

[REDACTED]

16 January 1995

Sir,

THE CAYMAN ISLANDS: ANNUAL REVIEW FOR 1994

1. One event overshadowed all others in the Cayman Islands during 1994. This was the unprecedented influx of Cuban migrants into the Islands over a three week period in August-September which wrought havoc with the administration and resulted in an anticipated budget surplus being turned into a deficit.

2. The year began well; the economy was buoyant and the Islanders were enthusiastically preparing for the return visit in February of Her Majesty the Queen and His Royal Highness the Duke of Edinburgh.

3. I have already sent a detailed report on the royal visit which was an outstanding success. Suffice to say in this Annual Review that in Her farewell message from the Royal Yacht Britannia The Queen said: "Both Prince Philip and I have been greatly touched by the warmth of the welcome that you have given us at every stage of our programme. I have been most impressed not only by the immaculate arrangements for our visit but also by the change and progress that is so evident everywhere since we last came eleven years ago."

4. The efforts which the Cayman Islands civil service, the Royal Cayman Islands Police, the politicians and the hundreds of ordinary people of all ages and from all walks of life put into the visit was remarkable. I had expected the older people to rejoice in the visit and for the younger to be somewhat indifferent. But this was not the case. Everyone was clearly delighted that their Queen had decided to revisit the Islands. The trappings of the United States may be evident in the Cayman Islands but there remains a close affinity for Britain. Highlight of the visit was undoubtedly the knighting in the main square of the first Caymanian to be so honoured.

5. Tourism boomed during the year with hotels reporting 85% occupancy even during what used to be considered the dead season of July-August; the newly-passed Mutual Funds Law was

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attracting much new business for the financial sector; Cayman Airways was reporting a small profit and it looked as if the Islands would enjoy another bumper year until President Clinton announced in August that America would no longer accept Cuban refugees into the country automatically once they reached the shores and, [REDACTED] President Castro lifted the ban on Cubans leaving Cuba. The resulting exodus, following the Havana riots of 5 August, [REDACTED]

[REDACTED] caused the Americans great embarrassment but was disastrous for the Cayman Islands. Within a period of four weeks 1183 Cubans landed on Cayman Brac, the closest of the three islands to Cuba. They came in fishing smacks, tiny boats with dilapidated outboard engines, inflatables, and the odd raft with patched inner tubes for flotation. With no facilities for them on the Brac they had to be flown to Grand Cayman where the tented facility built in 1993 to accommodate at most 150 Cubans for a few days while they rested and prepared their boats to sail on to the United States, had to be expanded to accommodate them. Public Works Department, the Social Services Department, police and immigration service performed near-miracles expanding the camp and providing the necessary facilities. A screening process was set in motion under the guidance of the United Nations High Commissioner for Refugees and, with the help of six Immigration Officers seconded from Britain, by the end of the year 41 had been screened in as genuine refugees. The remainder were classified as economic migrants and were thus not eligible to be accepted as refugees.

6. The United States Government, clearly at a loss as to how to cope with the 20,000 or so Cubans at Guantanamo and 10,000 at a safehaven in Panama, were content to wash their hands of the relatively small number in the Cayman Islands (even though on a pro-rata basis the 1183 we had here was equivalent to almost the whole population of Cuba moving to the United States over a four week period) and it was only as a result of the greatest effort over several months by the senior staff at the British Embassy in Washington and two delegations from Cayman that, in early December, we finally received a grudging acceptance of the problem we faced; the Americans agreed that any Cubans who went voluntarily from the Cayman Islands to Guantanamo would be treated in the same way as those already there. They would thus be eligible to participate in the humanitarian parole programme under which the Americans are taking families with children, the elderly and the sick direct to Florida. This agreement only came after the Cubans in Tent City, who were becoming increasingly agitated at having no news about their future, had threatened to riot and I had to bring out two Public Service Units from the Metropolitan Police to back-up my small Force. It appears that the Cayman Islands

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Government will have to pay for these police which, costing an estimated US \$ 400,000 and added to what the Government has already had to spend on looking after the Cubans, will bring the total cost of the whole operation to about US \$ 3 million for the year; an enormous slice out of this small economy. Unfortunately Guantanamo has gained a reputation for being far less comfortable than Tent City in Grand Cayman and we are having difficulty in persuading the Cubans to take up this offer. A handful have opted to return to Cuba but at the end of the year we still had about 1100 Cubans at Tent City.

