



A New Era of Partnership

Sovereignty, Security and Sustainability –
redefining the UK relationship with the
Overseas Territories

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Alex Brookes
James Kingston
Elliott Malik
Giles Roca

The Overseas Territories – Parliament Square, London



Contents

A New Era of Partnership

A New Era – Redefining the Relationship Between the United Kingdom and Overseas Territories

Section 1 Introduction and Our Collective Vision

Section 2 Governance and Constitution

Section 3 Security and Resilience

Section 4 Environment, Sustainable Development and Tourism

Section 5 Sustainable Economic Development

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Although they have contributed thoughts and comments over the last 18 months, the ideas within this paper are those solely of the CFOT and do not represent the views or positions of the Overseas Territory governments.

Section 1

Introduction and Our Collective Vision

The United Kingdom is privileged to be a partner in a global British family alongside the Overseas Territories (OT) and must recognise the historical, cultural and social bonds that bind us together.

The Overseas Territories are vital to a shared notion of collective British foreign, security, environmental and economic policy. The OTs are sovereign British territory, stretching from the South Atlantic to the Caribbean, the Mediterranean to the Pacific. They are home to British citizens who look to Westminster for security, consistency and partnership.

However, for too long, that partnership has been treated as an afterthought rather than a priority. Conservative Friends of the Overseas Territories (CFOT) exists to challenge that. We make the case, inside the Conservative Party and to government, for a relationship with the OTs that matches their strategic, economic and constitutional importance. Sovereignty. Self-government. Partnership. These are Conservative principles, and they should define our approach to the Territories.

That case has never been more urgent.

Since coming to office, we have seen how the actions of the Labour government has undermined this relationship and has caused uncertainty within the Territories, most notably with its reckless policy in respect to the British Indian Ocean Territory.

We have also seen challenges posed to the sovereignty of the OTs by hostile states and from emerging threats, as diverse as climate change and international organised crime.

Despite a rapidly changing world, the last strategy governing the relationship between the United Kingdom and Overseas Territories dates from 2012. The current Labour government has failed to take this forward. OT policy today belongs to a different era that even then contained structural weaknesses and inadequacies.

In short, we need a new approach, strategy and relationship.

This is an opportunity for our Party. It is right and proper that as we look to return to government, Conservatives start the thinking on what a refreshed strategy would look like. In defining this relationship, we believe our collective vision is straightforward and fully accords with the wishes of the OTs as self-governing jurisdictions:

“A partnership of self-governing British Overseas Territories that are secure, prosperous, resilient and globally connected, with the UK working alongside Territory governments to strengthen democracy,

protect the environment, defend security and territorial integrity, build sustainable economies and uphold shared constitutional values.”

Conservatives should commit to delivering this vision, backing the Territories to run their own affairs, standing behind their security and as part of a two-way partnership, not a set of obligations administered from Whitehall. And it means the Conservative Party owning this agenda before the next manifesto is written, not after.

This paper sets out how, across four pillars, this can be achieved: redefining the UK-OT relationship through better governance and constitutional clarity and certainty; strengthening security and resilience against a growing range of threats; protecting the environment while backing sustainable development and tourism; and unlocking sustainable economic growth across the Territories' diverse economies.

These are not separate agendas. Together they provide the foundations for a new generation of partnerships between the United Kingdom and the Territories.

The objective should be clear: a relationship that is confident about sovereignty, respectful of self-government, serious about security and ambitious about prosperity.

That is the partnership the Conservative Party should take into the next General Election - and the foundation upon which a future Conservative government should build.

Section 2

Governance and Constitution

The relationship between the United Kingdom and the Overseas Territories has drifted for too long.

The UK-OT strategy refresh promised in 2024 was halted by the general election and has not been revived whilst responsibility for the Territories remains spread across the FCDO, Defra, MOD, HM Treasury and other departments, without a sufficiently strong centre of political ownership.

