
STATES OF JERSEY



BREXIT INFORMATION REPORT: JULY 2017 UPDATE

Presented to the States on 18th July 2017
by the Minister for External Relations

STATES GREFFE

INTRODUCTION

BREXIT UPDATE

This is a Report to the States Assembly on the steps taken by the Government of Jersey since its last Report on Brexit and the notification by the Government of the United Kingdom under Article 50 of the U.K.'s intention to withdraw from the E.U.

MINISTER FOR EXTERNAL RELATIONS
12th JULY 2017

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INTRODUCTION BY THE CHIEF MINISTER

I thank the Ministry of External Relations for their work on this important Report, which documents steps that have been taken since the last Report, and reviews the Government of Jersey's objectives in relation to Brexit. Preparing for the exit of the United Kingdom from the European Union represents one of the most profound challenges to be faced by this Assembly, but also provides the Island with significant opportunities as we develop our presence on the global stage. I am confident that the work that has been undertaken across Government Departments has placed the Island in a strong position as formal negotiations begin between U.K. and E.U. representatives in Brussels. I am equally encouraged by the honest and open dialogue that has taken place between Ministers and their counterparts in the United Kingdom, including correspondence with the Prime Minister, who has repeatedly confirmed her commitment to ensure that the interests of the Crown Dependencies are represented in Brexit negotiations. I commend this Report to the States Assembly and hope that Members will endorse its contents, as we seek to develop a prosperous and successful future for all members of our Island community.

Senator I.J. Gorst
Chief Minister

FOREWORD BY THE MINISTER FOR EXTERNAL RELATIONS

It is now a little more than a year since the decision taken by the people of the United Kingdom to leave the European Union. As my statement released after the referendum made clear, we had prepared for both possible outcomes. Over the last 12 months, this preparedness has served us well, with joint work-streams between the U.K. and the Crown Dependencies swiftly established in all key priority areas. This work has been continuously overseen and assessed at political level, by me as Minister for External Relations, by the Brexit Ministerial Group, and at quarterly meetings between the Chief Ministers of the Crown Dependencies and Robin Walker, M.P., Parliamentary Under-Secretary of State at the Department for Exiting the European Union. At the same time, we have sought to build awareness more widely in Westminster through an ongoing programme of engagement with U.K. Parliamentarians, and in submissions to the Justice Committee, the Foreign Affairs Committee and the Lords E.U. Select Committee. Through these efforts, we have ensured that the U.K. Government has a deep and thorough understanding of our interests; we have secured commitments at the highest level that these interests will be fully represented, and we have developed a level of awareness amongst U.K. Parliamentarians enabling them to hold Government to account.

With the commencement of the negotiations on 19th June 2017, we now move into a new phase, and work is underway to ensure that we are kept informed on developments and able to have input into proceedings as appropriate. At home, we are working to deal with the necessary legislative changes required by Brexit; and to ensure that any tariffs that Jersey businesses may face after Brexit are minimised, through securing, with the co-operation of the U.K. Government, extension of the U.K.'s membership of the World Trade Organisation. Alongside this, we are looking to seize the opportunities of Brexit – building and strengthening links with growing markets outside the E.U. We have been pressing the U.K. Government for some time for an entrustment to negotiate Bilateral Investment Treaties, so that we can put in place the necessary framework of treaties and agreements to facilitate trade and look at how the Island may be able to participate in the U.K.'s push to re-assert itself as a great, global trading nation.

The coming years will undoubtedly present both serious challenges and great opportunities, and we do not underestimate the scale of the task ahead. Throughout this time, the involvement of States Members, local businesses and members of the Public will be vital. We will continue to seek to engage, explain and, importantly, listen to what matters to Islanders as a whole. These issues affect us all, and it is only through working together that we can build a successful economic future for Jersey.

Senator Sir P.M. Bailhache
Minister for External Relations

PURPOSES

The purposes of this Report are –

- firstly, to update Members on developments that are relevant to Jersey;
- secondly, to make a Review of the Government of Jersey’s objectives in the light of developments since the previous Report to the States Assembly, within *Projet P.7/2017* (‘Brexit Report: steps taken by the Government of Jersey before Notification by the Government of the United Kingdom under Article 50 of the U.K.’s intention to withdraw from the E.U.’) lodged *au Greffe* on 31st January 2017; and the U.K.’s notification of its intention to withdraw from the E.U.;
- thirdly, to update States Members on the work that has been undertaken by the Government of Jersey since the last report and proposition to the States Assembly; and
- fourthly, to flag the next stages of the Government of Jersey’s involvement in and preparations for the U.K.’s withdrawal from the E.U.

