

IT'S ALL ABOUT THE UPSIDE

12 JULY 2018

Following the publication of the UK's Brexit white paper, Andy Sloan, Acting Director of Strategy at Guernsey Finance, discusses Guernsey's strategy and efforts being made on Brexit

A recent report from the Institute of Economic Affairs on "Improving Global Financial Services Regulation" suggested there was a positive role for Guernsey to play in supporting London successful orientate itself towards growing capital pools in Asia and to catalyse growth and trade.

The IEA report itself is forthright on developing global economic partnerships, suggesting the UK looks to partnerships with the Crown Dependencies, in addition to working with global centres such as Switzerland, the US and Hong Kong. Its co-author, Shanker Singham, Director of the IEA's International Trade and Competition Unit, and an influential voice in this area, spoke in Guernsey last month. It is perhaps informative too that the UK Chancellor has begun to talk about economic partnerships with other financial centres, particularly in his recent Mansion House speech, and such thinking is embedded in the white paper.

The report itself offered a validation of a key pillar of our strategy towards Brexit and financial services – to position ourselves with UK policymakers as supportive of the City's pivot to a "rest of the world" trading strategy post-Brexit, and, in return, the UK would provide better market access for Guernsey firms. This strategy is supported by commercially-minded messaging, promoting the stability and certainty of our position with respect to the UK and EU.

It is no secret, but perhaps not particularly well known, that regular and frequent dialogue takes place between the States and the UK government on Brexit issues. What is probably not fully appreciated is that this includes regular discussion on financial services between the Crown Dependencies and the Treasury, and latterly those discussions have been broadened out to include teams from the Cabinet Office, the Department for International Trade, and Robin Walker's department, the Department for Exiting the EU (DExEU).

This is supplemented by regular engagement between our governments and the UK on EU policy issues and the dialogue between our regulator and its UK and EU counterparts.

Our efforts in the ongoing discussions have been focused on reminding policy makers of our economic role – routing billions of pounds into the City of London – and convincing them of our complementarity in boosting the City competitiveness in the post-Brexit environment. Meanwhile we are actively participating in a mutual regulatory recognition debate to positively promote our regulatory credentials in the eyes of any UK policymakers who may have a role in consideration of ceding better market access to us in any future post-Brexit relationship.

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For financial services, realpolitik suggests that being immediately in scope of an EU/UK free trade agreement might be optimistic. Being "in scope", probably not. But seeking some degree of protection from the UK for the

“British family” within its EU agreement against future EU attacks seems quite reasonable.

Overall, it is an important goal to achieve better access to the UK market for Guernsey businesses, and to open the door to a deeper economic partnership, which includes looking to being potentially in scope of future free trade agreements with the rest of the world.

Last month I was invited to give a presentation to the Butterfield Bank Global Board on Brexit issues. I was pleased to be able to provide an almost insider view of technical developments on the regulatory recognition process, and the changes the EU was planning to make to its equivalence processes in anticipation of applying them to the UK.

Even better was being able to reassure the audience that, given everything outlined above, Guernsey plc, the States and others are very much engaged with the UK civil service and opinion formers, and that there is a sound strategy and objective around Brexit and financial services.

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What was perhaps the most pleasurable was to explain that in simple terms, for Guernsey, objectives for financial services and Brexit are all about the upside.

It has become almost a cliché – though that does not stop it being true – Guernsey’s baseline position with respect to the UK and EU remains unchanged through the process. We are fortunate that our efforts in financial services are aimed at improved terms of market access, deepening partnerships, and exploiting future trading relationships.

I personally was not in favour of Brexit two years ago, believing the long-term economics to be in favour of the UK remaining in the single market. My view on that issue has changed, believing that the long-term economics for the UK favour Brexit, if it is done well.

What has not changed is that the success of Guernsey’s finance sector is tied to that of the City, and it is reassuring to know that much engagement is taking place to better position Guernsey’s financial services sector support the City in a post-Brexit world.

WE ARE GUERNSEY is the brand under which Guernsey Finance promotes the island's financial services sector internationally. Guernsey Finance - the promotional agency for the island's finance industry internationally - is a joint industry and Government initiative responsible for the promotion of Guernsey. Under the leadership of Chief Executive Rupert Pleasant, the agency ensures that the core values and competencies of the island's finance sector are accepted and respected by the global community and that financial business development flows are enhanced.

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