



Economic Affairs Scrutiny Panel

Quarterly Hearing

Witness: The Minister for External Relations

Thursday, 29th November 2018

Panel:

Deputy K.F. Morel of St. Lawrence (Chairman)

Deputy D. Johnson of St. Mary

Senator K.L. Moore

Witnesses:

The Minister for External Relations

Assistant Minister for External Relations

Group Director, Financial Services and Digital Economy

Director, External Relations

[10:02]

Deputy K.F. Morel of St. Lawrence (Chairman):

Thank you so much for coming in. This is our first meeting with the Minister for External Relations, but not under our new, enlarged remit yet. It is because obviously we have many areas of crossover, et cetera. Before we start, we will just go round the table for the record to introduce ourselves.

Senator K.L. Moore:

Good morning. Senator Kristina Moore. I am a member of the Economic Affairs panel.

Deputy K.F. Morel:

Deputy Kirsten Morel. I am the chairman of the Economic Affairs panel.

Deputy D. Johnson of St. Mary:

Deputy David Johnson, vice-chairman.

Assistant Minister for External Relations:

Constable Richard Buchanan, Assistant Minister for External Relations.

The Minister for External Relations:

Ian Gorst, Minister for External Relations.

Director, External Relations:

David Walwyn, Director, External Relations.

Group Director, Financial Services and Digital Economy:

Richard Corrigan, Group Director, Financial Services and Digital.

Deputy K.F. Morel:

Excellent, thank you very much. Thank you for coming in. Yes, we have plenty to get through, but it is very exploratory. It is just to understand the work you are doing and where you are going with it. We are going to ask about Brexit. Although there is a Brexit review panel, there is no date in the diary at the moment and I chair that panel as well, so we thought we would use this opportunity as well to ask a few questions about Brexit. But we will start off by just asking, as this is our first hearing, Minister, please could you outline your responsibilities and your priorities as Minister for External Relations.

The Minister for External Relations:

External Relations is unusual in comparison to any other function in that external relations are carried out concurrently with the Chief Minister and, in effect, they are governed by the Council of Ministers' common external policy. Therefore, my job is to endeavour, where possible, to follow and deliver that policy. The panel would also be aware that at the start of this job it was agreed with the Chief Minister that he would delegate the role of financial services also to me. So, although that formal delegation is still in process, I have been, in effect, together with Richard who is also an Assistant Chief Minister, carrying out that role on a practical, day-to-day basis.

Deputy K.F. Morel:

Aside from financial services, when looking at External Relations, what are the priorities that you have at the moment? What are the main things you are looking at?

The Minister for External Relations:

Okay. So, priorities are Brexit and global market strategy.

Deputy K.F. Morel:

Excellent, thank you very much. So, as well as those priorities, do you interpret your role as one strictly limited to building and opening up new markets for the Island or do you see it as a wider one to promote Jersey, its image and its culture as well?

The Minister for External Relations:

If you look at the common external policy - I always want to call it foreign policy but I had better not do that otherwise you will frown - it is quite clear. It is about protecting existing markets. It is about growing new markets, but it is far broader than that. It is about building good relationships in the United Kingdom, it is about building good relationships in Europe, and it is about building good relationships around the globe as well and showing ourselves to be acting as good international citizens across a wide range of areas which affect our culture, our history, all sectors of our economy, and showing that where we choose to and where we need to we can meet the very highest international standards and we can deliver value to other communities. That is either from a financial services fund that is inward investment or it might be work that the R.J.A.&H.S. (Royal Jersey Agricultural and Horticultural Society) are doing about improving milk productivity or it might be about livelihoods in a war-torn territory and providing grant aid to them. So it is completely broad in nature.

Deputy K.F. Morel:

That is an interesting phrase, good international citizens, that you used. I think you partly defined it, but can you go a bit further? What in your estimation is a good international citizen?

The Minister for External Relations:

It is one who takes part in the world, one I think which is outward looking, one that wants to build friendships and uses its history and traditions and economy to build bridges around the world.

Deputy K.F. Morel:

Really interesting. Are we happy with that?

The Deputy of St. Mary:

Just a supplementary, if I may. Financial services was previously looked after by a department other than your own. I am sure I know the answer, but do you think External Relations is the right place for it and it is a good fit?

The Minister for External Relations:

It is very difficult, is it not, because with a small Government, with a small Parliament, there are 2 issues which a Chief Minister has to think about when deciding where a particular portfolio will sit. One is where there are synergies with an existing department, but they also have to think about individuals as well. I do not think any small community like ours should be afraid of thinking about, yes, where there are natural synergies, and there is absolutely with External Relations and global markets and Brexit and building relationships in the U.K. (United Kingdom), but there is also about an individual's experience and what an individual can bring to that particular sector. So, historically it sat in the Chief Minister's Department, or it did for the last 2 terms of Government, and in that instance initially with the Treasury as well and then with the Assistant Chief Minister. In this instance the Chief Minister is going to delegate it through to External Relations. So I have experience of representing and working in the financial services industry, but so has the Constable of St. Ouen, who has a lot more experience than me in financial services over 40 years, I think it is. Therefore, there is a good synergy to move it in with External Relations from not only departmental responsibility but people as well.

The Deputy of St. Mary:

Okay. I was not challenging your suitability for the role, I hasten to add. I am aware of your experience and so was the Assembly on ...

The Minister for External Relations:

No, I think it is an important point that in a small community you have both of those things to think about when you are making those decisions. You cannot just be totally prescriptive and say: "Well, it fits in that department" if you have people better equipped elsewhere.

The Deputy of St. Mary:

Okay. Thank you. Sorry ...

Deputy K.F. Morel:

No, absolutely, any time.

The Minister for External Relations:

Yes, sorry, Richard.

Assistant Minister for External Relations:

Can I just add to what my colleague has just said? I think we also need to recognise that Jersey's financial services business is very much external relations focused because a very substantial proportion of that business comes from markets other than the Island itself. So, in my view, it is

entirely appropriate that financial services works hand in hand with our other External Relations activity because they are inextricably linked.

Deputy K.F. Morel:

Yes. You mentioned, Minister, the importance of building relationships and to bring it from the external relations role, bringing it back home, so to speak, your role naturally keeps you away from the Island for a considerable amount of time. How do you think you will balance the demands of travel that the role brings with the need to maintain relationships with Assembly Members and to keep them abreast with your work?

The Minister for External Relations:

It is a challenge for the Minister for External Relations if you think that a primary role is in building good relations around the globe. I expect to be out of the Island fairly frequently and I could argue no more frequently than I was previously as Chief Minister, but that is an argument probably for another day. How many States sittings have I missed in the last 6 months? Definitely one by very nature but it might be 2. In a 6-month period where previously we had an election so there was not as much external activity undertaken, I think missing only 2 States sittings is not too bad on balance, but it is a challenge, I absolutely accept that.

