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**5 Deputy S.Y. Mézec of the Chief Minister regarding the impact of Brexit on Jersey's finance industry: [1(93)]**

What plans, if any, does the Chief Minister have to safeguard the interests of Jersey's finance industry throughout the upcoming Brexit negotiations and what does he perceive to be the biggest risks to the finance industry arising from Brexit?

**Senator I.J. Gorst (The Chief Minister):**

Jersey is of course outside the E.U. (European Union) for financial services and our access to the E.U. markets will not be directly affected by the U.K.'s departure on whatever terms that may be. Those financial services companies doing business in Jersey have elected to do so on a third country basis as far as the E.U. is concerned, perhaps most notably our funds industry. In agreement with the U.K. Government we have established our full priority workstreams, one of which is specifically for financial services. The first round table meeting between the U.K. and the Crown Dependencies to discuss financial services is scheduled to take place during the week commencing 20th February. Those workstreams are reflected in our internal planning within Government and engagement with relevant stakeholders, including periodic meetings and workshops with States Members.

**4.5.1 Deputy S.Y. Mézec:**

I asked this question as a result of the front page article where a senior States adviser brought this issue up. One of the things that he brought up was the potential change in perception internationally of the zero rate in Jersey's corporation tax. Would the Chief Minister give any indication if in discussions that he has had with other parties in the other Crown Dependencies or the U.K., or even in the E.U. for that matter, is the zero rate and the perception of it something that has come up and if so what does he think the implications of that will be?

**Senator I.J. Gorst:**

There is nothing new in the front page article of the *J.E.P. (Jersey Evening Post)*. We have spoken in this Assembly previously about the European consolidated list of unco-operative jurisdictions. They have gone through a score-boarding process. We have been engaged in that score-boarding process. They are moving on to a screening process and they are writing to jurisdictions. Currently they have got something like 91 jurisdictions that they are writing to to understand their corporate tax structure. Our corporate tax structure of course has been through the E.U. Code of Business Tax and has met muster there. Of course there are some Member States who see the world differently to ourselves but we have set up a Brussels office, we have been engaging with Member States, helping them to understand not only what Jersey has got to offer but the rationale for our corporate tax rates, and that will continue throughout these 2 years of the Brexit negotiations and beyond.

**4.5.2 Deputy C.F. Labey of Grouville:**

Does the Chief Minister think that it would have been a useful exercise for him to sit in on the Public Select Committee when they visited Jersey and they had a meeting with States Members to find out their concerns?

**Senator I.J. Gorst:**

It is a very good question but it is always a difficult balance to allow States Members to say whatever they wish to visiting U.K. Ministers or politicians without feeling hindered by the presence of the Chief Minister. That is the approach that we have recently taken. I have no doubt that some of the questions that that Select Committee spoke to me about later in the day were based on some of the

questions that Members of this Assembly raised. But I think there should be rightly an opportunity for Members to meet with visiting U.K. Ministers and Select Committees to be able to ask questions in a way whereby they feel uninhibited by the presence of Ministers or their officials.

#### **4.5.3 Deputy G.P. Southern:**

What attention has the Chief Minister paid to the words of Mr. Powell, who I believe still has an advisory role within Government, when he says it could be a problem for Jersey, it could be that the E.U. tightening its rules on equivalence, market access regulations, which would restrict the U.K. and other non-Member States from doing business on the continent? The rules on equivalence could change to make it, the E.U. market, less open. What attention has he paid to this warning from his recent adviser?

#### **Senator I.J. Gorst:**

Let us be clear, the adviser referred to in the question still sits on the 5th floor and he is employed and his title is International Adviser to the Chief Minister. I listen carefully to his advice. But this is the reason that we set up the Brussels office many years ago. This is the reason why we have been building relationships and friendships with various Member States across the E.U. This is the reason why we engage with the Commission when we visit Brussels. This is the reason why we engage with permanent representatives of Member States to the E.U., to make sure that they understand that if they want to deliver on jobs and growth they need to allow cross-border flows of capital. The Deputy should be aware of the Capital Markets Union paper and all the good work that was started by Lord Hill when he was a commissioner and that we had input to not only formally but informally when we met with him as well. So those challenges, which are also opportunities, will continue, as I have just said, throughout the 2 years and beyond.

#### **4.5.4 Deputy S.Y. Mézec:**

Obviously the difficulty with Brexit is that everything is uncertain right now. Does the Chief Minister have any gut feeling over how our corporation tax system will be maintained during these Brexit negotiations and post-Brexit or does he anticipate that there may well have to be some changes to align itself with potential changes in perceptions from those E.U. Member States when the U.K. is no longer one of them, and no longer able to advocate on our behalf round the table?

#### **Senator I.J. Gorst:**

We were already working with Member States and we have been doing so for many years. I do not want to be too political but there is Estonia. Perhaps I should not mention Estonia. There is Malta, there is Ireland, there are other Members States for whom that relationship, working forward throughout these 2 years and beyond, is critically important, and that is why we have made the decisions that we have, so that Europe remains open to investment. It remains open for the creation of jobs. It remains open for foreign direct investment because we, in partnership with the E.U., can support that agenda. Capital Economics in their independent report said it. They said it about the U.K. as well. We do not work on gut feeling. We work for the best interests of Jersey. We engage. We build relationships. Some Members opposite have accused us of going on jollies. These are not jollies. These are protecting the fundamental rights of Jersey people and her economy by building the strong relationships and getting out there and supporting jobs. On top of that, in the coming weeks, Members will see that we have won an extremely important piece of business in competition with other jurisdictions. We are out there day-in, day-out, fighting for Jersey's best interest.