



Corporate Services Scrutiny Panel

Quarterly Meeting with the Minister for External Relations

THURSDAY, 26th MARCH 2015

Panel:

Deputy S.M. Bree of St. Clement (Vice-Chairman)
Connétable C.H. Taylor of St. John
Deputy K.C. Lewis of St. Saviour

Witnesses:

The Minister for External Relations
Chief Officer
Director of External Relations

[13:01]

Deputy S.M. Bree of St. Clement (Vice-Chairman):

Just to remind everyone present, and there are notices around about the code of behaviour for members of the public during this Scrutiny Panel hearing. First of all, please remember that this is a working government building. We kindly ask that you switch all mobile phones and electronic devices to silent mode. Should you need to leave the hearing during proceedings please do so quietly. The taking of visual images and audio recordings by the public will not be permitted. The

following are not permitted: eating and drinking, interference in any way in the proceedings; that is speaking, shouting out or passing notes. When the hearing comes to a close please leave the room quietly. Any communication with either members of the Scrutiny Panel, officials or anyone else should take place outside of this room. In the event of a disturbance the relevant persons will be asked to leave and the chairman may suspend or adjourn the hearing at any time. That is the formal bit. First of all, as I said, good afternoon, Minister, ladies and gentlemen, thank you very much for coming. For the sake of the tape recording the first thing we need to do is just to introduce ourselves and we will go around the table. My name is Deputy Simon Bree. I am the Vice-Chairman of the Corporate Services Scrutiny Panel, Acting Chairman for today.

Deputy S.M. Bree:

Thank you very much. The first thing I have to do is to give apologies from the Chairman, Deputy John Le Fondré. Unfortunately for personal reasons he is not able to make this hearing. As I said, thank you very much for attending, Minister, and your colleagues. We would like to start by talking about the common policy for external relations, if we may. Now the common policy has been in place relatively unchanged since November 2013. At your instigation, the States recently held an in-committee debate on the common policy and external relations in general. As a result of this debate are there any plans to revise any of the 16 areas that form this policy?

The Minister for External Relations:

Chairman, thank you for your welcome and thank you for referring to the debate on external relations, which we held in the States not very long ago. If I may say so, I thought that that was quite a positive debate. I was very encouraged by the various contributions that Members made to it. It certainly will help to inform the consideration of the Council of Ministers of the common policy. Yes, I think we will certainly be using the outcome of that debate to inform the discussions which take place as to whether any amendments to the common policy should be brought in. One of the amendments I think will undoubtedly be in relation to human rights standards. I think we already have a reference to international standards in the common policy but I think a number of members felt that my report was a little sparse in its reference to human rights standards and the difficulties which a government faces in engaging with countries which have a poor human rights record. So I think that is an area where we certainly want to be having another look.

Deputy S.M. Bree:

But as yet, as we stand today, there are no concrete plans to change any of the policies. It is merely up for debate and discussion by the Council of Ministers, is that correct?

The Minister for External Relations:

Work is ongoing in my ministry at the moment as to the specifics of any changes which will be suggested to the Council of Ministers and the intention is that it should go to the Council of Ministers, I think, in June, and then would be issued shortly after that.

The Connétable of St. John:

How is the continued relevance of the policy areas monitored? Would any updates be piecemeal or a new policy set within the current framework?

The Minister for External Relations:

I think that any policy of this kind has to be reasonably high level. You cannot have a foreign policy which you put into the public domain, which is micromanaging the reaction to any particular issue that might arise during the course of 3 or 4 years. I mean I do not envisage any substantial changes to the common policy but, as I say, the whole of the policy is under review at the moment.

Deputy S.M. Bree:

With regards to that review, if I may ask, do you receive direction or advice on the policy areas from any other external third party agencies or bodies?

The Minister for External Relations:

It is a government policy and we obviously take account of the views of our people in the field, of people in the London office, of people in the Channel Islands Brussels office, of people in the office in Caen. All that information feeds into the development of policy. We obviously take account of the views of other departments and ministries of the Government of Jersey. I do not think we take account of any external views that might be expressed to us although of course I am not saying that our minds would be closed to any suggestions that might be made.