SECTION I

POLITICAL DEVELOPMENTS

Key political events

1. On 15th February 2017, the States Assembly adopted [P.7/2017](#) by [40 votes to 3](#). The Proposition asked the States to recognise that the Government of the United Kingdom was likely to issue notice under Article 50 of the Treaty on European Union, and to endorse the Council of Ministers' intention to propose the repeal of the [European Union \(Jersey\) Law 1973](#). Notice of withdrawal was duly given by the U.K. Government, and work on Jersey's 'Repeal Bill' has gone ahead.
2. There has been a good deal of commentary on the impact on Brexit of the U.K. General Election, at which the Conservative Party lost their overall majority. Much of this has centred on the idea that a 'hard Brexit' of the type advocated by the Prime Minister before and during the General Election has now become less likely, and that there is a possibility of a transition period following formal U.K. withdrawal in 2019.
3. Following the election, however, both the Prime Minister and the Secretary of State for Exiting the European Union, Mr. David Davis, have stated clearly that the U.K. Government's approach to Brexit has not changed. Specifically, the U.K. Government is committed to removing the U.K. from the Single Market and the Customs Union, to 'taking back control' of immigration, and to ending the jurisdiction of the European Court of Justice in the U.K. The U.K. Prime Minister has also held to the line that, whilst she is seeking the best possible deal with the E.U., not reaching a deal at all would be better than signing-up to a bad deal.
4. In a speech to a C.D.U. conference in Berlin on 27th June 2017; however, Chancellor of the Exchequer, Mr. Philip Hammond, took a slightly different tone, emphasizing the need for a long-term partnership between the U.K. and E.U., a comprehensive F.T.A., and a customs agreement to maintain friction-free borders. Crucially, he also acknowledged the need for a joint supervisory structure in certain areas (though not the E.C.J.), and for a proper transition period to secure stability. The overall vision is not dissimilar to that painted by the Prime Minister in her Lancaster House Speech in January, but the emphasis on transition arrangements, and specifically the duration of such arrangements, could be seen as a new dividing line between 'hard' and 'soft' Brexit. It is worth noting firstly, that many who were in favour of a so-called hard Brexit now accept the likely need for some form of transition arrangement; and secondly, that active support for a soft Brexit as originally conceived – remaining in the Single Market and the Customs Union – is no longer prominent within the U.K. Parliament. Instead, soft Brexit is increasingly being interpreted as withdrawal involving transitional arrangements for a period.
5. The decision announced on 2nd July 2017 by the U.K. Government to give notice of its withdrawal from the 1964 London Fisheries Convention does not directly affect Jersey; primarily because nothing within the 1964 Convention shall prevent the maintenance of existing agreements, and this includes the Bay of Granville Agreement.

6. On trade, the Government of Jersey's position – to plan for the introduction of tariff and non-tariff barriers, whilst also seeking to participate in any F.T.A. or customs arrangements – continues to be the best working assumption, acknowledging that a period of transition now seems more likely.
7. The following timeline gives a summary of key political events:

Timeline

17th January 2017: P.M. Theresa May's [speech](#) at Lancaster House, setting out U.K. Government's 12 priorities for Brexit

2nd February 2017: U.K. Government's [White Paper](#) on the U.K.'s exit from and new partnership with the European Union

15th February 2017: States Assembly approves [P.7/2017](#) endorsing the proposed repeal of the European Union (Jersey) Law 1973

29th March 2017: P.M. Theresa May [writes](#) to European Council President, Donald Tusk, triggering Article 50

30th March 2017: U.K. Government [publishes](#) Great Repeal Bill White Paper

18th April 2017: P.M. Theresa May calls snap U.K. General Election for 8th June 2017, asking specifically for a strong mandate for Brexit negotiations

29th April 2017: European Council [publishes](#) their guidelines for the Article 50 negotiations (as agreed by the European Parliament on 5th April 2017)

8th/9th June 2017: Following the U.K. General Election, the Conservatives remain the largest party, but lose their overall majority

19th June 2017: Article 50 negotiations commence – [Terms of reference](#) agreed between the U.K. Government and the European Commission

21st June 2017: H.M. The [Queen's Speech](#) sets out U.K. Government legislative programme, including 8 Brexit Bills

26th June 2017: The Conservative Party [agrees](#) a “confidence and supply” deal with the Democratic Unionist Party (“DUP”), which secures their support for the Queen's Speech, Budget and all confidence votes

26th June 2017: P.M. Theresa May makes a statement, and U.K. Government [publishes](#) a White Paper on safeguarding the position of E.U. citizens in the U.K., and U.K. nationals in the E.U.

2nd July 2017: The U.K. government announces giving notice of its withdrawal from the 1964 London Fisheries Convention.

