot be received on arrival at Montserrat.

You can understand that, with the same EDF tranche of £18.4 million, we are now allocating about £5 million of it to the breakwater project, to which DFID has only given a certain percentage, not the entire amount. It is critical to us that we get this funding. Further development of the port and the land will depend on such assistance.

I was approached by a constituent, a young man, much younger than I am, wanting to return to Montserrat. He is interested in agriculture and he asked me just yesterday, “Are you able to provide lands for me to go home and get into farming?” I could not answer him. All I could say to him was, “When you come to Montserrat, you will have to walk the terrain and choose some land”, but we do not have funding to not only allocate land but bring it to the point where he can develop it and put in irrigation and the works. Again, we are hoping, with the EDF funding that we have coming up, to be able to use some of it—a small amount of it—to address these parallel priorities, as we call them, after many years of dependency.

You have heard the story of the fibre optic cable that we are now struggling to get placed on Montserrat because Montserrat is the only Territory, the only island, without fibre optic connection, which is essential for us to develop our private sector in a modern world. All these parallel priorities somehow force us to tap into the EU funds, in order to fill the gaps and get us going bit by bit.

I can go on and on, I can assure you, but to mention specifics—we will provide the information—we get funding from the EU BEST initiatives, a total of about €63,000, and the medium grant projects, €68,700.
Montserrat National Trust gets a small grant of about €8,000. We are also able to get part of the allocation of €40 million, which is the regional thematic programme. As I have said, Montserrat, more than most represented here, is hugely dependent on EU funding. At the end of 2019-20, we are still unsure. We are hoping of course that DfID will fill the gap, but there is still a question.

**Councillor Leslie Jaques:** I could go on and on, but I will try to be brief. We are beneficiaries of BEST. We are beneficiaries of the European Development Fund; under 9, 10 and 11, we were granted €2.4 million in each. It does not sound a lot—it is not a lot in terms of the size of some of the funds that much bigger territories get—but it is about 30% of our budget on a per annum basis. We were hoping to be a significant beneficiary of the regional amount of €36 million as well, and that is now in question. We also have an innovation project, which is a small encouragement to be innovative, which we are involved in. To lose all that for us would be quite catastrophic. The question is whether DfID will continue to fund to any kind of level. We do not know. As was said earlier, we trust in the process and we hope for the best.

The issue of freedom of movement has significant consequences for us. We are an isolated island. Our nearest neighbour is French Polynesia, which is a French Territory. If we do not have access—if our passports are not valid and we have to come to other arrangements with French Polynesia—that could be catastrophic for us, particularly as we use one of their ports, which is not an international port, by the grace and the favour given to us by French Polynesia and the French Government. Also, as I said earlier, the impact of losing the hospital in Tahiti would be catastrophic for us, because it would mean that we would have to send our people to the UK and New Zealand at enormous cost, which would have to be funded from somewhere.

**Chris Carnegy:** I will take Lady Wilcox’s question first. EU funding, we hope, for Tristan da Cunha will amount to €3.25 million in the EDF 11 period; that is the period from 2014 to 2020. Tristan da Cunha is hoping to use that money to repair a leaking school and crumbling roads.

As to what would happen if that did not exist, Tristan is already a little bit, like Montserrat, a beneficiary of a mixed economy of development aid. DfID has been very helpful to Tristan on a number of occasions. A brand new hospital funded by DfID opened a couple of weeks ago. But the element of EDF funding—that multiannual view of the importance of infrastructure—is something that we think we can ill afford to lose.

However, as colleagues have said, the UK Government surely will end up with some level of responsibility. Their responsibility to the OTs is enshrined, in fact, in the UN charter and includes an obligation to ensure the inhabitants of the territories’ “economic, social and educational advancement”. Now, a waterproof school and safe roads are pretty fundamental when it comes to ensuring economic advancement, so we are hopeful that some long-term solution will be found. We all know it is
not impossible that HMG will continue funding the EDF, and maybe there is a negotiating point with the EU 27 to be discussed there.