Deputy S.M. Bree:

So you can say quite clearly that, for example, the aims and wishes of Jersey Finance Limited, who effectively is an external body to the Government of Jersey, are not necessarily taken into account when forming policy?

The Minister for External Relations:

No, I would not say that at all. The views of Jersey Finance are clearly very material to the way in which we develop our promote agenda. Indeed we are trying very hard to ensure that the promotion of Jersey is a place to do business - not just for financial services but also for other areas - is cohesive which means that we are not hopefully going off in different directions. It would be absurd if Jersey Finance, for example, and I take a hypothetical example, were to say we are

going to major on Russia and we are going to do our best to develop relations with Russia when, wearing another hat or wearing my hat as Minister for External Relations, I am heavily engaged in sanctions which inhibit the doing of business with Russia at the moment. So we want to try to be cohesive and to act in accordance with a common plan.

Deputy S.M. Bree:

So the aims and wishes of Jersey Finance Limited, who represent the finance industry not the Government, are taken into account when forming a common policy for foreign relations?

Chief Officer:

I think what your point is that it works perhaps the other way round in that the Government has a finance industry strategy and a framework which it has published and that is the Government's policy, which the Chief Minister is responsible for, and obviously that policy is then reflected in terms of the common policy for external relations. So the Government's policy for financial services is what is reflected in the common policy. Then Jersey Finance are part of the method for delivering the financial services strategy.

The Minister for External Relations:

Jersey Finance, if I may say, is funded very heavily by the Government of Jersey, so one would find it surprising if Jersey Finance were not influenced by the common policy of the Council of Ministers.

Deputy S.M. Bree:

Indeed, it is funded by the Government of Jersey but it is an industry body not a government body. Is that correct? You would agree with that definition?

The Minister for External Relations:

Yes. It is an independent body which is partly funded by industry and partly funded by Government, but insofar as the Government provides probably at least 90 per cent of the money which enables Jersey Finance to operate we expect Jersey Finance to take very careful account of what government policy is.

Deputy S.M. Bree:

Thank you for that.

Deputy K.C. Lewis:

Are there any areas of the policy, Minister, prioritised above others?

The Minister for External Relations:

Yes, we have different strategic priorities and our first strategic priority is our relationship with the United Kingdom, with parliamentarians of the Government of the United Kingdom because a large percentage of our trade is done with the U.K. (United Kingdom). We are a Crown Dependency and obviously our relationship with the U.K. is of primary importance to us.

Deputy S.M. Bree:

With regards to the actual common policy itself, obviously it goes through various changes and revisions, the current common policy; would you say that you believe that it truly reflects the thoughts and wishes of the States Assembly as a whole?

The Minister for External Relations:

I have not had any indication that it does not. There was initially some thought that the States Assembly ought to have a greater import into foreign policy. It might even at one extreme be a States Assembly policy rather than a government policy. Now that obviously does not work. You cannot have a government operating to a policy set by the Assembly. But in the context of Jersey it is very important that the States Members feel that they own the policy as much as the Government of Jersey owns it. I am obviously interested to know what States Members have to say about it. Interested to hear what the Scrutiny Panel has to say about it, because that is something that we would very much want to take into account.

Deputy S.M. Bree:

Just picking up on the point you have made. You feel that the Government, as you call it, of Jersey, is the Executive, not the States Assembly as a whole, and therefore the Government, using your definition, has the right to set certain policies that may or may not be approved by the Assembly as a whole, is that correct?

The Minister for External Relations:

That is what the States decided in 2005, when the States of Jersey Law was passed. Responsibility for external relations was given to the Chief Minister. So it follow from that that the Government is responsible for the development and for the delivery of foreign policy.

Deputy S.M. Bree:

Thank you for that definition.

The Connétable of St. John:

Moving on to one of the prioritised areas in the United Kingdom, what work has been undertaken by yourself and your department in anticipation of the consequences of the forthcoming general election for the Island?

The Minister for External Relations:

Quite a lot of work has been undertaken, not just in London but in every part of the Ministry of External Relations. It is a guessing game to a certain extent because we obviously do not know what the outcome of the election is going to be.

