

St Helena Island: a new destination for the discerning tourist:
a report for the investor

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1.0 Executive summary.

In Jamestown, St Helena's capital, there was rumbling in the corridors of power, Government House, officially called "The Castle" and formerly a fort of the East India Company. It was February 2005. These were not tremors signaling that this volcanic island dependency of Great Britain deep in the South Atlantic was about to follow the path of Montserrat. St Helena hadn't belched volcanic ash in 7.5M years. They were very human palpitations just ahead of a verdict in London on the question of an airport for St Helena, one that many islanders had waited for most of their lives. They were now at last within measurable distance of getting it. But an announcement from the Minister for International Development was long overdue.

Angst was in the air. Simply put, an airport would offer the island its first opportunity since the building of the Suez Canal in 1867 to reverse its century-long economic decline and to reinvent itself as the latest entrant in the luxury eco-tourism sweepstakes. The anxiety was borne of the question, "Is this too good to be true? A flight of fancy?"

The answer came on Commonwealth Day, 14th March 2005. St Helena had hit the jackpot. Not only an airport, but the larger of the two options under consideration. Long-distance flights could now come in from Europe, or more likely, at least at the beginning, from South Africa. The world for the 3,700 islanders would never be the same. (link "Airport" = http://www.sartma.com/art_1479.html).

St Helena Island is an overseas territory of the UK, 1,200 miles from the nearest land mass, Angola, and 1,800 miles from Brazil. A 47 square mile island it is one of the remotest settled islands in the world. A sub-tropical paradise, it is also one of the most spectacular. St Helena's landscape and geology are without equal among islands of the world. The few built-up areas are unchanged since Georgian times.

Because of its endemic plant and wildlife, and unique geographical sites, St Helena was in 1996 added by the UK government to its list of protected natural heritage areas known as Sites of Special Scientific Interest (SSSI's). Two of its administrative areas form a World Heritage Site, Gough and Inaccessible Islands. Another, Ascension Island, a dependency of St Helena 700 miles NW of it, is a leading contender for some of the world's best big game fishing, for example blue marlin.

Like some other isolated locations this lonely island in its early years was used as a place of exile for felons or war prisoners, the most celebrated of whom was Napoleon. Forts were built to spot outsiders helping prisoners plotting escape. Long a stop-over and provisioning point on Britain's trade routes to India and Australia, changes in transportation modes, first the Suez canal and then the jet airplane, left the island obsolete.

At the moment a scant 600 tourists a year come to St Helena, disregarding the occasional cruise ship with visitors stopping for a few hours. Serious tourists are beholden to the

schedule of a single vessel, the last of the Royal Mail ships, that calls periodically at the island with passengers.

All this will change by 2010, when the airport is scheduled for completion. An international airport, with one runway 2,250 meters long, will be built on the only small part of the island with a flat stretch of land. St Helena will then be open to the world. For an enterprising new governor, fresh out of his successes with the Welsh Development Agency in his native country, the airport is key. He shuns the Gilbert and Sullivan part of his South Atlantic office. Attracting new investment and improving the management of the island are everything. The sun set on the pomp and ceremony of empire long ago.

While Wales was looking to lift its economy with a wide range of new jobs in restructured manufacturing and the service sector, Michael Clancy is now focusing on tourism to bring his island back from irrelevance. In this he is joined by local politicians. The consensus is for the 'right kind' of tourism that will respect both the environment and a local population that has thus far escaped the scourges of AIDS and crime. The islanders will shortly begin searching for a carrier and an up-market resort company. They would hope to have all the pieces in place when the airport opens.

While the potential for tourism is great finance for tourist infrastructure will be pivotal. But because of its dependency status St Helena cannot borrow. With the airport financed by a £60M public sector grant it is now up to the private sector to do the rest. The St Helena government is ready to do its part, with a tax policy supportive of inward investment.

Still, having waited decades for an airport, with only delay and disappointment to show, many islanders are beyond cynicism. They have been taking their UK passports and leaving the island with families in tow. Fully one thousand islanders, or a fifth of the total population, have fled the island since their passports were reinstated in 2002. (The UK had earlier revoked the right of abode in the U.K. of all its citizens with U.K. Dependent Territory passports in the run-up to Hong Kong's handover to China in 1997). The island has in fact been hemorrhaging people.

With a new team of advisers and UK government servants on the island since the fall of 2004 – some of whom have replaced islanders who had held jobs but who left – St Helena has survived its day in court. On the heels of this victory islanders face a new battle, to bring in the right kind of investment and in magnitudes that will revive the economy of the St Helena. The balance of this report addresses those prospects.

Section 2 below provides a brief sketch of the background of St Helena, which is to say how it got to where it is today, with sections on the island's colourful history, demographics, economy, the land market, agriculture and politics. A third section looks at questions of particular interest to the tourist industry, namely climate, recreation and culture, transportation, and landscape and scenery. A fourth section considers the new airport, the island's tourist potential and its relationship with Ascension.

2.0 The Island in brief

2.1 History. St Helena, along with the other principal islands of the South Atlantic that it administers, Ascension and Tristan da Cunha, was discovered by the Portuguese five hundred years ago. Settled by the English in the late 17th century St Helena was operated by the East India Company for its first 150 years before becoming a British colony. Today it is one of the last dozen remaining overseas territories belonging to Britain.

The islands are considered the most isolated settlements in the world. St Helena was not always thus. In the decades following Napoleon's exile (from 1815 till his death in 1821) it was a major shipping port, with as many as a thousand ships a year stopping for provisions and especially fresh water – whalers and vessels plying trade routes to the East and to Australia. During this period the island played a key role helping to intercept slave ships traveling to parts of the Americas after the abolition of slavery by Great Britain and the United States in 1807. The completion of the Suez Canal in 1869 cut back sharply the need for ships to stop at the island. The emergence of the airplane in the mid-twentieth century further reduced the relevance of the island to travelers going to South Africa. The coup de grace came in 1980 when the Union Castle Line discontinued stopovers at St Helena in its Britain to South Africa service.

Despite the island's (and the South Atlantic's) emerging obsolescence in transport, it remained economically afloat as a supplier of flax, the plant from which twine was made. Flax too became obsolete in the late 1960s with the introduction of cheaper and stronger synthetic fibers. Sadly the Island's main sources of income today are remittances from overseas workers, employment by the local government, and benefits transfers from the UK government.

2.2 The people. Not surprisingly, the island's population has followed its fortunes on the world's economic stage. Its numbers peaked at around 7,500 during the late 19th century. Today Islanders number about half this, down from 5,000 as recently as a decade ago as workers have moved off the Island for new jobs elsewhere, mainly in Ascension (slightly over 700), the Falklands (around 600) and the U.K (it is currently estimated that a "Saints" community, as people from St Helena are called, of around 10,000 lives in Britain). There are figures showing that between 1987 and 2003 the population of St Helena declined by approximately 1,400 people, or 25 pct. Depopulation not surprisingly accelerated following the reintroduction of UK passports for islanders in 2002.

Depopulation derives not only from outmigration. The number of live births per 1,000 population fell from 31.3 in 1970 to 10.4 in 2002. But the mortality rate fell only about half as fast, with the result that the rate of natural population increase slowed. These rates are more characteristic of the countries of Europe than of the third world. The same is true of St Helena's life expectancy at birth which at 74.9 at the turn of the century was actually slightly higher than that for Europe as a whole (73.0).

Some of the indigenous population descends from slaves from West Africa (who were intercepted at a time when the island was trying to disrupt the slave trade and who opted to stay on) and from Madagascar. Additionally there were workers from South Africa and the Far East. Gene pools were mixed so that ethnically a number of the islanders came to resemble Cape coloureds (mixed race) from South Africa, some with oriental blood, and many with lighter skin colour.

A lot of the surnames today derive from the given names of early settlers reflecting a large degree of intermarriage. For example half the surnames in the St Helena telephone directory are Benjamin, Francis, George, Henry, Joshua, Leo, Peters, Phillips, Richards, Stevens, Thomas, Williams, and Yon (the last a name coming down from Chinese who worked on the island). Add to the tally of the locals a few hundred expatriates (“expats”), mainly government workers from the UK and a few South African businessmen, and you have today’s St Helena.

