



Economic Affairs Scrutiny Panel

Quarterly Hearing

Witness: The Minister for External Relations

Thursday, 28th February 2019

Panel:

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

Senator K.L. Moore

Witnesses:

Senator I.J. Gorst, The Minister for External Relations

Connétable R.A. Buchanan of St. Ouen, Assistant Minister for External Relations

Ms. R. Millar, Senior External Relations Officer

Mr. R. Corrigan, Group Director, Financial Services and Digital Economy

Mr. T. Le Feuvre, Head of International Agreements

Mr. D. Walwyn, Director, External Relations

[13:02]

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

Thank you very much for coming this afternoon, Minister and Assistant Minister and various officers. Yes, we are here again just for the regular quarterly hearing to find out a bit more about the work you have been doing, particularly the external relations work as in around the world, so to speak, and some on the financial services side, but not much on that side, it is mainly the international aspects. So, before we start, if we could by just ... I will start with me but just going around and putting the names on the record, thank you very much. I am Deputy Kirsten Morel and I am chair of the Economic Affairs Scrutiny Panel.

Senator K.L. Moore:

I am Senator Kristina Moore. I am a member of the panel.

Senior External Relations Officer:

Rebecca Millar, Senior External Relations Officer.

Group Director, Financial Services and Digital Economy:

Richard Corrigan, Group Director, Financial Services and Digital Economy.

The Minister for External Relations:

Ian Gorst, Minister.

Assistant Minister for External Relations:

Richard Buchanan, Assistant Minister.

Head of International Agreements:

Tom Le Feuvre, Director of Global Markets and International Agreements.

Director, External Relations:

David Walwyn, Director, External Relations.

Deputy K.F. Morel:

Excellent. Thank you all for coming along. We will start at a very high level. **[Interruption]** The Jèrriais lesson normally takes place here at this time. Yes, please could you tell us about your most recent visits that you have taken, well, as we are only February, this year? What are the main visits that you have taken so far this year externally?

The Minister for External Relations:

You have caught me out there. I can never quite remember from one week to the next where I have been. Yesterday the Assistant Minister and I were in London at the Commonwealth Enterprise and Investment Council. We were also ... that took up most of the morning and then post that we had a meeting with the new Botswanan High Commissioner. The most recent long-haul visit was to Dubai to the World Government Summit. I have also had a couple of days in London with parliamentary engagement and diplomatic engagement. What did we do in January?

Head of International Agreements:

The Rwandan High Commissioner.

The Minister for External Relations:

Oh, that is right, okay, yes.

Deputy K.F. Morel:

Which High Commissioner, sorry?

The Minister for External Relations:

The Rwandan High Commissioner, the Kenyan High Commissioner. The Assistant Minister went to a reception with the Indian High Commissioner at the Guildhall.

Assistant Minister for External Relations:

Diplomatic dinner.

The Minister for External Relations:

Yes, sorry.

Deputy K.F. Morel:

Thank you very much. It strikes me ... you mentioned the Commonwealth Enterprise and Investment Council. Obviously, Rwanda, we have existing links at a business level and also at a social level. Kenya and India, I can imagine enterprise links being important there. Have these visits in the main all been focused from part of the global market strategy? Is that what has been guiding most of these visits and these meetings?

The Minister for External Relations:

Really we divide our work up into, I suppose, 2 buckets. One is U.K. (United Kingdom) and Europe, although there are separate people doing them in the ministry. Most of that is currently focused on Brexit with the U.K. With the E.U. (European Union), we have been focusing largely on the code of conduct work. Some of that, of course, also falls over into keeping U.K. parliamentarians up to date on what we have been doing with that. The diplomatic dinner in January or February, that was with E.U. ambassadors and deputy heads of missions so that was continuing that Brexit and post-Brexit relationship building, also code work. The work out in Dubai is largely global markets. The Indian High Commissioner is global markets, as is Rwanda and Kenya and Botswana and all of that work.

Deputy K.F. Morel:

I will ask you about the global market strategy in a second, but picking up on the code of conduct group with the E.U., just how is work progressing with them? Obviously, since we passed our own substance Bill, how has things worked? Because obviously the Netherlands changed ... you know, put us on a blacklist shortly after that. We were wondering how things were going there.

The Minister for External Relations:

So, January we were in Brussels, were we not? Yes, so I missed that out from my ... Paris and Brussels in January. Paris was focusing on Brexit work and code of conduct work in Brussels was focusing on both of those 2 conversations as well. So, as you know, we have passed our legislation here, the taxation substance law. Officials have worked very closely with the Guernsey and Isle of Man officials but, importantly, very closely with Commission officials. We followed a model of engagement which is one that other member states follow when they are seeking to satisfy concerns of the Commission and that is you have close engagement, you define where the concerns are and the questions, or as far as you can the questions and what the answers to those questions might be, and then go away and go through your normal domestic consultation, law drafting and engagement. You continue once you have got to that stage with engagement with officials in the Commission. All of that I think it is fair to say has gone very well and the officials from an official perspective appear satisfied with the progress that we have made. But equally with European matters, there is the Commission services technical engagement. There is the code of conduct group which is made up of senior officials from member states which is very technical as well, but then you push into political. So we know that there are some member states that perhaps are less well disposed towards centres like ours and sometimes the technical progress is not satisfactory or does not meet with political approval. So, I think we have made really good progress through all of the technical elements, but it still remains to be seen what the Ecofin ministers will decide on 12th or 13th March this year. Of course, it still remains to be seen quite what approach the Commission might come out from that meeting. We know already from our engagement and from public pronouncements that they will be seeking to do annual reviews of third countries. Do not get me started with 92 third countries that they were doing their reviews on. So we know that they still are seeking for that annual review work. So the question really partially remains: even if we have met the technical requirements will there be a political desire for some great continuing review where they group all 2.2 jurisdictions together? So we cannot be certain about what the outcome of that will be, but I have nothing but praise for my officials, 2 of which have been working on it solidly are sitting alongside me now. From my perspective, the officials could not have done any more than what they have done.