[13:15]

It seems to be a very close run thing from what commentators will say. There will be different challenges depending on who the Prime Minister is on 8th May or 9th or 10th May this year. There will be particular challenges if it is a Labour Government. There will be other challenges if it is a Conservative Government.

Deputy K.C. Lewis:

Should there be a Conservative Government or coalition led by the Conservatives, what work has been undertaken by yourself and your department in anticipation of the possible consequences for Jersey of a U.K. referendum regarding its relationship with the European Union?

The Minister for External Relations:

A great deal of work has been done and once again it is a difficult area because there are so many different elements of the outcome that it is difficult to plan. But obviously one of the drivers for this work is the proposition that if the Conservatives are elected and if there is a referendum on continued membership of the European Union it is possible that the British people might decide that the U.K. should leave, a Brexit. The result of that is that our own relationship with the European Union will constitutionally disappear because our relationship is set out in Protocol 3 to the U.K.'s Treaty of Accession. If that Treaty goes then the Protocol will go and we will not have the relationship that we currently enjoy. So we are trying to hypothesise as to what might happen in those circumstances. What kind of relationship could the United Kingdom want to have? Would it be a relationship that would be suitable for us? If not, what, if anything, can we do about it? That gives rise to some quite serious questions.

Deputy S.M. Bree:

Just for the sake of clarity, can you confirm the Council of Ministers' policy at the moment on Jersey's constitutional relationship with the United Kingdom?

The Minister for External Relations:

Yes, that is very clear. We do not want any change.

Deputy S.M. Bree:

Yet you have gone on record publicly on numerous occasions talking about the need for work to be done to seek independence from the United Kingdom should the United Kingdom leave the European Union. Now that seems to go contrary to what you have just said.

The Minister for External Relations:

Not at all. If I may say so, I have only gone on record about it because I am asked about it so many times.

Deputy S.M. Bree:

Well, you have made reference to it in a number of speeches to industry bodies, one of which I was present at, where you did talk for quite a while about the benefits of seeking independence should the United Kingdom leave the European Union.

The Minister for External Relations:

No, I do not think I have ever talked about the benefits of independence. Independence would be a challenge for Jersey and at the moment, as I have said, government policy is that we are content with our relationship not only with the United Kingdom but with the European Union as well; we like Protocol 3. We do not want to see any change. But like most Jersey men, I am very attached to the Island's autonomy, which we have enjoyed for 800 years, and if the consequence of the United Kingdom's leaving the European Union is that we are faced with stark choices then I am not prepared to put my head in the sand and say that independence is not one of the choices that we should consider because if we are attached to our autonomy, as most of our people are, then that may be the only way in which we can retain it. But we do not know. So a lot of work is being done to ensure that if we have this stark choice that we do not have to rule out independence simply because we are not ready for it. But that it is an option that would be available to the people. I say "to the people", it is not a matter for any individual Minister. It is not a matter for the Council of Ministers. It is not even, if I may say, a matter for the States of Jersey. This would be a very significant constitutional change which would be for the people of Jersey.

Deputy S.M. Bree:

So would you support, should that instance arise, a public referendum on the issue?

The Minister for External Relations:

Of course, yes. There would have to be some expression of popular will because it is a fundamental constitutional change, or it would be.

Deputy K.C. Lewis:

Since the United Kingdom joined the Common Market in the 1970s, it has expanded hugely. Should the United Kingdom vote to leave the European Union we would have to negotiate with all the new member countries, which would be a huge cast. Do you think that is something we could achieve to retain Protocol 3 or something similar?

The Minister for External Relations:

That is a very interesting point, Deputy. I think in a nutshell, in those circumstances, we would have a choice between accepting whatever new relationship the United Kingdom had negotiated, and simply having that treaty extended to Jersey. Or we would seek to establish our own separate relationship with the European Union. Now that might or might not involve independence. If the United Kingdom were prepared to entrust Jersey to negotiate its own separate relationship with the European Union then that could be done. What the outcome of that would be, it is very difficult to say.

