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Canada and the Turks and Caicos
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EXPLANATORY NOTE

The attached paper Canada and the Turks and Caicos Islands was prepared for the Secretary of State for External Affairs in May, 1986.

In March, 1987, a Conservative Caucus Committee was struck to consider the feasibility of some form of association between Canada and the Turks and Caicos Islands. This issue has also been referred by Members of the Senate to their Standing Committee on Foreign Affairs.

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CANADA AND THE TURKS AND CAICOS ISLANDS

SUMMARY

The Turks and Caicos Islands are an economically under-developed British dependency with minimal but good relations with Canada. The idea of closer association between Canada and the Turks and Caicos Islands has been the subject of public interest and parliamentary debate for some years. Canada's position, enunciated in 1974, has been that it did not favour discriminating in favour of one state in the region. The population and resources of the Turks and Caicos Islands were found to be not great enough to support a tourist industry of sufficient dimensions to make a significant difference to Canada's balance of payments on the tourist account. Association, it was concluded, would result in Canadians dominating the Islands economy, raising the possibility of social tensions and accusations of neocolonialism.

The present review, which is an update of the latest review carried out in 1980, confirms the essential validity of the position adopted by the Canadian Government in 1974 and concludes that closer association with the Turks and Caicos Islands would be of no greater mutual benefit than the friendly relations which now exist.

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CANADA AND THE TURKS AND CAICOS ISLANDS

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INTERNAL AFFAIRS CONFIDENTIAL/INTERIEURESCANADA AND THE TURKS AND CAICOS ISLANDSI. OBJECT

The purpose of this paper is to describe geographic, political, economic and social conditions in the Turks and Caicos Islands; to define Canada's interests; to review and update the background to the question of association between the Turks and Caicos and Canada; and to suggest policy guidelines to govern Canada's relations with this British dependency.

II. PROFILE OF THE AREA

The Turks and Caicos Islands are a British dependency consisting of some 30 islands situated at the southeastern extremity of the Bahamas chain (see attached map). The population of close to 9,000 is distributed among six of the islands, which are low, flat and barren, with bushes and stunted trees their only vegetation. Of this total population, slightly over 2000 are estimated to be Haitians, 600 of whom are illegal residents.

A) The Internal Dimension

Until 1962, the Turks and Caicos Islands were a dependency of Jamaica. Following the attainment of independence by Jamaica in 1962, the Territory became a direct Crown Colony. In 1965, a constitutional amendment came into effect by virtue of which the Governor of the Bahama Islands also became Governor of the Turks and Caicos Islands. In 1973, in view of the imminent attainment of independence by the Bahamas, the constitution was amended to provide for a separate post of Governor of the Territory. Government is currently conducted under a ministerial system with an eleven-member House. The constitution provides for control by the United Kingdom of External Affairs, Defence, Internal Security and appointments to the Public Service.

In a general election held under United Nations observation on May 29, 1984 the Progressive National Party (PNP),

[EXEMPT S. 15(1)] was re-elected with the same majority of 8 seats against 3 for the opposition People's Democratic Movement (PDM). In March of 1985, the Chief Minister, Mr. Saunders,

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and two other M.P.'s were arrested and jailed in Miami on drug charges. They were sentenced to 8 to 10 years. Mr. Nathaniel Francis is now the Chief Minister. Recent by-elections returned 3 PNP members including Mrs. Saunders.

The Turks and Caicos Islands are economically dependent on British financial support (aid from the United Kingdom in the 1984/1985 fiscal year totaled 14.3 percent of the US \$12.5 million budget). The islands themselves are almost totally devoid of resources and agriculture is confined to subsistence farming. Government is the main employer with more than 40 per cent of the labour force on the payroll. In 1984, GDP was US \$30 million and per capita GDP US \$4,010 (relatively high by Caribbean standards). At the present time almost everything used and consumed in the islands comes from Miami, and the US dollar is the legal tender. The main source of government revenue is customs duties.

Salt was the industry on which the islands were first founded and which provided the principal livelihood until the industry was displaced by mechanized production elsewhere. Although local waters abound with a great variety of fish, the fishing industry has never been organized on a large scale commercial basis (a fishing industry exists only in the South Caicos Islands). The islands' principal industries at present involve frozen crawfish and conch products. No taxes are levied on land property or income. In 1982, a total of 13,342 tourists visited the islands, although the tourist potential of the area has not yet been fully exploited. A 650 unit Club Méditerranée tourist village opened on the Island of Providenciales in December of 1984 and has done well enough to justify a planned expansion. In recent years, considerable revenue has been generated by the use of the islands as a refueling stop for aircraft carrying drugs from South America to the United States.