Deputy K.F. Morel:

I am sure that is absolutely the case. Could I ask at a political level are you able to feed into that in any way? Are you undertaking any work in that area yourself in advance of 12th or 13th March?

The Minister for External Relations:

We were in Paris, as we said, in January meeting the Europe minister, or the French/Europe minister. We raised the subject there. We visited a number of perm reps in Brussels and senior officials as well in those departments. They feed directly back to ministers, as you know. They represent the ministers in Brussels when ministers are not present. We have worked very closely

with U.K. ministers. They will still be round the table at that point, so we are doing a lot of work in that regard as well.

Senator K.L. Moore:

What would be the consequences were the Ecofin not to support us?

The Minister for External Relations:

I think that is probably what I was trying to allude to in that what options would be open to politicians. It would seem to me to be extremely unreasonable and unfair for them to suggest that we have not made sufficient progress for us to go on a blacklist and we have no indication that that might be what politicians would think. More of the danger zone, if we use that term, because of the political overlay is some sort of continuing monitoring and putting in a group of monitoring rather than coming off the categorisation that we currently have on to, in effect, a white list, therefore not being listed and then just having an annual monitoring.

[13:15]

That is where the risk is and I would feel satisfied, because of the progress that we have currently made, that even if that were the case we could satisfy them during the course of that period to hopefully convince them that we have done our legislation, in practice it is working vis-à-vis some of the outcomes over the course of the next 12 months; therefore, as we have argued all along, you should not be listing us in any way, shape or form other than to say that we are co-operative and being on a white list.

Deputy K.F. Morel:

Excellent. Just before moving on back to the global market strategy, the Netherlands, I apologise if I missed it or my memory fails me: are we still blacklisted in the way that they said? Has any movement happened there?

The Minister for External Relations:

Apologies, I did not pick up on that question in my longer answer.

Deputy K.F. Morel:

No, not at all.

The Minister for External Relations:

But it is a discrete issue. When we were in Brussels we met with the perm rep there and with senior officials. Richard has been to the embassy in London and met with officials there. So we have

started to have a dialogue about what we consider to be perhaps the political nature of their listing, because it is not about co-operation, it is about corporate tax rates per se. So we have already started to have that conversation. I have a meeting in my diary to meet with the ambassador in London in March - so we are nearly there - and will continue to make the case that we do not see that it is a fair process that has been devised. If it is, if they can convince us that it is a fair process, then a fair process would have technical criteria for going on a list and technical criteria for coming off a list, critically important for us. So we are going to continue to have those conversations. Of course, one of the reasons that we have engaged positively with Commissioner Moskovici with the Europe-wide listing process of non-co-operative jurisdictions is because we supported his contention that it should not be individual member states just picking lists out of the air without a robust technical criteria but that there should be an E.U.-wide approach. Certainly, officials in his directorate when we last spoke with them think that hopefully, once they have got through this next process of E.U.-wide listing, it might be that there is more ability for member states to remove their own lists and just rely simply on the E.U.-wide list.

Deputy K.F. Morel:

It will be interesting to see how they do that. Thank you. Moving back to the global market strategy, I was just wondering in your opinion what progress has been made so far against the objectives of the global market strategy.

The Minister for External Relations:

Great progress. So, we have here today the ... that is your title, "director", Tom?

Head of International Agreements:

Yes.

The Minister for External Relations:

And Bex as well who is assisting Tom in that work, so we are better resourced than we have ever been, which is why we are making more progress in both visits in London and outbound visits. For the first time ever we are in the process of negotiating a bilateral investment treaty with the U.A.E. (United Arab Emirates). Tom with an official from Richard's section was in the U.A.E. in January and we are now taking that negotiation and agreed ... so we set off with the model agreement. You go then into negotiation and then you go back to the U.K. and get it finalised. So we are in that final stage there, so we are making really good progress there. We have one or 2 D.T.A.s (double taxation agreements) that because of engagement of officials are being picked up and we are maintaining those negotiations with renewed vigour. We have the new memorandum of understanding with Kenya and the moving forward of the F.R.A.C.C.K. (Framework for Return of Assets from Corruption and Crime to Kenya) agreement as well. Only today I have had

correspondence from the Kenyan Attorney General. I met with the Governor of the Kenyan Central Bank when I was out in Dubai at the World Government Summit. We are making progress with a new M.O.U. (memorandum of understanding) with Bahrain. We will be having an inbound visit from Women in Tech and the Bahraini Economic Development Board in May of this year as well. There are probably lots of other things you could say as well, Tom.

Head of International Agreements:

No, that is a very good list.

Deputy K.F. Morel:

Can I just ask when you sign a new M.O.U. with Kenya or Bahrain or any other nation, what is the nature of these M.O.U.s? Are these just to establish a way to enter into dialogue with each other or is there more investment focus, that sort of thing?