Deputy K.F. Morel:

It is just that sense of having to report and not just within the States Assembly but bumping into people in the corridor, just letting people know the work you are doing. I am just wondering how you are going to do that.

The Minister for External Relations:

With the help of my very able Assistant Minister as well.

Deputy K.F. Morel:

Yes, I am sure.

Assistant Minister for External Relations:

You took the words out of my mouth. It is a good point and it is one that both of us are conscious of, the need to maintain the business of our department in the Island while the Minister is out of the Island. I can assure you I am extremely well briefed and I know exactly what he requires me to do and I am quite capable of handling the Assembly activities when he is not present in the Island.

Deputy K.F. Morel:

Thank you.

Senator K.L. Moore:

Shall we move on to talk about Brexit? You, Minister, were one of the very first people to tweet about your reaction to the agreement that was published last week, I think it was, although it seems like a long time ago already. Have your views on the Brexit agreement as it currently stands - and will go to Parliament hopefully - changed since then?

The Minister for External Relations:

I have to look at the negotiation that the United Kingdom Government is doing on behalf of the British people from a Jersey perspective, and when I look at the withdrawal agreement and the political declaration from a Jersey perspective, then I do absolutely welcome it because it maintains our governmental and Island aims throughout this process, namely to continue and to build and maintain our existing constitutional and trade relationship with the United Kingdom. It does that. It is quite clear in that it covers protocol 3 and the way that any relevant laws extend to us during the withdrawal area. It makes quite clear that we are covered and part of the transitional period and also when it comes to the backstop period insofar as E.U. (European Union) law currently covers us under protocol 3. So it is good for Jersey. The political declaration as well, of course, is slightly more complicated from our point of view because we want to be involved and consulted as that goes forward but we do not make any prejudgment about which particular areas or if at all we will want to be a party to the new economic relationship that the U.K. is trying to deliver. So I remain of the view that the withdrawal agreement and political declaration is good for Jersey. You, of course, have seen many alternative views about why those others may not think it is particularly in the interests of the United Kingdom.

[10:15]

Senator K.L. Moore:

You recently signed the terms of a new, smaller customs union with the U.K. How do you think that might affect the Island and the economy?

The Minister for External Relations:

One of the things that I think as we were starting to prepare for the vote and became clear post the referendum result was that we were going to need to clarify in black and white some of our existing relationships. So, built on the royal charters, we have developed over the centuries rights and customs. That in effect puts us in a customs union with the United Kingdom. In order for the United Kingdom to, as it is negotiating with Europe, have certainty about what the customs union group is that are negotiating with the U.K. and in order for us to have certainty about maintaining our existing relationship, we needed to sign a new customs arrangement. I am very much of the view that

officials have done an excellent job in negotiating with the U.K. something that does provide that certainty to Islanders and to businesses and means that we can continue to trade as we do today, without tariffs and without restrictions on quantities, up into the United Kingdom and we, therefore, create that new customs union and customs arrangement. Of course, what it also means is that we will need to work with the U.K. on the external customs boundary and any tariffs there. That is why we are creating the new C.D. (Crown dependencies) U.K. customs committee to discuss those issues and have an input into them.

Deputy K.F. Morel:

Is that essentially Jersey's seat on the board, the C.D.U.K.?

The Minister for External Relations:

Yes.

Deputy K.F. Morel:

So it is one seat between all Crown dependencies? We have always had one each.

The Minister for External Relations:

No, we will, all 3 of us, be involved, but it was important because the U.K. might have an interest in raising a tariff - in line with W.T.O. (World Trade Organisation) rules, of course - on a particular product that may not be in our interest. It is unlikely, of course, because it mostly will be about manufacturing and things like that, so it is in an extremist situation but we do need to have that ability to be able to say: "No, that is not in our interest. How are we going to work through it?"

Deputy K.F. Morel:

Yes, absolutely. Just very quickly, sorry, the Senator mentioned it is a smaller customs union than the one that we currently are part of via the E.U., 28 countries becomes one country. The question she did ask was about how you think it will affect our economy. Obviously, we have seen in the U.K. the forecast by the Bank of England, et cetera. We are not talking about no deal here, we are talking about the withdrawal agreement if that was to be passed and carry on. How do you think it will affect the economy?

The Minister for External Relations:

I have not studied in depth the Bank of England's forecast. Let us remember it is a forecast, so the only thing that can be certain is it is not going to be the reality and you can take your pick about why that may not be. So, from my perspective and from Jersey's perspective, it is in our interest to have an orderly exit, we absolutely accept that, but not necessarily from an economic point of view, from all sorts of bureaucratic points of view. But we also know that the European Union expects to see

90 per cent of growth in the future to come from outside of the European Union. This, of course, ties in absolutely with our global market strategy and all the work that financial services have been doing for decades now. If we look back to McKinsey and the strategic review, they said to us: "Protect your current and existing market" - that is why we are doing all the stuff with the E.U. - "but grow faster if you can your global market." So there is good opportunity for us there. Our message as we are going around the globe is that you can continue to invest and use Jersey because we are stable. We are not in the E.U. for financial services. We have to remember that. So, what does that mean for the Bank of England's forecast about ...

Deputy K.F. Morel:

What does it mean for the bank of Jersey's forecast ...

The Minister for External Relations:

Well, we do not have a bank of Jersey.

Deputy K.F. Morel:

No, I know, but ...

The Minister for External Relations:

So, it is all about what effect would ... if there is a recession in the U.K. what effect would that have on us? Once upon a time we would always have said that a recession in the U.K. was bad for us. It would ultimately affect us. That has become less and less the case if we are talking about our main industry. We know that our economy is extremely buoyant. We know that things like construction are buoyant. We know that the constraint in the economy is people right now. So we do have capacity there to continue to have a buoyant economy and growth even with some constriction in the U.K. economy. The point is that you can never be absolutely certain but we are more optimistic now that we can manage recession in the U.K. than we have ever been before because of our more global outreach and look, as Richard was saying earlier, of financial services.

The Deputy of St. Mary:

Following on from that, given our recently confirmed ability to negotiate our own trade and investment deals, will we be able to use the transition period and the extension as a way of gaining more trading terms with E.U. countries?

The Minister for External Relations:

No. We have to just be careful about what we say about bilateral investment treaties.

The Deputy of St. Mary:

I will have further questions on it later as well.