Deputy K.C. Lewis:

For instance, Gibraltar is a full member of the European Union but they are a Crown Colony and we are a Crown Dependency. So do you think that would be a possible way to go?

The Minister for External Relations:

I think this is all very hypothetical. Gibraltar has a relationship with the European Union, which is a mirror image of our own relationship. Freedom of trade in goods is the only matter which joins us to the European Union through the Protocol. The other 3 freedoms, freedom of movement of people of capital and services, all apply in Gibraltar but not goods. So they are more inside the European Union than we are, and they have a right to vote in the European Union elections as a result of a E.C.H.R. (European Court on Human Rights) decision. But we do not. So I do not think that we would necessarily want a Gibraltar-type relationship but this depends on the interests of our industries, particularly the financial services industry. Some parts of that might want to be closer to Europe, others would want to be outside. All these things have to be balanced and thought through.

Deputy S.M. Bree:

In the work that your department has been doing, looking at this whole area, which I understand why you were doing so, I mean should Jersey seek independence from the United Kingdom then

we would be facing possibly the same issues as Scotland would have faced with complete devolution. One of the big issues was a question of currency. Have you examined the implications of seeking independence from the United Kingdom from a currency perspective?

The Minister for External Relations:

This was one of the issues that was considered by the working party on constitutional relationship, which reported in 2008, and the thinking at that time was that our interests lay in maintaining pounds sterling as our currency, so there would be no change. I do not think we have given any more substantive consideration to a separate currency.

Chief Officer:

No. Generally what you find when countries adopt these different constitutional positions is that smaller countries tend to follow the currency of their major trading partner, so some of the Caribbean jurisdictions tend to adopt the U.S. (United States) dollar because that is their principal trading relationship, others will adopt other currencies but it tends to be that the currency which dominates your trading relationship tends to be the one that you wish to maintain.

Deputy S.M. Bree:

And yet the precedent was set with the Scottish question that Scotland could not have sterling. Why do you think that Jersey would be allowed to maintain sterling?

The Minister for External Relations:

Scotland could have had sterling but Scotland would have had no control over the currency so that Scotland would have had to accept the positions of the Bank of England in all kinds of different issues relating to the currency. Now Jersey is a very much smaller place than Scotland and I do not think that there is any doubt that we would have to accept the situation that we currently have, which is if we use the pounds sterling we would have no influence upon monetary policy and the Bank of England, and interest rate policy and all that kind of thing. But that is the down side of being a small jurisdiction.

Chief Officer:

I think it mirrors the position you will find in a number of other jurisdictions that have their own international sovereignty but choose to use, say, the U.S. dollar. They do not expect the Federal Reserve to consult with them on the decisions. They just choose as a country to adopt the dollar and that is the basis on which they take that decision.

The Minister for External Relations:

That is true of lots of countries in the Caribbean including lots of sovereign states that are much smaller than Jersey.

Deputy S.M. Bree:

Yes, I would however say that in the Caribbean they have dual currencies, one of which is the East Caribbean dollar, for example, which they have their own central bank and therefore have a certain function for that currency. I merely asked the question because if we are seeking independence from the United Kingdom it may well be that certain issues that cropped up in the Scottish question, shall we say, could affect us. I just wondering whether that had been looked at and whether or not the feasibility of having a Jersey Central Bank with our own effective regulator had been discussed or looked at at all. From what you are saying it is not an area you have covered, is that correct?

The Minister for External Relations:

I do not think we need ... we are not going to have a central bank. I think we do need a central monetary authority for a number of different reasons. The first one of which I think has to do with financial stability. I do not know whether David wants to say a bit more about that.

Director of External Relations:

Indeed, Minister. A central monetary authority would be a good organism to provide sort of macroprudential overview of the economy in the Island, so there are considerable benefits that could be had establishing such monetary authority short of being a full central bank.