As for travel and Lord Woolmer’s question, the logistics for Tristan da Cunha entirely go through Cape Town in South Africa so, as British citizens with British passports, nothing changes for the inhabitants of Tristan.

*Sharlene Cartwright-Robinson:* Turks and Caicos has a population of just under 40,000 spread across 40 islands and keys, of which only six or seven are inhabited, so you can appreciate not just the usual bidding for resources, making it more limited, but the mere fact that we have to duplicate services across the islands to deliver to the people who live there. Of course, there are critical areas that will not receive attention as they should each year and that is why we are grateful for the EU funding and, in particular, EDF 11, which will focus on our education sector this year. We will be building a new primary school from it, as well as vocational training, which is badly needed. Unfortunately, in 2017, we do not have a vocational programme, and that is critical for us.

As I mentioned in one of my earlier answers, we have not drawn down all the funds of EDF 11 that are assisting us in making our destination a bit more attractive and attracting foreign direct investment. That is important because, with a small population, we have a small tax base and, of course, the way to grow your economy is to open your doors and allow more investment to come in. Without this funding, we would not have the support that we should have given to the education sector and, of course, to developing the country to make it more attractive for foreign direct investment.

You can appreciate how important climate change is for us, being an island nation, in terms of biodiversity and sustainable energy. Those are almost luxury items when you have a budget that is competing and having to be spread so thinly. Of course we appreciate the EU funding and we hope that you can see where that gap is filled through this funding and why it is important for it to continue.

The Chairman: Thank you very much indeed. We have 15 minutes before the session closes, so it would be useful for us to take three questions together and for our witnesses to answer one or more of the three. Do not feel obliged to answer all three if you do not feel that you need to. May I call on Lord Jay to ask the question, and then follow that through with Baroness Browning and Lady Neville-Rolfe?

**Q4**

**Lord Jay of Ewelme:** I had a question about financial services, which probably applies more to Bermuda than, say, the Pitcairn Islands or Tristan da Cunha. I just wondered how far Brexit was likely to affect, in your view, your financial services sector. I note that your Premier said recently, referring to the EU Solvency II directive, that you thought it might not have an effect because you already have equivalency status. Does it worry you that you might not be able to continue that after Brexit, or what would you have to do to ensure that you did? It is a
slightly more technical question and slightly more geared towards Bermuda than some of the others.

**Baroness Browning:** Good afternoon. It is very good to see you all. To what extent are you reliant on trade with the EU, particularly in the areas of fisheries and agriculture? How can any negative effect of Brexit on such trade be mitigated? Have you started the process of looking at other markets elsewhere as substitute markets, given the British Government’s commitment following Brexit to be a global player as far as trade is concerned?

**Baroness Neville-Rolfe:** Several of you have talked about the opportunity of coming to see this Committee, and we feel that the opportunity to learn about what is happening in the Overseas Territories has been an amazing advantage. On that theme of opportunity, I just wanted to ask whether you perceive any benefits for the Overseas Territories arising from Brexit and, if so, what they are. Listening to you, you obviously talked about development aid. Is there an opportunity of matching that development aid by the UK, which has been very strong on development? There was talk about a higher value elsewhere, in relation to lobsters. I used to trade in China. Are there opportunities? Tristan da Cunha talked helpfully about that. Tourism is an incredibly important industry in a lot of the Overseas Territories. Does a post-Brexit scenario give you any opportunities?

**The Chairman:** May I suggest that our representative from Bermuda responds to Lord Jay’s question?

**Dr Derrick Binns:** We expect that our efforts to achieve equivalency with Solvency II will stand us in good stead, notwithstanding what will happen through Brexit. We achieved it on our own. We achieved it for Bermuda and we do not believe that it is linked in any way to the UK’s membership of the European Union.

