

The UK has normally provided both budgetary support, to balance the Islands' budget, as well as Official Development Assistance (ODA). The major sources of Government revenue are: import duties and taxes; fees and other charges for the incorporation of investment companies; land transfer taxes, and budgetary support from the UK.

The rapidly growing tourism industry is the mainstay of the Islands' economy. Tourist arrivals have more than quadrupled over the past decade, from 11,900 in 1980 to an estimated 46,000 in 1988. Most of the growth in tourism has been on Provinciales, but the Government is anxious to balance the rate of development among the islands. The USA, Europe and Canada provide the major source of visitors. Tourist attractions include the excellent beaches and coral reefs, fishing and the climate.

The off-shore financial industry is a relatively recent factor in the Islands' development. Like its major competitors (e.g. the Bahamas, Cayman Islands, Guernsey, Isle of Man, Jersey, etc.) the TCI seeks to attract foreign capital to investment companies which are not subject to income or corporate taxes. The industry is very volatile and is extremely sensitive to the tax legislation and to the comparative advantages of other tax havens. The September 1986 agreement with the USA gives US drug investigators access to banking information in the Islands.

Currently there is very little agricultural activity on most of the Islands due primarily to inadequate rainfall on some islands, a lack of groundwater on certain islands and to poor soil conditions.

The Islands' major trading partner is the USA which is the source of most imports and the largest market for the Islands' exports of lobster, conch, conch shells and scale fish. Total exports in FY 1984/85 were US \$4.2 million. Imports in FY 1984/85 were US \$33.2 million comprised mainly of manufactured goods, food, fuel and raw materials. In recent years some concern has been expressed about over-exploitation pending the introduction of more effective maritime resource management and the successful development of mari-culture.

The U.S. dollar is used as legal tender on the Islands.

Foreign Policy

As a British Dependent Territory the Islands foreign policy rests with the UK. As a dependency, the Turks and Caicos Islands do not have any official representation abroad. The Islands look to western countries as a source of private and public sector financial resources for investment and to western donors and multilateral agencies (e.g. the United Nations