SECTION II

REVIEW OF THE GOVERNMENT OF JERSEY'S OBJECTIVES FOR BREXIT

THE NEED FOR A REVIEW

8. On 27th June 2016 the Government of Jersey published, in [R.72/2016](#) ('Brexit Information Report', presented to the States by the Minister for External Relations), its expectations for the negotiating process for Jersey and for the outcome of Brexit. These objectives were reviewed in the light of P.M. Theresa May's announcement in her Lancaster House speech of 16th January 2017, and were published in *Projet* [P.7/2017](#).
9. The publication of the E.U. Commission's negotiating brief on citizens' rights, the agreement of a negotiating framework between the U.K. and the E.U. on 19th June 2017, and the Chancellor of the Exchequer's Mansion House speech of 20th June 2017, further contribute to a developing understanding of how the negotiations might evolve. The Jersey objectives build on those stated in 2016; they may evolve further as the U.K. looks into transitional arrangements that could, for example, keep the U.K. in the single market or in a European Economic Area arrangement for a further period.
10. The following objectives are therefore contingent upon developments in the new U.K. Government's policies, including their approach to transitional arrangements, the Brexit negotiations themselves, and what proves to be negotiable. The politics of Brexit are fast-moving and might quickly affect Jersey's objectives and the way in which we work to protect our interests.

GOVERNMENT OF JERSEY'S OBJECTIVES FOR BREXIT, RELATING TO – (A) THE UNITED KINGDOM

I. The continuation of the fundamentals of Jersey's existing relationship with the U.K.

- i. Freedom of movement of people between the Channel Islands and the U.K. without formal border controls in (a recognisable version of) the Common Travel Area;
- ii. Freedom of trade within a Common Customs Territory with the U.K.;
- iii. Freedom of movement of capital with the U.K.;
- iv. External trade on the basis of external tariffs in common with the U.K.; and
- v. To maintain and strengthen existing working relationships between Jersey law enforcement agencies and U.K. (and E.U.) law enforcement agencies.

Looking forward to external relations involving the U.K. beyond Brexit, we also seek:

- vi. For the terms of any U.K./E.U. Free Trade Agreement to be capable of being extended in whole or in part to Jersey, if we so wish.

(B) THE EUROPEAN UNION**II. The continuation as far as is possible of the substance of the benefits of our relationship with the E.U. as set out under Protocol 3**

- i. To achieve access to E.U. goods markets, including for agriculture and fisheries products, on terms no less favourable than the United Kingdom's, including during any transitional period;
- ii. To access E.U. markets for financial services through meeting the requirements of equivalence, of mutual recognition or of regimes for 'third countries';
- iii. To secure a no less favourable deal on movement of persons in the E.U. for British nationals resident in Jersey as for British nationals generally;
- iv. To provide certainty on the position of citizens as early as possible; both for E.U. citizens resident in the Island and for British citizens – including those from Jersey – resident in the E.U.;
- v. To continue engagement with key E.U. Member States to ensure that our constitutional position and objectives in relation to Brexit are understood (*see Appendix A*);

and, looking beyond Brexit:

- vi. To continue to be regarded by the E.U. as a co-operative jurisdiction;

and, specifically on infrastructure and connectivity:

- vii. To continue to operate air and shipping links to E.U. destinations and participate in the functional airspace block with France;
- viii. To keep open digital and telecoms opportunities;
- ix. To benefit from any U.K.-negotiated roaming arrangements with the E.U.;
- x. To maintain the free flow of data with the E.U. and the U.K.;
- xi. To maintain E.U. relationships in the development of new standards in business critical areas, including E.U. cyber-security; and
- xii. To maintain a secure, uninterrupted and cost-effective energy supply –
 - (a) to ensure, to the extent possible, that the Island is not worse-off after Brexit with respect to tariff-free markets access and cross-border trading of renewable or conventional energy both with the U.K. and the E.U.; and
 - (b) that there will be no inhibitions to the possibility of future green energy exports to the E.U.

(C) GLOBALLY**III. Ensuring that Jersey has the right agreements and international relationships in place to benefit from global opportunities arising from Brexit**

- i. To secure extension of W.T.O. territorial application to Jersey;
- ii. To broaden and deepen Jersey's commercial and political relationships with non-E.U. global markets, with particular emphasis on market expansion in high-growth economies in Africa, Asia and the Middle East (*see Appendix B*);
- iii. To expand Jersey's network of international agreements, including negotiation and conclusion of D.T.A.s and M.O.U.s with priority partners; and
- iv. To develop, and secure entrustment to negotiate, bilateral investment treaties between Jersey and key trading partners.

(D) JERSEY INTERNAL**IV. Mobilisation of the Government, and engagement with Jersey residents and businesses**

- i. To resource involved Government Departments including the Ministry of External Relations in order to enable –
 - (a) effective engagement with the U.K. government throughout the withdrawal process;
 - (b) consistent engagement with the whole of Government, with States Members, Jersey residents and businesses; and
 - (c) the uninterrupted functioning of relevant law in Jersey that is related to E.U. legislation up to and beyond Brexit.
- ii. To ensure that Jersey will still control access to its housing and labour markets, while protecting the position of non-British E.U. citizens who currently live and work in Jersey; and
- iii. To work with the governments of Guernsey and the Isle of Man to maximise influence on the U.K.'s Brexit negotiation.