Chief Officer:

The recommendation was one that the I.M.F. (International Monetary Fund) made in their original report back in 2008, 2009, that as a jurisdiction we should have a mechanism to look at macroregulation, not just micro through a financial services regulator and other kind of microprudential regulators. That we should have a legally constituted body which can take responsibility for our economy at a more macro level. This is something that has happened post 2008 crash all around the world. So the U.K. has now established in statute a committee of the Bank of England, which looks after the U.K.'s macroprudential policy. What they are really looking for are risks in the U.K. economy, the fall between other people's jobs, things that are not a responsibility of the financial services regulator or the consumer regulator but which can lead to financial difficulties at a macro level. The same with all of the other E.U. (European Union_ Member States, it is a recommendation of the European Central Bank.

Deputy S.M. Bree:

Although we are possibly straying into areas that the Minister for Treasury and Resources would be involved in as well as yourselves.

Chief Officer:

Yes. The Chief Minister as well.

Deputy S.M. Bree:

Indeed. Perhaps we can go back to the common foreign policy, if you want to call it that.

The Connétable of St. John:

Talking of France, obviously our nearest neighbour, we share a Channel Island office and excuse my French, the Bureau des Iles Anglo-Normandes, which was opened in June last year in Caen. Can you summarise the purpose and resources available to it?

The Minister for External Relations:

Yes. I always find B.I.A.N. (Bureau des Iles Anglo-Normandes) easier. But this is a successor to the Bureau de Jersey, which has been in existence for about 15 year or more. It was quite an exciting development because it was an area where Guernsey agreed to work more closely with Jersey.

[13:30]

Lots of people say regularly that the 2 islands ought to work more closely together. This is an example of the islands actually combining to do exactly that. So to answer your question more precisely, or perhaps David may be able to do this for you, but in very round terms the cost of the office in Caen is about £200,000 a year and perhaps two-thirds of that is provided by Jersey and a third by Guernsey.

The Connétable of St. John:

What would happen if Guernsey pulled out because they are finding financial difficulties at the moment?

The Minister for External Relations:

I do not think that is likely in the immediate future. It was something certainly that I wanted to discuss with the Chief Minister of Guernsey and did discuss with him, but I think that Guernsey is firmly committed to the office in Normandy and I do not think there is any prospect of it pulling out in the immediate future.

The Connétable of St. John:

Can you give us any examples of additional trade that we have had with France and, in particular, the Normandy region, as a result of this office?

The Minister for External Relations:

Perhaps I could just start by saying that one of the reasons for the establishment of the office in Normandy 15 years ago or more was the interest of the Jersey Electricity Company. We get all our electricity from France and the negotiations that are involved in laying a cable from Jersey to France involve a number of different elements of the French administration, both local and national, and the Jersey Electricity Company was very keen that the Government should have representation in Normandy because it enabled relationships to be built up and for all the different licences and permissions that were needed by the electricity company to be obtained more easily than would otherwise have been the case. So the J.E.C. (Jersey Electricity Company) was the first driver of this. But since then a large number of businesses have benefited from the elections with Normandy. We have in our relations, particularly with the Department of La Manche, working groups which took in relation to health, to the environment, to trade, various other areas of mutual interest and those working groups come together a couple of times a year, and I think quite a lot of very positive business has resulted.

Deputy K.C. Lewis:

Further to that, while other work is undertaken focusing on France, in Paris for example regarding former blacklisting, in Normandy and Brittany at regional government level, promoting economic and cultural ties, this appears to be undertaken on a somewhat ad hoc basis and outside of any recurring established former framework. Is this approach adequate to address the opportunities and challenges posed by our relationship, not least geographical proximity of France?

The Minister for External Relations:

If I have understood the question correctly they were talking about relations with the National Government are ad hoc and sporadic?

Deputy K.C. Lewis:

Yes. So more we could be doing.

The Minister for External Relations:

I think that is a fair point to make, and I think it is one that we are certainly trying to do although it is not easy. I went to Paris a year and a half ago with the then Chief Minister of Guernsey to have a meeting with the then Minister for Europe, and we asked him for his advice as to how we could build up a relationship with the National Government and his advice to us was: "Well, start in the

regions. Begin with Brittany and Normandy and make yourself important to the regions. Then you will find that relationships with the National Government will follow more naturally.” So that is what we have been trying to do and we certainly, with Brittany, are exploring the possibilities of wind power in collaboration with a very large scheme that is being undertaken south west of the Minquiers and with Normandy, certainly, Guernsey is very actively involved in seeing whether in the Alderney Race there can be a development of tidal power, which would be of benefit to that Bailiwick. So both islands are trying to nourish links with the regions in order to act as a stepping stone to a relationship with a National Government.