The Minister for External Relations:

Okay, because they have been pitched by some in the media as terribly exciting independent trade deals. They are not quite that. What they are is historically countries would have signed ... when they had signed a double taxation agreement, which gives investors certainty about where their investments are going to be taxed or that it is not going to be taxed twice, you would have signed a bilateral investment treaty as well, which would have given some protections to those investments as well. Historically, that has always been important for the larger global investors, but more and more it is becoming important as you drop down the range. People want to know that there is some Government to Government protections for the investment as well as assurance around tax. So that is what a bilateral investment treaty would do. That is why it is important for financial services operators in Jersey. Do not forget we are not sovereign, so we have to go to the United Kingdom and ask them for an entrustment in order to sign these international treaties as we did with tax information exchange and as we have done with double taxation agreements. So likewise we are doing these bilateral investment treaties. What we did was pitch to the U.K. initially that there were 2 that we would like to sign, one being the U.A.E. (United Arab Emirates) because we have a long relationship with them and lots of trade - financial services largely, of course - and with Rwanda. That is a country that we are forming a new and exciting relationship with. Interestingly, that is built on a different foundation. That is a foundation of personal relationships and aid and around the Jersey cow, so totally different genesis of a relationship but it is very exciting. I am hoping to visit again next month. There are others who have already been approaching us and officials saying: "We would also like to sign a bilateral investment treaty with you because we have particular projects that businesses want to invest in." So I envisage if the U.K. give us letters of entrustment to do so that over the transition period I (a) will be seeking further letters of entrustment; and then (b) seeking to sign more bilateral investment treaties, yes.

The Deputy of St. Mary:

So, for clarification, in respect of those further countries we do not have carte blanche to enter into them at the moment; we would have to go to the U.K. for specific consent?

The Minister for External Relations:

Yes. We are in a way pioneering signing these agreements. No other C.D.s or O.T.s (overseas territories) have signed these agreements. So we are slightly pioneering and we have pitched it as give us entrustment to negotiate these 2, we will keep the U.K. involved in the process and then we will come back and seek a general entrustment in the future. There is at least one if not 2 countries who are not quite battering our door down but saying: "Come on, we want to get on and negotiate." So we might go back and ask for entrustments just for those individual countries before we get to

the global universal approach. The other thing I did just want to pick up on which you asked me was about B.I.T.s (bilateral investment treaties) with European countries. I do not as I sit here envisage that we will be seeking bilateral investment treaties at this stage, nor in the short to medium term, with European countries but that may change. Because the process that we are going through is working with the U.K. about what their future economic partnership will be and (a) analysing the B.I.T.s that we want to be party to and then, of course, (b) we do not know quite how that approach is going to work. The U.K. is ... we are currently working on the assumption - a bit like Gibraltar although without the Spanish difficulty - that there will be something which is negotiated for C.D.s together.

The Deputy of St. Mary:

Okay, thank you.

Deputy K.F. Morel:

It is interesting. We will take a little diversion from Brexit for a second to stay on bilateral investment treaties just because it kind of flows from what you were saying. You have mentioned having some potential countries in the pipeline. Are you able to name them at all? You have referred to the U.A.E. and Rwanda. Are you able to mention ...?

The Minister for External Relations:

There are a couple of other African countries, are there not?

Assistant Minister for External Relations:

Yes.

Senator K.L. Moore:

Why do you think that interest is coming forward at this particular time?

The Minister for External Relations:

Well, I think in that instance ... well, we are doing more work around Commonwealth countries for a start. So we are trying to up our profile there, explaining to Commonwealth countries what we have to offer and how we can partnership with them to deliver F.D.I. (foreign direct investment) into country. A particular one I am thinking about ... I do not know if we can name it or not, but officials have made a visit out anyway and contacted industry and Government there. You might just say a little bit about that.

Group Director, Financial Services and Digital Economy:

Yes. We have spoken to the deputy finance minister of that country. They have a very large capital markets transaction that will involve a probable listing in the U.K. for this entity that raises substantial capital for them as a sovereign issuer. Having the bilateral investment treaty will help to ensure a better value in that listing for them because it underpins with certainty that if there was a change of Government regime in that country then the investor protection rights that are enshrined in the agreement transition from one Government to another and, therefore, it protects those investors in the transaction.

Deputy K.F. Morel:

So Jersey provides basically a platform?

Group Director, Financial Services and Digital Economy:

For them to raise capital on global markets, yes. That is very much how we see the role more widely in financial services being relevant to help raise capital into economies rather than necessarily take capital from developing economies.

Deputy K.F. Morel:

Flipping that around, what benefits do you see for Jersey in these treaties? So it helps us raise capital for these countries, it is fantastic, but what comes back our way?

The Minister for External Relations:

If it is being structured through Jersey, then it is good for our businesses, but it comes back to being good global citizens as well. This sometimes becomes an ideological argument. Globalisation and foreign investment have raised millions of people out of poverty and will continue to do so. I am absolutely keen on our own finance industry here - and they are doing it - looking at the impact of the investments that they are having around the globe. For me, encouraging investment into developing countries is a way that is going to raise citizens of those countries if it is done properly with proper protections. It is going to raise living standards of the poorest around the globe.

[10:30]

Deputy K.F. Morel:

I appreciate it is an investment treaty, it is not a trade agreement, but do you see these investment treaties helping to open up markets for the Island, whether it is in financial services or outside financial services? Is that a role they play beyond ...?

The Minister for External Relations:

Yes, they are facilitating market access and they are facilitating in this case foreign direct investment into developing countries.

Deputy K.F. Morel:

Okay, but not just a single platform for raising capital in a particular issue ...

The Minister for External Relations:

No.

Group Director, Financial Services and Digital Economy:

No, these agreements combine ... you will get the most volume of traffic, travelling fastest and smoothest, on most modern roads, and this is a capital markets or financial markets version of that. But if you have good agreements between ... bilaterally and the right reputation multilaterally, then you will ensure that we have a valuable role to play in the future.

Deputy K.F. Morel:

I know, Minister, you were contacted by Global Justice Now, I believe. I was, too. I believe so because it was in the paper about that.

The Minister for External Relations:

Okay, yes.

Deputy K.F. Morel:

That is an organisation that were concerned about dispute mechanisms that may be being wrapped up within these investment treaties, and I know beforehand I had seen that people had issues with the Trans Pacific Partnership, which the U.K. wanted to be a part of, and the Transatlantic Partnership as well. Are there dispute mechanisms embedded in these treaties or do you envisage there being dispute mechanisms embedded in these treaties?

The Minister for External Relations:

I do not have it with me but yes, and this is the ... the way this works is because we are not a sovereign state we work with the United Kingdom on what we would call a model agreement and the parameters in which we then go away and negotiate. So these are the latest in thinking about good international standards. It has to be about mutual benefit because the same thing if you look at some things that happened under previous Governments in South Africa, they - how many years ago? - made a decision to withdraw some of their bilateral investment treaties, probably about 3 years ago I think, because they were very concerned about were there mutual benefits in these agreements or were they just benefiting western developed countries. I have been very clear with

officials and our agreements are about mutual benefit. Do not forget, I think we can say very clearly that our courts have very good experience in making judgments on international financial matters, which are some of the rulings which are looked at elsewhere around the globe as model rulings. So I think we can have confidence in that as well as dispute mechanisms, that should we get to that level our courts have expertise and experience in ruling on these issues and ruling fairly and appropriately and in some cases - if we look at what happened in Kenya with repatriation of money there - sometimes really pioneering, exciting rulings which are looked at around the globe with awe and people are seeking to follow that approach.