The age profile is that of a maturing population with limited economic opportunities, a shrinking family size and a median age of around 33 and rising. Given the differences in skill levels it is not surprising that there is major income disparity, with locals earning little more £3,000 per capita and expatriates taking home more than ten times this. Officially reported unemployment is at 5 pct, but some analysts suggest it is probably much closer to double this, and increasing. Because a number of the jobs in the community center schemes are artificial, underemployment is assumed to be substantial.

Despite the inequalities of income and wealth islanders boast that crime is practically nonexistent. The low offenses rate inevitably relates to an island size in which everyone knows practically everyone else. Mutual recognition through eye contact seems to keep people in line. Also religion is strong with nearly twenty different churches, including Baha’i, Seventh Day Adventists, Jehovah’s Witnesses and the Salvation Army.

Education on the island goes up through the secondary level, at the Prince Andrew Community School. It stops with A-level exams, albeit with a limited range of offerings (currently restricted to language, literature, maths, physics and biology). Teacher quality is constrained by low pay. If it were higher and the quality of education better, it is not clear that the island would be the beneficiary. With UK passports the newly educated are free to leave the island and take their human capital elsewhere. As noted in the next section the only benefit to the island in these cases is remittances that may be sent home. There is no other way the island can recapture the rewards of education from an islander working abroad. With inadequate employment opportunities at home, the better an individual’s education the greater his incentive to market his skills elsewhere.

2.3 The economy.

One way to describe St Helena’s economy is to say that it doesn’t have one. This is not as flippant as it sounds. It is certainly fair to say that many of the prerequisites for a modern, functioning economy are absent – working capital markets, competition, diversified industry, a modern service sector and the infrastructure that goes with the afore-mentioned. The local yellow pages list one or two firms per business category in all but the footloose industries (three petrol stations, nine hire drive firms, eight garages).

More accurately St Helena has a one-dimensional economy, one of near total dependency on UK government support. The government budget is about £16.5M annually, with only a little over £6M collected in taxes, fees and charges (there are no taxes on land, no VAT).

St Helena's budgetary deficit, closed by aid mainly from the UK, matches its foreign trade deficit, with imports of £4.5M and exports of only £110,000 in 1999.* Whatever may be said about tiny Tristan da Cunha, having a population less than one-tenth that of St Helena, it at least avoids economic dependency by having a profitable lobster fishing industry that pays the bills.

In fact St Helena's biggest industry is government, which with 1,200 workers employs twice the number of workers in the private sector. Of course, a number of the government jobs would be privatized if the island had a large, diversified and modern economy. Still there are administrators who liaise with their UK counterparts to bring in the money and those concerned with distributing it, making sure that everyone gets his fair share. The island is a welfare case, with government staffers the welfare workers. To a large degree, the government is a *giver*'ment.

Part of this state of perpetual dependency comes from the UK's obligations to its overseas territories under international law. These are spelled out in the United Nations Charter, Article 73. The UK must stand ready to bail out a dependency that has fallen into financial difficulty. Two governmental White Papers set out the UK government's obligations, one in 1997 entitled *The Elimination of World Poverty* and another in 1998 on UK Overseas Territories, *Partnership for Progress and Prosperity*. The Constitution of St Helena makes it clear that because the island is in budgetary aid, it cannot borrow. Aside from the steady stream of support coming from the UK, there are small, token payments of support coming in from the European Development Fund and the United Nations Development Program.

A modern economy has decision-makers who calculate the costs and benefits of new businesses or of expanding or contracting existing ones so as to maximize profits or minimize losses. In St Helena, with a small and shrinking population, such an exercise would be academic. Islanders will say the UK has been pathologically slow to respond to its dire financial problems. From the UK's perspective small islands have small problems. Until March 2005 St Helena was beneath the radar.

Because the island is isolated not only from continents but also from other islands, it does not have the networking of island communities that has emerged among islands of the Pacific or the Indian Oceans, or the Caribbean Sea. Island groups and clusters in these regions draw attention to themselves. They have been able to exploit economies of scale in marketing and other areas across aggregates of islands. "Island Studies" at institutes and universities refer to these islands and not those in the South Atlantic.

The UK's role in all this is to find a formula by which it can cut or eliminate altogether the island's economic and financial dependency. The growing number of departures from the island, particularly in the age cohorts of peak performance, has exacerbated the problem. Attrition has been particularly acute among teachers, nurses and the police force. St Helena's hopes rest with the new airport. The governor has ordered a complete makeover of all the island's legislation, regulations and procedures in order to

* Most of St Helena's imports come from either the UK or South Africa. A decade ago twice as much was spent on UK goods as on those from South Africa. The tables have

now turned, with South Africa taking nearly twice the value of imports as what is paid to the UK.

make them more user-friendly to the investors who will come on the heels of an airport. He has given his aides a green light to rewrite investment law, tax and customs exemptions, and immigrant land-holding law to make them more investment-friendly. The airport will be the catalyst in bringing a real economy to the island and the people to make it work.

Because the UK's economic goal has recently become one of eliminating the dependency, the airport question – “access” in government-speak -- has become center stage. How to finance it? The ‘Shelco’ consortium (St Helena Leisure Corporation Ltd., a special-purpose British company, based in UK and St Helena) for much of a decade has proposed contractor finance. Because the UK would not on its own come up with the necessary finance this group of investors (an airport builder, an airline, a hotel builder, a service infrastructure, and so on) sought approval from government to fill the vacuum. Naturally with conditions attached such as exclusivity and some help from government.

Despite a considerable investment in time and money the Shelco plan didn't bear fruit. It went through several years of constant review, with waves of consultants coming to the island, much to the visible irritation of several from Shelco's ranks. Some islanders and UK officials took the Shelco effort as a wake-up call. After all if Shelco saw the airport and tourism project as profitable, why shouldn't the government? Why couldn't the UK build the airport itself with Department for International Development (DfID) funds and let hopefully competitive markets do the rest? Why be beholden to Shelco?

One observer of this scene said that Shelco may have brought demise on themselves, with one or two somewhat difficult characters in positions of high visibility. Some of the consortium partners grew bitter that they had put a decade of effort into a project only to set it up for someone else to step in and reap the reward. They tried to revive their consortium scheme in late February 2005, but in the end the St Helena government once again affirmed that investment opportunities would be open to all and Shelco would have no inside track.

It seems that contractor finance is never easy in the Anglo Saxon world. Projects that are conceived tend to be ones with high costs and a very localized distribution of benefits, or in situations in which capital markets are flawed. A project for the (link “Isle of Skye Bridge” = http://homepage.tinet.ie/~camway/key_issues/tolling/ppp_skye_bridge.html) went forward in the late 1980s but ultimately the financing collapsed with the taxpayer picking up most of the costs. A House of Commons report was highly critical of the Scottish Office for its failure to press for competition in bidding. It may be no problem in France where builders of Norman Foster's new breath-taking bridge over the Tarn Valley will own it for 75 years. The English requirement for transparency and equity is often the trip wire for parties to contractor finance schemes who would profit handsomely.

2.3.1 Land market When major new construction and infrastructure projects come into a region, a good part of the value that these projects pour onto the local economy gets capitalised in neighbouring land values. This is even more the case on a tiny island,

where only a small percent of the land is in the private sector.

In St Helena information on the local land market is regrettably not readily available. The island's land registry is not yet computerized, although the officer responsible for this quipped that two members of the planning staff knew from memory every house that had changed hands in the past decade. There is no map showing the pattern of ownership of privately-held land. The government owns approximately 80 pct of the island's land; even in the case of privately-held land the government has a presence. Solomon's, a big landowner by local standards, is 64 pct government-held.

The two land-use documents having the most relevance to the proposed changes are (1) a single sheet coloured 1:25000 scale "Land use" map prepared by the Ordinance Survey in 1990, 66 x 93 cm; and (2) "St Helena Island land development control plan (LDCCP), "What's it all about and how do I comment?", published by the St Helena Government in late 2004. The latter document will have relevance to investors in a resort in St Helena, once it completes public review and becomes final. The current version, text only, is available at (link "Land Use Plan"=<http://www.sainthelena.gov.sh/government/legallands.htm>). Detailed maps are available at the Legal Lands and Planning Department, Essex House in Jamestown.

