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8 Deputy G.P. Southern of the Minister for External Relations regarding the impact of Brexit on the Island's finance industry: (OQ.60/2020)

In light of comments made by the U.K. Prime Minister and his negotiators that the U.K. will not be a rule taker under any new agreement made on leaving the E.U., but a rule maker and the E.U.'s position that there should be minimal divergence from E.U. Regulations in such an agreement, what outcome for Jersey ...

The Deputy Bailiff:

Can I ask you to stop, because I think we are inquorate at the moment, I understand, by one.

Deputy G.P. Southern:

I could take this personally. [Laughter]

The Deputy Bailiff:

Could I ask Members to return from the tea room?

Deputy G.P. Southern:

It is all the landlords who have left ... Nobody is coming back in. Can I have the *appel*, please, Sir? I want to know who my friends are.

The Deputy Bailiff:

Please continue, Deputy. Thank you.

Deputy G.P. Southern:

I have got your names. From the top, Sir.

The Deputy Bailiff:

Yes.

Deputy G.P. Southern:

In light of comments by the U.K. Prime Minister and his negotiators that the U.K. will not be a rule taker under any new agreement made on leaving the E.U., but a rule maker, and the E.U.'s position that there should be minimal divergence from E.U. Regulations in such an agreement, what outcome for Jersey does the Minister forecast and what impact, in particular, on the position of our finance industry?

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

The Government of Jersey continues to represent the Island's interests with both the U.K. Government and the European Union across a range of policy areas, including, of course, the finance sector. It is for those parties to reach agreement on the post-Brexit trade relationship that reflects an acceptable level of equivalence and market access *versus* the current member state compliance. Careful consideration is and will continue to be given to the transposition of any U.K. or E.U. legislation to the laws of Jersey and would be considered by Members of this Assembly in the usual way.

3.8.1 Deputy G.P. Southern:

Could the Minister address the issue that it looks more and more likely that we will leave in 31st December this year with a no deal agreement and that we will be faced with our finance sector, which is a service industry, not one that deals in goods and, therefore, not subject to tariffs, that our position will be one of being outside the E.U. and have difficulty in trading under U.K. Regulations and city Regulations?

Senator I.J. Gorst:

Sir, I am not sure where to start, I thought you were perhaps going to correct the Deputy. Let us put aside the fact that the Deputy disagrees with the position of the United Kingdom, who have made it clear that they anticipate reaching a trade deal during the transition period, time will tell whether a deal is reached or not. Of course, as the Deputy well knows, when it comes to services, Jersey is not in the European Union. We are already a third country and regarded as such for services. So, the scenario that the Deputy fears will not come to pass, because we are already outside of the European Union for those purposes and we wish to maintain that position.

3.8.2 Deputy M.R. Higgins:

Following on from that, the U.K., obviously as a member of the E.U., had free access into Europe for services and will not do after the end of the transition period. We had a demonstration, I think it was last week, from the local fishermen, who are very concerned about their livelihoods in going forward. We know that, in the negotiations between Europe and the U.K., Europe is taking a hard line; they want to maintain the right to U.K. fisheries and obviously they point out that the main market for fish is Europe and they intend to use that as a bargaining point when it comes to financial services. Can the Minister for External Relations give words of encouragement to local fishermen that they are not going to be sold out as part of this deal to get U.K. financial services into Europe?

Senator I.J. Gorst:

We must remember that this is a negotiation and opening positions going into a negotiation are just that and should be regarded as that. What they simply do is give an indication of perhaps where the 2 parties, the member state and the European Union, think there is great worth in negotiating hard. This issue has been presented to me as a possibility. Of course, we are different from the United Kingdom in this regard. The United Kingdom is currently a member state of the European Union and, therefore, is in the European Union for both goods, covering fishing and fish matters and for services covering financial services. We are not. Of course, our fishing is extremely important and it is, without doubt, one of those delicate areas when it comes to negotiating the future trade agreement with the European Union. But we are not in the European Union for services, hence financial services. We are already treated as a third country and we already show third-country equivalence. The 2 sides will have their negotiation and their opening position is as the Deputy has outlined in this Assembly, but we start from a very different position and, therefore, there is not for us a correlation between financial services and fishing in the way that some have suggested. Both are extremely important to our economy and our future but the relationship with the E.U. is fundamentally different right now.

3.8.3 Deputy M.R. Higgins:

Will the Minister for External Relations confirm that, in terms of the real world and real politics, that whether we are in the E.U. or not will make no difference when it comes down to the negotiation between the E.U. and the U.K. and that we may well have to, as we have done in the past, bend to the will of the U.K. Government?

Senator I.J. Gorst:

Absolutely not. For services and financial services, right now we are treated as third countries. The U.K. cannot go into a negotiation and negotiate that we would be treated as if we were a member state. It is incomprehensible that that would be the case. Of course, there is a lot of water to flow under the bridge around the overall negotiation and that is why we are working very closely with the U.K. Government, that they understand fully our position and our mandate going into that negotiation. We are also working closely with the Commission and the work that our Brussels Office does and our new E.U. team does, to ensure that the Europeans are, likewise, aware of our position.

3.8.4 Deputy R.J. Ward:

Given the answers, can I ask the Minister for External Relations, does he believe that Jersey should take a similar approach to his friends in the U.K. Conservative Party, that we should be a rule maker, rather than a rule taker, as the U.K. diverges from the E.U. agreement?

Senator I.J. Gorst:

Yes, it is very kind of the Deputy to suggest that I have friends in the Conservative Party. Perhaps I might repay him the compliment and say I look forward to seeing his friends at the Labour Party Conference later this year. **[Approbation]** Because, we in the Jersey Government work with all political parties across the United Kingdom. We have, I think, a proud history. I think that our settled constitutional position works well in the interests of all Islanders and our domestic and fiscal autonomy is something that we cherish and that we seek to enhance at every opportunity. In that respect we are, of course, our own rule makers and long may it remain so. But we, of course, do also scan the horizon for what is happening when it comes to international standards and approaches that are being taken by international standard setters like the O.E.C.D. (Organisation for Economic Co-operation and Development), regional standard setters like the European Union and we make appropriate domestic decisions that we think are in the best interests of Islanders. We will continue to do so, so it is not a matter of rule makers, or rule takers, it is the appropriate settled constitutional position whereby we are autonomous in matters, domestic and fiscal matters.

3.8.5 Deputy G.P. Southern:

Following any diversions between the U.K. and the E.U. over the provision of services, is it not the case that the Jersey finance sector may have to choose between U.K. Regulations and E.U. Regulations?

Senator I.J. Gorst:

No, it is not. It is the case that this Assembly and the Government of Jersey will choose to follow regional and international standards and put in place appropriate Regulations to show that we can meet the very highest international standard. It is that decision making framework and that process that has led us to the economic prosperity that we have enjoyed over the last number of decades. For my part, it is one that we will rightly continue to follow. This Assembly is rightly the master of its own destiny and it makes decisions in the best interests of all Islanders.