Director of External Relations:

If I may just add to that, that the Chief Minister in January this year signed a quadripartite co-operation agreement with Lower Normandy, La Manche, Guernsey, and of course ourselves as the other signatory, which is a framework within which the sort of co-operation the Minister has been talking about is being developed, and we do see that as quite an important regional framework from which to further our interests in relation to France. That is as the French now Interior Minister Bernard Cazeneuve said the best stepping stone, the best platform from which to gain access to Paris institutions.

The Connétable of St. John:

Coming back briefly to the Brussels office, how important is it. As we are not in the E.U. should we have an office there?

The Minister for External Relations:

I have no doubt we should have an office there. It is hugely important that we should be able to build up relationships in Brussels and get in on the ground floor, as it were, as policy is being developed. We are not a sovereign state, we cannot engage directly with the Commission, but we can at a lower level talk to commissioners and people in the Commission to find out what is on the boil, what they are thinking about, and in a number of different areas the input that one is able to have informally there has been, I think, very constructive. In fact the Chief Minister is going with the Chief Minister of Guernsey to Brussels in May and has a number of appointments with significant individuals in the Commission to deliver the message or the messages that we want to put across about Jersey and Guernsey; in particular in relation to the financial services and what we do and do not do in that respect.

Deputy S.M. Bree:

I would like to move on to another area of the common policy, if I may, which is the promotion and support of relationships with both existing and emerging economies. In support of economic growth and obviously most significantly the finance industry, the common policy has led to

engagement with a number of countries and governments that many regard to having poor records on human rights or stand accused of corruption at a government level. How is the line drawn on who we engage with?

The Minister for External Relations:

That is a difficult question to answer because a balance has to be struck between engagement with countries where human rights records are not perfect and where corruption may be a problem, and cutting them all off. I think that perhaps we can talk about China, which is a sort of key example. China is a huge colony and we do try to engage with China and having some success, I think, in making inroads into the bureaucracy in China. We could take the view that the human rights record in China is not perhaps the equivalent to the human rights records of other European countries but engagement with China has led to quite significant changes in the attitude towards human rights, and I think that David may be able to give more chapter and verse on this, but certainly the Chinese have admitted in terms of human rights to significant changes over the course of the next few years.

Deputy S.M. Bree:

Could I just ask for clarification on that point? What changes in their human rights, not only record but handling in the future of human rights, has China made as a direct relationship with Jersey. I am not talking about a relationship with any other country, I am asking the question within your common policy of dealing with China, who I am afraid does have probably one of the world's worst human rights records, what changes has Jersey's engagement with China made to the way in which they handle human rights issues?

Director of External Relations:

Taking one step back first, if I may, Mr. Chairman. Jersey is committed to international human rights standards both political and economic under the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights. In referring to the point that the Minister made earlier, positive engagement in China has led to the economic emancipation of 400 million people, which is the biggest improvement in terms of welfare and ...

Deputy S.M. Bree:

What, that is directly as a result of Jersey's engagement with China?

Director of External Relations:

I have said directly as a result of positive economic engagement. If you step back from that in terms of proportionality, Mr. Chairman, we are very small. A population of 100,000, as against 1.5 billion. I think being realistic the ability of Jersey to influence China and President Xi directly is of

course limited, and that is why we are very fervent in our support of general foreign policy of positive engagement with countries such as China.

Deputy K.C. Lewis:

With regard to foreign policy, am I right in presuming there is a very close liaison with the United Kingdom Government?

The Minister for External Relations:

We follow exactly the same policy as the United Kingdom and the European Union and the United States of America. The proposition that Jersey should somehow stand aside from all these great blocks of trading nations and say: "No, we are not going to trade with you because your standards are not the same as ours" seems to me to be not in the interests of Jersey. If we want to develop trade and we want to bring down unemployment in Jersey, we want to increase our economic growth we need to trade. I am not at all ashamed of trading with China or indeed a number of other countries where standards are different from our own because we are following the policy, which is the same policy as is followed by much larger nations than ours.