People of African descent make up over 90% of the population. Birth rates are high, unemployment exceeds 30 percent and many Islanders leave to seek work in the Bahamas. It is estimated that up to 14,000 Turks and Caicos nationals live and work in the Bahamas. Most settlements do not have piped water or electricity, most roads are unpaved, and communications are difficult with both intra-island and inter-island telephone links meagre and unreliable. The only reasonably equipped health centre is on Grand Turk. The educational system is limited and there is an absence of vocational training geared to the islands' needs.

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There is little interest on the part of the international community in the Turks and Caicos and little interest on the part of people in the Turks and Caicos in the outside world. Horizons are confined largely to the "metropolitan powers" (the United Kingdom as colonial power, the United States as the economic power in the area, and Canada which provides some tourists). The Turks and Caicos are not a full member of the Caribbean Community (CARICOM), although they are a member of associated institutions such as the Caribbean Development Bank and the University of the West Indies.

A United Nations Mission, which travelled to the Turks and Caicos Islands in April, 1980, found the islands economically underdeveloped, lacking a sense of national unity and not anxious to become independent in present circumstances. The Mission recommended that the political education of the people of the Territory be intensified, that efforts be made to safeguard the political evolution of the islands from external influences and that the United Kingdom continue to intensify and expand its program of aid in order to accelerate the development of the economic and social infrastructure of the Territory. The conclusion of the Mission was that the people of the Turks and Caicos wanted a greater degree of economic development but not early independence.

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S. 15(i)
13(i)III. CANADA AND THE TURKS AND CAICOSA) Current Relations

Relations between Canada and the Turks and Caicos Islands are minimal but good. Canadian investors are involved in banking (Bank of Nova Scotia), housing, hotel and the property business. There are 25 Canadians resident in the islands and approximately 400 Canadian tourists visited during the last twelve months (compared with more than 350,000 Canadians who visit the Commonwealth Caribbean as a whole each year). Immigration from the Turks and Caicos in 1984 totalled 1 (total immigration from the Caribbean in 1984 was 5604 of whom 2478 came from Jamaica and 1391 from Haiti) and trade is negligible. The Turks and Caicos are not eligible for Canadian bilateral development assistance but, as a demonstration of concern for the welfare of the people of the islands, MAF funding is provided (current level \$100,000 per annum).

B) The Concept of Association

The general question of admission to Canada of one or more of the islands of the British West Indies has long been discussed and, at times, actively proposed. Sir Joseph Pope made a study of the question in 1917, and recommended "annexation" of the entire West Indies. In 1918, Sir Robert Borden noted in his diary that, in a conversation with Mr. Lloyd George, the latter had "suggested that we should take over the West Indies, and I acquiesced".

There is no record to indicate that subsequently any Canadian Government seriously contemplated such a union, but individuals in Canada and the West Indies continued to argue in favour of it. In 1962, Mr. Diefenbaker received a letter from Mr. E.O. Leblanc, then Chief Minister of Dominica, in which he was asked for his views concerning the possibility of Dominica becoming a province of Canada. Mr. Diefenbaker rejected the concept of Canada embracing the West Indian island and, in 1966, Mr. Leblanc was quoted as having said, "I wrote to Mr. Diefenbaker when he was Prime Minister asking if Canada would accept us a province. Nothing ever came of it." Mr. Leblanc did not formally seek association with Canada, but sought rather to ascertain what Canada's attitude was likely to be in the event of such a request.

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Attention was focussed on the Turks and Caicos Islands in January 1974, with the introduction by Max Saltsman (NDP Waterloo) of a Private Member's bill calling for the House of Commons to establish a study committee to examine the feasibility of a political or economic union between Canada and these particular islands. This bill followed a trip to the Turks and Caicos in August 1973 by a delegation that included Messrs Macquarrie, Knowles, Dupras, Trudel and Saltsman. Mr. Macquarrie later (March 1974) called for the creation of a special joint committee to study the question of a closer relationship. During this time Canadian television crews and newspapermen descended on the Turks and Caicos, discovered support for the idea and by their presence and interest, induced some of the islanders to believe that association was a practical and imminent possibility. A campaign for association with Canada was led in the islands by then Minister for Tourism and Development, Liam Maguire, an expatriate Englishman with tourism interests, and in Canada by R.B. Whiting of Ottawa, a retired Air Commodore and President of the Turks and Caicos Canadian Association. Support for association in the Turks and Caicos was based on the expectation that it would promote a cornucopia of Canadian aid, private investment and jobs.