The result is a relationship that can too often feel administered rather than partnered. Territory governments are required to navigate a fragmented Whitehall to secure decisions on matters that cross departmental boundaries, while long-term priorities can be affected by changes of government or ministerial priorities. This is neither good government nor a satisfactory basis for a modern constitutional relationship.

The answer is not greater centralisation. It is a stronger partnership based on self-government, democratic legitimacy, consistency and mutual responsibility.

A future Conservative government should therefore establish a new constitutional and governance framework for the relationship - one that gives the Territories a stronger voice in Westminster while protecting, rather than diminishing, their own elected institutions

Recommendation

Publish a new long-term UK-OT strategy

A future Conservative government should publish a new UK-OT strategy within its first year, developed jointly with Territory governments.

The strategy should move away from ad hoc, programme-by-programme engagement towards long-term, bespoke partnerships with each Territory, recognising their different constitutional, economic, geographical and strategic circumstances. Each Territory should have an agreed long-term compact with the UK setting out shared priorities, respective responsibilities and measurable outcomes.

The principle should be consistency of purpose, not uniformity of treatment. The Territories are not interchangeable, and the relationship with each should reflect its particular circumstances.

Recommendation

Give the Overseas Territories a stronger voice at Westminster

The constitutional relationship should evolve to give the Overseas Territories a direct parliamentary voice at Westminster, while fully preserving their own elected legislatures and democratic autonomy.

A future Conservative government should explore the creation of dedicated representation for each Overseas Territory in the House of Lords, reflecting their constitutional relationship with the United Kingdom and their status as self-governing jurisdictions. Representation at Westminster would provide a voice on matters of shared UK-OT interest, but would not replace, supersede or diminish the authority of the Territories' own elected governments and legislatures.

The purpose would be to ensure that the Territories have a permanent and authoritative voice in Parliament, particularly on legislation and policy affecting their constitutional position, security, international relationships and wider interests.

The principle should be clear: representation at the centre should strengthen local democratic institutions, not substitute for them.

Recommendation

Establish a Cabinet-level centre of government for the Overseas Territories

Given the constitutional, strategic and cross-government importance of the relationship, the Prime Minister should take overall responsibility for the UK–Overseas Territories relationship.

A future government should establish a Cabinet Committee on the Overseas Territories, chaired by the Prime Minister and with standing representation from the FCDO, Defra, MOD, HM Treasury, DHSC, Home Office and Cabinet Office and representatives of the OT governments. The Committee should provide strategic direction across government and oversee delivery of the UK-OT Strategy.

A dedicated function supporting the Committee should be housed within the Cabinet Office, rather than within an individual department. Ministerial responsibility should come under the responsibilities of the Prime Minister. This would place coordination at the centre of government and ensure that decisions affecting the Territories are considered across departments rather than in isolation.

As part of the revised UK-OT Strategy, the whole Cabinet should make a formal statement of support for the Overseas Territories, setting out the government's commitment to their sovereignty, self-government, security and prosperity.

Collective Cabinet ownership would make clear that support for the Territories is not the responsibility of one department or minister, but a commitment of the government as a whole. The statement should form part of the strategy itself, providing a political commitment capable of enduring beyond individual ministerial changes and departmental priorities.

Ultimate responsibility would rest with the Prime Minister who should:

- chair the proposed Cabinet Committee on the Overseas Territories;
- chair the annual ministerial meeting with the heads of OT governments;
- make the government's formal statement of support for the Territories as part of the revised UK-OT Strategy;
- act as the ultimate political guarantor of the UK's commitments to the Territories; and
- report to Parliament on progress in delivering the strategy.

The Cabinet Office should coordinate the relationship, but the Prime Minister should own it. This would give the Territories the political status they deserve and ensure that their interests are considered across the whole of government.

The message should be unambiguous: the Overseas Territories are a whole-of-government responsibility and an integral part of the United Kingdom's constitutional, strategic and international outlook.