Deputy S.M. Bree:

You use the term "trade". Now obviously Jersey is very different to the United Kingdom or the United States in the type of trade that is engaged with, with these countries. Our trade is purely service-based and looking to attract business into the Island from these countries. We are not a manufacturing nation. We cannot trade on the same level, and I think it is being, personally, incorrect to state that we are a trading nation. We are not.

The Minister for External Relations:

Can I respond to that?

Deputy S.M. Bree:

Certainly.

The Minister for External Relations:

I am not sure I would agree with you that financial services are not a trade and I do not know whether a Jersey cow is a manufacturing instrument or not, but we are trading milk with China or poised to trade milk with China. It is extremely important or will be an extremely important enterprise to enable the dairy industry in Jersey to have an important market which it can develop in the future. Is that wrong? Should we not be trading ... should we be saying to China: "No, I am sorry, we are not going to sell Jersey milk to you because we are not happy about your human rights record?" It seems to me to be not sensible.

[13:45]

Deputy S.M. Bree:

Do you believe that there is a different stance that we could take without compromising possibly certain economic opportunities?

The Minister for External Relations:

It is difficult to think of any sort of middle point there. Either you agree to trade with another country or you do not. So no, I am afraid I do not.

Deputy S.M. Bree:

For example, the countries that recently have been, if you like, targets of interest from your department and Jersey Finance Limited, for example, I will use the case of Russia, once again I think there is a great deal of discontent among the people of the Island of Jersey that we should be seeking to build economic relations with a country such as Russia. Particularly what is going on at the moment. Do you still firmly believe that it is the right thing for the Island's economic growth to be looking to foster relations with Russian business?

The Minister for External Relations:

I do not think we are. In fact industry is actively discouraged from seeking close relationships with Russia.

Deputy S.M. Bree:

That certainly does not concur with the briefing I received from Jersey Finance Limited. They are looking at it as a country of opportunity. So you are confirming that Jersey is not looking to build any form of business relations or trading through financial services with Russia?

The Minister for External Relations:

No, I do not think I am saying that. What I am saying is that the Government's position is that trading with Russia is a highly risky enterprise and that the position which we have articulated, I will be corrected if I am wrong, is that extraordinary care should be taken before any business is engaged in with Russia.

Chief Officer:

I think what you are dealing with there are timing differences and so if you looked at a French document from less than 6 months ago, we talk about a defence industry ambition to sell military equipment to Russia. The French have now changed their minds because events have overtaken a strategy that was written down in advance. Sanctions against Russia are now increasing on a

very comprehensive ... it would be very difficult to conduct business across a wide front, particularly new business going forward. So I think it is probably more about timing than anything else. I think it is certainly the case that at one time both the City of London and Jersey Finance thought that Russia was going to be a good growth market to look at, the same as the U.K. and French Governments and others. I think events have overtaken it.

Deputy S.M. Bree:

So you can confirm as we stand today the Government of Jersey, and particularly your department, Minister, is not engaged in any relationship building exercises with Russia or Russian business?

Chief Officer:

Correct.

Deputy S.M. Bree:

Good, thank you. That fills me with a little bit of faith. Okay, if we move on perhaps.

The Connétable of St. John:

We look at resources. Do you feel you have adequate resources to fully fund the 16 policy points in the common policy that you have at present?

The Minister for External Relations:

No, certainly not.

The Connétable of St. John:

So you will be looking for additional funding under the M.T.F.P. (Medium-Term Financial Plan)?

The Minister for External Relations:

I would but I think I shall look in vain, Connétable, because the present financial situation of the Island does not allow us to expand our external relations activities in the way in which I would wish. So we have to be creative. We have to try to work with other organisations in order to deliver the things that we want to deliver.

The Connétable of St. John:

You do not feel that Jersey perhaps is being a little pretentious? We are after all a fairly small Island of 100,000 people and having a rather grand international foreign policy, if I can phrase it that way.