7. President Castro stopped the exodus on 16 September and there were no more arrivals up to the end of the year. However, a boatload of 17 Cubans arrived at Cayman Brac on 1 January and a further 7 arrived on 2 January, which does not bode well for the future.

8. What has impressed me about this whole affair has been the way in which the Caymanians have responded to the crisis. A few, of course, have said that the Cubans should be sent straight back to Cuba as Cayman cannot afford to look after them. But the majority by far have shown great compassion and generosity towards them. Families go to Tent City daily to talk with those they have befriended; food and other gifts have poured into the camp and over Christmas several hundred were invited out to private homes for a traditional Christmas meal which here in Cayman is roast beef. One of the Ministers entertained 25 Cubans to a barbecue and many families had 10 or 12 of them for Christmas. This aspect has been both touching and impressive, but I am concerned that as the problem continues generosity will turn to resentment at what the Cubans are costing Cayman. Hopefully, a fair proportion will take up the American offer and go to Guantanamo early in the New Year. But even this will cost Cayman for the American Government will charge the Cayman Islands Government US\$10 per Cuban per day for as long as they are at Guantanamo.

9. Everything else during the year was inevitably overshadowed by the Cuban crisis. As I reported earlier tourism boomed with stay-over tourists up 21% on 1993. A weekly direct flight from Gatwick to Grand Cayman by Caledonian Airways began operations as a charter service on 9 December and will be upgraded to a scheduled British Airways service in March 1995. European, particularly British, tourists now rank second only to the long-booming US and Canadian market.

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10. The financial sector remained healthy with 37 banks and 5,409 companies being registered during the year bringing the total to 560 and 31,612 respectively. The BBC television programme "Dirty Money", which concentrated on the Cayman Islands, was so obviously biased and clearly could have covered every financial centre in a similar way had little effect and the only comment in the UK press was derisory. However, it is essential that high standards of regulation are maintained. The Cayman Islands Government in general and the Financial Secretary and Inspector of Financial Services in particular, are determined that this will be so. I expect to take some decisive action in respect of one institution in the very near future. Mr Tony Baldry MP FCO Minister of State who paid a brief visit in December primarily to see the Cuban problem first hand took the opportunity to emphasise HMG's concern that the industry must be properly regulated. I believe he was reassured as a result of his discussion with the Executive Council and members of the financial community who he met.

11. During the year, with the full agreement of the Commissioner of Police, I reorganised the Drugs Squad, putting the newly acquired patrol boat purchased with financial assistance from the British Government, under the Head of the Squad which was renamed the Drugs Task Force and separated from CID. Drugs continue to be a major social problem and with the support of the Executive Council I arranged for the Commissioner of Police to recruit an additional 15 police constables from the UK - bringing the total on contract here to 37. The objective was to establish a mobile task force primarily engaged in operations in support of the Drugs unit and to counter crimes committed by drug addicts. Unfortunately, because of the Cuban crisis, these officers had to take over responsibility for security of the Cubans but by the end of the year with Tent City under the management of a British director and the situation there quiet they have been reassigned to their primary task with excellent results. During the year a total of 8 1/2 lbs of cocaine, 5,602 lbs of cannabis and 57 lbs of hashish was recovered by the Drugs Task Force. A joint British/American/Cayman military/police training exercise planned for September was fortunately cancelled by the Americans because of the Haiti crisis. Had they not cancelled we would have had to do so because of the pressure on the police resulting from the Cuban crisis.

