

Guernsey: a view to 2018

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The principal factors that will determine Guernsey's success or failure in 2018 are not to be found within the island, they're everywhere else. The most important thing that we as a community can do to influence that success or failure will be to resist the temptation to look inwards, and instead focus our energies on the opportunities to be found in the outside world.

That outward focus includes the way that we approach trade, the way that we approach regulation, and how our island fits into the global backdrop.

Of course, no editorial is complete these days without reference to the deathless portmanteau Brexit - but it's not the only (or even the most important) development that should occupy our attention. It's worth remembering Guernsey was outside the EU before the Brexit referendum - and at the end of the process, we still will be.

It is of course true that the EU is a sophisticated, wealthy and developed market of some 600 million people with whom we have long-standing links. But it is equally true that the rest of the world includes some 6.4 billion people, and that many of them live in sophisticated, wealthy and developed markets. It is also true that a very large proportion of the nations outside the EU are growing (and their citizens becoming wealthier) at a considerably faster rate than any of the EU member states. It is not just trade that should motivate us to look outwards, but also the development of the regulation of the industries in which we do business.

Regulation in financial services has taken an increasingly international aspect and 2018 will be the first full year of operation of three good examples of this trend - the international Common Reporting Standard for tax affairs, the new UK public register of persons with significant control and the regime for registration of beneficial ownership information relating to corporate entities, and the UK's register of trusts.

None of these matters arise from domestic Guernsey law, yet each has a very significant impact on all aspects of our financial services industry and by extension our wider economy. There is little doubt that 2018 will see further examples of this major and growing trend - domestic laws

of other nations quite intentionally drafted so as to influence activities beyond their own shores. Guernsey will inevitably be affected.

Finally, we should think about the broader perspective. All of the signs point to 2018 being another year of disruption and uncertainty around the world - quite aside from the Brexit negotiations, there's debate about the future of the EU and its internal policies (including the taxation of financial transactions and of on-line transactions); the US administration remains unpredictable but is pressing forward with major policy changes; while North Korea appears to be increasingly volatile. Political, social, religious and/or military instability continues to be evident in numerous countries and regions around the world.

It is at times such as these that places such as Guernsey - which offer the world certainty and security based upon political stability, the rule of law, respect for property rights, compliance with international norms, and absence of corruption - will stand out. The qualities that we offer in this regard are likely to be as relevant, necessary and attractive as ever in the world of 2018.

Of course it is always tempting to look inwards. There are domestic questions that are genuinely important and relevant and will continue to trouble us in 2018 whether it be the model of education delivery or domestic budget priorities. But if Guernsey's success or failure in 2018 depends on anything, it will be on resisting the temptation to dwell too much on those issues, and to focus instead on the opportunities that the outside world presents.

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