SECTION III

WORK UNDERTAKEN BY THE GOVERNMENT OF JERSEY SINCE 31ST JANUARY 2017

11. Our work with the U.K. Government is organised in 6 work-streams. The 2 newest work-streams – on transport and on communications – met for the first time in 2017.

Customs Union and Trade

Background and priorities

12. Under Protocol 3 of the U.K.'s E.U. accession treaty, Jersey is treated as part of the customs territory of the E.U. Customs Union ("C.U.") where an obligation under the Protocol arises¹. As members of the C.U., the Crown Dependencies ("C.D.s") apply the Common External Tariff and quantitative restriction on importation of goods; they must, therefore apply what the E.U. has agreed as a member of the World Trade Organization ("W.T.O.") with other nations. The C.D.s adopt E.U. rules governing the Single Market for goods where an obligation to do so arises under Protocol 3.
13. As a consequence, it is the Government of Jersey's priority to plan for the possible introduction of both tariff and non-tariff elements to trade in goods and services with the E.U. 27. This includes pursuing the extension of the U.K.'s membership of the W.T.O. to Jersey, while also ensuring that the Island is able to participate in any future Free Trade Agreement ("F.T.A.") between the U.K. and E.U.
14. At the same time, given that the overwhelming majority of goods by volume and value are traded between Jersey and the U.K., rather than the E.U. 27, it is a first order priority to ensure that free movement of goods with the U.K. is maintained.
15. Lastly, the Government of Jersey is keen to ensure that, as the U.K. seeks to develop its own network of F.T.A.s with non-E.U. jurisdictions once it is no longer an E.U. Member, Jersey is in a position to participate in such agreements where it is appropriate for us to do so.

Update

16. The first U.K./C.D.s round-table on Customs and E.U. Exit took place in January 2017 where the C.D.s, whilst recognising they have distinct economies and relationships with the U.K. and E.U., outlined their key priorities. Discussions on these matters have continued in the second round-table, which took place on 3rd July 2017.
17. Following the January meeting, these matters were considered at the quarterly meeting between Robin Walker, M.P., Parliamentary Under-Secretary of State for Exiting the European Union, and the 3 Chief Ministers of the C.D.s.

¹ The other 3 freedoms (capital, services, labour) do not apply to Jersey under Protocol 3.

18. The Government of Jersey is in discussion with the Department for International Trade and the Ministry of Justice on the specific matter of W.T.O. extension.

Global Markets

19. In addition to our very close connections to the U.K. and Europe, Jersey has for many years attracted business from around the world. Given the uncertainty over the economic impact of Brexit on the economies of both the U.K. and the E.U., the work to build and strengthen our links to non-E.U. markets has taken on increased importance.
20. The Government of Jersey is therefore actively working to enhance its relationships with priority non-E.U. markets. The focus is on broadening and deepening our valuable relationships with high-growth economies in sub-Saharan Africa, the Middle East, China and India. This is also in line with the recommendations of the February 2013 McKinsey review, and reflects the global shift in wealth creation towards emerging economies. The overall objective is to develop the Island's commercial and political relationships in order to increase Jersey's visibility and improve access to decision-makers to secure greater business flows – leading to a positive measurable contribution to jobs and growth objectives.
21. A new team has therefore been established within External Relations, tasked specifically with strengthening our links with priority global markets. This team will work to ensure that Jersey has strong and mutually beneficial relationships with priority partners based on the full range of commercial, political, cultural, and educational co-operation. Where relevant, the Government of Jersey will seek to bolster bilateral relationships by agreeing wide-ranging Memoranda of Understanding that add value for both parties (such as the Jersey/Rwanda M.O.U., signed in 2016).
22. The Global Markets Team is also tasked with putting in place the legislative and treaty framework that underpins trade-flows, through negotiating Double Taxation Agreements (“D.T.A.s”) to provide tax certainty, and Bilateral Investment Treaties (“B.I.T.s”) to provide investment protection – both of which can contribute to increased flows of Foreign Direct Investment (“F.D.I.”) into target markets. In this way, the Government of Jersey's efforts to enhance relationships with key global markets can play a part in achieving the U.K.'s vision of Britain as a “great global trading nation”. U.K. Ministers have been clear that they want to see the U.K. re-assert itself as a great, global trading nation post-Brexit, with a wide network of Free Trade Agreements with international partners. The Government of Jersey shares this aspiration, and we believe that Jersey, given both strong links with the U.K. and our long history of attracting international capital, is well-placed to support them in this effort. Early stage discussions have also taken place over the potential for the Island to be party to F.T.A.s where appropriate, once the U.K. has left the E.U. and is able to negotiate on its own behalf.