Recommendation

Give the Territories a stronger voice in international affairs

The UK's responsibility for the international relations of the Overseas Territories should be exercised in a way that recognises the expertise, interests and democratic legitimacy of Territory governments.

Where UK international negotiations or diplomatic initiatives directly concern an Overseas Territory, the relevant Territory government should be involved at the earliest appropriate stage.

Where constitutionally appropriate, Territory representatives should participate directly in negotiations, international conferences and other diplomatic engagements concerning matters of particular relevance to them.

The UK should use its diplomatic network to amplify the Territories' interests internationally, rather than treating international representation as an exclusively UK government function.

The objective should be a partnership in which Britain provides the diplomatic reach and support of a sovereign state while giving the Territories a meaningful voice on matters that directly affect them.

Recommendation

Protect the constitutional position of the Overseas Territories through Parliament

The constitutional arrangements and sovereignty of the Overseas Territories should not be capable of being fundamentally altered through executive agreement alone.

A future Conservative government should establish a clear constitutional safeguard that no fundamental change to the constitutional status, sovereignty or territorial integrity of an Overseas Territory should take effect without the prior approval of Parliament.

This should apply to any proposal involving:

- the transfer, cession or relinquishment of UK sovereignty;
- a fundamental change to the constitutional status of a Territory;
- a material alteration to the constitutional relationship between the UK and a Territory; or
- any other arrangement that would fundamentally affect the Territory's long-term constitutional position.

The government would retain the ability to negotiate internationally and explore possible settlements. But where those negotiations would result in a fundamental change to sovereignty or constitutional status, the final decision should rest with Parliament.

The principle is straightforward: no government should be able to negotiate away the sovereignty or fundamental constitutional position of an Overseas Territory without the consent of Parliament.

This would provide an important additional safeguard for all the Territories and ensure that fundamental constitutional questions are treated as matters of national constitutional importance rather than simply matters of executive policy.

Recommendation

Give every Territory a clear route into Whitehall

Every department with significant responsibilities affecting the Territories should appoint a named senior OT lead and set out its contribution to the wider UK/OT Strategy.

Territory governments should have a clear point of entry into each relevant department, supported by the Cabinet Office coordination function.

The aim should be to remove unnecessary bureaucracy and ensure that Territory governments are not required to navigate multiple departments without effective coordination.

Recommendation

Establish a “no surprises” principle

The UK government should adopt a formal “no surprises” principle in its relationship with the Overseas Territories.

Where UK policy, legislation, international negotiations or diplomatic decisions could materially affect a Territory's constitutional position, security, economy or wider interests, the relevant Territory government should be consulted at an early stage and kept informed throughout the process.

Consultation should take place before positions become fixed, rather than once decisions have effectively been made.

This should become a basic rule of the partnership: Territory governments should not learn of decisions affecting their future from the media.

Recommendation

Build consent and consistency into the relationship

The UK-OT Strategy should be designed to survive changes of government.

The government should seek cross-party support for the fundamental principles of the strategy and establish a formal reporting mechanism to Parliament at least every two years.

The objective should be continuity without rigidity: the fundamental partnership should endure across governments, while individual Territories retain the ability to negotiate arrangements appropriate to their own circumstances.

Recommendation**Establish an annual “State of the Overseas Territories” report**

The government should publish an annual State of the Overseas Territories report, coordinated through the Cabinet Office and laid before Parliament.

The report should assess progress against the UK-OT Strategy and each Territory's long-term compact, including delivery against commitments, significant policy developments, challenges requiring cross-government action and priorities for the year ahead.

This would turn the UK-OT Strategy from a statement of intent into a living framework for accountability and delivery.

Recommendation**Ensure Overseas Territory citizens can access UK opportunities on an equal basis**

The government should review arrangements for citizens and residents of the Overseas Territories seeking to study, train or undertake public service in the UK.