12. With the introduction of the amended Constitution, which came into force on 5 March, the elected members of the Executive Council became Ministers and a fifth was elected by the Legislative Assembly. By agreement with the other ministers and to emphasise the fight against drugs I gave the new Minister responsibility for Health, Drug Abuse

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Prevention and Rehabilitation. This was well received and the Minister has proved to be dedicated to his task and has worked closely with the Drugs Task Force and Social Services Department to combat the effects of drug addiction. A new rehabilitation centre is due to be opened in 1995. Work on the upgrading of George Town Hospital is also due to start shortly, the Minister having put in a great deal of effort to have plans ready for the Budget Session of the Legislative Assembly in December. From the costings it is clear that the estimates for a new hospital put forward by the previous Government had been grossly, and probably deliberately, underestimated and the present Government was right in cancelling the programme.

13. With two years to go before the next election the political scene remained relatively quiet. The (effectively two-man) opposition tried repeatedly and with varying success to embarrass the Government which is losing popularity. But this is only to be expected in the mid-term. After much deliberation I regretfully had to persuade the Chief Secretary to take early retirement in November. He was appointed a few months before I arrived [REDACTED]

[REDACTED] in the event, delightful man that he is, [REDACTED] His Deputy, who has replaced him, is made of much sterner stuff and is already making his mark in the Executive Council, Legislative Assembly and with the Civil Service.

14. Finally, as in my last Annual Review, I will end on a note which is of particular interest, and concern, to me. Development continues at a pace and may well be detrimental to the long term interests of the islands with two new 5 star hotels approved during the year. However, concern for the environment is evident and widely voiced and I am pleased to be able to report that the seabird colony on Little Cayman, (with 5000 pairs of Red-footed Boobies it is the largest such colony in the Western Hemisphere) was duly registered as Cayman's first Wetland Site of International Importance under the United Nations RAMSAR Convention in September. The Fund I started in September 1993, The Governor's Fund for Nature, to buy land for conservation and habitat, reached a total of US\$250,000 after six months which included a grant of Pds 10,000 from AUSPB towards the RAMSAR site. A bird sanctuary on Grand Cayman, which the Cayman Islands National Trust honoured me by naming "The Governor Michael Gore Bird Sanctuary", was opened in February, the land having been purchased with money from the Fund; the rest is being used to purchase some plots of land associated with the Booby Colony and the remaining primary forest on Grand Cayman which is a priority project of the National Trust and will become Cayman's first National Park.

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15. I attach as an annex a calendar of events. For a more detailed account of events in 1994, please see my quarterly reports.

16. I am sending copies of this despatch to the High Commissioners at Bridgetown, Kingston, Nassau and Port of Spain; Her Majesty's Ambassadors at Washington, Havana and Caracas; the Head of the Dependent Territories Secretariat at Bridgetown; and on a personal basis, to the Governors of Anguilla, Bermuda, the British Virgin Islands, Montserrat and the Turks and Caicos Islands.

I am, Sir,

Yours faithfully



M E J GORE

CALENDER OF EVENTS - 1994

JANUARY

- 5 42 Cuban refugees arrive
- 11 Prison worker killed at Northward Prison
- 15 Mr Chris Gibbard submits a report on prison incident
- 20-25 Governor and Mrs Gore visit Sister Islands Civil Service Party, Brac
- 21 Visit of [REDACTED], ERD

FEBRUARY

- 25 Rt Hon Mark Lennox-Boyd, MP FCO Minister of State meets with ExCo
- 26-27 Royal Visit
- 26 Opening of Legislative Assembly and Investiture of Cayman's first Knight

MARCH

- 2 Election of Fifth Member of ExCo
Mr Anthony Eden
- 5 Revised constitution brought into effect
- 10 Legislative Assembly adjourned until 1 June