Deputy K.F. Morel:

That is interesting. Can I just check as well will the text of these treaties be available publicly at some point, whether it is after they are signed or ...?

The Minister for External Relations:

Yes, after they are signed they are public. We probably on a confidential basis, Chairman, could share it with you, with the panel.

Deputy K.F. Morel:

Thanks, yes, we will at some point, definitely.

Senator K.L. Moore:

You mentioned that it was unlikely that any treaties would be signed with E.U. nations. Is that due to the transition period?

The Minister for External Relations:

It is due to that we would in the first instance ... okay, trade treaties, I think that falls into that. So, because the U.K. is negotiating its future economic partnership and we are a party to that, we will be seeking to, with them, negotiate suitable trade deals with the E.U. But if the opportunity arose, arising from perhaps some of the work around the Cove Group and where the E.U. is on those issues, of course, if the opportunity arose to sign D.T.A.s (double tax agreements) with member states, then we would take those, would we not, more than likely?

Group Director, Financial Services and Digital Economy:

Yes.

The Minister for External Relations:

I, in a way, do not see those as trade deals in the same way that B.I.T.s have been talked about.

Deputy K.F. Morel:

No, that is correct.

Senator K.L. Moore:

That is very helpful. Thank you. So returning more to the Brexit theme, fishing has always been a difficult area and already France have been making their position quite clear. What in your opinion is going to be the next step as we approach this withdrawal agreement on this area of agriculture and fisheries?

The Minister for External Relations:

So, agriculture is in a different position largely from fisheries. The difficult part of the economy is, without doubt, fishing and the reason that I say the withdrawal agreement is good for Jersey is because it continues access to European markets for fisheries. The political declaration - we have discussed it at length - is a little bit more silent on that matter but if you read what it is saying about the backstop position remaining in a customs union, albeit you have that differential ultimately between the main United Kingdom customs union and the rules that Northern Ireland might have to comply with, but although it does not say it in black and white, if you are in a customs union then you ought by right to be able to land your catch into the European market. But this is a very controversial and difficult area for the United Kingdom and, therefore, it is couched in the way that it is in the political declaration. You have people, therefore, being able to say it means more than one thing. But for us, that is why no deal is not good for our fishing industry and it is why no transition would not be good for our fishing industry. That is why we continue to support a deal and we continue to support transition. Of course, what the U.K. is saying is once they leave Europe they want to be a coastal ... what is the term they used, David? Coastal nation state or something or coastal state, where they will negotiate on an annual basis, in effect, quotas for fishing and quotas for landing into Europe. So, that again is a model that could work for us dependent on how those decisions were made about quotas for catch and quotas for landing.

Deputy K.F. Morel:

It will certainly keep negotiators in business for a long time to come.

The Deputy of St. Mary:

Just following that up then, would you negotiate direct with France under the Bay of Granville agreement? No, we do not?

The Minister for External Relations:

So, the Bay of Granville agreement is a bilateral agreement, you are right on that, but it is fair to say that we are having conversations around the Bay of Granville agreement. But it is equally clear that

neither Brussels nor Westminster want to impinge upon the main negotiations that are taking place with other bilateral negotiations.

The Deputy of St. Mary:

So they are sidelining that aspect for the moment, are they?

The Minister for External Relations:

I would not use the word “sidelining” but certainly they are prioritising the main U.K.-Brussels agreement.

The Deputy of St. Mary:

So we cannot do much in pursuing that until Westminster and Brussels have sorted out their situation?

The Minister for External Relations:

Well, I am not saying that either but I am saying ... these are very difficult areas and, as the Senator said, politics is being played with them, sometimes in an unhelpful manner as we saw the President of France do at the weekend. It would not be helpful for us to get caught in those political games or comments.

The Deputy of St. Mary:

Okay, I will not make any more comments then. **[Laughter]**

Senator K.L. Moore:

Staying on a very topical theme, there is much discussion this morning about preparations among industry for a no-deal Brexit in the U.K. How would you consider we and our businesses here in Jersey fare in their preparations for a no-deal Brexit?

The Minister for External Relations:

It is a good question and it is a question I cannot properly answer because you end up with ... we in Government are increasing our preparation for no deal, but we are having to do so in a way which does not engender panic because there is no need to panic. It is about good contingency planning. Some of that is about business as usual. There are conversations which are being had with industry sectors. I think my analysis would be that those conversations are due to increase and they are increasing and I am circling back round with various departments to talk to them about what their conversations have been and to make sure that industry is thinking outside of the box and 2 or 3 lengths down the line rather than just saying: “We are okay because our things come on the boat.” So there are other upstream issues which we are thinking about in Government and having

conversations about on a wide range of issues from food to aircraft, ability to land, all those sorts of things, which a good Government should be doing, but that cannot just be Government held and centrally held. They need to be broadened out so that businesses are thinking about them as well.

Deputy K.F. Morel:

How has the business response been?

The Minister for External Relations:

I think in some areas it is probably better than others. Everybody is thinking about it. It is my job to push them to make sure they are thinking about those extra steps down the line, basically. They still have time to do that and as we get nearer to a Brexit date it is good that people are coming forward and saying: "We had not thought about that. Can you help us think about this issue as well?" That to me gives me confidence that businesses as well as internally are looking at this now in a very serious fashion rather than it just being a paper exercise.

Deputy K.F. Morel:

Maintaining that subject, financial services, what kind of engagement have you had with them regarding Brexit?

The Minister for External Relations:

Well, of course, our pat line would be that financial services are not in the E.U. ...

Deputy K.F. Morel:

They are not but they are going to be affected.

The Minister for External Relations:

... and, therefore, they are not going to be affected.

Deputy K.F. Morel:

That would be shortsighted.

The Minister for External Relations:

Well, it would be factually accurate but, of course, it is much broader because it is not just about the actual services, it is thinking about access to staff, it is thinking about computer systems where data is held, thinking about G.D.P.R. (General Data Protection Regulation) requirements. It is all those sorts of things and businesses are thinking about those.

Deputy K.F. Morel:

It is thinking about access to markets as well, if you know what I mean, because London, Frankfurt, Paris, Dublin kind of affect ...

The Minister for External Relations:

Yes, but access to city ... do not forget ...

Deputy K.F. Morel:

Yes, but the question is will there be much left in the city. That is the question. **[Laughter]**

The Minister for External Relations:

No, even if you listen to the most doomsday of scenario planners, they all begrudgingly admit that you have New York and you have London and it is very difficult to see that one of the other European centres will take the place of those 2. It is much more likely that business will go to New York. So it is not a coincidence that Richard and I were out in New York a fortnight ago talking about how we could best have a J.F.L. (Jersey Finance Limited) office out there.