There should be a presumption that eligible persons from the Overseas Territories should be treated on the same basis as British citizens for UK public-service training and education, rather than being disadvantaged simply because they ordinarily reside in an Overseas Territory.

This should include examining arrangements for military and public-service training, including institutions such as Royal Military Academy, Sandhurst, where some OT participants can face fees charged at the same rate as foreign countries. The precise application of current rules should be reviewed as part of the new UK-OT strategy.

Recommendation**Promote understanding of the Overseas Territories across the UK**

The Conservative Party should champion the Overseas Territories at every level, from Westminster and Conservative grassroots to local government and Police and devolved Parliaments.

The government should also work with the Department for Education to improve awareness of the Territories within the curriculum, potentially through an annual “Overseas Territories Day” in schools.

The objective is straightforward: people across Britain should understand that the Overseas Territories are part of Britain's constitutional and national family, not distant dependencies of which the wider public knows little.

Conclusion**The constitutional principle**

The underlying principle should be clear: the Overseas Territories should have a stronger voice in the United Kingdom without losing their own voice at home. Greater representation at Westminster must reinforce self-government, not undermine it.

The UK should respect the right of Territory governments and legislatures to manage those matters properly exercised at Territory level, while ensuring that they have a stronger voice over UK decisions that affect them.

The same principle must apply to sovereignty. No Government should be able to negotiate away the sovereignty or fundamental constitutional position of an Overseas Territory without parliamentary consent.

The relationship should therefore be based on partnership rather than patronage: stronger representation, greater participation in international affairs, proper safeguards for sovereignty, clearer accountability and genuine political ownership at the centre of Government.

The goal is not to bring the Territories closer to Whitehall. It is to bring Westminster closer to the Territories - and to ensure that their democratic self-government and constitutional future are properly protected.

The relationship should therefore be based on partnership rather than patronage: stronger representation, greater participation in international affairs, proper safeguards for sovereignty, clearer accountability and genuine political ownership at the centre of government.

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Section 3

Security and Resilience

The security principle

The starting point should be straightforward: the security of the Overseas Territories is part of the security of the United Kingdom.

The UK must retain the military capability necessary to defend its sovereignty and support Territory governments in protecting their communities, critical infrastructure and territorial waters.

This requires a shift from responding to individual crises towards permanent deterrence, resilience and preparedness.

The Overseas Territories occupy positions of considerable strategic importance - from the South Atlantic and Caribbean to the Mediterranean and Indian Ocean. Their security should therefore be treated as a matter of UK national security, not simply as another responsibility of the FCDO or MoD.

The proposed transfer of sovereignty over the Chagos Archipelago underlines the importance of this principle. A future Conservative government will oppose the proposed transfer of sovereignty. The wider lesson is clear: sovereignty and security cannot be considered separately.

The Falkland Islands provide a further illustration of the continuing challenges. Argentina maintains its sovereignty claim, and the UK must retain the capability necessary to deter any threat and protect the Islanders' right to determine their own future. This is a reminder that the security of the Territories is not a historical question; it remains a live responsibility.

The commitment of the UK government should therefore be unequivocal: British sovereignty and the security of the people of the Overseas Territories will be defended.

The threat environment is becoming more complex. The Territories face illegal and unregulated fishing, foreign maritime activity, hostile-state and grey-zone operations, cyber attacks, disinformation, organised crime, drug trafficking and illicit finance. At the same time, many are exposed to severe climate events and the resulting risks to energy, food, water and critical infrastructure.

These challenges are already present. UK capability and coordination have not always kept pace.

Recommendation

Establish a permanent UK–OT security partnership

As part of the refreshed UK-OT strategy, a formal UK–Overseas Territories Security and Resilience Partnership, bringing together the MoD, FCDO, Home Office, Cabinet Office, intelligence and security agencies and Territory governments.

It should provide a standing mechanism for assessing threats, sharing intelligence, coordinating responses and strengthening the capabilities of individual Territories.

