



COMMERCE AND EMPLOYMENT

A STATES OF GUERNSEY GOVERNMENT DEPARTMENT

Our Ref:
Your Ref: 514.23 (5)

Deputy S G Luce
Chairman, Economic Affairs Scrutiny Panel
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Dear Deputy Luce

Jersey Economic Affairs Scrutiny Panel Review: Aircraft Registry

Thank you for your letter dated 20 April requesting information from the Commerce and Employment Department (C&E) of the States of Guernsey to assist you in your review of the potential establishment of a Channel Islands or, perhaps, separate Jersey Aircraft Registry.

You may already know that Guernsey has also been considering its options in this regard. The concept of perhaps developing a joint approach to the task of establishing an aircraft registry in the Channel Islands was given life as one of the items in the Economic Development Department (EDD) / C&E agenda for joint working, which was commenced during 2010. Indeed the Islands participated in a joint feasibility study conducted by the aviation consultants Helios during January to March 2011. The cost of that study was partly paid by Jersey and, of course, the report was made available to both EDD in Jersey and C&E in Guernsey. A year previously, C&E had undertaken an initial survey of interested parties on both Islands to assess the general level of interest and support amongst the finance and aviation sectors for an aircraft registry to be established in the Channel Islands. The report from the survey was made available to Jersey's EDD. Both of these studies indicated strong support for the concept. The Helios report, in particular, provided detailed potential opportunity figures for revenues which could be generated under a proposed outsourcing model. All of this feasibility work indicated that the establishment of an aircraft registry in the Channel Islands was a sound financial proposition offering potential as an enabler and diversifier for the economy whilst also providing the opportunity to enhance the Islands' international reputation.

I note that the opening paragraph of your letter does not appear to consider an alternative scenario in terms of the Channel Islands: that is the establishment of an Aircraft Registry in Guernsey. Such a Registry could be established either in collaboration with the States of Jersey or separately. However, its existence would have a significant impact on Jersey's consideration of a potential separate aircraft registry to be established in Jersey. In short, our view is that there is room for only one aircraft registry in the Channel Islands. Throughout our development process we have offered full participation in the project to Jersey. Our idea from the beginning had always been to enable, if possible, a joint approach with a view to cost, risk and benefit sharing. However, around May of 2011 after the publication of the Helios Report, Jersey EDD appeared to withdraw somewhat from the collaborative approach and indicated an intention to proceed alone with its own project.

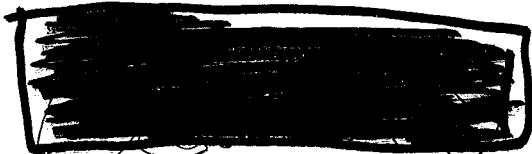
Guernsey, in the meantime, has proceeded at full speed to engage with a suitable strategic partner with whom to develop the outsourced model for an aircraft registry proposed in the Helios Report and endorsed by the States of Guernsey in September 2011. Having conducted a thorough tendering process, we are now on the point of engaging with our chosen partner with a view to commencing formal development work immediately.

The possibility remains for Jersey to be involved to an extent with the project. The key elements are: i) how we draft the eligibility criteria for those wishing to register aircraft with us, and ii) the appreciation that the aircraft registry can only reasonably be established under the laws of a single jurisdiction, thus limiting the extent of a joint approach. However, a joint arrangement could encompass Jersey residents as well as Guernsey residents for eligibility purposes provided we can agree the terms. It could also enable the participation of Jersey based companies in providing the associated financial and legal services which will provide the real economic benefits from the project. Clearly, the further we proceed down the development road, the less chance there is of negotiating a successful joint aspect to the project.

Timing has now become a significant factor; the recent general election in Guernsey and the resulting changes about to take place to the administration of the States Departments adds to the complexity at this time. I am standing down from Guernsey politics for the next term so from 30th April I will no longer be a States of Guernsey Deputy or, indeed, C&E Minister.

I would be happy to assist you further in any way that I can, but for continuity purposes I suggest that future correspondence is directed to the Interim Chief Officer at C&E, Mr Jason Moriarty whilst a new Minister and Board are appointed.

Yours sincerely

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Carla McNulty Bauer
Minister