Deputy K.F. Morel:

We want to talk about that later, yes.

The Minister for External Relations:

So it is much more likely that that will happen than you will suddenly have these equal centres around the rest of Europe because you have Paris, you have Frankfurt, and, as the Italian ambassador said to me last week, do not forget Milan as well.

[10:45]

Deputy K.F. Morel:

Going back to global markets, if I am right - and please tell me if I am wrong in this - during the transition period the U.K. cannot negotiate trade agreements with other third countries.

The Minister for External Relations:

No. So during the transition period what the withdrawal agreement allows them to do is to start the negotiation but not to agree them, which is another ...

Deputy K.F. Morel:

Okay. That is interesting as well.

The Minister for External Relations:

... which if you are on the side of the deal is a good deal for the U.K., better than where they started where they were not even going to be allowed to negotiate.

Deputy K.F. Morel:

I was wondering whether ... because obviously Jersey has been given this letter of entrustment to go and do a bilateral investment treaty. I was wondering if there were any links between Jersey's sudden ability to be able to negotiate a bilateral investment treaty and the way the U.K. have curtailed from at least agreeing trade deals. Jersey is perhaps doing the work of the U.K. to some extent.

The Minister for External Relations:

I think it is fair to say that there was in our view unnecessary nervousness about giving us the entrustment at the time that the U.K. themselves were having to start to think about their own different trade deals around the globe. It is in no small part to the excellent work of officials that we got it over the line. It was an excellent achievement on behalf of officials.

Deputy K.F. Morel:

Yes. One more question about the work we do with other markets is: as you mentioned earlier today and you confirmed last week, Jersey is led on our attitudes towards other nations by the U.K., so essentially their foreign policy dictates who we can speak to, et cetera. How do you intend to address concerns that Islanders may have about the Government building relations with some countries that Islanders may not see as having appropriate human rights? They may be involved in criminality. We have seen Russia, we did a big push into Russia, but look what is happening now with Russia, or even concerns about justice, for instance in the recent U.A.E./Hedges case. So how would you address Islanders' concerns while continuing to do your work in global markets?

The Minister for External Relations:

We come back first from the point that we are not a sovereign state so the U.K. is responsible for our foreign relations as a matter of international law, so that is the basis on which we operate. But whenever I go into a country I meet the U.K. ambassador or high commissioner and we support the U.K.'s view that matters such as this are best dealt with diplomatically and quietly. You could argue that the outcome of the recent case in the U.A.E. has shown that that works although it was, we all accept, bumpy.

Deputy K.F. Morel:

Why the U.A.E. went down that road, though, is another question.

The Minister for External Relations:

It was bumpy along the way. Well, the other thing we always have to know on matters like this is it is never quite as clear-cut and black and white as ...

Deputy K.F. Morel:

I am sure there are other cases which ...

The Minister for External Relations:

There is always 2 sides to an argument and it will not surprise you to know that those matters did come up in conversation while we were out there, so we are not ...

Deputy K.F. Morel:

But how will you address Islanders' concerns, is my question.

The Minister for External Relations:

Well, if I am honest, it is difficult because any conversations that we have, and we have conversations, by their very nature need to be kept confidential. Therefore, it is difficult to address Islanders who might feel particularly stringent on a particular issue other than to say that we support the U.K.'s approach and we do raise ... have conversations, as I say, with ambassadors and high commissioners that I think Islanders would support.

The Deputy of St. Mary:

Again, looking at matters globally, we appreciate the need to develop further markets, to go further afield. Is there a danger in doing that that we are neglecting matters on our doorstep and not continuing to co-operate with individual E.U. nations?

The Minister for External Relations:

No, I do not think so at all. If we take the last 12 months - well, 2 years actually - we have been dealing with Brexit, we have been trying to develop global markets. At the same time, I cannot overestimate the amount of officer time that has been taken up with conversations with the E.U. and Brussels around the substance requirements in the code of conduct group, not to mention the work that the previous Minister for External Relations and myself did with ambassadors in London, the good relations that we have regionally with France at Ille-et-Vilaine and Normandy and we have had 2 summits this year meeting with them as well. I envisage that once the United Kingdom leaves the European Union that work does not decline; it increases in importance as does our representation in Brussels.

The Deputy of St. Mary:

I was about to ask that. As an add-on, where we have a representative office in Brussels, you see that continuing and perhaps working even harder in the immediate post-Brexit era, do you?

The Minister for External Relations:

Yes, absolutely. We will see the United Kingdom rep office as well. It will have to change in nature but it is hard to see that there will be fewer U.K. people there because they will have to be engaged earlier in processes rather than just at the decision-making point.

The Deputy of St. Mary:

The Brussels office will not only be talking to E.U. countries but particularly the U.K. to make sure we are not overlooked, I assume?

The Minister for External Relations:

They talk a lot with the U.K. now.

Deputy K.F. Morel:

Going back, as far as global markets are concerned and the development of international treaties, or investment treaties perhaps more specifically, again what conversations have you had with industry, financial services or even the digital sector to be able to see how they can compete in markets?

Group Director, Financial Services and Digital Economy:

Through Jersey Finance and through the regulator, we get an overarching view of the type of market access that is required for Jersey to advance its financial services industry in global markets. That may range from Government helping with regulatory engagement, because in some markets regulators are less independent from government than they are here, for example. China would be a good example of that where these are essentially public appointments on behalf of the government. So Government here has a role to play in helping to navigate access to regulators in some of those markets. More from an industry standpoint and trying to understand where there is advantage for Jersey in certain markets, that goes back to the work of McKinsey in 2013. They helped to inform, through our strategic review, the markets that we are doing business in. Since then, through the global market strategy and the work of Government, we have continued to talk to industry and focus groups through Jersey Finance, these community of interest groups as they are called - there is one for G.C.C. (Gulf Co-operation Council) markets; there is one for India; there is one for China; there is a newly formed one for the U.S.A. (United States of America) - to understand what members are currently doing in those markets and are they encountering any market access barriers or are there opportunities to promote Jersey in those markets that we are not currently aware of. Government, the regulator and Jersey Finance are participants in that and it brings

together industry partners who are interested in those particular geographic markets. That is all fed back into the global market strategy. So the strategy is not a piece of paper that has been developed and locked away. It is a living and breathing document and will keep evolving with that feedback from the industry and from the regulator.

Deputy K.F. Morel:

As far as other sectors such as digital, which is obviously international in nature as well?