Each Territory should have a clear security and resilience plan reflecting its own circumstances, vulnerabilities and strategic importance.

Recommendation

Strengthen enforcement against illegal fishing and foreign maritime incursion

UK and Territory maritime surveillance and enforcement capabilities should be strengthened, with Royal Navy, Royal Marines, RAF and other UK assets available where required.

Particular attention should be given to the Falkland Islands, South Georgia and the South Sandwich Islands and other Territories exposed to large-scale distant-water fishing.

Investment should link maritime domain awareness, satellite surveillance and patrol capability to enforcement, ensuring that intelligence results in action rather than simply observation.

The UK should also strengthen cooperation between Territory authorities, the Royal Navy, Border Force, the National Crime Agency and international partners to identify vessels and networks involved in illegal fishing, smuggling and other illicit activity.

Recommendation

Build a permanent maritime security capability across the Territories

The UK should help Territories develop their own maritime security capabilities, including patrol vessels, surveillance aircraft, drones, radar, satellite monitoring and trained personnel.

The aim should be a layered maritime security system, combining local Territory knowledge and enforcement with UK intelligence, technology and military support where necessary.

This would strengthen day-to-day protection of territorial waters while allowing UK military assets to concentrate on higher-end threats.

Recommendation

Protect critical infrastructure from hostile and hybrid threats

The government should conduct a comprehensive audit of critical infrastructure across the Territories, including subsea cables, satellite ground stations, ports, airports, power generation, telecommunications, water systems and fuel storage.

The UK should establish appropriate resilience standards and provide technical and financial assistance where Territories cannot reasonably meet them alone.

Cyber security should be treated as part of national security, with Territories able to draw on UK cyber expertise, threat intelligence and incident-response capability.

The UK should also ensure that Territories have access to the strategic communications capability necessary to counter disinformation, hostile influence and other forms of grey-zone activity.

Recommendation

Establish a UK–OT intelligence and early-warning network

A structured mechanism should be established for sharing relevant intelligence and early warning between UK authorities and Territory governments.

This should cover hostile-state activity, organised crime, terrorism, cyber threats, sanctions evasion, illicit finance, illegal fishing and maritime activity.

Territories should not be expected to identify and assess strategic threats in isolation. The UK's intelligence capabilities should be used to give them timely warning of developments in their surrounding regions.

Recommendation

Pre-position UK disaster response capacity

The UK should develop standing military and civil capacity for hurricane, flood, volcanic and other disaster response in the Caribbean and other high-risk Territories.

Where appropriate, essential equipment, engineering capability, medical supplies and emergency communications should be pre-positioned before the high-risk season, rather than deployed after a disaster has occurred.

Regular exercises with Territory governments and emergency services should be funded on a multi-year basis. Resilience should not depend on negotiating emergency funding after every major event.

Recommendation

Strengthen food, water and energy resilience

Each Territory should undertake a resilience assessment covering essential supplies, including food, drinking water, fuel and electricity.

Where Territories are particularly dependent on imports or vulnerable to disruption, the UK should support measures including strategic reserves, alternative supply routes, resilient generation and storage capacity.

These should be treated as elements of national resilience, not simply as economic or environmental matters.

Recommendation

Close down illicit finance and organised crime routes through the OTs

The transparency and beneficial ownership measures set out elsewhere in this paper must be matched by the enforcement capacity to act on them.

The UK should strengthen operational cooperation between Territory authorities, the National Crime Agency, HMRC, Border Force and international partners to tackle money laundering, sanctions evasion, drug trafficking, human trafficking and organised crime.

The objective should be straightforward: the Territories should be among the least attractive jurisdictions for organised criminals and hostile actors to exploit.

Recommendation

Strengthen border security and counter irregular migration

The UK should provide targeted support to Territories facing significant irregular migration, trafficking or border-security pressures.

