

2018.07.10

3.2 Deputy K.F. Morel of St. Lawrence of the Minister for External Relations regarding preparations being made for the eventuality of a ‘hard Brexit’: [OQ. 89/2018]

Will the Minister update the Assembly on what preparations, if any, have been made for a “hard Brexit” in which the U.K. (United Kingdom) would leave the E.U. (European Union) on 29th March 2019 without any deal, or special arrangements, made with regard to the Island?

Senator I.J. Gorst (The Minister for External Relations):

Perhaps I could apologise to the Assembly for being slightly late this morning. Gatwick was somewhat congested. All of the Government of Jersey’s Brexit planning has been developed on the basis of a no deal, or hard Brexit, scenario since the U.K. referendum on E.U. membership took place in June 2016. We, of course, are aware of potential risk to the Island presented by a hard Brexit and have engaged in extensive contingency planning, to ensure that all government departments are prepared for and able to manage those risks. At the same time, we have recognised the importance of continuing to work closely with the United Kingdom Government, both to prepare for withdrawal under a range of negotiated scenarios and to seek a positive outcome for our future relationship with the E.U.

3.2.1 Deputy K.F. Morel:

As part of your contingency planning, have you been making economic models of what may happen to Jersey’s economy in the event of a hard Brexit?

The Deputy Bailiff:

Through the Chair, normally please.

Senator I.J. Gorst:

There are detailed contingency plans. They are sensitive, as the Deputy would appreciate. In the last Assembly, I invited Members to a high-level review and discussion about those contingency plans, and I have asked officials to arrange a subsequent briefing for new Members to this Assembly; existing, or old, Members are welcome as well, because we know this is a moving scenario. But we must remember, when looking at contingency plans and economic modelling, that for financial services, which is the bedrock of our economy, we are already outside of the E.U. We are not part of the E.U. and we already are a third country. Therefore, we should not be unduly concerned about that sector of our economy.

3.2.2 Deputy G.P. Southern of St. Helier:

What progress has been made on the passporting of services, particularly financial services, to the E.U. on behalf of the U.K. and the City of London, in particular, which would impinge upon our activities and our status as a third country?

Senator I.J. Gorst:

I see what the Deputy did there. He was really trying to address a question to the United Kingdom Prime Minister and just at the end swerved in to see whether their negotiations might have any effect upon our financial services community. We know, do we not, that we work hand in glove with the United Kingdom. We give benefit to the United Kingdom. Billions of pounds are streamed to the United Kingdom, responsible for creating something like 250 jobs in the United Kingdom economy. If the City suffers, which I think is what the Deputy is trying to allude to, then there is potential for us to suffer as well. But we have to remember, for the last number of years, certainly for the last 6½ years, we have been building and growing our international business, and when we look at the statistics we see that that continues to grow. That facilitation of funds from around the globe, up into London, up into Europe, is not contingent on the strength of the City. It is contingent on the strength of our financial services here in Jersey. We can take comfort from that fact.

3.2.3 Deputy G.P. Southern:

Does the Minister for External Relations - I almost called him by his old title there - expect continued growth in the financial services sector in the Island, in place of growth in the City?

Senator I.J. Gorst:

We are stronger together. It is not about us competing with the City. The instruments, the services, the products that we offer here, as a small international finance centre, are complementary to the United Kingdom. We have introductions from the City, from professional advisers in the City, even if those funds originate elsewhere. It is not a matter of us competing with the City. It is a matter of us being stronger together and offering complementary services which, because of all sorts of economic reasons, the City cannot offer and yet we, together, can produce a stronger British Islands, or British family.