Group Director, Financial Services and Digital Economy:

Yes. Digital, I suppose, is a little bit less reliant on those access points in terms of agreements with other markets. G.D.P.R. is probably the most important one around the free flow of data and making sure that Jersey has an equivalent place in G.D.P.R. So, within a separate part of my team we have put considerable work in to ensure that we had regulations passed by the States earlier in the year to assure equivalence with that emerging European standard. We are working, as a consequence of Brexit, to ensure that when the U.K. leaves as a member state we still have that free flow of data with the U.K. as well. So it is very important in the digital sector. Beyond that, I think it is more around building partnerships and relationships that promote Jersey's advantage as a digital centre. I think that is more really in the marketing phase rather than needing to underpin that with formal bilateral agreements between governments. We take that, again using Digital Jersey as the conduit, to channel industry feedback into Government and we are hoping to make some significant advances in the U.S.A. in quarter 1, quarter 2 of next year around securing some M.O.U.s (memoranda of understanding) on co-operation on emerging digital technologies and also looking very closely at the World Economic Forum cybersecurity centre in Geneva to help inform some of our work around cyber risk as well. So there is a lot being done to help the digital sector more widely.

Deputy K.F. Morel:

As far as going with the U.S.A., from a data perspective, if you are negotiating M.O.U.s with companies or public authorities, is the security of our data foremost in your mind? America has a very different attitude towards data and privacy than we do.

Group Director, Financial Services and Digital Economy:

Yes, absolutely. Being an equivalent to the E.U. on G.D.P.R. really is informing the regime that we have in place and that puts responsibilities on businesses doing business here around how they process and control that data and that would include that data being shared with other entities further afield. There is the challenge where I think citizens often trust Facebook, Twitter and others much more than they trust Government with their own data. That is a challenge in itself in terms of how some of those larger social media companies use and process data for their own advantage.

Deputy K.F. Morel:

Yes, we see that playing out on a global scale.

Senator K.L. Moore:

Picking up on that, when you talk about signing M.O.U.s, are those with Government organisations or private enterprise?

Group Director, Financial Services and Digital Economy:

It varies. If you look at the finance agreement that was signed earlier this year, that was between Digital Jersey and the organisation and was just looking at areas that they would look at together and try to develop with a view to them coming into the jurisdiction and employing people here at a future point. We would pick the most appropriate entity for that. The Minister was in the U.A.E. a couple of weeks ago. If we were doing something like, say, with the D.I.F.C. (Dubai International Financial Centre), again it might be appropriate that that is between Jersey Finance and the D.I.F.C. in the same way that the regulator already has an M.O.U. with the D.F.S.A. (Dubai Financial Services Authority), which is the D.I.F.C.'s regulatory body. So we pick the most appropriate body for those areas. In terms of the World Economic Forum cybersecurity centre, that would probably be a government one in that we would be looking to exchange best practice and ideas with them in this emerging space. We already have agreements with the National Cyber Security Centre in the U.K. There is a less formal arrangement in terms of just ongoing discussion with the French cyber centre in Rennes. But what we want to do is expand our knowledge base in this area as much as we can as a small state and the World Economic Forum discussions would help immensely with that.

The Minister for External Relations:

If you take Bahrain, we are seeking an overarching government-to-government M.O.U. and then underneath we would expect specific workstreams. Ironically, some of those individual workstreams are further advanced than the government-to-government one. It is just the nature of things.

Deputy K.F. Morel:

It may seem ironic but it is not surprising.

The Minister for External Relations:

So that is Jersey ArtHouse having an M.O.U. with the Bahrain Cultural Department, in effect. We would expect it to be a mixture.

Senator K.L. Moore:

You have talked about the New York office for J.F.L. Are there any other similar offices in the pipeline, say in Africa? Is that a particular area of focus, for example?

Group Director, Financial Services and Digital Economy:

At this stage, no, there are no plans that are as well advanced. The Jersey Finance New York office is just awaiting a funding decision from Government and then we can move on with that through 2019. There is nothing else at such an advanced stage, but depending on the levels of business that are being seen in markets and the need perhaps to have a physical presence there, that will stay under review. It is not just the sheer size of the market. It is also the accessibility of capital to and from that market. So if you argue that we should have a number of people in China, for example, just given the sheer size, or India, in actual fact, accessing capital in those markets is quite difficult with things like exchange controls. Therefore, we have more of a watching brief to be patient with those markets, to cultivate some reputation in those markets, but putting marketing people on the ground would have a very limited payback for us. So we are very conscious of making sure that if people are on the ground that there is going to be a payback on that activity for the industry more widely and ultimately then for Government through tax.

The Minister for External Relations:

So there is 2 bits to think about. There is J.F.L. marketing the finance industry and then there is the government-to-government thought about offices and representation. Richard is right about J.F.L. What we are thinking about in Government, and I think we are trialling it in Kenya, is how could we have a Government representative out in the market without creating a large infrastructure. What we are trialling in Kenya, just by an individual who works for Government in External Relations, is that they are moving to Nairobi and will be a Jersey Government employee - David will have more of the detail on that - attached to the U.K. High Commission.

[11:00]

The Deputy of St. Mary:

Just extending that theme for a moment, are you intending to use or can we use our position within the Commonwealth to foster new relations or further new relations?

The Minister for External Relations:

Yes, and we are doing exactly that. You will know that C.H.O.G.M. (Commonwealth Heads of Government Meeting) is going to be in Rwanda in 2020. There will be a business forum there. They are also talking about other exciting forums in advance of the heads of government forum. That is one place where we are working. We are members of the Commonwealth Enterprise and

Investment Council. It is basically a business forum and it helps organise the business forum. You will know that this year C.H.O.G.M. was in London and there was a business forum in advance of that. Jersey Ministers took part in that forum, attending functions, speaking on panels, giving addresses, all of those sorts of things. Last week I was meeting with the Maltese High Commissioner. There is a Commonwealth Small States Forum and we were talking about being involved in that more into the future.

The Deputy of St. Mary:

We are a member of the Commonwealth Mediterranean islands one, are we not?

The Minister for External Relations:

Yes. We are a member of the Commonwealth Parliamentary Association, so we are a member of some Commonwealth bodies and, as I said, the Investment and Enterprise Council, but we are not members of the Commonwealth because you have to be a sovereign state to be a Commonwealth member in that regard. We are finding other ways of accessing those events and building relationships.

The Deputy of St. Mary:

We are an associate member of the Commonwealth? Is that what we are described as? No? They do not do that at all?

The Minister for External Relations:

They do not do that either. It is a way of describing it but it would not be legally correct.

The Deputy of St. Mary:

Are there any other international organisations we could apply to to further our cause?

The Minister for External Relations:

On Monday or Tuesday, I.C.A.R. (International Centre for Asset Recovery) was here. We have recently become a member of that. Law Officers are involved in that about hunting down illegal assets and then repatriating them. So we are trying to play our part in all bits, the Peer Review Group of O.E.C.D. (Organisation for Economic Co-operation and Development), all of those bodies. Richard and I have been building on the work that former Senator Ozouf started with the World Economic Forum and being involved in that for the last 2 years and that is leading on to some of the stuff that Richard was talking about, about cybersecurity and the things that they are doing. We are always on the lookout and we have to be sure that there is value being delivered from it, because there are lots of international bodies that you can pay a membership for and you just have to ask yourself what value our Island is getting from it.