A number of letters were received at that time from Canadians concerning the proposed association. Correspondence ran heavily in favour of association, the main rationale being a winter resort for Canadians which would not be a drain on our balance of payments. Some discussed a need to help the islands. For the most part, the press adopted a jocular and mocking tone in commenting on the issue.

Following the introduction of Mr. Saltsman's bill, the Secretary of State for External Affairs and the Prime Minister received letters from the Honourable Headley D. Durham, Senior Elected Member of the State Council of the Turks and Caicos Islands, advising of a petition passed unanimously by the elected members of the State Council and addressed to the British Government. The petition requested the right to seek association with Canada and asked for British Government assistance in bringing association about.

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CONFIDENTIALc) 1974 Policy Statement

By way of official response, a statement was read in the House of Commons by the Secretary of State for External Affairs, Mr. Mitchell Sharp, on April 10, 1974, which made the following points.

- It was by no means evident that association would be of greater mutual benefit compared with the friendly relations that already existed.
- Canada should not seek to alter its present boundaries.
- Canada should not, in fairness to all, pursue the question of association with the Turks and Caicos Islands.
- From the point of view of the Turks and Caicos Islanders, association with Canada would mean that they would be overwhelmed by visitors from the north and likely become strangers in their own land.
- The complications which annexation or formal association would create for the Islanders and for Canadians could reach into many areas such as tariffs, taxation, defence, immigration, and the relations of the islands and of Canada with the Caribbean area as a whole.
- A Canadian extension into the Caribbean of the sort envisaged would introduce a destabilizing element into the region, particularly if it favoured, financially, a small number of people over their neighbours, who numbered several millions.

The government's decision of 1974 was also influenced by the following considerations.

- Section 146 of the British North America Act (BNA) provided for the admission into Canada of all the colonies and territories of what was then British North America, but did not provide for the addition of territory in the Caribbean. It would have been necessary to amend the BNA Act before the Turks and Caicos could become part of Canada.

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- The population of the Turks and Caicos was not great enough to support a tourist industry of such dimensions that its existence would make any significant difference to Canada's balance of payments on the tourist account. Given that association would allow Turks and Caicos Islanders to move freely to Canada, and that many would probably take advantage of this possibility, there would be a need to import labour from nearby Caribbean islands to serve the tourist industry. The owners and managers of the tourist industry would likely be white Canadians, as would be the tourists, while the employees would be black West Indians. Such a situation might lead to racial tensions.
- The Turks and Caicos Islands could become a backdoor for immigration to Canada from other Caribbean islands and in particular from Haitians fleeing either from their impoverished nation or departing from the Turks and Caicos where approximately 3000 now live.
- International reaction to a proposed association might be negative. The Bahamas, Jamaica, Trinidad and Tobago, Guyana and Barbados might be resentful that Canada had chosen to concentrate its aid on some 9,000 people, rather than to spread assistance more equitably throughout the whole region.
- For tourism to develop on any reasonable scale, it was clear that fairly large infrastructural investments would be required, including water catchment systems and upgraded airports. The islands were not particularly fertile, so most foodstuffs would have to be imported to feed tourists, with the probable result that the Turks and Caicos would be no cheaper to visit than Hawaii. Were the islands to become an entrepôt for Canadian trade with Latin America, substantial investments in infrastructure would have to be made.

- If association were to become a real possibility, Canada would have to determine whether there would be a requirement for a military presence in the area. A permanent Canadian military presence would be the subject of criticism in the United Nations.
- The fiscal system in the islands would have to be altered radically, since the Turks and Caicos Islands are a tax haven. The Canadian Government could not allow one part of its territory to enjoy tax haven status if only because other provinces might demand similar benefits. The removal of the tax haven status would injure certain interests in the islands and might conceivably give rise to claims for compensation.

EXEMPT 5.15(1)

Attached a copy of the statement of the Canadian Government's position read in the House by the Secretary of State for External Affairs. Mr. Sharp's statement has continued to reflect the Government's thinking on the matter.

In the years following Mr. Sharp's statement the question of association between Canada and the Turks and Caicos Islands has been kept alive, largely by the Turks and Caicos Canadian Association and the activities in the Islands of then Development Minister, Liam Maguire. In 1977, a resolution was passed by the Legislative Council of the Turks and Caicos Islands expressing "deep interest in encouraging much closer relations between our two countries". This resulted in a reply from the Secretary of State for External Affairs to the effect that "the Canadian Government...does not believe that association would be of greater mutual benefit than the friendly relations which now exist". In 1978, in an open letter published by the Turks and Caicos Canadian Association, Mr. Maguire again expressed an interest in a close association with Canada. This time, however, the idea was qualified by the statement that "we would like to go steady before we announced the engagement and certainly before we get married".