The Minister for External Relations:

The model that we are trying to deliver is an overarching government to government broad-ranging M.O.U. where we largely will say: "These are areas where we want to co-operate in the future, and we think we can make progress." So, it might be around culture, it might be around tech, it might be around financial services, it might be around agriculture. For example, only yesterday afternoon our conversation with the High Commissioner was really two-pronged. It was financial services and the Jersey cow; of course, as far as we are concerned, both important to us here in Jersey and, interestingly, both critically important in Botswana as well. So it is where we have commonalities where we have something, some experience that we can share, but also where there can be really great benefit for the other country that we are engaging with as well. We have that high level, and then if we look at what we are doing in Bahrain, you have the high-level work and then you might have sub-M.O.U.s between, for example, the Jersey Financial Services Commission and the Bahraini Central Bank or Digital Jersey and ... what is it called?

Head of International Agreements:

E.D.B. (Economic Development Board).

The Minister for External Relations:

That is it, E.D.B., again in Bahrain. So it is on 2 levels.

Deputy K.F. Morel:

Yes. That is interesting.

Senator K.L. Moore:

Are there any other countries that are not listed currently that you will be targeting in the near future?

The Minister for External Relations:

You will know from the global market strategy that we have tried to categorise or prioritise how we will target, so around Commonwealth, around English speaking, although there is also some element of French speaking as well and that is why Rwanda works so really well because it ties into both of our traditions there. You have common law jurisdictions as well, so you can see where there is a priority. It is also where we have longer standing relationships, so some sub-Saharan African countries there. That fits in really well, and yet at the same time, of course, you have the global trends of wealth and power moving east. So you have the G.C.C. (Gulf Cooperation Council) where we have longstanding relationships, but you also have ... we cannot ignore China and we cannot ignore India, but they are massive markets and it is important that we pick areas where we can make progress. I think I did 2 or 3 inbound visits into China over the last 6 years. The Chief Minister has already made an inbound visit into China with Bex at the end of last year. We cannot kid ourselves, these are difficult markets for government to government engagement because of the nature of our size, but there are perhaps opportunities for us around the business potential, particularly with financial services, technology and those sorts of things in China, and education, of course. That is one of the great areas where we have made great progress with China, local schools partnering up with schools in Beijing and elsewhere. India, it is fair to say, has been difficult for us to get government to government relations developed. Philip did an inbound visit ...?

Head of International Agreements:

In December of 2016.

The Minister for External Relations:

That long ago? In December of 2016.

Head of International Agreements:

No, I believe it was 2017. I will have to check that. I believe it was 2017.

The Minister for External Relations:

I think it was.

Head of International Agreements:

Yes, it was 2017. It is 2017.

The Minister for External Relations:

Yes, I think it was. I think that is right. I would not have thought it would be ... I think that is right. That was very productive. We had the previous Indian High Commissioner to the U.K.'s inbound visit. That produced some really good business to business links and some Indian entrepreneurs living here in the medical field who have some innovative products that they think there will be great growth potential back in India as well, so we are linking those up via the Commission and the British-India Business Forum or whatever it is called. This is where the C.W.E.I.C. (Commonwealth Enterprise and Investment Council) fits in as well because there is a strong ... where we were at yesterday there is a strong Indian contingent there. We have made less progress, I think it is fair to say, with the government to government links but what we are trying to do, therefore, is use some of the business links to develop government to government links. That is showing some signs of success, but it is very slow work and, of course, now they are about to enter into their electioneering period. As we sit here, it is far from certain what the result of those elections will be, but it is a really important market that we cannot ignore. But again, it is slow progress.

Deputy K.F. Morel:

Could I just ask do you think ... is it just a natural reticence on the Indian Government to create new relationships that makes it ... or is it difficult just to penetrate the structure of the government?

The Minister for External Relations:

We forget India is so big ...

Deputy K.F. Morel:

And we are so small, yes.

The Minister for External Relations:

... and we are so small, and it is fairly ... is federal the right word? But you have your regions. Their states are pretty powerful with the apparatus of government. Each state has its own chief minister and there is a lot of vying there. So some of what our intelligence is telling us is perhaps if we made more progress at the state level that will enable us to make ...

Deputy K.F. Morel:

My next question.

The Minister for External Relations:

... more progress in Delhi. But it is certainly something that we are putting quite a bit of effort into and will do through 2019 and 2020. I started answering a question one of you asked about other countries. The other country that I have not yet mentioned is the developing relationship with the

U.S.A. (United States of America) as well and the creation of the Jersey Finance New York office, which is a grand title for putting a person in New York.

Deputy K.F. Morel:

Do you want to expand on that then? Do you have any more to say? How is progress going on it, putting a person in New York?

The Minister for External Relations:

All right, okay. So we have put a business case forward. Richard has been going to Washington for the last I do not know how many number of years now, to the World Bank ...

Group Director, Financial Services and Digital Economy:

Yes, for 5 years government have gone.

The Minister for External Relations:

... yes, I.M.F. (International Monetary Fund) meetings. So we have been building relationships in Washington. When I last went there we were received by a treasury minister very warmly and we were encouraged to develop our links with them there. Bex could talk all day about America because she comes from ... or most recently employed at the British Embassy in Washington before coming home. So, we are trying to deliver those government to government links as well, but we know America is very much about business. Richard and I were in New York at the end of last year at a World Economic Forum P.A.C.I. (Partnering Against Corruption Initiative) meeting, and we also made some enquiries about the creation of the J.F.L. (Jersey Finance Limited) office.

[13:30]

It will really be about building relationships with introducers and professional services firms so that they are fully aware of what Jersey has to offer when they are investing around the globe. So, it is a fairly well-trodden model.

Senator K.L. Moore:

You mentioned a recent visit to Dubai for the World Government Summit. What were the aims of that summit, please?

