

INTERNATIONAL INSIGHT



“Government has to promote the message that Jersey is very much open for business.”

Jersey's Chief Minister, Senator Ian Gorst

Jersey's New Chief Minister,
Senator Ian Gorst

Jersey appoints new Chief Minister

Following the island's general elections in October 2011, a new Council of Ministers has now been established, with former Social Security Minister, Senator Ian Gorst, elected to lead them as Jersey's new Chief Minister.

Shortly after taking up the post, Senator Gorst visited London to sign Tax Information Agreements with Japan and Poland, and in January this year, he led Jersey's delegation to the seventeenth British Irish Council summit meeting in Dublin.

Maintaining and creating strong relations with other jurisdictions is at the core of Senator Gorst's vision for the future of the island and its continuing economic success. He made special mention of this when he first set out his priorities as Chief Minister in a speech to fellow States Members:

“Ultimately it is businesses and entrepreneurs that deliver economic growth, tax revenues and jobs; we need to create the right environment where new businesses can start, grow, thrive and succeed. To do this we must stimulate the abilities, talents and creative innovation of islanders. To secure our economic future it is vital

that we maintain effective relationships with other jurisdictions.”

Increasingly, the Chief Minister and his Assistant Chief Ministers will also be spending more time representing the island's interests closer to home, in Westminster. Partly, this comes as a consequence of the Ministry of Justice's decision in November 2010 to no longer routinely intermeddle on Jersey's behalf with UK government departments. However, it is also part of a larger commitment from the island to develop its international identity.

This commitment is also evident in the work of the Channel Islands' Brussels Office (CIBO), which was jointly established by Jersey and Guernsey in mid 2011 to represent the islands in the political and administrative capital of the EU. Senator Gorst will continue to work closely with the CIBO team on European issues.



About Jersey

Jersey is the largest of the Channel Islands, located 100 miles (160 km) south of mainland Britain and 14 miles (22 km) from France. Jersey is largely autonomous, maintaining its own parliament and administration, along with its own fiscal and legal systems. Jersey shares a constitutional relationship with the UK that has seen the island continue its allegiance to the British Crown since 1204. Jersey and the UK agreed in 2007 a framework for developing the island's international identity. The island introduced a system of ministerial government in 2006, and its Chief Minister is Senator Ian Gorst.

Jersey is part of the European Union with regard to the free movement of goods, as governed by Protocol Three of the UK Treaty of Accession to the European Economic Community, but is not part of the EU for the free movement of people, services and capital.

Jersey welcomes G20 message



World Leaders at the G20 Summit, November 2011.

“We welcome the work of the FSB, which has recognised Jersey as a well-regulated and cooperative jurisdiction.”

Jersey's Chief Minister, Senator Ian Gorst

Jersey has welcomed the summit leaders' communiqué that was issued following the G20 Summit in Cannes in November.

The G20 has urged all jurisdictions to adhere to international standards in tax, prudential, anti money laundering (AML) and combating the financing of terrorists (CFT). Jersey fully supports this. The island has already had independent confirmation by the International Monetary Fund and the Global Forum of its high level of compliance with international standards in tax information exchange and AML/CFT. To coincide with the G20 summit, the Financial Stability Board (FSB) has published the results of its evaluation of jurisdictions that rank highly in financial importance globally. Jersey was among those jurisdictions.

Chief Minister, Senator Ian Gorst, said: “We welcome the work of the FSB, which has recognised Jersey as a well-regulated and cooperative jurisdiction. It has also included Jersey in the group of jurisdictions, alongside countries such as France and Germany, that demonstrate sufficiently strong adherence to regulatory and supervisory standards on cooperation and information exchange. This is another accolade for Jersey.”

The G20 has underlined the importance of comprehensive tax information exchange and has encouraged work in the Global Forum to define the means to improve it. Jersey fully supports further efforts to ensure global compliance with accepted international standards so that there is a truly level playing field, and as a Vice-Chair of the Peer Review Group of the Global Forum, Jersey will be very well placed to contribute to the future work of the Global Forum in this and other respects.

International tax agreements



Japanese Ambassador to the UK, His Excellency Mr Keiichi Hayashi shakes hands with Chief Minister, Senator Ian Gorst.

Jersey has now signed 27 Tax Information Exchange Agreements (TIEAs) and two Double Taxation Agreements (DTAs) with other jurisdictions. The most recent of these, the TIEAs with Poland and Japan, were also the first agreements to be signed by the island's new Chief Minister, Senator Ian Gorst.

In December 2011, Senator Gorst signed Jersey's 26th and 27th TIEAs when he visited the countries' respective embassies in London. The agreement with Poland was signed by Poland's Ambassador to the UK, Her Excellency Barbara Tuge-Erecinska, and the agreement with Japan was signed by the Japanese Ambassador to the UK, His Excellency Mr Keiichi Hayashi.

Senator Gorst said: “The signing of these agreements is of great importance. The TIEA with Poland will enhance what is already a strong relationship. And at a time when Poland is holding the Presidency of the EU, the agreement between our two governments reinforces the message that, while Jersey is not part of Europe, we still actively pursue a good neighbour policy towards Member States.