This should include modern surveillance and border-control technology, intelligence sharing, training and access to UK operational expertise.

Support should be tailored to the circumstances of each Territory rather than imposed through a uniform model.

Recommendation

Treat the Territories as security partners

The Overseas Territories should not be regarded simply as recipients of British security and defence.

Their geographical position, maritime jurisdictions, ports, airfields, scientific facilities and local knowledge provide significant strategic value to the United Kingdom and its allies.

The UK should therefore involve Territory governments in relevant defence planning, exercises, intelligence cooperation and regional security initiatives. Where appropriate, Territory personnel should have greater access to UK military, police, intelligence and emergency-management training.

The relationship should be one of mutual security, not simply UK protection.

Recommendation

Exercise before the crisis

The UK should conduct regular joint resilience exercises with the Territories covering natural disasters, cyber attacks, subsea cable disruption, hostile-state activity, illegal fishing and maritime incursions, organised crime and disruption to food, fuel, water or communications.

Exercises should involve Territory governments and civilian authorities alongside UK military, police, emergency and infrastructure organisations.

The purpose is simple: identify weaknesses before a crisis exposes them.

Conclusion

The strategic objective

The UK's approach should move decisively from reactive crisis management to permanent deterrence, resilience and preparedness.

The Overseas Territories give Britain a global strategic reach that is disproportionate to their size. Their maritime spaces, geographical position, airfields, ports and other infrastructure contribute directly to the security of the UK and its allies.

That strategic value carries a responsibility.

The UK should defend its Overseas Territories, invest in their resilience and make clear that British sovereignty is not a bargaining chip.

The Conservative position should be unambiguous: the UK will stand behind its Overseas Territories, protect their people and sovereignty, and ensure that Britain has the capability to meet the threats of the coming decades.

Section 4

Environment, Sustainable Development and Tourism

The UK's 14 Overseas Territories hold around 94% of the unique species for which the UK is globally responsible, and marine areas extending over 2% of the world's ocean surface.

The OTs face far greater environmental pressures than the British home islands. As our climate changes and sea temperatures rise, the Caribbean territories face more frequent and intensive hurricanes. This risks repeats of 2017's Hurricane Irma, which devastated Anguilla, the British Virgin Islands, and the Turks and Caicos Islands, causing £4.4 billion worth of damages. The British Antarctic Territory is also under threat, containing the most northerly points on the continent. The Larsen ice shelves are already breaking up, accelerating glacial flows into the sea and calving icebergs larger than Wales. These float towards the Falklands, South Georgia and the South Sandwich Islands, threatening native species and risking maritime travel.

For these reasons, whilst environmental policy is devolved to OT governments, British government funding, enforcement and diplomatic support continues to be of critical importance. Schemes such as the Blue Belt Programme and Darwin Plus (both initiated under the last Conservative government) ensure world-leading protections for the natural environment across the majority of the overseas territories.

This section looks beyond conservation towards sustainable development and tourism, recognising that environmental stewardship and economic opportunity are intrinsically linked. To best support the territories, we must ensure that conservation is paired with economic development across all 14 territories.

Recommendation

Secure long-term, ring-fenced funding for conservation

Currently, the Blue Belt Programme operates under an annual review cycle. Future funding depends on the OTs meeting annual metrics. This encourages short-term thinking, and a prioritisation of quick 'wins' over long-term, sustainable development.

This funding arrangement should be replaced with a multi-year, ring-fenced funding scheme confirmed via the British government's annual spending reviews. Paired with a strong oversight mechanism, this will ensure the UK government can properly monitor projects funded under the scheme and OT governments are provided with funding certainty.

Recommendation**Create new, genuine partnerships between the British government and the OTs**

Unlike the Blue Belt Programme, Darwin Plus is centrally directed by the FCDO. A consensus exists amongst the OT administrations that this arrangement is preventing funding from being allocated, and projects implanted, efficiently. This is leading to wasted time and money, and the OTs believing that they are being treated as supplicants, rather than partners and true members of the British family.