However, having the UK as a member of the EU provides significant support for us and we would be somewhat concerned with how the interactions will now take place, with the UK no longer being there to provide that support. We are working under the assumption that, having earned it on our own because of what we have done, that will remain. But it is the relationships that become important and of concern to us.

Can I just touch on the other two questions while I am at it? We do not have any major reliance on trade with agriculture or fisheries. Our main trade will be through financial services, primarily through insurance and reinsurance. With regards to opportunities that might come from Brexit, we have always desired to have greater tourism from Europe. We are challenged, again, by our constitution and the responsibilities that the United Kingdom Government retain, particularly for international affairs. They include international travel, so we have to negotiate with the UK if we want to have any direct flights other than British Airways flying into Bermuda. That has been a longstanding issue for us, it remains an issue
and it will not be in any way impacted by Brexit. It may become worse. Who knows?

**Victor Banks:** I want to respond to the questions that came up. The financial services sector in Anguilla is relatively small when compared to those in the other territories in the region, but it is now marketed and promoted to a great extent, so the impact of Brexit hinges on the Union’s blacklisting regime, and this should concern all of us. This will come into effect notwithstanding Brexit, however, and hence the impact of Brexit will be the extent to which inappropriate classification by the EU may be successfully challenged by former member states and their related territories. Anguilla is currently responding to the EU’s information request and awaits the outcome of its deliberation.

As regards the question on trade, French and Dutch St Martin still remain the main market buying Anguillan fish. That is the agricultural produce that we mainly trade and it is transported to French St Martin, which is an outermost region, as well as the constituent part of metropolitan France. Anguilla seeks to expand its fishing industry and, as such, will require continued access to the French and Dutch markets. However, Anguilla has yet to fulfill EU requirements for the export of its fish and may face additional criteria after Brexit.

Finally, there was the question about the benefits for the Overseas Territories after Brexit. Anguilla, in particular, has been raising the issue about borders. The issue of borders points strongly to the need for Anguilla to have access that is flexible. As a consequence, it may assist us to build the case for more effective and efficient access, facilities such as airport expansion and port development, and so on. These are the things that we are looking for coming out of the Brexit discussions and what could happen as a result of the UK trying to respond to some of those areas that would be affected. One of them is access, one of them is fishing and the other is port development and so forth.

**Sharlene Cartwright-Robinson:** May I chime in briefly on the question of the opportunities that can arise from this dialogue? I think I can say on behalf of my colleagues that it should be seen as an opportunity for the UK to relook at how the UK Government can assist their Overseas Territories to meet our development goals as a whole, and then, of course, hopefully break the distinction between ODA and non-ODA. In a nutshell, it is a golden opportunity to re-evaluate our relationships and see how best we can work together.

**Dr Hon D Orlando Smith:** First of all, we do not see any immediate challenge or change from Brexit in our financial services industry. However, if the UK is out of the EU and if the remaining EU countries decide to implement or put in place procedures and regulations that are not globally accepted, there could be a challenge, because right now we find that we work together very closely with the United Kingdom because the United Kingdom wants to make sure that all financial services centres are properly regulated. It is a champion for those countries that are
properly regulated jurisdictions, such as the BVI. As long as this ordered way is not ended, we do not see an issue.

My colleague from Anguilla just mentioned the whole question of blacklisting. That is an important question because, again, some aspects could be challenged, should be challenged and have been challenged by other members of the European Union, to the benefit of all the countries that are involved in financial services.

Regarding agriculture, we do not have a significant agricultural development programme at this point. We may do so later but not at this point.

What are the benefits from Brexit? The BVI has a large footprint when it comes to financial services. We just recently completed a study by a British company called Capital Economics that demonstrated the value of the BVI’s financial services to the world—for example, the significant capital flows across the world, the creation of about 2 million jobs across the world and many other things. Because of the structure that they use in various countries, things can happen, such as hospitals being built in Africa. All sorts of things can happen. The point I am getting at is that, as Brexit happens, the UK, as I understand it, will be looking for new markets and opportunities, and partnering with a country such as the BVI, which has an established record of using corporate structures to facilitate global flows, could be an advantage to the UK and the BVI together.