“The agreement with Japan will further strengthen existing business relationships between our jurisdictions. Also, Jersey and Japan, as two of the four Vice-Chairs of the Peer Review Group of the Global Forum on Transparency and Information Exchange for Tax Purposes, are joined together in their commitment to the furthering of compliance with the global standards.”

In November 2011, a Jersey delegation also visited Hong Kong and initialled a DTA with Hong Kong China.



Senator Ian Gorst (left) and delegates of the BIC (below).

Chief Minister Senator Ian Gorst with Taoiseach Mr Enda Kenny.

British Irish Council summit

In his first official overseas engagement as Jersey's Chief Minister, Senator Ian Gorst attended the seventeenth summit meeting of the British Irish Council (BIC) in Dublin on Friday 13 January 2012. Assistant Chief Minister, Senator Sir Philip Bailhache, accompanied Senator Gorst to the summit, where they joined leading politicians, including Taoiseach Mr Enda Kenny and UK Deputy Prime Minister, Nick Clegg.

The summit's main discussion topics were the economic challenges of youth unemployment and the misuse of drugs. The other BIC delegations to be welcomed to Dublin by the Taoiseach, Mr Enda Kenny, were: the Scottish Government led by the First Minister, Alex Salmond; the Welsh Government led by the First Minister, Carwyn Jones; the Northern Ireland Executive delegation led by the First Minister, Peter Robinson; the Government of Guernsey led by Home Minister, Deputy Geoff Mahy; the Isle of Man Government delegation led by Chief Minister, Allan Bell.

Senator Gorst commented: "It was valuable to compare the strategies of the different assemblies in addressing these issues, which are common to us all. The Council of Ministers is committed to tackling the rise in unemployment in Jersey, particularly among the younger workforce, and I was able to discuss this issue with my counterparts at the BIC summit who are facing similar problems in their own economies. Global economic recovery will be protracted but we will continue to develop measures that will get Islanders back into work as quickly as possible."

Senator Gorst addressed fellow delegates on the pressures that Jersey's economy is facing in common with other jurisdictions, all well as the widespread problem of youth unemployment that Jersey shares with members. He also outlined the various strategies that the States of Jersey have put in place to deal with this issue, highlighting the Advance to Work scheme, which was highly commended at the National Career Awards.

Senator Bailhache contributed to the discussion on the misuse of drugs, describing how the issue affects Jersey and focusing on treatment services, such as Opiate Substitute Treatment.

EU report on Jersey's tax regime approved

On December 19 2011, the Council of Ministers of the European Union approved the report of the EU Code of Conduct on Business Taxation Group (Code Group). The report accepted that, with the roll back of deemed distribution provisions, Jersey's corporate tax regime no longer had harmful effects within the meaning of the code.

This decision has provided certainty to Jersey's existing 'zero-ten' corporate tax regime, for which the standard rate of taxation is 0% and the rate for financial services is 10%. The approval of the Code Group's report has been welcomed as a development that will ensure Jersey's continued competitiveness as a tax neutral centre for high-quality financial services.

Chief Minister, Senator Ian Gorst, said: "This brings to a very satisfactory conclusion the steps that were taken to satisfy the Code Group that Jersey's corporate tax regime is now compliant with the code of conduct criteria."

Treasury and Resources Minister, Senator Philip Ozouf, said: "The journey to this approval has been long and challenging. This decision fully confirms the position taken, in close cooperation with former Senators Le Sueur and Cohen and our officials. I would like to personally thank them all for their advice and support."





Senator Sir Philip Bailhache

New Assistant Chief Minister

“ In welcoming UTS to Jersey we are reinforcing a clear, positive message to global investors that we are a world-class jurisdiction. ”

Assistant Chief Minister, Senator Sir Philip Bailhache

In December 2011, newly elected Assistant Chief Minister, Senator Sir Philip Bailhache, officially opened a new research, development and training telecommunications facility in Jersey. The facility is operated by Beijing-based UTStarcom, a leading provider of IP-based network solutions, which signed a memorandum of understanding with Jersey's government-led delegation to China in the summer of 2011.

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UTStarcom's decision to establish a research and development facility in the island was based on Jersey's next generation network, its international connectivity and its fibre optic broadband commitment and roll out programme. This landmark initiative brings Jersey another step closer to becoming a major telecommunications hub for Europe.

Senator Bailhache commented:

“The opening of this excellent facility follows on from the memorandum of understanding that was signed in June this year during the States-led delegation to China. The fact that UTS has chosen Jersey as the hub from which to mount its European operations shows that our programme of foreign engagement is getting the message across that Jersey is a world-class jurisdiction, open for business.”

As well as his recent visit to the British Irish Council's seventeenth summit in

London, Senator Bailhache has also held introductory talks with Guernsey's Chief Minister, Deputy Lyndon Trott.

With both islands continuing to work together in a number of areas, this meeting provided a valuable forum for both politicians to establish a dialogue on a number of current issues, including international taxation, the Commonwealth and the European Union.

Senator Bailhache said: “Our islands work well together, as evidenced by the joint office established earlier this year in Brussels, which has proved a great success. It is important that politicians from Jersey and Guernsey continue to maintain a positive dialogue and I look forward to playing my own part in that relationship.”