The Minister for External Relations:

That is a good question. So, one of the things that we try to do - and I know it is a tired phrase - is punch above our weight, and it really goes back to the Chairman's first question about what successes we are having. The reason I frame it in that way is because this is the first time that we

have been invited by the host government to attend such an event. We were invited by the U.A.E. Ministry of Finance, with whom we have built very good relationships over the years, to attend the World Government Summit. When I was there and met with the minister again he invited us to come next year as well. You never quite know with such global events what they are going to be like, whether they are going to be useful or not, and of course I had only just visited Dubai and Bahrain in November or December or whenever it was. So it was not a visit that we were expecting, or we had in our calendar or was planned for, but it was a visit that we very much felt was an invitation that we could not, and we should not say no to. So having returned so it has proven. We were enabled to engage with a number of ministers, governors of central banks from our target market audiences, and, of course, as is the case, you go halfway round the world and you end up having meetings with British ministers when they are slightly unencumbered as well and have slightly freer diaries. So I had a couple of meetings with the Secretary of State for International Trade, a junior minister for children and young people from the U.K. Government, the Commissioner for Future in Wales and, of course, further meetings and engagement with the U.A.E. ambassador, the consul general, the trade commissioner and then, as I say, from target markets as well, and all of that really in the course of a day and a half.

Senator K.L. Moore:

So it was really successful and worth the travel opportunity?

The Minister for External Relations:

Worth the giving up of a weekend.

Senator K.L. Moore:

Thank you.

Deputy K.F. Morel:

With regard to that visit, you mentioned meeting ministers, for instance. I know we are going to go through some of the people you met to understand why and what the aims are from a Jersey perspective. So, I believe you met Liam Fox?

The Minister for External Relations:

Yes.

Deputy K.F. Morel:

I was wondering why you met him, what were your aims in meeting him and ... to start with.

The Minister for External Relations:

In effect, they were twofold. One was to reiterate a conversation that I had had with him, interestingly, the previous week about the extension of the U.K.'s membership of W.T.O. (World Trade Organisation) and give further colour and reinforce what our aims were in that regard and, secondly, to talk about the bilateral investment treaty final sign-off and what else we could do to encourage them to make that as speedy a process as possible and, of course, to talk more broadly about the free trade agreements that he is in the process of endeavouring to negotiate, the transition ... David, you will give me the technical term for all of the ...

Director, External Relations:

Continuity agreements.

The Minister for External Relations:

... the transition continuity agreements as well that they are seeking to deliver.

Deputy K.F. Morel:

Does Jersey play ... do you see, or does he see Jersey playing some sort of role in the establishment of new free trade agreements that the U.K. has? Is there some sort of financial role?

The Minister for External Relations:

So, let us be frank. The U.K. ...

Deputy K.F. Morel:

My middle name.

The Minister for External Relations:

[Laughter] Is it now? Very good. The U.K. is ... what is the word I am looking for? Seized upon their own need to get these continuity agreements approved and agreed. We have said to them all along we want to be in a position where we can look at those agreements. These are the continuity ones which they were aiming to have in place for the day of leaving, but we are not going to get into all that today, are we? But we have said all along in that regard we want to look at them and say yes, we want them, or we do not want them to be extended to us. When it comes to future free trade agreements we have been more careful and said we want to feed in what our aims would be in those agreements and as you are negotiating then come back to us and we will see where you are getting to and make decisions about whether we want to be included and how we want to be included as well. But it is fair to say that they are absolutely under time pressure and only recently it was a large number of continuity agreements, some of which they have now agreed, some of which they themselves cannot agree, which they have provided to officials and officials are doing a herculean

job of trying to wade through them. I do not know if you want to say anything more about that element, David.

Director, External Relations:

Thank you, Minister and Mr Chairman, if I can. Yes, the U.K. has sent us a list of international agreements that they are regarding as a priority for 29th March which, as the Minister said, may change. We have done a triage of those and established a number, about 19, which we believe are relevant to us, so we are working through those and are in the process of giving feedback to the U.K. authorities as to the type and as to extension.

Deputy K.F. Morel:

Interesting. Were you able to ... I do not know if you would want to, but did Brexit, more specifically the effect of Brexit on Jersey, did that come up in your discussions with the Minister?

The Minister for External Relations:

I tend not to start my conversations with U.K. Ministers in those terms.

Deputy K.F. Morel:

I did not expect it to be the beginning of the conversation.

The Minister for External Relations:

No. So we had a good conversation about how us signing bilateral investment treaties plays very much into his desire to position the United Kingdom as a global centre for business and how us signing, as I say, a B.I.T. (bilateral investment treaty) really enhances the message that he is trying to portray about the United Kingdom and the British islands in that respect, so positioning like that.

Senator K.L. Moore:

Do you have a timeline currently for the B.I.T.?

The Minister for External Relations:

Sadly, I do not, no, and it is the subject of ongoing conversation, which is one of the reasons why it was important to have those couple of meetings with the Secretary of State at the summit.

Deputy K.F. Morel:

Were you able to express to him what is Jersey's overarching aims or what it wants to achieve from the bilateral investment treaty with the U.A.E.?

The Minister for External Relations:

Yes, we did touch on that particular subject.

Deputy K.F. Morel:

Are you able to express to us what those overarching aims are?

The Minister for External Relations:

So, as you know, bilateral investment treaties are in a broad suite. Most countries that we speak to see them as sitting alongside double taxation agreements in giving certainty to encourage inflows into countries. They give certainty to businesses investing. So you have the information exchange, you have the tax and a D.T.A. When it comes to a bilateral investment treaty you have other ... let me just give you the official line and then you do not ... You have the certainty that a treaty gives for the encouragement of cross-border cash flows. You have the certainty about the fair and equitable treatment and protection and also the access to international arbitration as well. So, it used to be thought that only large, multinational type companies were really looking for this sort of investment protection that a treaty can bring, but more and more medium-sized companies in an uncertain world are looking for the same sorts of protections that these treaties bring. Now, I know that Tom is coming to give you an interesting and in-depth briefing on 1st May but, Tom, I do not know if you want to add anything to that overarching ...?