In 1978, in response to the interest of the Turks and Caicos Canadian Association and various Members of Parliament, a review was conducted by the Department of External Affairs of the Government's policy. The reasons for maintaining the policy enunciated by Mr. Sharp in 1974 were found to remain valid. During a visit to the Turks and Caicos Islands in January, 1980, the Canadian High Commissioner in Kingston found Mr. Maguire disowning the form of political relationship suggested in 1974.

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B) Options and Implications(1) Association with Canada

The disadvantages considered in the reviews of 1974 and 1980 and described in this paper remain valid. In addition, any move to enter into a form of political or economic association with the Turks and Caicos today would undermine seriously the intent of Canada's new policy directions towards the Caribbean as a whole. Our efforts to promote regional integration and cooperation would be compromised, our acceptability as a "non-Imperialist" interlocutor in the developed world diminished, and our bilateral relations with key states, in particular Jamaica and the Bahamas, would be strained. Cuba and the Soviet Union would be given grounds for claiming that Canada was engaged in neo-colonial activities, and our reputation in the United Nations would be affected.

(2) Retention of Dependent Territory Status

The special problem facing the Turks and Caicos Islands by virtue of their isolation, small size, limited resources and lack of infrastructure will continue to ensure the dependency of the islands on some form of external assistance. The current relationship with the United Kingdom, EXEMPT S. 15(U) does guarantee the viability of the Territory. The government of the Turks and Caicos wishes to retain the islands' dependent status for the present while arranging for greater self-government and an intensified programme of aid to accelerate the development of the economic and social infrastructure of the Territory. The United Kingdom would be happy to see the Turks and Caicos independent and has linked the granting of more internal self-government to a movement to early independence. However, the United Kingdom has indicated that the choice between maintaining the status quo or proceeding via internal self-government to independence is for the inhabitants of the Turks and Caicos to make. Although this option is short-term, it is one supportive of stability and Canada's security interests.

(3) IndependenceEXEMPT S. 15(U)

In May, 1980, private Canadian investors (in particular Mr. Rod Blaker, M.P. for Lachine) indicated that the Government of Bermuda was interested in a development plan in the Turks and Caicos Islands which might involve Britain and Canada. In July, following an interview with Bermuda's Premier Gibbons, media representatives claimed that plans were being made by Bermuda, Canada and Britain for tourism development in the Turks and Caicos. Subsequently, during a meeting between Canada's Commissioner to Bermuda and Premier Gibbons, it was determined that Bermuda had no proposals to make concerning the development of the Turks and Caicos Islands. In order to end media speculation, Canada's Commissioner to Bermuda informed the press that the Canadian Government had no proposals to present to the Bermudian Government on the development of the Islands.

Since 1980, the issue has followed a rather predictable pattern: during the winter months, Canadians write their MP's or the Department suggesting an association as a remedy to the deficit of the tourism account as well as to the winter blues. The writing campaign picks up considerably whenever the issue receives press coverage. During the last year, the volume of mail increased possibly as a result of the falling dollar and increased cost of American resorts and the possibility or hope of a policy change by the Conservative government.

Early in 1986, Senator Heath Macquarrie raised the issue once again by writing to the Secretary of State for External Affairs and accompanying his letter with a background paper entitled "Islands in the Sun" a Potential Canadian Haven. This request along with a number of other parliamentary enquiries have led to the present review of the Canadian government's policy.

IV. CANADIAN POLICY CONSIDERATIONS

A) Introduction

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(4) Association with the Bahamas

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The geographical situation and the history of the islands indicate that they should properly have formed part of the Bahamas. This was prevented by a competing claim by Bermuda, based largely on the lucrative salt tax of 200 years ago. As a result of political separation, the Turks and Caicos have evolved somewhat differently from the Bahamas, though many links remain, including the pressure on the Bahamas of a large number (14,000) of Turks and Caicos immigrants and their children.

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V. Conclusions

Considering Canada's limited interest in the Turks and Caicos Islands and the implications for Canada described in this paper of the various political options available for the Turks and Caicos, the following conclusions may be drawn.

- The reasons given in 1980 and outlined in this paper for Canada declining to pursue an association with the islands, remain valid.

EXEMPT S. 21(1)(a)

- The government of the Turks and Caicos Islands is not interested in pursuing independence now, and a recent United Nations resolution (29 January 1986) emphasizes the need for economic and social development rather than access to independence.

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