Agriculture and Fisheries

Background and priorities

23. Customs arrangements are a key consideration within the context of agriculture and fisheries. The vast majority of the Jersey's trade in food and agricultural products (except fish) is with the U.K. As discussed above, therefore, a first order priority for the Island is to maintain existing free trade in goods – including agricultural and fisheries products – with the U.K. Due to the volume of fisheries products that are landed into or exported to France by Island fishermen and producers, it is also vital that potential tariff and non-tariff barriers into the E.U. are minimised.
24. Jersey's agricultural sector, particularly, greatly benefits from permanent or seasonal workers from E.U. Member States. It is therefore important for the sector that access to labour markets beyond the Island is maintained in some form post-Brexit.
25. Whilst the Common Fisheries Policy does not apply to Jersey, under our Fisheries Management Agreement ("F.M.A.") with the U.K., catch in the Island counts towards U.K. quota. Jersey therefore has a close interest in future arrangements agreed between the U.K. and E.U. on the sustainable management of fish and shellfish stocks. Whatever those arrangements, close working between Jersey, the U.K. and France in particular, will continue to be vital.

Update

26. The first round-table on Agriculture and Fisheries between the U.K. and C.D.s took place on 8th December 2016, with a second on 31st March 2017; and these matters were also discussed at the quarterly meeting between Robin Walker, M.P., Parliamentary Under-Secretary of State for Exiting the European Union, and the 3 Chief Ministers of the C.D.s.
27. In Jersey, we have held 2 rounds of local industry round-table meetings on how Brexit might impact Jersey businesses.
28. A number of sub-groups have now been created alongside the main working group in order to allow for more detailed consideration of particular topics. Sub-groups on fisheries management, trade and agriculture met for the first time on 19th June 2017. Jersey is joint chair of the Agriculture and Fish Trade Sub-Group.

Immigration (Citizens Rights, Movement of People)

29. Jersey, along with the U.K., Republic of Ireland, Bailiwick of Guernsey and the Isle of Man, forms part of the Common Travel Area ("C.T.A."), within which British and Irish Nationals can travel freely. The C.T.A., established in the early 20th Century but given statutory recognition in 1971, formalised the unhindered movement that had taken place for centuries between these closely linked jurisdictions. Maintaining the C.T.A. and avoiding the imposition of routine immigration controls – particularly between the Island and the U.K. – is a key priority for Jersey.

30. Jersey is not part of the E.U. for the purposes of free movement of people. Rather, the Island's relationship with the E.U. via Protocol 3 specifies that Jersey must apply the same treatment to natural and legal persons of any Member State. Economically, socially and culturally, Jersey benefits greatly from the contribution of the approximately 15,000 non-British E.U. citizens resident in the Island. From the outset, therefore, the Government of Jersey has been clear about its desire to guarantee the position of E.U. citizens in Jersey at the earliest possible stage, as well as to preserve the position of Jersey people resident in the E.U.
31. As the U.K. leaves the E.U. and shapes its own immigration policy for E.U. citizens, this has the potential to impact upon Jersey, due to the extension of the U.K.'s Immigration Act to the Island. The Government of Jersey has made clear the need for any new restrictions on E.U. immigration to take into account the particular requirements of the Island's economy, ensuring that Jersey retains access to vital labour markets, and continues to hold, and can enhance where possible, its freedom to determine its immigration requirements.

Update

32. The first immigration round-table took place on 3rd November 2016, with the second on 7th February 2017. Again, this was considered at the quarterly meeting between Robin Walker, M.P., Parliamentary Under-Secretary of State for Exiting the European Union, and the 3 Chief Ministers of the C.D.s.
33. Detailed discussions have continued in recent weeks, including in advance of the U.K. Prime Minister's statement on E.U. citizens' rights on 26th June 2017.

Financial Services

34. Jersey is outside the E.U. for the purposes of financial services. Accordingly, the Island's financial and professional services sector will not be directly affected by the U.K. leaving the E.U.
35. In the context of alternative investment funds, Jersey secures targeted market access as a 'third country' pursuant to each member state's national private placement regime. For its banking sector, Jersey's operational, organisational and supervisory standards were deemed to have equivalence status by the European Commission to cover exposures to credit institutions under article 107(4) of the capital requirements regulation, for exposures to central governments, central banks, regional governments, local authorities and public sector entities (risk weights) under articles 114, 115 and 116 of capital requirements regulation, and for third country subsidiaries under article 142 of the regulation. In addition, Jersey has secured equivalence in respect of articles 46(2) and 47(3) of the Statutory Audit Directive.
36. Nevertheless, due to the symbiotic relationship between the financial and professional services sectors in the U.K. and Jersey, the Island has a clear interest in the impact of Brexit on the sector in the U.K. – including future market access arrangements with the E.U.

37. It is also recognised that the U.K. plays an important role as a voice for openness and competitiveness within the E.U., the diminution of which may have an impact on third countries.

Update

38. The first Financial Services round-table took place on 24th February 2017. Whilst it was recognised that Jersey and its fellow C.D.s have regular contact with H.M. Treasury officials on many of these matters, this provided a useful opportunity to highlight the specific interests of the C.D.s in relation to Brexit at an early stage. Again this work-stream considered at the quarterly meeting between Robin Walker, M.P., Parliamentary Under-Secretary of State for Exiting the European Union, and the 3 Chief Ministers of the Crown Dependencies. That meeting took place on 24th April 2017.
39. A further round-table between the C.D.s and H.M.T. is due to be held in the coming weeks.