Roger Edwards: I have already answered on wool, meat, fish and tourism, which are our export crops for bringing in revenue. Even before the Brexit referendum, we in the Falkland Islands had been looking for a wider market for our produce, to try to get a better return. I have already mentioned that we could sell all our fish into the United States, but currently the price in the United States is about half of what it is in Europe, so it would make the whole shebang uneconomical. We have even looked at China but we discovered that China, for our wool exports, has an import tariff that is something in the order of between 50% and 80%. Currently we sell most of our wool to Germany, Bulgaria and Chechnya because it goes into the European Union. We have very high-grade wool and it is used to enhance inferior wools produced elsewhere in the European Union. We look elsewhere for it.

Do we see any benefits of Brexit? Not really. At the moment, we have not been able to identify any benefits. However, it might open up a whole raft of exciting opportunities for all of us. We have to keep our eyes open and keep looking.

Donaldson Romeo: Montserrat has quite an insignificant financial services sector compared to those of the other territories around me. However, we have the ambition of growing that sector. What I know is that, at present, the UK is a champion for us in the EU as a voice. At present, we can have trilateral meetings with the EU, and in fact we can
instigate meetings as of this moment. We need to continue to have that opportunity.

Montserrat is enacting legislation and forming plans to develop our fishery and agriculture industries. That will lead to trade in the future. We have very fertile lands, an abundance of water, fertile seas and fish, which are untapped because we are not that advanced in our fishing. We hope that, once those areas are developed, we will provide a significant amount of the fish that is in great demand in our region.

As for the benefits of Brexit to Montserrat, it forces a greater partnership with the UK. In Montserrat’s case, we have not done too well on the issue of having first call with British aid. You know what the media has done in recent times. It forces us now to work in direct partnership, to make sure that that changes. I also think, in many ways, that it will bring greater unity, not just between the Overseas Territories, which will form partnerships to work with the UK and other regions, but in general. We have to make good of the situation. We have had no choice, but we have to make the best of it and we will need to work with the UK in doing this.

*Councillor Leslie Jaques:* As my colleague has said, we have no choice. The decision has been made. We have to make the best of it: challenges and opportunities. We look forward to engaging with the UK and we are trusting in the process. That is the third time I have said that.

*Chris Carnegy:* Lady Browning asked about EU trade. As I mentioned, only 9% of the Tristan lobster trade is to the EU 27, but it is that percentage that helps set the global price. It is emphatically a global premium product, which is predominantly traded to the US and to Australasia. Keeping that premium price in place is the EU’s role for us at the moment.

In terms of substitute markets—and this goes to Lady Neville-Rolfe’s question—China is the important one for us. The Overseas Territories at the moment are not in the customs union but we get the benefit of the special relationship with the EU. Now, were the UK to stay in the customs union and the OTs to lose that benefit, we then have a perfect storm because the upside for us is the ability to go forth around the world with the UK helping to strike these new preferential or free trade deals. Were we to be able to do one with China, and the UK allowed the Overseas Territories to opt into them, we would have an opportunity. I think that is potentially exciting. The last time the elected leaders were in London, the Prime Minister herself told them that the Overseas Territories are emphatically part of her vision of Britain as a great, global nation. Given the opportunity, we would like to help it be so.

*The Chairman:* Thank you very much indeed. It has been a really interesting session. We did not manage to get through all the questions that we had, but the ones that were raised have answered quite a lot of questions that we would have put as a Committee, and we would like to thank all of you for being here today. We will echo what the Prime Minister said, that you are incredibly important to the UK, and therefore it
would be only right and proper that we continue to hear from you. Given that we had these other questions, we may put them to you and see if you can respond to them in writing. Thank you very much indeed and thank you very much for coming.