The Immigrant Land-Holding Restriction Ordinance currently prevents foreigners from owning land on the island. They cannot have either freehold or leasehold rights in real property, and cannot even hold a mortgage. A St Helenian cannot hold land on behalf of a foreigner without a permit from the governing council, but the criteria for getting such a permit are vague.

Immigrants are allowed to hold land with permits from the Executive Council; applicants apply and the Council considers. But any land that is applied for must have been advertised extensively first. Currently three or four permits are granted annually, the number usually equaling the number of applications.

The St Helena government is planning to change much of this in 2005, making it easier for investors from abroad – outsiders -- to have access to the land market. At the moment there is no surveyor or land valuer on the island, no tax on land except at the time of sale.

The land market has significance to the project for an airport, and the economic changes growing out of it. House building on the island averages about 35 dwellings a year, but this may be expected to go up when an airport is built. Talk about the economic consequences of a new airport, who will benefit and by how much, is now rampant on the island. A three-story office building on Main Street changed hands several years ago on the speculation that the airport project would then soon go forward (it didn't) and the building could have been used by government office workers or others involved with the airport project (it may yet).

This sort of speculation is natural and seen in land markets everywhere. As regards the Jamestown office building, the risks are with the current owner who invested in having the building rebuilt in 2000, and if his timing and judgment turn out to have been fortuitous he will gain; otherwise he may not. If he gains, this will be earned payment for a calculated risk taken. The economist will tell you he is providing a service and getting

paid for it.

What the government should be concerned about, however, is the incidence of windfall, or unearned, gains that will be conferred on some real property owners following the airport announcement in March 2005. There will be winners, maybe even big ones, and perhaps some losers. The landowners will have done nothing to generate the airport decision so they should not be compensated for it. One assumes their marginal productivity in the airport decision will have been zero. The government should have in hand some taxing mechanism whereby it can tax away the purely windfall portion of the capital gains. One such mechanism is the stamp tax, used when property changes hands. Sound public policy requires that government adjust this to reflect the size of the windfall gain.

2.3.2 Infrastructure. St Helena has a good network of hard-surfaced roads that on some turns and steep inclines reduce to single lanes only. The roads are not unlike those along the Hana Coast on the wild and scenic south side of Maui, in the Hawaiian Islands. Government provides water and electricity, the former from a mixture of springs (sometimes supplemented by ground water and privately collected rainwater) and a rain-filled reservoir to supply Jamestown. It is drinkable and requires no special treatment from the tap. Electricity, at 16.5p per kilowatt hour may be the most expensive in the world, with blackouts not infrequent. The high price has led many households to install solar collection panels on rooftops, and to burn firewood. An attempt was made to install wind turbines in the late 1990s, but with only limited success.

Telephony, and as well satellite television re-broadcasting and Internet service provision, is exclusively in the hands of Cable & Wireless plc. These services are not remotely cheap by European standards. (As an aside C & W's Jamestown office seems to be the only space on the island with air-conditioning.) Only government offices at The Castle, in Jamestown, have broadband. Some workers there have begun using VoIP and teleconferencing. And an advertisement recently posted on the website of 'helanta' (C & W's Internet service provider) explains what video conferencing is and promotes the Polycom VSX 7000 solution. Local telephone calls cost £0.10 per minute; those to the UK and Europe over a pound. C & W provides street telephones throughout the island, and as well telephone cards.

Two firms other than C & W dominate the private sector. These are Solomon and Company plc, registered in the U.K.; and Thorpe & Sons, a St Helena-registered limited company. Together they lord over the import of goods, wholesale and retail food production (usually buying from small producers) and distribution, and the dry-goods distribution sectors. Solomons, the larger of the two, is additionally active in petroleum and propane-gas distribution, DIY stores, garage and car-rental services, insurance, and souvenir and gift shops. Solomons, as noted above, is 64 percent owned by the St Helena government.

2.3.3 Agriculture. Fishing is conducted from numerous privately-owned fishing boats, and like other agricultural produce (fruit and vegetables) distributed through cooperative marketing. The Island has a 200-mile territorial limit for fishing. These waters have not been properly surveyed, either to establish the potential extent of commercial fishing or to learn whether intruder vessels may be poaching. Still there is a presumption and some

anecdotal evidence that some poaching takes place. About a decade ago Japanese vessels were buying licenses for fishing and then this suddenly stopped. Some have speculated their operators reasoned ‘Why pay for something you can get for free?’ Earlier still the *Porcig*, a South African private fishing vessel, found several Spanish vessels violating the ban on fishing in St Helena waters and reported this to the St Helena government. The Spaniards were issued with a warning and that was the end of it. More recently the captain of a Spanish fishing vessel sailed into James Bay with a broken finger. No one was able to ascertain what his ‘empty’ vessel was doing in St Helena’s waters.

The Falklands have two police vessels that enforce the ban on unlicensed fishing in their waters and gain substantially from this (more than £20M annually from license fees), whereas the St Helena government collects less than £1M annually. Government officers on St Helena say they doubt there is much potential for following the Falklands example; they believe that Ascension and the Falklands have much larger fishing stocks.

Still there are few data on fishing stocks and poaching, and there is a consensus that this gap should be closed. The UK government should budget for this, and the St Helena government might perhaps at some point liaise with its Falklands counterparts in order to get use of the policing vessels in the off seasons when they are not needed in the Falklands. Some surveillance, along with linking up with NASA’s Commercial Remote Sensing Program, could pay off. Several California, Massachusetts and UK companies offer support services in this area.

For the moment fishing license revenues are miniscule. In the early 1990s, when Ascension license fees were lumped with those of St Helena, the figure was around £1M annually. About a year ago the funds collected by the two islands were separated, with Ascension being allowed to keep its own.

There is no organized domestic dairy production. The only venture into this activity, the government-supported Sunnyside Dairy, shut down in the 1970s for lack of sales. Milk that is now distributed is imported UHT milk from South Africa. There are different opinions as to why fresh milk is unavailable. One is that islanders have never acquired a taste for dairy products so that fresh milk and its byproducts have never been made for market. A more reasonable explanation is that the economies of scale required for pasteurization on a commercial scale, no longer exist, if they ever did, because of a small and declining population.

Eggs are produced locally and also imported from South Africa; frozen chicken from South Africa is cheaper than fresh chicken killed on the island. Livestock is grown locally and slaughtered at one of two abattoirs on St Helena, but some is also imported from South Africa.

Very few food items are produced for the export market. Tuna, which along with Wahoo and Grouper is the most frequently caught and popular local fish, is caught in exportable quantities, kept frozen in cold storage or tinned in cans at Rupert’s Bay (Argos Atlantic Cold Stores; and St Helena Canning). Top quality Yemeni Arabica coffee is grown by several farmers. It is very labor-intensive to grow and prepare for market and hence expensive (retailing locally for as much as £4.00 per 125g sachet). And some fruits and vegetables, such as pumpkins, squashes and bananas, are exported to

Ascension Island. Passion fruit, avocados and mangoes are produced locally as are a number of tubers, vine and leaf vegetables. Those that can travel are also sometimes found in Ascension.

People with knowledge of the local agricultural economy are distressed that the shrinking population and economy dependent on it seem to have dealt a death sentence to island agriculture. They are alarmed at the disappearance of commercial markets in some crops and the emergence of small-scale barter economy. This is development going backwards, they say, the reemergence of Robinson Crusoe economics. And they add that this is one more price the islanders are paying for the emigration of the working-age population.

Some boast about the island's garden economy, and its potential in the global organic food market. The island's chief agricultural officer sees this market as a key to financial independence. He wants his department established as an organic certification body, under the auspices of the Soil Association of the United Kingdom. And he feels the growing world market for products grown without fertilizers opens up a niche market for the island.*

2.4 Politics. It has been said that the Saints benefit from a political system that is void of political parties, the unspoken inference being that people get on so well together that the divisiveness of politics never arises. A contrary inference is that the level of cynicism and political apathy is so great that no one cares. Nothing ever changes, so why bother? St Helena Radio broadcasts Legislative Council debates live, and then re-broadcasts them, but there are no surveys of Legco's program ratings.