APRIL

- 4-8 [REDACTED] and [REDACTED] (HM Inspector of Prisons) conduct a review of Northward Prison and present Report to the Governor
- 7 58 Cubans land on Cayman Brac and depart later that week
- 10-22 Inspection of Royal Cayman Islands Police Force by Mr L Grundy, OPA

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Governor, Grand Cayman

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- 15-19 Governor and Mrs Gore attend the RIMS Insurance Managers Society Conference, New Orleans
- 17 96 Cubans land on Cayman Brac Refuel and depart on 19 April
- 18-21 Red Ensign Conference
Governor gives Welcome Address and hosts a reception at Government House
- MAY
- 2 First direct charter arrives from the UK (Airtours)
- 23 Governor gives welcome remarks to the Cayman Bankers Association at the Hyatt Hotel
- 27 Chief Secretary, Mr J L Hurlston announces his early retirement from the Civil Service effective in November
- JUNE
- 1 Second Meeting of Legislative Assembly
- 5-7 Visit of [REDACTED] Deputy Head of PMD
- 8-13 Cayman Islands International Aviation Week
- 13 Queen's Birthday Parade and Reception thereafter at Government House
- 16 Legislative Assembly adjourns
- JULY
- 3 Constitution Day
- 22-24 World Taekwondo Championships
- AUGUST
- 5 First influx of Cubans arrive in Cayman Brac

9 New police patrol boat arrives
 9 Cuban exodus begins
 12 Governor and Mrs Gore return from leave
 25 Patrol boat commissioned
 25 New Commissioner of Police announced,
 Mr Anthony Grey
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 SEPTEMBER
 9-12 Commander Abbott and Lt Col Wilson
 review security situation resulting
 from Cuban crisis
 9-12 Visit by Capt Robin Shercliff, DA Bridgetown
 12 Cubans arriving almost daily - now 900
 in the Cayman Islands
 12 Third sitting of the Legislative Assembly
 18 Unveiling of Statue of Mr James M Bodden
 Cayman's First National Hero
 19 1183 Cubans in Islands
 20 "Dirty Money" airs on BBC
 21 Fourth Biennial Cayman Islands Captive
 Insurance Conference. Governor gave
 keynote address. Reception hosted at
 Government House
 25-28 Cayman Ministerial Delegation visit
 British Embassy, Washington to discuss the
 Cuban crisis (1,183 Cubans in Tent City)
 29 Legislative Assembly adjourns
 30 - 4 Oct Governor attends Governor's Meeting in
 Montserrat
 OCTOBER
 7-9 [REDACTED], Head of WIAD visits
 15-16 Governor and Mrs Gore visit Cayman Brac for

- start of Pirates Week celebrations
- 21-30 Pirates Week
- 21 9 Cubans voluntarily return to Cuba by air
- 21-24 HMS Broadsword visits as part of Pirates Week festivities
- 20-28 Mr T Russell, Cayman Islands Representative visits Grand Cayman and Cayman Brac
- 22-28 Judge Tumim visits and made First Honorary Fellow of the Cayman Islands Law School
- 26 Third Congress of Caribbean Organisation of Supreme Audit Institutions (CAROSAI) - Governor makes Opening Speech and hosts Reception at Government House
- 28-30 Second ministerial delegation to Washington to discuss Cuban crisis

NOVEMBER

- 4 Fourth session of Legislative Assembly
- 14 Governor attends Remembrance Sunday Service
- 30 Fifty-five UK police arrive to assist RCIP with the Cuban migrants at Tent City
- 30 Mr R Sinclair arrives to assist over Staff Officer's mid tour leave period.

DECEMBER

- 1 Peaceful demonstration through Georgetown by the women and children of Tent City requesting visas from the US. International press present
- 9 Caledonian Airways start direct flights from London
- 16 Legislative Assembly adjourned
- 16-17 Visit of Mr Anthony Baldry MP, FCO Minister of State
- 21 29 Cubans depart by boat; 1120 remain at Tent City