Head of International Agreements:

Well, I think perhaps just to build on that, we see bilateral investment treaties as really an integral component of the broader global markets approach. We take the view that if Jersey can expand the range of international agreements between the Island and our priority partners, then that will be conducive to increase business flows between our jurisdictions in greater co-operation more generally. Bilateral investment treaties, if you like, are just the next stage in that suite of agreements you have already talked about, M.O.U.s and double taxation agreements, with which people are, I think, more familiar. The bilateral investment treaties that Jersey is looking to negotiate are based on a model. The model text has been developed in co-operation with the U.K. It follows best practice in investment treaty design. We would propose to talk about that in more detail with you at ...

Deputy K.F. Morel:

Absolutely. No, I am only asking for the high level.

Head of International Agreements:

Absolutely, but as the Minister has said, the context is one in which we know that globally more investors are looking perhaps further afield, partly because of some of the conditions we have talked about around Europe and they are wanting to explore investment opportunities in sub-Saharan Africa, in jurisdictions they may be less familiar with. Therefore, the investor protection that the

agreement can provide can in some circumstances make the difference between an investor choosing to make that investment and not doing so. We believe - and we are acting on feedback from industry both here but also in London - that if Jersey were to have more bilateral investment treaties then that would help support the structuring of more business from Jersey out into these global markets that is at the core really of the strategy we have discussed.

The Minister for External Relations:

That supports the U.K. as well - from conversations we have with Ministers - because they may be using a Jersey structure, but they invariably might be looking for a listing on a U.K. exchange. So it is good for both of us.

Deputy K.F. Morel:

We will carry on through the agenda for a bit longer. There is a little bit to go. You had a roundtable discussion while you were in Dubai about S.M.E.s (small and medium enterprises) and financial inclusion. I just wondered through that discussion what roles you saw Jersey playing in supporting S.M.E.s and financial inclusion.

The Minister for External Relations:

There are really 2 elements and one was the common theme of small and medium-sized companies and the struggle that they have, certainly it appears in the Arab world, to access finance. But then there is the other element of financial inclusion and some of the work that J.O.A. (Jersey Overseas Aid) are doing, particularly with Comic Relief, using our financial services expertise, using J.O.A.'s expertise about development, and delivering projects in 3 target countries, I think £8 million over the next 3 years - that is matched funding with Comic Relief - and really exploring how that works as well.

[13:45]

Deputy K.F. Morel:

Also on S.M.E.s, you had a discussion with the C.E.O. (Chief Executive Officer) of the Dubai Future Foundation, supporting innovative, high-tech S.M.E.s. I was wondering what kind of technologies were discussed at that.

The Minister for External Relations:

I should have taken you, chairman. You would have been more au fait with it than me. It is absolutely fascinating. We had a conversation about some of their strategic partnerships that the Dubai Future Foundation are making, one of which is with the World Economic Forum's Centre for

the Fourth Industrial Revolution, a relationship which, of course, we are building, and Richard is building there. Officials from Jersey will be making a visit out there in ...

Group Director, Financial Services and Digital Economy:

End of March.

The Minister for External Relations:

... end of March as well, so that was a common conversation that we started on and, as you well know, the technologies are infinite there and thinking about the policy implications there. We are also talking not only just about technology but also about the place of creativity and thinking differently. We had an interesting conversation about education and some of the creative areas that they are thinking of delivering into their schools about free periods where they are piloting giving children a day a week in school where they lead themselves in learning and seeing the effect that that might have. Of course, they are also the ones that are responsible for building the new Museum of the Future in Dubai, and they had a fascinating display of what might be in that museum. So normally you build a museum that is going to last 100 years or more and keeps refreshing. They know they are building a museum that will go out of date and will have to keep being refreshed and they are looking at all sorts of technology and A.I. (artificial intelligence) and how that is going to transform our lives into the future. But again, it was a very productive conversation. They are keen to build partnerships with Digital Jersey. One of the other things that they do is act as an accelerator or an incubator, which is probably the most important thing they do locally in the U.A.E. That is they take companies ... well, they slightly do it the other way round. So they will go round the government departments and ask government departments if they have particular problems that they want solving. Any government department or I think all government departments have to come up with a problem that they want solving. They then go to innovators and get innovators to pitch a solution to solve that problem. Then they incubate them for I think it is 6 months. They give them all the support that they need to deal with any legal or health and safety requirements and all of that, and they basically are taking innovators and entrepreneurs and giving them the access to government to solve their problems in a non ... dealing with all the bureaucracy for them. Now, that is not just ... so those innovators, it is not just open to innovators in the U.A.E. They want to encourage innovators from around the globe to come and help them solve some of their government problems, and we talked a bit about that. There is a Jersey company, an innovative company here, that has started up. It does not have all its patents and stuff in place yet, but they will be very keen on that sort of support, and the products that they are developing I think will be of great interest in the health service out in the U.A.E. as well. So we are really exploring whether that would be possible.

Deputy K.F. Morel:

You may recall a couple of days ago in the Assembly I asked you a question about climate change and whether that formed a part of your discussions when you go abroad. I know in the U.A.E. Abu Dhabi has ... and I cannot remember the name of it, it is really frustrating me, but it has been developing a sustainable city.

The Minister for External Relations:

Masdar.

