

10.05.16

3.8 (9429) Deputy M.R. Higgins of the Minister for Treasury and Resources regarding the potential impact on the Jersey economy of a U.K. exit from the European Union:

Could the Minister advise members what work, if any, he has carried out to assess the potential impact on the Jersey economy of a U.K. exit from the European Union?

Senator A.J.H. Maclean (The Minister for Treasury and Resources):

The Council of Ministers have been considering over the last 18 months the interests of Jersey whether the U.K. decides to remain in or to leave the European Union. Indeed States Members were recently invited to a presentation by the Ministry for External Relations on the work that has been undertaken so far. I am pleased to say for those who were unable to attend that presentation there is going to be another presentation tomorrow on the same subject. What I can briefly say is that Jersey participated in the U.K. Government's balance of competencies exercise and have looked at the implications, including the economic implications of Protocol 3 no longer applying to Jersey. As Members know, Jersey is part of the European Union for the purposes of trade in goods and we are part of the E.U. (European Union) customs union. We are, however, not part of the E.U. for other purposes including trade and service and accordingly the direct impact on the Jersey economy is likely to be limited. We would be subject to the same macroeconomic and market influences as the U.K. and other countries, irrespective of the actual result of the U.K. referendum and there are numerous, often contradictory, analysis as to the possible economic impact under the 2 different scenarios.

3.8.1 Deputy M.R. Higgins:

The Minister mentioned that services are not part of the Protocol 3 but is the Minister also aware that many of the services that we do provide to people living within the European Union are because of our links with the U.K.? For example, recognised funds, to get access to the population of Europe we first had to satisfy the U.K. Treasury and it was through their sort of sponsorship in a sense those funds were then marketed in the U.K. So if the U.K. does leave the European Union, is it not the case that many of the services that we provide we may also not be able to provide them to Europe?

Senator A.J.H. Maclean:

No, that is not appearing to be the case. Certainly as far as equivalence is concerned, with financial services to which the Deputy was referring, we have an equivalent country status, we have market access for areas like A.I.F.M. (Alternative Investment Fund Managers) directive for financial services and therefore it is my advice that I have received that we would not be impacted by a decision by the U.K. to leave the E.U.

3.8.2 Deputy S.Y. Mézec:

The Minister will almost certainly be aware that there are people involved in business in Jersey, and particularly the financial services industry, who have said that it is their view that a Brexit could be bad for Jersey's economy. On that basis would the Minister agree that Jersey residents who retain the right to vote in U.K. elections because they lived there fewer than 15 years ago should be encouraged to take part in that referendum if they have a vote and to consider the implications for the Jersey very carefully when they do exercise that vote?

Senator A.J.H. Maclean:

That is a matter for any individual that is, as the Deputy says, qualified to vote in the referendum. It is not a matter that I would particularly comment on any further than that, other than to say that there are views on both sides of the argument as to what the potential impact may be from a U.K. perspective and therefore potentially from a Jersey perspective. But, again, there are strong feelings on both sides of the argument and I think I have made the position clear and indeed the Government's position here is that we prefer a *status quo* and we will react accordingly after the 23rd June referendum.

3.8.3 Deputy A.D. Lewis:

Would the Minister go as far as publicly stating that he would encourage those that had contacts, family and business contacts in the U.K. encourage those people to consider voting against the exit? Would the Minister go on record as promoting that as a concept?

Senator A.J.H. Maclean:

It is not the Minister's position, or indeed the position of the Council of Ministers, to fall on either one side or the other. We have made our position clear, it was made clear in the presentation to States Members recently and again I have no doubt will be repeated tomorrow, that the preferred position is the *status quo* to be retained. We will wait and see the outcome of the referendum. That is a matter for those who are able to vote in the U.K. If there are some Jersey residents who wish to exercise their right then of course they should do that. But it is for them how they decide to vote.

3.8.4 Deputy A.D. Lewis:

The Minister will know that the Gibraltar Government has taken a particular view on this. I know their status is slightly different, but they have been very public in their view. Should the Minister not take a similar view as it is very clear from many quarters that staying with the *status quo* is of huge benefit to Jersey?

Senator A.J.H. Maclean:

I think the Deputy's comment about Gibraltar being slightly different is an understatement, it is hugely different and I think I have made it clear exactly what both what my position is but more importantly the position of the Council of Ministers with regard to this matter.

3.8.5 Deputy M.R. Higgins:

My question was about what work had been done on the impact or potential impact on the Jersey economy. We have recently had the F.P.P. (Fiscal Policy Panel) downgrade some of their figures towards growth, towards employment and various other sorts of things that they came up with. Have they or has the department come up with any figures showing how the economy will deteriorate even further if the U.K. leaves the European Union? Figures.

Senator A.J.H. Maclean:

It is fair to say that the U.K. themselves have not published any figures. There are some who believe there will be a benefit outcome and others who believe there will be a more negative one. There are differing views but there are no independent assessments that can be relied upon, if I can put it that way, as to the likely impact, bearing in mind the renegotiation and the process that will be followed based on a Brexit would take a minimum of 2 years, many believe up to 5. The likely impact is very difficult to assess. All we can do, and it is one of the key messages I have made about the M.T.F.P. (Medium Term Financial Plan) for some time now is ensure we retain within our future spending plans plenty of flexibility to deal with circumstances such as a potential Brexit in the future.

3.8.6 Deputy M.R. Higgins:

So I take it then there were no figures, no calculations done in that sense because you have not offered any figures whatsoever?

Senator A.J.H. Maclean:

Of course some assessments have been undertaken but certainly nothing that would be worthwhile or relevant to put into the public domain. As I have said, the Council of Ministers have been considering this matter, including the economic impacts for 18 months or so and will continue to monitor very closely as we come to the 23rd June, and more importantly the period after that, should the vote go or end up in a Brexit occurring.