Darwin Plus should be transformed into a Blue Belt-style partnership with the OTs. More funding should be given to the OT administrations directly. This money should both be spent on conservation projects directly and on local upskilling to ensure that more jobs are created directly within the OTs. There should also be a greater transparency in funding flows to ensure money allocated under Darwin Plus is received by OT administrations and not diverted to UK-based NGOs.

Recommendation**Strengthen enforcement against illegal and foreign incursion**

Whilst the Blue Belt Programme funds critical enforcement schemes against, for example, foreign fishing vessels illegally fishing in OT waters, funding remains extremely limited. Projects such as Ocean Shield are stretched to their limit, with only a few million pounds being spent each year to protect hundreds of thousands of miles of British ocean territory. The Falkland Islands experience the brunt of this, with Falklands squid grounds being constantly threatened by illegal fishing fleets.

More money should be allocated to enforcement to ensure that British territorial integrity is maintained. To ensure this funding is spent most efficiently, a standing fund for preventative enforcement and litigation should be created, rather than relying solely on post-breach responses. Any compensation for damages should be spent on supporting sustainable OT fishing industries to continue to grow and support local economies.

Recommendation**Back sustainable, conservation-led tourism**

Protecting the natural heritage of the OTs will increase the potential for sustainable tourism industries to develop across the territories. From cruise liners skirting the British Antarctic Territory to snorkelling in the coral reefs of the Caribbean OTs, there is truly globe-spanning potential.

Funding to construct, maintain and protect core infrastructure development will ensure the OTs can build long-term, sustainable tourism industries. These could be marketed globally under a bespoke OT umbrella, ensuring the OTs support one another, as well as boosting their own economies.

The UK government should convene regular meetings between OT representatives and the private sector to encourage both direct private funding of nature conservation projects and the creation of private natural capital markets. Under this model, companies wishing to meet environmental obligations could fund projects in the OTs directly or compete on the marketplace to fund suitable schemes.

Recommendation**Explore a future Green Fund for terrestrial ecosystems**

The Blue Belt Programme has been an unmitigated success, with further growth now coming from increasing funding rather than improving any breaks within the system. In the future, a Green Belt Programme could be initiated to help support vital work to support terrestrial ecosystems. Funding could be used to eradicate non-native invasive species such as the brown rat, which has devastated bird populations on isolated islands by predated their eggs.

Lessons should also be learnt from the defence-industrial model of blending private capital with public seed funding. This will ensure more money for match funding lower cost enforcement technologies such as satellites and drones.

Conclusion**The environmental principle**

The Overseas Territories comprise the majority of the world's ecosystems. From glaciers and ice sheets to coral reefs and Mediterranean coastlines. This bounty should be protected, both to ensure some of the most pristine and important habitats on Earth continue to thrive and to protect humanity.

Coral reefs blunt the power of waves, strong ice caps hold back sea level rise, and healthy terrestrial ecosystems can prevent droughts by allowing more rainwater to be absorbed into groundwater reserves.

A healthy natural ecosystem, especially one that which spans so much of the world's surface, protects all of humanity - and supports the economies of the overseas territories. The British government should view environmental protection through this lens as well: natural buffers against extreme weather and climate change, and support for local economies. The OTs are slowly becoming more developed, and supporting sustainable tourism industries will accelerate this process.

The Conservative Party can now prove its commitment to the Overseas Territories and the natural environment by being good partners and supporting them to protect - and boost - the economies of the entire British family.

Section 5

Sustainable Economic Development

The Overseas Territories are core strategic assets of the United Kingdom. Bases and military installations within the Overseas Territories enable and amplify the hard power of the United Kingdom, and should be defended on that point alone. Of far greater strategic relevance, however, is the current and potential role of the British offshore jurisdictions in facilitating the UK's financial and technological advantage.