As noted above the island's government is headquartered in "The Castle". It may be more than a coincidence that the building's name evokes Kafka. For this is where a governor rules with the near absolute authority bestowed upon him by the island's constitution. In his suzerainty the Governor holds supreme executive power and can be over-ruled only by a high court in London. Still he rarely goes against the advice of his councils. In fact his powers to rule independently of the executive council (see below) were curtailed in 1988 and may be reigned in further if a new constitution is put in place later this year (also below).

The chief secretary is the CEO and day-to-day decision-maker. In a general election 12 councilors are elected to legislative council, or Legco, a rudimentary parliament. This body nominates five executive council, or 'Exco', members. To these two bodies three ex officio members are added, the chief secretary, the financial secretary and the attorney general, bringing the total membership of the two council bodies respectively to 15 and eight.

St Helena is not a democracy. It is rather an oligarchy led by an unelected governor, and advised by unelected civil servants. Islanders will on 25th May 2005 vote on a new constitution which could change all this (link "(see proposed changes in the Constitution)" = <http://www.sainthelena.gov.sh/government/Constitution/Page1.htm>). Under the proposed changes the five Exco members would morph into paid ministers for education, agriculture and natural resources, employment and social security, and public

* A green agriculture on St Helena may still be some way off. Fertilizers in fact are in wide use. Also pests are a major concern and pesticides can be bought at major outlets. Still, the coffee noted above is organically grown and may be among the world's best.

works and services. The governor's special responsibilities would remain internal and external security, international relations, the administration of justice, shipping (control of the Royal Mail Ship (RMS)), and administration of the public service. He would continue to have authority to overrule Exco's advice on any of these.

Because of the absence of a political culture and grass-roots politics in St Helena it has been said that the councilors speak mainly for themselves. It is hoped that a new constitution would increase the accountability of the a government to the people electing it. Although the new government would inevitably cost more, this reform, if it passes, will have the support of the U.K. government.

Formerly all department heads were expatriate, but about a decade ago it was decided to localize their positions, where qualified islanders could be found. The dead hand of the past moves slowly however. Government, as it is now, is still stratified between largely expatriate decision-makers and local followers.

St Helena has a recently-arrived attorney general, whose priorities are to draft changes in the immigration law, the land-holding law, and the inward investment law that will be salubrious for new investment (see "changes in the offing" below). The chief secretary will be departing at the middle of 2005 but will probably stay on the island. A chief financial officer has also recently arrived who is a qualified accountant. In a short period of time she has gained a broad familiarity with the workings of the St Helena government and the changes that are due. The two new arrivals, together with the governor (who like the attorney general is actually on St Helena for the second time), see themselves as a triumvirate for change.

It is useful to remember that St Helena is not alone on Britain's list of overseas dependencies, a few of which are also awaiting airports. The other dependencies are Anguilla, Bermuda, British Antarctic Territory, British Indian Ocean Territory, British Virgin Islands, Cayman Islands, Falkland Islands, Gibraltar, Montserrat, Pitcairn Islands, South Georgia and the South Sandwich Islands, and the Turks and Caicos Islands. Montserrat, the island with a 1997 volcanic eruption, has its own airport saga, with fixed wing air services due to recommence in the spring of 2005 from a new DFID/European funded airport.

The next section has a list of topics under separate headings having a special bearing on the future of tourism on the island: the climate, the landscape, transportation both on and to the island (the latter being the "access" question), and culture and entertainment.

3.0 Of interest to tourists

3.1 The climate. The two most often heard comments on the weather in St Helena are that it's idyllic and that it varies enormously depending upon which part of the island you're talking about. To this we can add that St Helena may have the cleanest air in the world. Located 15 degrees south of the Equator the island has sub-tropical weather,

temperatures similar to those one might find in Southern California or in the Highlands of Kenya. Diurnal highs, at sea level will range from 18 to 33 degrees Celsius depending upon the season, and at the upper levels of the island about 5-7 degrees less.

Because seasons are opposite to those in the northern hemisphere, the peak summer months fall between December and February and winter is June through August. The summer months tend to be dry, when less than 5 mm of rain falls monthly. This increases to about 100 mm from May through July, and then tapers off. Rain falls more frequently at higher altitudes, accounting for the wide distribution of plant life on the upper reaches of the island. The highest concentration of rain and endemic plant life is in the Diana's Peak National Park at the top.

The prevailing trade winds are from the Southeast. They range from Force 4 to 6 down to Force 2 to 3. It also means that the biannual Cape Town-to-St Helena yacht race is often a one-way trip – easy sailing on the way up, and freighted open-deck on the Royal Mail Ship (RMS) on the way back.

As to seasonal sunlight Melliss in 1875 writes: “The length of day is very uniform throughout the year. The longest occurring on December 21st, being thirteen hours two minutes' duration; and the shortest, the 21st June, being eleven hours eight minutes, exactly the opposite of what occurs in England.”

There is one serious 'down' side to the congenial weather. White ants (termites) were introduced into the island on a shipping vessel coming from Brazil in the 1840s, and because it never gets very cold on the island they have never been killed off. To the contrary the island weather has encouraged their prolific growth. An image in the Slide Show has a magnificently sited house, with rock formations and the ocean in the background, and a felled tree in the foreground. The tree was brought down by termites. The problem is sufficiently serious that those doing construction on the island have tried to avoid using those timbers that the ants feed on (teak has been substituted for hardwoods). A layer of concrete has often been used as an under-flooring material in new construction.

3.2 Landscape and scenery. 'Spectacular', 'unsurpassed' and 'Edenesque' are catchwords for the natural environment of St Helena. The peak of an extinct volcano only 47 square miles in surface area just to the east of the Mid-Atlantic Ridge, the island in fact has some of the most diverse scenery in the world.

St Helena is very three-dimensional. It probably has more miles of ridges, gullies, valleys, ravines and gulches per unit area of land than anywhere else in the world, certainly more than on any other island. Now imagine a sky with a checkerboard of clouds and azure, and sunlight shining through the cloud breaks. This covers the landscape beneath with a quilt of alternating darkened patches and highlights. As the clouds move, the highlights edge across different parts of the rugged terrain, perhaps appearing first on a gulch, then on a hedged-in piece of farmland, and then on rock formations in the background. This is a moveable feast for the eyes, a photographer's paradise.

In terms of dramatic or unusual scenery, large parts of St Helena compare favorably with the karst formations around Guilin in southern China, or with the mountainous areas of

Inca Peru, or with the canyons of Utah. Martin Bell, the former BBC journalist turned politician, has done a five-year study of islands of the world and rates St Helena, together with Nevis in the Caribbean, as the two most beautiful islands anywhere.

Numerous volumes describe the natural history of the island, documenting the endemic and endangered species ranging from the gumwood tree to the wire bird. Millions of years in the making, these ‘fragments from the wreck of an ancient world’ include tree ferns, black cabbage trees, Jellico, a native dogwood, and the golden sail spider. A classic among these books is Melliss’s 1875 volume ‘St. Helena: a physical, historical, and topographical description of the island, including its geology, fauna, flora, and meteorology’. (Link “Melliss, 1875” = http://www.bweaver.nom.sh/j_melliss/jmelliss.htm).

For rock buffs St Helena is geomorphology heaven. The gigantic rock formations and lava flows near the bottom are breathtaking, as are some coloured sand dunes. The unworldly geology was first documented and reproduced in the hand-coloured plates of Seale’s book on the *Geonosity of St Helena* (1837). The riotous shapes of the formations have earned them the names like “Lott’s Wife”, and “Asses Ears” and “The Barn”. Geologists will tell you there is nothing like St Helena on the planet. Charles Darwin, inspired by Seale’s drawings, visited the island on the voyage of the HMS Beagle, and wrote a chapter on St Helena in his ‘Geological observations on the volcanic islands’ (Link “Darwin, 1844” = <http://www.bweaver.nom.sh/darwin/darwinsh.htm#F2>).