Deputy K.F. Morel:

Thank you, Masdar. I was just wondering, obviously Jersey as an Island, the U.A.E. is very maritime based, et cetera, and we both have problems from the climate change and sustainability perspective, and whether sustainable technology was any part of the discussions you had there.

The Minister for External Relations:

It was not on this trip. I have visited the Masdar city on previous trips and travelled in autonomous vehicles and seen some of the exciting work that they are doing out there. We did in the past try and see if they were interested in investing in tidal technology. I suppose it is not surprising in a way that for them that is not a technology that is going to be any use and so they were not, but it was Masdar that were hosting the global climate change conference that I mentioned in answer to your question. We were just discussing it this week, earlier, and one of the things that I think we agree with you that for us it is about support to other small states. So we worked closely with B.V.I. (British Virgin Islands) when they had their hurricanes. I met the premier to offer support to him and that was in Washington as well, was it not?

Group Director, Financial Services and Digital Economy:

Yes.

The Minister for External Relations:

We know that the Bailiff set up the appeal here and raised funds. We have been invited to participate in the Commonwealth Fifth Biennial Conference on Small States. It is at the end of March in Samoa, so we are probably not going to go unless we could find a willing States Member, of course, that could serve but we sort of thought that is probably not on this occasion something that we can get to. But it is events and organisations like that where I think give us the greatest potential to support fellow islanders in their fight against climate change.

Deputy K.F. Morel:

Thank you. Just carrying on, I was very interested in the confirmation of teaching to staff. You met somebody to discuss training on diplomacy and statecraft and I was just wondering what the aims of that are.

The Minister for External Relations:

So, now you are testing me because that was in December, was it not? So ...

Deputy K.F. Morel:

Well, it was more just if someone is going to come over here to ...

The Minister for External Relations:

Yes, okay. So that was the Emirates Diplomatic Academy. That was a fascinating event, not only because of what was on in the main sessions but also the access to U.A.E. Ministers that it allowed us to in the margins of that event. It is one of Tom's former F.C.O. (Foreign and Commonwealth Office) colleagues who was a previous U.K. ambassador and we met him again when we were out in Dubai at the World Government Summit. He is going to come to Jersey and run some events for us.

Head of International Agreements:

Yes, thank you. He will be coming in July, so I note the interest that you have expressed and there is plenty of time for us to then think about how we might work that into potentially a programme.

Deputy K.F. Morel:

Yes, I was just wondering how it is going to benefit you.

Head of International Agreements:

Well, the idea is that it is not just for us. So the intention is to host an inward visit around the time of an existing programme of work run by our colleagues in the central human resources part of the States that is designed for senior leadership across the States. We think one of the important roles of the Ministry of External Relations is to try and connect our partnerships not just in advance of our external objectives, if you like, but we think there are plenty of domestic policy areas where there may be opportunities or, indeed, ideas that are being advanced in other jurisdictions that can be of benefit and that we can learn from the experience elsewhere. So the idea is that we run a session that looks at some of those skills about influencing and that encourages officials to look outwards when thinking about policy approaches. This former diplomat, who is now based in New York University Abu Dhabi, will come to Jersey and deliver a keynote session that will seek to do that. So it will be very much framed at really an interdepartmental and not just for External Relations.

Deputy K.F. Morel:

Fascinating. I am wrapping up your agenda or getting to the end of it, Minister. You met Nadhim Zahawi, Parliamentary Undersecretary of State for Children and Families, discussing fostering and child welfare. I was just wondering what roles Jersey has in that. Was it a case of sharing ideas and information or was there some role Jersey can play there?

The Minister for External Relations:

I think it is more ... I am always a great believer that we can learn from what others are doing, particularly in areas where we know we have to make a lot of progress as quickly as we possibly can. That is an area you will know from not only the inquiry but the subsequent Ofsted report and from any engagement with the fostering and adoption associations and the work that we are doing here, that we need to ... if we are really going to support children that need to be taken into the care of the state for whatever reason, we really need to improve that provision. We can do that by supporting foster families in the first instance in particular. My personal view is that we need to be thinking and ... well, not just thinking but actually doing. I know some people still need to be persuaded, but to pay foster families appropriately we need to have appropriate provision in Income Support for foster families. There are a number of fairly easy wins that I think we could do if we were prepared to be brave in it. The Minister agreed that he would share some best practice of things that he had been doing on a pilot basis in his constituency but elsewhere in the country as well. So it is not just taking what the U.K. are doing because, let us be honest, they do not really have a better overall approach than we do, but if they are doing pilot schemes that are working as they are doing in Scotland and elsewhere in the world, then let us not reinvent it. Let us just learn from them and get on and do it rather than spending another couple of years discussing it and not taking any action.

Deputy K.F. Morel:

Very interesting. The last one was ... I thought this was interesting. The Director of the Ministry of Foreign Affairs in Dubai, you discussed bilateral political and economic issues. I was wondering what issues were the main issues politically.

The Minister for External Relations:

So the Director of Foreign Affairs in the Dubai office is the former ambassador to the U.K., and he visited Jersey on probably 3 occasions. It was our relationship and Jersey Ministers at the time's relationship with him that really enhanced the relationship on a government to government basis with the U.A.E. He also very kindly introduced me to the ... am I supposed to say that? To who will be the incoming ambassador to the ...

Head of International Agreements:

Oh, the ambassador designate.

The Minister for External Relations:

Yes, that is it. He is designated?

Head of International Agreements:

Yes, he is designated now, yes.

Deputy K.F. Morel:

I have not asked you for names either but ...