The British Crown Dependencies and Overseas Territories buttress the international reach of British finance. They enable global capital flows, pool and intermediate capital, and attract investment to the UK. They are an important vehicle for our services industry: taken together, the Crown Dependencies and Overseas Territories are the UK's 9th largest trading partner. They are a central part of British soft power, exporting our laws and legal standards around the globe - jurisdictions like the BVI, Bermuda, and the Cayman Islands intermediate trillions of dollars of financial capital, and in doing so make international counterparties abide by British legal standards.

The UK/OT relationship can be deepened and expanded for our new technological era. We should deepen the role of the OTs as enablers of UK finance. We also believe that the British offshore jurisdictions have a new and mutually beneficial role to play - as enablers, testbed, and partners to the UK tech industry. The different Overseas Territories have highly varying economic profiles - but each can, in its own way, benefit from this change.

Recommendation

Re-positioning as partners

OT jurisdictions are consistently treated as an afterthought or a source of financial crime. This is a complete misunderstanding of the OT network, their financial services, the nature of British power and the ties between our jurisdictions. Understanding of these jurisdictions should shift accordingly.

Recommendation

Position OTs as regulatory sandboxes for emerging technology

The UK government should embrace the role of the OT jurisdictions as regulatory sandboxes, with particular reference to digital assets, AI, and data. This could include seeing them as centres for DAO regulation, digital asset token issuance and VASP licensing; places with which to experiment with new data ownership structures; areas to test AI image rights and IP law.

Recommendation**Support smaller OTs in developing tech frameworks**

Smaller, less-resourced OTs should be supported in developing tech legislation and licensing. This will boost the UK tech and professional services industry, who can use these rules for certain activities and/or to export services; it will also provide small jurisdictions with revenue streams such as licensing and registration.

Recommendation**Building the OT economies of the future**

Some OT jurisdictions are net recipients of British aid. Their economic security will be increased if the British government helps them create self-sustaining economies. The spread of fibre optic cables and satellite communications means that even the most remote and under-resourced OTs now stand to benefit from - finance and tech focused registration, licensing, and asset management businesses.

Recommendation**Regulatory passporting and listing lock-ins**

The British government should extend Gibraltar's regulatory passporting regime to other OT jurisdictions. It should introduce conditional licensing that allows foreign firms incorporated in the OTs a path towards a London Stock Exchange listing.

Recommendation**Strengthen OT banking access**

Banking access risks the viability of OT jurisdictions as financial centres, and significantly hampers daily life and local economic activity. The British government should encourage British banks to expand into the OTs, and provide them with regulatory support in doing so.

Recommendation**Back OT strengths in space and energy alongside financial services**

The UK should support the role of the OT in enabling niche asset licensing, and use this to boost sectors such as the space industry.

Recommendation**Sovereign wealth fund**

Reflecting the relationship between the jurisdictions, and the British role in defence of the Falklands, a share of the natural resources in the Falklands should be channelled into a mutually owned sovereign wealth fund, enabling both the UK and relevant OT jurisdictions to benefit from the resources and their partnership.

Recommendation

Support OT trade integration and transparency commitments

The British government should prioritise UK assistance for OT accession to relevant regional trade partnerships (e.g. CPTPP, GCC free trade in services) and consider offering preferential treatment for OT-originated investment into the UK vs that from other jurisdictions. On the planned UK-hosted summit on countering illicit finance, the government should ensure it defines a clear, proportionate ambition for Publicly Accessible Registers of Beneficial Ownership, and proactively supports the OTs in rebutting unfair or unrealistic criticism. The OTs should not be unfairly held up to standards not met by Britain's own trading partners.

Conclusion

Power Partners for the 21st century

The OT jurisdictions amplify British military capabilities; they also extend our financial power and legal influence. In an era of geopolitical instability, these attributes should be embraced.

Further Information and Contact

info@cfot.co.uk

www.cfot.co.uk