Beyond Brexit

40. Jersey could be impacted by changes in the policy direction of the E.U. before and after Brexit, and we have therefore been active in areas, which – although not directly related to Brexit – are fundamental to our ongoing interests. Specifically, we continue to demonstrate our compliance with international standards on exchange of tax information and related matters. We are responding to E.U. initiatives with factual information on our tax transparency and on the substantial nature of business attracted to the Island.
41. As mentioned, we have also increased activity in gaining business from non-E.U. markets, particularly in selected countries in Africa, Asia and the Middle East.

Transport

42. Jersey is outside the E.U. for the purposes of transport. However, virtually all aviation and shipping links from the C.D.s are to the U.K. and other E.U. destinations. Jersey also has delegated responsibility from France and the U.K. to manage 8,300 square kilometres of airspace making up the Channel Islands Control Zone (89% French and 11% U.K. airspace).
43. Maintaining and improving connectivity is vital for Jersey. The Island's key consideration in relation to transport is, therefore, that no new barriers should be created as a result of the U.K.'s departure from the E.U. which might damage such connectivity.

Update

44. A joint round-table was held between the U.K. Government and the C.D.s on 3rd April 2017, and the topic considered at the quarterly meeting between Robin Walker, M.P., Parliamentary Under-Secretary of State for Exiting the European Union, and the 3 Chief Ministers of the C.D.s.

45. Whilst Brexit raises some specific complexities, the overarching view of both the C.D.s and the U.K. is that no areas cause significant concern – indeed there is a broad alignment of interests. All parties agreed to maintain a regular dialogue throughout the exit negotiations in order to avoid the imposition of inadvertent barriers to connectivity.

Communications

46. Many of Jersey’s key interests in relation to communications relate to maintaining the free flow of data and information between the Island, the U.K. and the E.U., maintaining appropriate standards, protecting consumers, and continuing to ensure that Jersey’s digital and communications sectors are well-placed to take advantage of the opportunities of the future.
47. In relation to data protection, for example, the free flow of data between Jersey, the U.K. and E.U. is vital for businesses, particularly in the financial and professional services sector. Jersey currently has a third country ‘adequacy’ decision with the E.U., meaning that its data protection regime is deemed to be equivalent for E.U. standards. The Government of Jersey is currently working to ensure adequacy is maintained under the E.U. General Data Protection Regulation (“G.D.P.R.”) when it enters into force next year, to ensure that the free flow of data can continue. As the U.K. considers its own options for maintaining the free flow of data between the U.K. and E.U., it will be vital for Jersey to ensure it is aligned with both parties and avoid the creation of barriers to data-flows.

Update

48. A round-table was held on 4th April 2017 between the U.K. Government and the C.D.s to discuss these issues, which were considered at the quarterly meeting between Robin Walker, M.P., Parliamentary Under-Secretary of State for Exiting the European Union, and the 3 Chief Ministers of the C.D.s.
49. Whilst it was acknowledged that there was a broad alignment of interests between the C.D.s and the U.K., officials have agreed to maintain regular contact to explore and resolve any potential issues and complexities.

Legislation

50. Legislation is not classified as an official work-stream with the U.K.; we nonetheless take the opportunity to provide an update on this important work. Research has been carried out with input from across Government to determine the extent and nature of the legislative task required as a result of Brexit. Consideration is now being given, in consultation with the U.K. Government and the other Crown Dependencies, to determining the best legislative means of achieving –
- (a) the proposed repeal of the European Union (Jersey) Law 1973;
 - (b) the necessary amendments to other aspects of Jersey’s legislation;

- (c) the preservation of existing Jersey Regulations and Orders made or deemed to have been made under the [European Union Legislation \(Implementation\) \(Jersey\) Law 2014](#), to the extent that is necessary, expedient or desirable; and
- (d) the enactment as domestic Jersey law of E.U. legislative instruments within the scope of Protocol 3 which have applied directly in the law of the Island through the [European Union \(Jersey\) Law 1973](#) to the extent that is necessary, expedient or desirable.

Stakeholder Engagement and Communications

- 51. The following is an update on Brexit communications work undertaken by the Government. The ‘Let’s Talk Brexit’ stakeholder engagement campaign was launched on 8th March 2017, with the aims of ensuring that accurate information is made available to the Public on Jersey’s constitutional position, on the process for the U.K.’s exit from the E.U., and on the work that Jersey is undertaking both in Jersey and with the U.K. Government. It was considered particularly important to communicate using formats, language and tone suited to different stakeholder groups with diverse interests in Brexit, ranging from E.U. citizens resident in Jersey, to Jersey residents concerned about (for example) travel in Europe, to international businesses operating in Jersey, and to local businesses.
- 52. The specific objectives of the campaign are to –
 - (a) be active in dealing with the media, by distributing media releases early, planning interview opportunities for Ministers, promoting the campaign widely, to ensure the widest coverage of the work being undertaken to prepare the Island for Brexit;
 - (b) increase transparency by providing public information, reports, States Member workshops, and industry events; and
 - (c) improve communications, both within Government and with the Public, through the better handling of media enquiries, and online questions submitted by members of the Public to the ‘Let’s Talk Brexit’ team.