The Deputy of St. Mary:

Yes, I understand that. Thank you.

Senator K.L. Moore:

You have mentioned that there is a trip to Rwanda coming up.

The Minister for External Relations:

And Kenya, yes.

Senator K.L. Moore:

And Kenya also. Will there be any other overseas trips to new territory?

The Minister for External Relations:

Not this year. We are butting up against Christmas so even I draw the line at that.

Senator K.L. Moore:

I very much appreciate that but the new year is almost upon us.

The Minister for External Relations:

In the new year we have currently got India, we have got Paris, we have got Brussels, potentially all in January.

Director, External Relations:

All in January, yes.

The Minister for External Relations:

Then we have wider ...

Deputy K.F. Morel:

Winter trips.

The Minister for External Relations:

It does not matter. In a car and in a building and in a hotel the weather is the same.

Senator K.L. Moore:

That indicates a flavour of maintaining existing relationships but also building upon newer relationships.

The Minister for External Relations:

New ones, yes.

Senator K.L. Moore:

Is that what you would see as your focus?

The Minister for External Relations:

Yes, that is absolutely right. As much as our economy is tilting towards being more and more global in nature, and that is absolutely right, we are still geographically in Europe, we are still in French airspace, we still have our historical and cultural ties that we need to maintain and build upon and we cannot avoid that, nor would we want to.

Deputy K.F. Morel:

With regard to Jersey's relationship with the U.K. - and this is heavily Brexit-related again, I am afraid - how far have you quantified the amount of work you have to do before in order to ensure some transition for the Island? How many laws do we have yet to get through, how many ministerial orders have yet to be marked, that sort of thing?

Director, External Relations:

Probably the biggest area is implementing the customs arrangement, which the Minister signed on Monday. That is a very significant piece of work. Most of that will be implemented once you have had the opportunity to debate the regulation on 4th December. That takes powers to be able to implement the customs union with the United Kingdom. In terms of quantification, it is potentially quite significant. Given the limited amount of time before 29th March, there is very little choice about taking powers under regulations and so most of the implementation would be done through orders. That is probably the most significant area. The other areas, particularly in the event of a day one no deal - and naturally we are all waiting for the outcome of the significant parliamentary vote on 11th December in the U.K. - the other most significant areas are to do with animal health and welfare and those areas that are currently covered by protocol 3 of the U.K. Treaty of Accession.

Deputy K.F. Morel:

But you are not able to give me a number of how much more there is to do? I am wearing my Brexit review panel hat right now.

Director, External Relations:

Certainly. In terms of customs, the orders that would flow if you pass the regulations would run to several hundred pages.

The Minister for External Relations:

We cannot put a number on it, and I was discussing this with David and with Law Officers earlier this week. You have the substantial bits that will come to the States, of which customs is one, and you got the animal and fisheries issues that will be legislation that will need to come to the States for regulation. Then there will be a whole host of orders. We are saying to officials that we need to find a way of working with either this panel or the Brexit review group so that you can see the law drafting for the orders and the orders in advance, because there just is not the time to become regulation but you still need to have a scrutiny mechanism.

Deputy K.F. Morel:

I have asked the Chief Minister to ensure that officers are asked to do that as well.

Director, External Relations:

That has been noted.

Deputy K.F. Morel:

Sticking to the U.K., just looking at your work programme ahead, which U.K. ministries ... as we come into the vital quarter as far as the U.K.'s relationship with the E.U. is concerned, which departments in the U.K. do you envisage yourself working with over the coming few months?

The Minister for External Relations:

Let me just go back to something that David said about waiting for the meaningful vote. Of course we are but if it is a "no", that will not be the end of it. There are steps and decision processes to be got through and then people have to think about what the next stages are if it is a "no", because it seems to me that no matter how many Members of Parliament are saying they do not like the deal from the extent of the spectrum, it is very few Members of Parliament who are espousing that no deal would be fine. The rest are wanting a deal of some description or a deferral of the leaving date. So that will continue, but from my perspective it will continue to be Department for Exiting the European Union, Cabinet Office, the Ministry of Justice, Treasury and D.I.T. (Department for International Trade) as well are going to be more and more important as you get to the next phase.

Deputy K.F. Morel:

The actual negotiations.

The Minister for External Relations:

Yes. So it will be those, but other departments are having their normal day-to-day liaison with Home Affairs, Agriculture and Environment and all of those things as well.

Deputy K.F. Morel:

Just sticking with the U.K., obviously you saw Dame Margaret Hodge talking about the public registers. I understand that in the past you said you were planning to meet with Andrew Mitchell with regard to their calls for Jersey to have its own public register.

The Minister for External Relations:

Yes. The 2 Members of Parliament will be visiting Jersey on Monday and we have a programme of meetings and events for them. If we are honest, we know what their position is and we will continue those conversations.

The Deputy of St. Mary:

Some of the overseas territories were taking issue with the U.K. Government's position that they were going to legislate for them and revert to the legislation. Is that ongoing, do you know?

The Minister for External Relations:

It is ongoing, yes. The overseas territories argue that it is not an appropriate constitutional position for the U.K. Government to have taken and they continue to be in dialogue about it.

Deputy K.F. Morel:

It seems to be a difficult message to understand.

The Minister for External Relations:

We have to keep focusing on what the policy outcome is that we are trying to achieve and what actions we are trying to stop and what is the best method of reaching those policy outcomes. As you know, I absolutely believe that our approach to beneficial ownership achieves those policy outcomes better than some other methodologies that others are suggesting.

Senator K.L. Moore:

In that sphere of business is also the economic substance law coming in down the track. Do you feel that that will assist in your discussions next week and also in any discussions with E.U. counterparts?

The Minister for External Relations:

You will have seen that last week I issued a policy statement about beneficial ownership. In that policy statement I spoke about the commitment that I will be giving to the E.U. about working together on beneficial ownership issues. So on the back of - let us remember this - the seeking to have a common European blacklist started out reviewing 92 third countries from a co-operative point of

view and then morphed into: “Yes, you are absolutely co-operative, Jersey, but how do you show you have got substance and what is happening is appropriate?” Then it is morphing again into: “Yes, you are bringing this legislation forward but what about beneficial ownership?” So we have the legislation and then we are making a commitment to work together on beneficial ownership. So even though you have the 5th Anti-Money Laundering Directive that talks about public registers, you still have a conversation across the European Union. You have the French constitutional court that is saying that the public register is potentially in breach of individuals’ data protection rights. So it is far from settled that that approach will be the international standard approach and it is, of course, always important for us to follow a global level playing field on these issues.

Senator K.L. Moore:

But also to contribute to an international discussion on achieving the right level.