The scenery changes every few hundred yards. Ian Baker is the most recent of many writers to comment on this (*St Helena: One man’s island*, 2004, p. 162). Walking from High Knoll to Plantation House (the governor’s mansion) he first describes barren volcanic dust and rubble. This suddenly becomes a valley of fields, farms, gardens and hedges and coppices, “everything green and domestic”. Then temperate hill country, but in a few hundred yards a completely new vista. Pinewoods close in on you (at the gate houses for Plantation House), but again not for long. You walk on a lane that tunnels through the trees, and then, suddenly, your world spreads out. Lawns, gardens and trees, and the vast ocean in front of you.

The wife of a former governor, Lady Field, in her history of Plantation House made the following astute observation. Looking towards the ocean from the lawn of Plantation House the land drops gradually and then somewhat more steeply, in the direction of the ocean. Because of this contour one gains the false impression that the ocean is much nearer than it really is. Accordingly an architect designing an infinity pool at a resort on a higher elevation would be able to connect visually the pool’s far edge with the ocean even though the latter may be three miles away. Furthermore it is possible to site structures at different points in a valley, and with adequate screening from behind the views from any one building are not marred by the presence of other structures.

As noted above the man-made environment is no less appealing. A full range of 18th-century English colonial plantation and urban vernacular is visible on the island. The capital Jamestown has the atmosphere of a small English country village. It has a tightly packed row of colourfully-painted houses on both sides of Grand Parade and Main Street. The view of these streets from the top of Jacob’s Ladder and the views of the Ladder itself from its top or bottom are awesome. (Jacob’s Ladder was built in 1829 as an

inclined plain for the removal of horse manure from Jamestown and was rebuilt in 1871 as a stairway of 699 steps.) The drive on the steep road, often single lane, from Jamestown up ladder hill to Signal House at the top is unforgettable.

The Regency style Plantation House is the most magnificent governor's mansion in what's left of the British Empire. And between the two extremes of the terraced houses of Jamestown and the governor's house at White Gate, are numerous 18th century colonial country houses, any one of which could be the centerpiece of a resort complex (Prince's Lodge, Teutonic Hall, Oaklands, and some of the Chief Secretary houses, for example). The new governor, ever eager for serious tourist development, has even quipped that his own Plantation House residence could be on offer if the price were right. He camps out in two of the building's 35 rooms.

One final visual amenity is the view of islanders, any and all of them, greeting you and waving with a smile as you pass them, exuding a genuine, small-town warmth. The "Saints" could be finalists in a contest to decide the world's friendliest people.

Two areas of the island could be termed blighted. They are the spread of low-income housing across Half Tree Hollow, and as well the run-away growth of New Zealand flax plants at The Peaks and at a few scattered locations elsewhere (which, however, has the salutary effect of keeping the topsoil in place). Nonetheless the views from these spots more than offsets the views of them. It has been said that every San Francisco has its Oakland. Land-use planners have identified about fifty sites on the island any one of which could be ideal for a resort. One of them speaking off the record said the actual number may be closer to 500.

A casual observer may look with disdain at the Crown Wastes, the scrubland and 'brown zone' appearing from 1,700 feet down. There is a temptation to dump onto these lands. But this would be a mistake for they are of scientific interest. Darwin took wrote about them in 1836 during his five-day stay on the island. Prosperous Bay Plain, part of the Crown Wastes and the site for the airport, may be in the largest landslip in the world. Its banality is deceiving.

A closing comment is on the miscibility of tourism with the natural treasures St Helena must preserve, the issue of gumwood trees v gum wrappers. There are encouraging precedents. Post-independence Kenya was quick to learn the pivotal importance of game conservation to tourism. And Ecuador has managed to balance the needs of eco-tourism with safeguarding the ecology of the Galapagos Islands. The kind of tourists that St Helena is trying to attract will be those who, because of their demographics (education, age, income), will be most likely not to upset the balance.

The two Explora hotels at opposite ends of Chile, in the Atacama Desert and at Torres del Paine, are examples of high-end eco-tourist hostelry islanders might want to emulate. The island can have its cake (unspoiled environment) and eat it too (increased tourism).

3.3 Hostelry and eateries. Currently the island has three hotels, a guest house, and a fair number of bed & breakfast and self-catering establishments. Two of the hotels and the guest house are 18th-century buildings on Main Street in Jamestown, the Wellington House (6 twin and 1 double) and the Consulate Hotel (all rooms twin bedded), and

Harris' Guest House (1 double and 2 family rooms). The remaining hotel is at Rosemary Plain on the upper part of the island, Farm Lodge Hotel, a late 17th-century planter's house on 10 acres, with 3 twin and 2 double rooms).

An accommodation grading system is in the works, according to an article in a February 2005 issue of the St Helena Herald. The Farm Lodge Hotel is beyond doubt the best on the island, run by a former purser on the RMS and his local partner, who was in catering on the ship. Dinners at Farm Lodge are five-course affairs, with crystal glasses and silver service. Some of the furnishings, including a wine cooler, come from Longwood, where Napoleon lived in detention.

What stands out in this listing of accommodations is the paucity of rooms, should/when tourists come in numbers. The existing number of rooms suffices for the existing number of tourists. Obviously this will no longer be true with an airport.

A government tourist brochure lists 10 restaurants or cafes open to the public, but the number serving substantial meals, such as three-course dinners, is closer to a third of this number. The dining room at the Farm Lodge Hotel tops anyone's list.

3.4.1 Transportation on the island. Recycled school buses form the basis for a government-subsidised public transport system, run by Fox's Motors and Colin's Motors. Mini-buses run everyday except Sundays. Routes go from outlying areas into Jamestown, and service follows a fixed timetable.

Privately-owned cars abound. Ask anyone who has tried finding a parking space on Main Street, Jamestown on a shopping day. There are several taxi companies that can be phoned, and as well a taxi rank in Jamestown.

A range of hire-car firms exists, with information available from the Tourist Office, the Internet, or the C & W yellow pages. Short-term rental prices are generally £10 per day, for small cars that are clean and well maintained but not very new. Tourists may also take a tour around the island in islander Colin Corker's open-topped 1929 Chevrolet *charabanc*.

3.4.2 Transportation to the Island. Without an airport, St Helena is cut off from easy access to and from the rest of the world. Accordingly the standard way of getting to the island is via the RMS "St Helena". The ship's itinerary, which until 2004 involved stops at UK ports, now connects principally to Southern Africa (Walvis Bay and Luderitz, Namibia, and Cape Town). It also makes infrequent 'shuttle' runs to Ascension Island, a volcanic island 700 miles northwest of St Helena, 48 hours by ship. On the September 2004 – August 2005 schedule this was only during the Christmas period. The RMS carries passengers (maximum of 128) on three decks, a crew of 56 and freight. It is owned by the London-based St Helena Line and operated by them under contract with the Andrew Weir Shipping Company, also London-based. Landing at St Helena is by tender to the capital and port of Jamestown.

This is a good place to underscore the lack of easy access to the island. Planning a trip can be an ordeal. Take the example of the 2005 schedule and consider travelers originating in the UK. A visitor is forced into at least a three-week holiday unless he is

willing to transit Cape Town en-route for Walvis Bay. Because of connection misfits, things may be even worse if the he opts to fly to Ascension and from there take the RMS to St Helena. The ship runs between Ascension and the island do not fit well with RAF flights between Brize Norton, in Oxfordshire, and Ascension.

Consequently one is forced to spend 16 nights on St Helena whilst the boat travels to and from Cape Town. Add to these two further nights of travel in each direction to and from Ascension, plus some time on that island, and most of a month is gone. The current RMS schedule positively discourages tourism and has effectively killed-off the ‘fly/cruise’ arrangements that were available during 2004. At the moment the schedule for September 2005 (Link “RMS 2005-2006 schedule” =

<http://www.sainthelena.gov.sh/other/Shipping%20Schedule/Schedule%202005.htm>)

onwards is said to be under review.

Additionally there is the occasional problem of not being able to get ashore in rough weather, with passengers sometimes waiting up to two days to disembark. It is said that cruise ships have begun striking St Helena off their ‘places to visit’ the reasoning being that disappointing their passengers by coming so close without disembarkation is worse than not listing the island.