Public Engagement

- 53. The following channels have been used to promote the campaign and to seek engagement from the Public –
 - (a) Media coverage: the launch of the campaign featured prominently in local print and digital media. The Chief Minister and Minister for External Relations were also interviewed by BBC Radio Jersey, ITV Channel Television and BBC Channel Islands News.
 - (b) Advertising: feature posters were displayed in St. Helier car parks and Liberation (Bus) Station, providing details of the campaign’s social media channels and conventional contact details. A 30-second radio promotion was also broadcast. A series of sponsored posts, designed to promote

opportunities to comment on Facebook (see below) on specific Brexit issues, were placed between March and July 2017.

- (c) Social media channels were developed under the ‘Let’s Talk Brexit’ brand on Facebook, Twitter and LinkedIn. Facebook attracted 465 followers in 4 months to July 2017, with an average monthly reach to over 10,000 users. Over 150 separate lines of questioning about Brexit were generated, and the ‘Let’s Talk Brexit’ team provided answers where they could.
- (d) A series of ‘Vox Pop’ videos were shared on YouTube. These acted as catalysts for discussion on the campaign’s social media channels, and Ministers filmed responses to specific concerns such as regulation, and the protection of minority rights.
- (e) The ‘Let’s Talk Brexit’ residents’ survey was launched online on 8th May 2017 and closed on 19th May 2017. Printed copies of the survey were also available from all Parish Halls, Cyril Le Marquand House, and the Jersey Citizen’s Advice Bureau. Members of the ‘Let’s Talk Brexit’ team from the Ministry of External Relations also met with members of the Public and distributed surveys at the St. Lawrence Community Market, on King Street, and in the Social Security Department. Over 1,000 Islanders accessed the survey online, with 846 providing full or partial answers to the questions. Seventy-six Islanders responded by completing paper-based surveys. The results of all the paper and online surveys are currently being collated and analysed by the Statistics Unit. The results will be made publicly available from mid-July 2017.

Business Engagement

- 54. The ‘Let’s Talk Brexit’ Business Survey was launched on 13th June 2017 and will close on 28th July 2017. The survey is designed to ascertain the prospective impact of Brexit on Island industries; the preparations that businesses have undertaken in advance of Brexit; and the overall effect on workforce recruitment and retention, business growth and the relocation of operations. The survey has been promoted by Jersey Finance, Jersey Business, the Chamber of Commerce, and through the ‘Let’s Talk Brexit’ social media channels in order to ensure the widest possible industry penetration.

States Members’ Engagement

- 55. States Members were invited to participate in 5 facilitated workshops on the core Brexit work-streams. These workshops followed a format where States Members were given an overview of general Brexit preparations being undertaken by the Government, and then the particular challenges within each work-stream. The workshops then split into 4 breakout sessions, led by cross-departmental officials, which focused on key issues within the work-streams.
- 56. Briefing was provided to all Members in advance of the workshops, and conclusions were summarised giving the key outcomes and areas of concern raised by Members. A working group has also been established comprising a cross-section of backbench Members to agree the most effective means of engaging States Members on an ongoing basis.

SECTION IV

THE NEXT STAGES

57. Phase 1 of the negotiations opened in June 2017, focussing on withdrawal matters: citizens' rights, the financial settlement and borders. If progress on these areas is deemed satisfactory, it is expected that Phase 2 discussions on the future U.K./E.U. relationship will commence in October/November 2017. Although the U.K. and the European Commission placed different emphases on whether the talks should be sequential or in parallel (i.e. whether negotiations over the withdrawal agreement have to be substantially completed – or not – before negotiations start on the future relationship), as the talks gain momentum a pragmatic approach is emerging.
58. The negotiations will be taking place on the basis of public position papers – early in this cycle, the E.U. Commission released in June 2017 its negotiating brief on Citizens' Rights, and the U.K. in turn released its Command paper. The substantive talks on Citizens' Rights is taking place in mid-July 2017. The discussions will cover the whole of the U.K. including the devolved administrations, the Crown Dependencies of Jersey, Guernsey and the Isle of Man, and the U.K. Overseas Territories.
59. In the negotiations, the U.K. cannot bind the Government of Jersey with respect to matters that lie within Jersey's competence, and accordingly we will continue – in conjunction with Guernsey and the Isle of Man – to work very closely with the U.K. in all aspects of Brexit that affect us, in order to ensure the best possible outcome for Jersey during the current negotiations around withdrawal, and during the second phase of negotiations about the future relationship with the E.U.