The Minister for External Relations:

That is right, yes. It is interesting to see that our approach to the substance legislation ... because we have worked with the Forum On Harmful Tax Practices. It does appear that the way we have drafted that potentially will become the international standard in due course, which is what one of our aims was, to take something that the Europeans were asking us about and make sure that we delivered a solution that it would be possible for it to look like an international standard in due course. The officials have done an incredibly good job on bringing that forward in the way that they have.

[11:15]

Group Director, Financial Services and Digital Economy:

I think it is important also to be clear on substance that there has not been an international standard previously. The E.U. exercise focused, as the Minister said, on 92 third countries but it has not focused on member states. This is the case of Jersey being asked to catch up because we have somehow been a laggard on standards. We are being asked to go first in setting a new standard, which we have done in the context of the co-group work and which the O.E.C.D. Forum on Harmful Tax Practices has quickly followed on from. We have assurances from Commissioner Moscovici that once those third countries have been dealt with, the focus will turn to member states of the E.U.

The Deputy of St. Mary:

This was covered in a presentation you kindly gave us, that we might be first in the firing line but after that they are going to turn attention to certain countries that do not do half as much as we do already.

Group Director, Financial Services and Digital Economy:

Yes.

The Minister for External Relations:

That is what the commissioner has said to us, and I think he has said it publicly as well as to us privately quite a number of months ago. In our conversation with member states, they absolutely acknowledge that, but we have to remember there is about to be, in the middle of next year, E.U. elections. There will be a new European Parliament and there will be a new Commission and a new president.

The Deputy of St. Mary:

Again, within the E.U. countries obviously covers the likes of Malta and Cyprus who perhaps are also going to be potential allies when we are no longer at the table as well. Does that put us in a difficult situation or them in a difficult situation?

The Minister for External Relations:

It is for each country to represent itself and make its own case for what it does in its economy, but of course common law, financial services centre, English language, you can see the similarities and you can see where we do make common cause. The broader issue for the European Union, of course, is that the large country that some of the smaller member states used to support will no longer be there.

Deputy K.F. Morel:

We were going to ask about the other Crown dependencies. As far as you are concerned, how far do the other Crown dependencies interest you?

The Minister for External Relations:

A lot of the work that I do and we do in our department is done in conjunction with the other 2 Crown dependencies, just by its very nature. The United Kingdom on the whole always wants a unified position and further afield it is interesting that in Brussels, certainly on substance, we have worked together. On a day-to-day basis, we just work as the Channel Islands but they appreciate us working together in that regard.

Deputy K.F. Morel:

It is working well from your perspective?

The Minister for External Relations:

Any relationship with 3 in it is not ideal. We have our discussions; we have our arguments. There is always one that is out front and there is always one that is perhaps lagging behind, and so a lot

of effort has to be put into keeping everybody on the same page, pointing in the right direction, doing the right thing in all of our interests.

The Deputy of St. Mary:

Dare I ask if Sark figures in any conversations?

The Minister for External Relations:

I have had discussions with the Guernsey Chief Minister. Of course, the Chief Pleas met last night. They agreed to seek to buy Sark Electricity and the finance and economics or policy and resources committee were going to sit down with Sark Electricity during the course of today, but we are mindful that ... I have offered to Guernsey, and hopefully they have transferred that on to Sark, that we stand ready to support them in any way at this difficult time that they need. We cannot be absolutely certain how that will play out to becoming weeks and months. Like others, we are pleased that they are having their elections in December and they are now going to be contested elections, but we still stand ready to help and support in any way that they might wish.

Deputy K.F. Morel:

Moving on from Crown dependencies to overseas territories, how would you describe our relations with the overseas territories as a whole?

The Minister for External Relations:

That is an interesting question. On a personal level, my relationship with the premiers and chief ministers of the major Crown dependencies I think is positive and strong. We all have our slightly different interests because of the different constitutional relationship that can sometimes make things tricky. But we do from time to time have phone calls, we do face similar international and global challenges, and so we discuss how we can meet those and manage those together.

Deputy K.F. Morel:

It is often the overseas territories that you could say bring Jersey's name into disrepute at a financial services level. I was wondering if you have any view to deepening relations with them in order to help them develop standards that perhaps do not drag Jersey down.

The Minister for External Relations:

I would not, of course, put it in those terms, but there are challenges that some of the British family face in meeting evolving international standards. We offer support sometimes at official level directly, sometimes via the Ministry of Justice and the Foreign Office, and in various areas then we do work together and provide support as required. Sometimes it is important for us to show ourselves as different and taking a differentiated approach in how we deliver legislation to meet

international standards. So it is always a slightly finely balanced question and approach that we have to take.

Deputy K.F. Morel:

It is. When you look at Andrew Mitchell and Margaret Hodge, a lot of their misconceptions seem to be based on just ascribing what they see happening in the overseas territories to happening in the Crown dependencies. That is why I am wondering if there is perhaps a more proactive role that the Island could take in helping to either differentiate it or bring them up to the same levels.

The Minister for External Relations:

It is a good question and we try to do a bit of both.

The Deputy of St. Mary:

Following the Chairman's questioning, the natural disasters that have befallen that area have meant that professional services previously performed outside in those islands have moved to Jersey. That is something for which they rely on our co-operation on the one hand but there is, therefore, the increased danger that we might be tainted with any supposed deficiencies in their system. Is that a concern to you?

The Minister for External Relations:

No. You are right, sometimes with natural disasters they have had contingency plans that involve using Jersey, but if you are using Jersey you have to comply with Jersey laws and standards and it is only for a short term. With the last in the B.V.I. (British Virgin Islands), a lot of their operations moved to Cayman, did they not, rather than to here?

Group Director, Financial Services and Digital Economy:

Yes. We offered help for temporary relocation of staff for the purposes of disaster recovery and also with the regulator as well, offering temporary support. It was very lightly used from a Jersey standpoint and it was mainly Cayman that took in staff just in terms of proximity and took in business operations. Most of that has gone back. I suppose with each of those natural disasters it probably does provoke some thought in the minds of businesses around the need to keep invoking a business continuity process and maybe you lose a little bit each time. I suppose I would liken it to Hurricane Ivan that swept through Cayman quite some years ago and how Cayman used that as a rebuilding opportunity, both physically and also in terms of their approach to business more widely. You see a much stronger Cayman Islands now post Ivan and we hope the same will apply to the B.V.I. post Irma, but the challenges that confront them are immense financially and physically.

The Minister for External Relations:

But you will, of course, note that the U.K. was successful in changing an international requirement to be able to use national aid budgets for national disasters, which was one of the problems that B.V.I. faced. When we last met in Washington we were discussing that, and it first became an issue at those World Bank, I.M.F. (International Monetary Fund) meetings, and that has now changed. So that is good for them to be able to rebuild their infrastructure because they will have access to greater funds.

Deputy K.F. Morel:

Thank you so much. It is very kind of you to give us your time and your answers.

The Minister for External Relations:

Thank you very much indeed.

[11:26]