The Minister for External Relations:

No, that is right. No, no, you know better than that. **[Laughter]**

Deputy K.F. Morel:

Thank you. That is the end of my questions.

Senator K.L. Moore:

We have reached the end of that trawl through your memory, back to forward-looking matters. It has previously been mentioned that there is some consideration of creating a Crown dependencies customs committee. Has there been any progress on that?

The Minister for External Relations:

So, in the customs arrangement that the Crown dependencies signed with the U.K. Government it envisages the ... well, it has the creation of the customs committee within it. David really has been at the centre of all of this work. They have been reviewing a large number ... or 2 or 3 M.O.U.s about security. David, do you want to just talk about that?

[14:00]

Director, External Relations:

Thank you, Minister, yes. Since the signing of the customs arrangement on 26th November last year, as the Minister has said, there have been a further series of negotiations on technical memoranda of understanding. Those have been covering safety and security, prohibition and restrictions and co-operation. We have also been going through a list of certain C.C.M.A.A.s (Customs Co-operation and Mutual Administrative Assistance) anyway, customs co-operation agreements, international ones, with H.M.R.C. (Her Majesty's Revenue and Customs) officials. So, the work in that area has been quite intense over this period. I have also been in touch with the

relevant person in H.M.R.C. about formalising, you know, having formal meetings. At the moment we are just working through so much material that it has been done by correspondence, side meetings and so on, but it is opportune for the joint customs committee which has been established under the customs arrangement to meet formally. So I very recently proposed to the relevant person that we bring that together. I have also been in touch with our counterparts in the Isle of Man and in Guernsey because it is a Crown dependency U.K. customs committee. So it has been working in practice but the formality of a meeting needs to be brought together and so we are on to that.

Senator K.L. Moore:

Would you see that those meetings would take place on an annual basis?

Director, External Relations:

Under the terms of the customs arrangement they have to take place at least annually. In practice, at the moment there is so much work and so much traffic that we are basically in daily contact with the relevant officials. We have not got to the stage where there is a formal customs problem that would need to go through a joint committee exercise in a kind of formal way. I would imagine, and this is just personal, that it really should meet on a more regular basis, at least once a quarter and when needed as necessary. It is just that in the arrangement it puts in a minimum requirement for an annual meeting.

Deputy K.F. Morel:

What do you see as the ... you mentioned that there are problems, but outside of there being any particular problems what do you see as the main issues that you would want ... that would need to be processed through that committee?

Director, External Relations:

Just to reaffirm that the arrangement itself and all the sub-agreements are functioning well and that there are not any anomalies.

Deputy K.F. Morel:

Yes, I appreciate that. I was not suggesting that but ...

Director, External Relations:

Yes, that would be the main purpose.

Deputy K.F. Morel:

It is just for anomalies, that sort of thing, rather than any other ... Thank you. Minister, as well as external relations, financial services falls under your remit. I am just wondering how you find juggling

those 2. Does one take you away from the other? The primary role being external relations, do they complement each other?

The Minister for External Relations:

I think they absolutely do complement each other. Of course, there is the domestic financial services agenda, which is important. Richard's team is staffed up and resourced more than it has ever been, and that is right, but we will have to continue to do that. You will see from I.A.B. (Investment Appraisal Board) bids that we are putting in more money for the requirement to undertake the national risk assessment. We are needing to think about the next ultimate Moneyval visit and preparing ourselves, testing ourselves to make sure that we are properly resourced in the field of anti-money laundering and countering the financing of terrorism. I suspect we will be requiring to employ more people in that particular field to do that, but you cannot get away from the fact that our financial services is international in its very nature and, therefore, the 2 roles complement each other. But I am very ably supported by my Assistant Minister, who has over 40 years in international banking experience.

Deputy K.F. Morel:

We have a new Director General at the J.F.S.C. (Jersey Financial Services Commission). We have a new C.E.O. of Jersey Finance. From your perspective, is this something of a new era in Jersey's financial services industry?

The Minister for External Relations:

Well, it is a new era in that there are new people in those roles. That always ...

Deputy K.F. Morel:

Does that mean new directions as well?

The Minister for External Relations:

That always brings an opportunity for review, for a refresh of strategy, but let us not forget that we have only just really ... we had the refresh of the jurisdictional strategy not last year, the year before. We have been working through that. Only on Monday we had a meeting to update ourselves, the 3 parties, on where we are on that and what is ongoing work and what is new work. So, it will be new individuals. They will take that opportunity to think about the strategy of the organisations that they are heading up, but let us be in no doubt they are building on really strong foundations. So it is not a case of new direction because where we were was wrong. This is we have done incredibly well in the past; there is an opportunity for us to think about alignment into the future.

Group Director, Financial Services and Digital Economy:

If I could also just add that Mr. Moynihan has been a practitioner in Jersey. He was a managing director at Allied Irish at the same time as I was a managing director of Alpha Bank and we know each other very well. I have to say we were very lucky to get him to head up Jersey Finance because he is a man of considerable stature and experience, so I think we will see ... and Geoff Cook has done a wonderful job and I think we will see it go to a new level with Joe Moynihan in charge.

Deputy K.F. Morel:

Another thing: some of the topics you have discussed as you went through the agenda there and throughout this hearing, they have kind of gone into areas ... well, you mentioned things like the Jersey cow but also things like ... I am trying to think what it is ... the more humanitarian areas as well as just financial services and trade and export. Some might say that falls under the remit of the Minister for International Development. I was wondering had you thought of travelling with the Minister for International Development to Dubai for the World Government Summit.

The Minister for External Relations:

I suppose ...