The Minister for External Relations:

I think if I may say in defence that it is not a grand foreign policy that we are pursuing. We are pursuing a very carefully targeted and structured foreign policy in order to protect Jersey's interests. Jersey's interests are not confined to the 45 square miles of our Island. Our interests are international. Our businesses here trade internationally and not just in financial services. We need to protect those interests to make sure that businesses are not adversely affected. I give you one example of that. We are on a number of blacklists actually, which are largely historical in most cases. But we are on a Portuguese blacklist. A lot of work is being undertaken at the moment with the Government of Portugal seeking to have us removed from the Portuguese blacklist because it is detrimental to the interests of Jersey businesses. I think that is an important thing to do. I do not think that is hubristic or arrogant or more than we should be doing.

Deputy S.M. Bree:

With regard to costs, at times there seems to be an apparent duplication between the work that you, Minister, and your department are doing and the work being carried out by the Assistant Chief Minister, Senator Ozouf, with regards to promotion of the finance industry. Do you feel there is any duplication there?

The Minister for External Relations:

Very little, if any. Senator Ozouf and I work extremely closely together. He spends quite a lot of time in the London office and a lot of, if not all, the work he does is known to the London office and relayed back to the ministry in Jersey and it follows an agreed programme of targeted interventions. He concentrates on financial services, I concentrate more on diplomatic engagement but we are both pursuing a common end.

Deputy S.M. Bree:

Do you have procedures in place to ensure that there is not duplication of effort going on?

The Minister for External Relations:

Yes, we do. We have an informal organisation called the Financial External Relations Advisory Group, which advises the Chief Minister, and a number of key Ministers meet together with their officials once a month in order to discuss what is happening. We have a programme of activities which is kept up to date and circulated on a monthly basis, so that I know for example if Senator Ozouf is going to meet the Ambassador of Timbuktu, and conversely people know what the Ministry of External Relations' priorities are too. So any co-ordination in Government, as I am sure you are beginning to learn, if I may suggest, is not always as perfect as it should be but we are doing our best.

Deputy S.M. Bree:

May I ask: can you confirm who sits on that advisory group?

The Minister for External Relations:

Yes. The Chief Minister chairs it, the Minister for Treasury and Resources, the Minister for External Relations, the Minister for Economic Development and of course the Assistant Minister with responsibility for financial services.

Deputy S.M. Bree:

One final question from me, if I may, and it purely is just a question we are asking all Ministers who appear in front of us: do you fully support the role and process of Scrutiny at all levels of government?

The Minister for External Relations:

Yes, I do, unequivocally.

Deputy S.M. Bree:

Good

The Minister for External Relations:

I would be a bold Minister to say anything else. [Laughter]

The Connétable of St. John:

Straight answer to a straight question.

Deputy S.M. Bree:

That is what we want to hear.

The Minister for External Relations:

No, I think it is an extremely ... in the absence of political parties I think it is extremely important that we should have a system of scrutiny which challenges Ministers, asks questions that they might not want to be asked and elicits information that they might not want to share. So I think Scrutiny has a very valuable role to play.

Deputy S.M. Bree:

Do you have any other questions?

The Connétable of St. John:

I have no further questions.

Deputy S.M. Bree:

Any other questions?

Deputy K.C. Lewis:

Just briefly, Minister, you alluded to the Medium-Term Financial Plan and the chances of getting any further funding to be quite remote. Do you believe you have sufficient funds to carry out your policies at present? Is there anything more we could do, for instance working more closely with Guernsey?

The Minister for External Relations:

We certainly will try to develop closer relationships with Guernsey and I think it is fair to say that those areas where we do manage to work together have been very beneficial. The costs of the Brussels office, which are about £800,000 a year, are shared between Jersey and Guernsey, so we clearly benefit from our involvement with them in that office. On the broader question: we accept that we have to operate on the basis of the funds that the States make available to us. We may wish to have more. We might argue for more but at the end of the day we have to make do with what we have.

Deputy S.M. Bree:

Thank you very much indeed, Minister, and your colleagues for turning up. We are just 3 minutes under so I will formally close the hearing and once again, thank you very much for your time.

The Minister for External Relations:

Thank you very much.

[13:56]