If the airport will pull tourism back from the precipice, it may have the opposite effect on the RMS. As the last remaining regularly scheduled passenger liner in the world as well as the last passenger ship made in the UK, the ship is a seriously endangered species. The ship’s useful lifetime expires in about a decade. Some actually used the argument for passenger air service as a less costly replacement for the RMS, supplemented by ocean-going freighter service that would be supplied by the market.

3.4.3 Via Ascension Island. Until 2005 Ascension was the favoured link by visitors short on time. RAF flights from Brize Norton make twice weekly flights to the Falklands, with stopovers in each direction at Ascension. There is no commercial air traffic to this island. The RAF is currently using chartered flights with a Portuguese no-frills airline, Air Luxor, on which the non-military are allocated up to 20 spaces. As noted in the previous section a traveler wishing to economise on travel time would take the RAF flight to Ascension, and there try for a connection with the RMS to St Helena, The flight time to Ascension from Brize Norton is about 8 hours. The onboard travel time by RMS from Ascension to St Helena is two days and two nights.

The two connecting trips, and a short stay at Ascension, are memorable. The RAF flight because of the unconventionality of beginning a trip to the South Atlantic in Oxfordshire, and also because of its enormous cost (as a family of four, we recently traveled at a cost of £720 per person, each way).

Ascension Island, famous during World War II as a fueling stop for American bombers heading for the North African campaigns, now has a different role. For the UK and US military, who operate twin bases there, the island serves unrelated functions. The UK again uses it for refueling, with the Falklands today being the destination. The Americans use it as a base for ultra-low frequency communication with deep-water submarines, with the result that parts of the island are covered with enormous, sinister-looking horizontal antennae that are aimed at the sky. Other antennae are for relay of the BBC World Service, mainly to South America.

Because its most recent eruption was a mere 600 years ago, there is little plant life at lower elevations, but instead lava flows taking the form of low-level mine slag heaps or upturned earth at road-clearing sites. Some of these extremely young ash-cones provide a moon-like surface as background, and with the antennae in the foreground the island looks more like a backdrop for a James Bond film than a haven for tourists.

Additionally, there is one mountain on the island, which attracts most of the rain and mist. Unsurprisingly it is called Green Mountain, which at 858m it is. Most memorable on this isolated island is the migration of green turtles, that come to Ascension from Brazil between December and May, laying their eggs on beaches at night. For these turtles the island remains one of the last undisturbed nesting grounds. Ascension's population of 1,000 is almost exclusively transient. There is one hotel only, the Obsidion, in Georgetown, the island's capital. There is little in the way of tourist infrastructure.

Nonetheless Ascension has some magnificent sandy beaches where visitors are cautioned against swimming because of a strong undertow. It also has some of the world's best big game fishing, with a record blue marlin weighing more than 600 kilos having been caught off the island in November 2002.

3.4.4 Other ship travel. According to cruise ship websites two ships, the Prinsendam (Holland American) and the MV Rhapsody (formerly the Cunard princess) each plan multiple calls during 2005, together averaging once-a-month visits. Contradicting this a notice posted outside Solomon's during late December 2004 indicated that only five ships were due from the new year until November 2005. This was confirmed by a local who said the number of arriving ships has dropped considerably, with only about six ships a year now being the norm. The passengers of these ships disembark for a few hours, see some of the principal sites and return to their ships. Additionally there are passenger carrying C-12 freighters, making occasional unscheduled stops at St Helena.

There are also passenger-carrying scientific-cruise or expedition ships that stop at the island usually once a year on their way to or from the Falklands, South Georgia or Tristan da Cunha. These are the MV Hanseatic (Hapag Lloyd), the MV Explorer (Explorer Shipping), and the Professor Molchanov (a Russian expedition ship under Dutch charter). Private yachts occasionally pay a call.

One unforgettable way of reaching the island is by sailing in the biannual Cape Town-to-St Helena yacht race, at the end of December in even-numbered years. It is a relatively smooth and fast five-day trip because the prevailing winds are from the southeast. Participants end their travel with a drinks party at Plantation House, hosted by the governor. They must still pay the £11 entry fee at landing.

The cost of getting to St Helena is far from trivial. The 'business class airfare' prices for cheap economy seats (soft drinks are not free) have been mentioned. The cost of the RMS accommodations is anything but low. Unless you are a "Saint" you will pay £384 per person, for a cabin with two beds, a WC and shower, each way to and from Ascension. A cabin with two bunk beds is slightly cheaper. Saints are eligible to book C deck accommodation (the cheapest cabins, either without porthole, without WC or

without both, and either two or four bunks). Recreation on board consists of skittles, shuffleboard, sea bird watching, reading, dining on dishes popular with the St Helenians, and swimming in (or more likely just looking at) a pool slightly larger than an *ofuro*, the traditional Japanese deep tub.

3.5 Culture and entertainment. St Helena seems to have a limited degree of what many European or American city dwellers might take for entertainment. By their standards one has a choice of video rental, picnicking (at one of many tables throughout the island), hiking and walking (see Ian Mathieson's book, at 6.0, and that by Nick Phillips (also at 6.0), especially pp. 54-61), taking a swim in an Olympic-sized swimming pool, deep-sea diving, doing the pubs and bars scene (one has both rock and country music), and going boating or fishing. St Helena has no fresh water lake; Lot's Wife Ponds near Sandy Bay is one swimming hole favoured by islanders, although it is not easily accessible; another is a volcanic beach at Lemon Valley Bay.

Experienced travelers will tell you that the walking and hiking and photographing are the best ways to pass time. They will tell you to concentrate on the interior and to be careful with the deep descents to the coast. Phillips writes (p. 57) "A typical St Helenian coastal track will take you in a long, straight descent across a bare and extremely steep hillside of crumbling volcanic rock. At the start, you may be 250 meters (800 ft) above the valley floor. If you slip there's no vegetation to grab and you will probably die. The paths are red clay, treacherous at any time. After rain it's slippery, and when it's dry the hard surface is dusted with small round pebbles that roll under foot."

There are lodges or recreation halls for locals in several parts of the island, and of course the churches organize recreational functions. There is a fine public library, public Archives with the island's earliest documents, and a prints museum showing the Robin Castell collection of early island images, just above Half Tree Hollow. Longwood, where Napoleon lived in detention, is the major museum attraction.

Cable & Wireless brings islanders television (three rebroadcast channels, but four programmes, as one channel is time-shared) and Internet services. An FM channel has just opened, providing mainly popular music and not government-run. Radio St Helena is government run. Judging by the number of aerials on island rooftops TV is widespread. Large satellite dishes, bringing their owners South African television, are less in evidence. There is St Helena Radio, with local programs; and the St Helena Herald, a weekly newspaper, printed on the island and still folded and assembled by hand.

St Helena has one 9-hole golf course on flat ground alongside Longwood. One of Shelco's proposals has been to put in an 18-hole course.

Jamestown has a small but excellent two-story museum, across from government offices in the Castle. Here separate exhibits show the life of early St Helenians. One display case shows "Making a living" (depicting fishing; the farming of potatoes, yams, beef, fruit and vegetables; lace-making in the 19th century, and the commissioning and selling of postage stamps). "The Island emerges" shows how a 5 kilometer high volcano emerged from the ocean 14 million years ago, and how erosion has changed the island's surface since eruptions ended 7 million years ago. As recently as the last Ice Age, when the sea level dropped about 120 meters, there were sandy beaches all around the island.

“Island fortress” tells us that “St Helena’s first line of defence is its extreme isolation and coastline of cliffs”. The system of fortification is depicted, especially that of the early 19th century when the British were concerned about possible French plots to get Napoleon off the island. “Prison island” tells not only about Napoleon’s stay but about that of Dinizulu, the Zulu leader and his two uncles, exiled to St Helena in 1890. Between 1900 and 1902 St Helena held about 6,000 Boer prisoners of war.

“Biological island” tells about the plants and animals brought to the island that forever changed its life. The runaway growth of New Zealand flax, introduced to the island in the 19th century, is shown, as is the result of the appearance of white ants (termites) that arrived on the island with a shipment of wood from Brazil.

One unusual form of entertainment is not for arachnophobiacs. Prosperous Bay Plain is the location for large colonies of endemic species of spiders, and naturalists often stake themselves out there at night with torches to watch their movements.