Deputy K.F. Morel:

In fact, I could say did you because I do not know. **[Laughter]**

The Minister for External Relations:

No, I did not and plainly, on a very simple level, the Minister invited myself so ... and it was just an invitation for one Minister. So it would not probably in that instance have been appropriate, but there are a number of visits that I think we could undertake together. You cannot separate out who we are as an Island, what we do across very many sectors, what our history and culture and traditions are, from promoting trade and investment anyway, nor can you separate out the Minister for External Relations talking about aid, talking about technology, talking about our parliamentary democracy. We have to by the very nature of our ministry talk about all of these areas and be able to. What we are careful, of course, not to do is on a day-to-day basis ... the Minister for International Development is responsible for Jersey overseas aid and leads that work, but there are times when it will no doubt be valuable to visit together, particularly in some of our work in Africa.

Deputy K.F. Morel:

Thank you.

Senator K.L. Moore:

The Island has always prided itself on having an excellent reputation, particularly in terms of financial services. How great an import do you place on maintaining and enhancing the Island's reputation in the work that you do, particularly externally?

The Minister for External Relations:

It is absolutely critical, but it is not just about financial services. It should be about excellence in everything we do. I would just mention excellence in our democratic institutions. Sometimes that is a bit controversial, but it is important. Excellence in meeting international standards for reviews of financial services. It is excellence in what Jersey Dairy does and the product of the Jersey cow, excellence in our education exchanges, excellence in art and culture. We are small and what we do is niche, but we should always be aiming and striving for excellence in what we do, and I think we do. It is that that enhances our reputation as well as, let us not underestimate, the rule of law, our institutions, English speaking, common law, stable Government, all of those things which people are looking for in reliable, long-term partners.

Senator K.L. Moore:

Have any concerns been voiced to yourself about our ability to continue to provide excellent services, particularly in fundamental areas of health and education, in light of some of the recent decisions that have been made? I am thinking particularly of people who may come here to work or wish to continue working here in the Island.

The Minister for External Relations:

I think sometimes it is easy for us when we are in the Assembly upstairs to forget about the fact that the decisions that we make there can be picked up anywhere around the globe with instant communication and they can be looked at by our partners. Occasionally ... I well remember when Richard and I were in Geneva with a very influential individual and he made some comment about ... I had just faced a vote of no confidence in my previous job and he made some off-the-cuff remark about surviving that vote. Who would have thought that he had done his homework before we went into the room and the decisions being made up there were taken into account? Equally, some of the decisions up there are not easy and they have to be driven by putting Jersey first. We are not the only place in the world where others around the globe look and see what is going on in the political field and ask questions and wonder what is going on. If we look at the hospital, I still think we can deliver a hospital. Any new incoming Government rightly can make a decision to perhaps have a second look and wonder if the site that was previously chosen is now a good site. The important thing is that we do not keep putting decisions off. Now we have decided we are going to just step back and do the work, let us do the work. Let us get on and continue to show to the world that we are a stable place, we are open for business, our economy is successful. **[Interruption]**

Deputy K.F. Morel:

Please ignore what was just banged on to the table next to you.

The Minister for External Relations:

No, probably not, it was probably a vitally important and good point ...

Deputy K.F. Morel:

Or not as the case may be.

The Minister for External Relations:

... better than I could make. But we do need to be mindful of that, but I have to say that in recent days the question that people have asked me is not about domestically what has been happening here when I have been travelling the globe, but it is about how Brexit is going to affect us and how we navigate that.

Senator K.L. Moore:

I do think, though, that as ... and the reason for my question is as the nature of our size, we do occasionally have to go out and tender for larger operators to come and assist us in developing large projects and ensuring that they happen. With the recent decision over Ann Court where we had a major contractor who was literally about to start its project and that was at peril of stopping, and then with the hospital delay, how is that seen in terms of our reputation, our ability to deliver significant projects when companies put themselves at risk and on the line in their attempts to work with us to deliver those projects? Do we risk also facing further costs in terms of pricing being made conservatively for future projects because of that risk?

The Minister for External Relations:

I will try and stick to my ...

Senator K.L. Moore:

Lines on your Post-It note?

The Minister for External Relations:

No, they are about something totally different. I will try and stick to my lines of responsibility around how it is perceived from outside. We are and we have always been extremely fortunate in being able to attract some of the best talent around the globe and some of the most able businesses to support us in projects, and that was absolutely the case in building the hospital where there was a first-class international construction company working with a local Channel Islands company as well.

[14:15]

That is exactly what we want in these major projects where we do not always have the expertise on the Island. I personally did not speak to the international construction company, but I spoke at some length with the local construction partner. My experience is always that we are very good at criticising each other and being a bit miserable about what is going on, but when it comes down to it we pull together, and I know that the messages that the local partner were relaying and that I relayed to the international constructor was that this is right. We are a democracy. Governments can change their mind, and they fully understand that, but we will keep them informed. We are going through this process and I am hopeful that that first-class partner continues to want to build a hospital for us wherever it is. That will be my message. We are a democracy. People can change their minds, but that does not undermine the fundamentals of us as a community and a great place in which to do business and a trusted partner with which to do business.

Senator K.L. Moore:

Thank you.

Deputy K.F. Morel:

Thank you very much. Before we finish, because we have finished, is just to say I appreciate the work of the communications officer in the background. If you wish to approach the table in the future, if you could attract the Chair's attention before doing so. Thank you. Thank you very much, Minister, and thank you for your answers, candid answers. I look forward to our next meeting as well. I always find these quite interesting to understand how you are projecting Jersey's image abroad and the messages that we want to see people understanding about Jersey. Thank you very much.

The Minister for External Relations:

Thank you very much indeed.

[14:17]