12th July 2017

APPENDICES

APPENDIX A

E.U. ENGAGEMENT

The Ministry of External Relations co-ordinates this engagement, which takes the form of Ministerial and officials-level meetings in London and in other E.U. capitals, and by receiving visitors on-Island. Our overseas offices play an important role: the Channel Islands Brussels Office represents Jersey to E.U. institutions; the Bureau des Isles Anglo-Normandes engages with regional partners in Normandy and Brittany, and supports Jersey's engagement in the capital. The Jersey London Office maintains relations with Embassies in London. In all cases, we work to ensure that Jersey's constitutional position and interests in relation to Brexit are understood.

Some examples of this engagement that have taken place since the last report to the States of Jersey are listed here –

- Finance Ministers: Wolfgang Schauble, German Minister of Finance, and Bruno Le Maire, French Minister of Finance and Economy, at the O.E.C.D. Multi-lateral Instrument signing in Paris (June).
- Ireland: Daniel Mulhall, Irish Ambassador, made an official visit to Jersey (June), following a meeting at the Embassy (April); Irish Fiscal Attaché in Brussels (March).
- Austria: Dr. Martin Eichtinger, Austrian Ambassador, made an official visit to Jersey (May) following our attendance at an Austrian reception (April).
- Estonia: visit to Tallinn and meetings with Ministry of Finance and Ministry of Foreign Affairs (April); Estonian Fiscal Attaché in Brussels (March).
- France: meeting in Paris at the Ministry of Finance (February); participation in the Salon International de l'Agriculture (February); meeting at the Ministry of Foreign Affairs (May); Annual Summit with Ille et Vilaine (June).
- Diplomatic meetings with the Ambassadors of Sweden, Latvia and Poland (February) and Economic Unit at the German Embassy (April) in London.
- In Brussels: Icelandic Ambassador to the E.U. (March); Head of Breton and Norman representative offices (March); Deputy Ambassador at the Swiss Mission (March); French Fiscal Attaché (March); Estonian Counsellor at the Permanent Representation (June); Bulgarian Permanent Representative to the E.U. (June); Polish, Portuguese, German, Spanish and Italian Fiscal Attachés (March); David McAllister, German M.E.P. (June).
- In discussion with U.K. representatives on Brexit matters: U.K. Permanent Representative Sir Tim Barrow; U.K. Commissioner Sir Julian King; and Syed Kamall U.K. M.E.P. (all June).

APPENDIX B**NON-E.U. MARKET ENGAGEMENT**

The following gives more detail about the full and active programme of meetings, visits and engagements with priority partners in Africa, the Middle East and Asia. This has included –

- hosting the Rwandan Minister of Finance on an official visit to Jersey in January 2017;
- the first Chief Ministerial visits to South Africa, Kenya and Rwanda in March 2017;
- the signing of a preliminary Asset Recovery Agreement between Jersey and Kenya, and the Chief Minister's meeting with President Kenyatta of Kenya in May 2017;
- the Minister for External Relations' participation in the Commonwealth Trade Ministers' Meeting (London, March 2017) and representing Jersey at the Commonwealth Enterprise and Investment Council;
- the Chief Minister's attendance at the World Economic Forum on Africa in May 2017;
- the completion of secondments to Jersey by Rwandan government officials in the areas of conservation (hosted by Durrell) and financial services regulation (hosted by the J.F.S.C.);
- the Minister for External Relations' meeting with the Ambassadors of Saudi Arabia and Bahrain;
- the Chief Minister's official meeting with President Kenyatta during his Guest of Government visit to London in May 2017;
- the Chief Minister's meeting with the People's Republic of China's Commissioner of State Administration of Taxation; and
- the Minister for External Relations' meetings with the High Commissioners of South Africa and Kenya.

GLOSSARY OF ACRONYMS

B.I.A.N.	Bureau des Isles Anglo-Normandes (Office of the Channel Islands, in Normandy)
B.I.T.	Bilateral Investment Treaty
C.D.	Crown Dependency
C.D.U.	Christian Democratic Union (Germany – Chancellor Angela Merkel’s party)
C.I.B.O.	Channel Islands Brussels Office
C.T.A.	Common Travel Area
C.U.	Customs Union
D.T.A.	Double Taxation Agreement
E.C.J.	European Court of Justice
E.U.	European Union
F.D.I.	Foreign Direct Investment
F.M.A.	Fisheries Management Agreement
F.T.A.	Free Trade Agreement
G.D.P.R.	General Data Protection Regulation
H.M.T.	Her Majesty’s Treasury
J.F.S.C.	Jersey Financial Services Commission
M.E.P.	Member of the European Parliament
M.O.U.	Memorandum of Understanding
O.E.C.D.	Organisation for Economic Co-operation and Development
W.T.O.	World Trade Organisation