4.0 The Future

4.1 The Airport.

The St Helena government believes the airport is the only means by which the island can find a path to economic sustainability. In his (link “announcement” = <http://www.dfid.gov.uk/news/files/pressreleases/pr-sthelenaairport.asp>) on 14th March 2005, the Parliamentary Under Secretary of State at the Department for International Development, Gareth Thomas demonstrated that he agreed. The controversy over whether and what kind of airport could or should be built was beyond the memories of many people who most recently worked on the matter.

The question of access feasibility has been contentious not only in regard to the impact it could have on the life of the island. Excavating on Prosperous Bay Plain and using the spoils to fill a deep gully are also controversial on ecological grounds. Still a referendum put to islanders in 2002 showed them favouring an airport by a margin of 72 to 28 percent. While some of those against have been implacably opposed, mainly on environmental grounds, others seemed resigned to getting an airport.

The schedule for building the airport by 2010 allows a year for competing construction firms to prepare their bids, and an additional six months as a contingency. The project calls for a runway of 1,650 meters, with an additional 300 meters of runway end safety area at each end, for a total of 2,250 meters. The site of the airport will be Prosperous Bay Plain on the eastern coast of the island, the only flat stretch of land on the island long enough to accommodate aircraft.

The runway will be long enough to handle aircraft such as the Boeing 737-800 or the Airbus A320A, the former with capacity for a maximum of 162 passengers. The range of the former aircraft is 3,060 nautical miles (5,425 km). Theoretically this would allow for flights from Europe, but safety regulations will almost certainly inhibit nonstop flights

from Europe as aircraft will have to allocate a significant part of their fuel to contingencies in which they would have to engage either in island-holding, circling the island waiting for bad weather to clear, or in flying to alternative an airport if weather prevents landing.

Because the military airbase on Ascension Island is closed to scheduled commercial traffic, that airport, 700 miles away, cannot be listed by an airline as a landing alternative. This leaves the Namibian coastal cities of Walvis Bay and Lüderitz as the next best options, and the closer of the two, Walvis Bay, is 1,100 miles. In practical terms this would seem to restrict use of the St Helena airport to flights coming out of South Africa.

Military authorities on Ascension have indicated they are currently prepared to allow up to two unscheduled commercial flights a week to fly into that island, and that they will always allow emergency landings there but not as a routine. The UK government believes that when all these restrictions are taken into account, the only practical option remaining will be access in and out of South Africa. However, assumptions leading to this conclusion are highly sensitive to any change in the policy of the US military in restricting air traffic into Ascension. A change may not be soon in coming as the UK government has just completed negotiations with the American military at Ascension providing for only marginal improvement in the *status quo* for the period immediately ahead.

4.2 Tourism potential

Will St Helena follow the path of Bora Bora where annual tourism mushroomed in recent decades from 4,000 (1960) to 150,000 in 2003? Or will it follow the much more modest course of Easter Island, dependent on a single airline and with levels of tourism only a sixth as large? Both islands, like St Helena, are far away from large populations centers, a matter of likely concern to risk-averse investors.

Will an upscale brand resort on the island, with a dazzling website and internationally famous partner hotels, ignite the public imagination? Who will come and for how long? Will the island attract 11-day tourists (Bora Bora) or the 4-day variety (Easter Island)? Will there be one rather large resort dominating the island or several smaller ones? Should St Helena aim for luxury resorts or something more mid-range, within reach of the volume tourists? Are the touristic assets of St. Helena for the sybarite or the curiosity seeker?

In a real sense, St Helena does not want, nor could it absorb, the volumes of Bora Bora, Tahiti or Moorea. And if it is destined to get a smaller tourist market it can generate the highest revenues only by going upmarket. Since size and luxury are strange bedfellows the answer would seem to be to aim for a few smallish 25 unit resorts in different parts of the island, instead of one mega resort at the island's center. If photography sells, then marketing the island should be a breeze (see 4.3 'Marketing St Helena').

This rather simplistic sequence of deductions is nonetheless based on sound economics. It is well known in the travel industry that people traveling long distances to reach a destination are prepared to pay higher prices once they get there. Knowing this in advance why should one emphasize the middle of the market, initially at least?

In a big sense the mix of tourists will be heavily influenced by the South Africa link, cited in the previous section. Regional forecasting models will tell you that, as with Easter Island where half the annual visitors are Chileans, South Africans will tend to dominate the hotel registers of St Helena; and as in the Easter Island example they will likely settle for the middle or upper middle range of hotels. Long haul travelers from Europe or North America, fewer in number, will pay for luxury. The resort developer and island planners must decide which of the two resort types and markets they most want to pursue at the outset.

One can gain some insights about tourism on St Helena simply by looking at the trickle currently visiting there. For the moment no one comes to St Helena by accident. Tourists are self-selected, from age cohorts tending to be considerably better educated from an age distribution that is bimodal, emphasizing young and old. The middle-aged professional is currently under-represented because the opportunity costs of time are often be too high for him to write off the several weeks needed to get to the island and once there to stay long enough to make the trip worthwhile. Those going tend to be physically fit, attracted by the world-class hiking available on the island.

Today's tourists, more accurately adventure travelers, are often repeat visitors. As tourists go, they are certainly more eccentric and more British. They are latter-day amateur explorers and ecologists. When I took our family of four (including two teenage daughters) to the island over Christmas 2004 there were only three other tourists during our week on the island. They were a well positioned telecoms engineer who was also a ham-radio operator, a space scientist working for NASA, and a councilman of the Corporation of London. A London friend described his own trip encounters with a geologist and a writer of travel books

Today's visitors will have read up on their destination before traveling there, with many having bought reading material from Ian Mathieson's 'Miles Apart' bookstore, specializing in new, secondhand and antiquarian books on the South Atlantic Islands. His November 2004 (Link "Catalogue 18" – <http://www.sthelenase/miles/LISTNO18.pdf>) lists 116 titles. Not bad for an island few have heard of.

Future aircraft flying passengers over from South Africa or Namibia in under three hours will change the time price that is currently so high for those in the middle-age, high earnings group. Although the flights will not be cheap, the ratio of time costs to out-of-pocket costs, will certainly go down. Inevitably this will increase the appeal of the island to younger would-be travelers who are currently out of this market.

So how would a first class luxury and perhaps eco-tourist resort, perhaps part of an upscale resort chain, fare? The first steps in the direction of well-marketed upscale tourism should not be big, but they need not be timid. No big hotel, no big block. Quite the opposite. The St Helena resort should be framed as an experience, not a place to sleep. Still it must be luxurious enough to give the visitor tough choices; taking in some sun around an infinity pool the edge of which fuses with the distant ocean view, or hike to Sandy Bay Beach or Diana's Peak or Lot's Wife's Ponds. Take a postprandial nap or go to Longwood and see where Napoleon took his.

On their side, islanders would be well advised to aim high in choosing the resort operator with whom they negotiate. They should go for the best. The Shelco consortium is still trying to get financial traction to exercise an option for a 120 bed resort with an 18-hole golf course on 400 acres at Broad Bottom. Of the usable land on the island available for a resort, this option would remove about 15 percent. The proposed hotel may be large when set alongside predictions for the flow of visitors coming to the island in the first years. If this is the case the excess capacity could preempt others who might otherwise consider entering this market.

What is more likely needed for today's top-end market is the first of perhaps several resorts of modest size that will attract a small but steady stream of guests who will spend \$750 to \$1,000 per day. Too steep? An article in a February 2005 *NYTimes* was entitled "Anguilla on \$1,000 a Day". The author documented how she had to cut corners to manage within this budget constraint, which did not include air travel with one stop-over and one plane change enroute to this Caribbean destination. At high season three island resorts in this price range and above were all full. As noted previously, for long-haul visitors to St Helena spending a lot of time and money on air travel, the room expenses are a smaller fraction of total trip costs than would be the case for those flying out of South Africa.

A first resort might have the following specs: 12 to 20 free-standing villas, six duplexes, an infinity pool, all built around a fine old plantation house that will be adapted as the central building or mini hotel*. Furnishings, amenities and interior design should be at the top of the market. The small villas themselves should be designed in the architectural vernacular of the island. The views, in different directions should be impeccable, as should be the service. The resort should be operated by a resort firm having high name recognition at the top end of the travel market, in London or New York or Singapore. The catering must be world class, with ingredients grown on or near the premises and promoted as organic. A spa should be included. A business plan for a resort reflecting these specifications is attached here.

The numbers? A modest start at the top of the market, as described above, should aim for 30 to 50 guests a week, visitors who will spend a full week on the island. They will presumably fly in from South Africa or Namibia, so if they are coming from Europe or the States their travel plans will have to include transiting Southern Africa. This is a possible benefit as several of the top-end resort companies (and airlines) have South Africa in their portfolios and could offer packages.

The possibility for a flow of French tourists interested in Napoleon should not be overlooked. The recent exhibition at Musée Jacquemart André did good business in Paris. There has always been a lot of interest in St Helena in France (very possibly more so than in the UK). For this reason Dakar might be a pick-up point for French

* Hugh Crallan's book (Island of St Helena: Listing and preservation of buildings of architectural and historic interest) lists historical and architecturally significant buildings of St Helena, and provides 69 photos and 5 maps. About 20 of the buildings are plantation houses, mostly from the 18th century, a number of which would make

outstanding central units for a resort complex. passengers, and flights from either London or Paris could stop there, refuel, collect French passengers and continue on to St Helena. For the French market, one might work in conjunction with the Foundation Napoleon in Paris. Private jets might also contribute to the flow of tourists.

The gestation period for building a first resort of the sort described above will be four to five years. If a major resort company is to be involved, it will have to make its own assessment of what is needed and bring its in-house people in at an early stage. It will not only have a construction plan for the resort but a marketing plan as well. Because of the long lead times required for the visitors planning island travel, the marketing would have to begin well in advance of the design and completion of the units. A detailed business plan and cash-flow analysis for such a resort are available elsewhere on this website.

4.3 Marketing St Helena

Marketing will of course play a crucial role. To a significant degree the resort participant will take a certain amount of this burden on his own company's accounts. Thought should be given to bringing companies like Abercrombie & Kent on board. There would be a lead time for putting St Helena into travel brochures. The island should have a top-notch London public relations agent get the hoopla out. There are many milestones along the way that should hit the media, among which are announcement of the airport, ground breaking for the airport, announcement of the air carrier that will be selected to serve the island, the announcement of the company that will install and operate the first resort, the completion of the airport, the first flight in, the opening of the first resort, and so on. Each event should have its own fanfare.

Should St Helena open a tourist office in London? When and if the time comes for this it will have to have posters more eye-catching than the decidedly amateurish ones currently available on the island. Marketing and public relations should not be conducted *ad hoc*. They should be part of a detailed, well-constructed plan and budget. At least in the short run the St Helena Government office in the UK will have to house any marketing operation launched London.

Tourist marketing must have a theme. The island's image must be framed. The Americans, who consider themselves king of the mountain when it comes to marketing, would probably think in terms of depicting the island as a step into an 18th century world of Georgian row houses and plantation holdings. Perhaps with some horse-drawn carriages brought in. Maybe with a three-mast square-rigger anchored off the Jamestown pier.

A more ambitious marketing idea would be to get St Helena into a major film. Many highly popular Hollywood films are unabashed travelogues, with tourist-conscious American cities actually budgeting for efforts to draw in filming.

'Travelogue' films would have to include the James Bond film, *For Your Eyes Only*, which put the Seychelles on the map. *The Lord of the Rings*, winner of 11 Academy Awards and set in New Zealand, certainly did no harm to tourism there. *The Beach*, with Leonardo DiCaprio and about a journey through the wilds of Thailand, gave a spike to that country's tourism. True also for *Blue Lagoon* with Brook Shields and the islands of

Fiji; *Midnight in the Garden of Good and Evil* and Savannah, Georgia; and *Out of Africa* and Kenya.

A well-reviewed French film, 'Monsieur N', opening in New York at the end of January 2005, and showing Napoleon's last years at St Helena with an escape plan to get him off the island, was sadly filmed in South Africa.

Travel magazines and upscale food and wine magazines should also be targeted. In-flight magazines as well.

A small first resort that succeeded would be a growth node for others to follow, perhaps but not necessarily from the same resort company. One Far Eastern company began a decade ago with one resort on Bali that was sited facing rice terraces. It had a German-designed infinity pool. It was such a success (filling up at US \$750 per night room prices) that in the several years following two others followed, on different parts of the island. All three have been big earners for this resort company, even though two of the three have no connection with any beach area.

It was suggested previously that St Helena could lift a page from the experience of Explora's eco-resorts at opposite ends of Chile. Tree-top eco-resorts bringing in the famous and wealthy have grown up in Belize (Chaa Creek) and near Manaus in Brazil (the Ariau Jungle Tower Hotel). The prototype was at the foot of Mt. Kenya. So what's St Helena's unique selling point, the equivalent to the Atacama Desert, the Torres del Paine, or the South American jungle? The magnificent rock formations, discussed at length by Charles Darwin, for starters, combined with the endemic and other flora, and of course the history. The island, unique in the world, should be able to attract an enthusiastic clientele, especially if a resort can be located having a great view.

Serious analysis is required to make credible forecasts of the flows of tourists and revenue that will come once the airport has been completed. We have none of the airline, aircraft, flight frequency and load factor details at hand. Once these are known a study of the size of tourism in the first few years commencing with the opening of an airport should be embarked upon without delay. A fair guess is that 2,000 to 3,000 tourists annually would come in on the heels of the first small resort. The numbers would multiply over time, and with additional hotels. One thing is already clear. In selecting its first resort partners the island has little choice but to go as high up the quality ladder as it can. Properly packaged and marketed a few small but high-profile luxury resorts on St Helena will be less obtrusive and should bring in considerably more money than one large stand-alone edifice. They will also make more sense.

4.5 The role of Ascension Island

Ultimately Ascension Island should become part of the itineraries of passengers considering flying to St Helena, which as we have written earlier would require scheduled, commercial landing rights on Ascension. That island, 700 miles northwest of St Helena, with fine white sand beaches and warm azure water, is a perfect complement to it.

As noted above Ascension is a much younger volcano than St Helena. At its lower

elevations lava is ubiquitous. Also on the down side is that under the terms of the U.S. military lease of an airbase on the island the flow of visitors is restricted. On the upside, no *double entente* intended, is Green Mountain, with a lush green fern and plant covered peak often shrouded in mist. More to the point it would be helpful if military restrictiveness on the island could at some point be relaxed and its resort potential exploited. As noted previously, this may not happen quickly.

In the longer run the island as it is could make an excellent island-hopping destination for tourists going to St Helena. Roads, communications infrastructure, and a desalination plant are all in place. A tourism infrastructure is not. At the moment it is a 'four company' island in the grips of two military establishments, a BBC re-broadcasting facility and Cable & Wireless. The on-island population is only 1,000 almost all of whom are transient. (The UK government wishes to build up the permanent population and give workers temporarily there an incentive to stay on. It is planning political institutions for these people.)

Were there any chance that the underlying economic base of Ascension might change the island could certainly have tourist potential. An excellent airport is already in place. Big game fishing and eggs-laying sea turtles will certainly attract tourists, as well as the opportunity to spend time on the beaches. If this day should ever come, both St Helena and Ascension will gain from the fact that each of them attracts tourists. There will be a co-locational externality, (economics jargon) because each island will pick up some extra tourism owing to the fact that visitors on one will be in the region of the other. If the UK and US militaries can be persuaded to yield on their stands of keeping the island semi-closed, Ascension should have a good future and St Helena a better one.

5.0 Reading list and websites.

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 St Helena Island Tourism official website <http://www.sthelenatourism.com/>
 RMS St Helena Home <http://www.rms-st-helena.com/index.php?id=1>
 Informative website maintained by Swedes <http://www.sthelena.se/>

Animals and plants endemic to St Helena and Ascension <http://kidstonmill.org.uk/endemics.htm>
St Helena National Trust (good photo gallery) <http://www.sthelenanattruStorg/>
The St Helena virtual library and archives (by Barry Weaver) <http://www.bweaver.nom.sh/>