Contents

Introduction by the Minister for External Relations 5
Purpose 6
Summary 6
Context and rationale 7
The strategy 8
Policy approach 9
Regional priorities 9
Africa 9
Middle East 12
Asia 12
North America 13
Delivery 13
Bilateral 13
International agreements 15
Multilateral 15
Risk management / mitigation 16
Evaluation: metrics / key performance indicators 18
Introduction by the Minister for External Relations

The Global Markets Strategy outlines the role of External Relations in leading government efforts to broaden and deepen Jersey’s governmental, political and commercial relationships with priority jurisdictions. This paper identifies the Government of Jersey’s ambition, priorities and preferred approach for engaging with “Global Markets” outside of the European Union (EU).

The United Kingdom’s exit from the EU represents a profound challenge for Jersey, but it also provides the Island with significant opportunities to further Jersey’s presence on the global stage. I believe that the whole-of-Island approach that underpins this strategy – bringing together a broad range of government departments and partner organisations – is vital for achieving our long-term objective to become a ‘partner of choice’ in priority markets.

Developing trade relationships with high-growth markets outside the EU has never been more important for Jersey’s continued economic success. These countries are increasingly important as the engines of growth in the global economy: the EU itself estimates that approximately 90% of global economic growth in the next 10 to 15 years will be generated outside of Europe. I am confident that by working together we can place the Island in a strong position to enhance and deepen relationships with high-growth economies, thereby contributing to Jersey’s jobs and growth objectives.

External Relations has established a dedicated team, which is already working to strengthen our links with partner countries across the full range of commercial, political, cultural and educational cooperation.

The Global Markets Team developed this strategy through a cross-government process and with input from non-government bodies, including the Jersey Financial Services Commission (JFSC), Jersey Finance Ltd (JFL), the Jersey Overseas Aid Commission (JOA), Jersey Business (JB) and Digital Jersey (DJ).

This strategy advocates an active approach in which the Government of Jersey invests in long-term political relationships that will catalyse greater business flows. This will take time and significant effort. The involvement of States Members, local businesses and members of the public will be important in securing the realisation of this ambition.

It is essential that External Relations continue to engage, explain and – importantly – to listen to what matters to Islanders as it seeks to represent their interests overseas. This long-term endeavour affects us all, as it is only through working together that we can build a successful economic future for Jersey.

Senator I.J. Gorst
Minister for External Relations
Purpose

The purpose of this paper is to:

• set out the Government of Jersey’s strategy for engaging with priority global markets;

• provide information on current priorities;

• provide information on wider activities undertaken in line with the Global Markets Strategy.

Summary

The vision of the Global Markets Team is to position Jersey as a more influential partner internationally, with maturing commercial and political relationships.

The objectives of the Global Markets Strategy are to increase Jersey’s visibility, improve access to decision-makers and facilitate business flows with priority global markets – leading to positive contributions to the Island’s jobs and growth objectives. The strategy also seeks to maintain and strengthen Jersey’s reputation as a high-value, well-regulated, international finance centre of choice for target markets in Africa, Asia, the Middle East and North America.

The strategy places emphasis on the importance of building broad-based and sustainable government-to-government relationships across a range of common interests. The strategy therefore proposes a tailored approach to Jersey’s engagement with priority global markets based on careful identification of shared interests and opportunities for cooperation.

This strategy builds on the need identified in the Council of Ministers’ Common Policy on External Relations to: “serve the Island’s best economic interests by encouraging a strong, open, diversified and innovative economy”. It aligns with the Council of Ministers’ Common Strategic Policy 2018-2022 which endorses the Global Markets Strategy and places emphasis on “creating a sustainable, vibrant economy and skilled local workforce for the future”, and with the resources identified through the Government Plan 2020 – 2023.

Achieving the headline objective of capturing business in future growth regions will require a whole-of-government approach, External Relations acting as catalyst, coordinator and enabler. Government cannot shoulder the entire burden for delivery and implementation; instead, it should continue to build partnerships with key stakeholders in industry and the broader Island community.

Phase I of the Global Markets Strategy was delivered in 2017-2019.

Phase II of the strategy covers the period 2020 to 2023.

The Global Markets Team recognises that building market access through high-quality governmental, political and commercial relationships with priority jurisdictions is a long-term investment that takes commitment and patience. Delivery of this strategy therefore extends up to, and beyond the Council of Ministers’ Common Strategic Policy 2018 – 2022.
Context and rationale

Jersey has an outward-facing economy, with a long tradition of trading in high-quality goods and services with customers from around the world. From the export of our unique and world-famous Jersey Royal New Potatoes and Jersey Cows, to today’s demand for Jersey milk and oysters - the common theme is the acknowledgement of the need to win business beyond our shores. The Island is already a global financial centre: Jersey is a custodian of £1.3 trillion of wealth, of which around three-quarters originates from non-UK domiciled beneficial owners.

The overriding vision of the Global Markets Strategy is to position Jersey as a more influential international partner by developing Jersey’s commercial and political relationships with priority global markets. These relationships protect and promote Jersey’s interests, profile and reputation, and ultimately facilitate business flows needed for achieving Jersey’s jobs and growth objectives.

By increasing the Island’s visibility in target markets, and improving access to decision-makers, the Government of Jersey hopes to facilitate greater business flows, leading to a positive contribution to the Island’s jobs and growth objectives. In so doing, the strategy also looks to strengthen and maintain Jersey’s reputation as the high-value, well-regulated, international finance centre of choice for target markets in the Africa, Asia, the Middle East and North America.

Brexit has increased the need for Jersey to develop its relationships with non-EU markets. As the UK seeks to build new trade alliances outside the Single Market, it is imperative that Jersey strengthens its value proposition in priority global markets so as to preserve the Island’s symbiotic relationship with the City of London. This strategy aligns with changes in wealth creation: the EU estimates that around 90% of global economic growth in the next 10-15 years will be generated outside of Europe. Brexit also creates the possibility for Jersey to enter into new agreements – such as Free Trade Agreements (FTAs) – by extension from the UK. The Global Markets Strategy will help direct Jersey’s approach to international trade policy – particularly where this relates to decision-making about potential participation in future FTAs.

Jersey has enjoyed the benefits of a high-performing economy for many years and the Council of Ministers’ Common Strategic Policy (CSP) 2018-2022, approved by the States Assembly in December 2018, places significant emphasis on “creating a sustainable, vibrant economy and skilled local workforce for the future.” The CSP recognises the role of External Relations in maintaining an environment in which business can flourish and it references the importance of the Global Markets strategy in securing new opportunities for growth, using resources identified through the Government Plan 2020 – 2023. The Common Policy on External Relations, presented to the States Assembly in July 2015, provided the original mandate for External Relations to “promote Jersey’s relationships with existing and emerging major economies, and develop the Island’s reputation as an outstanding place to do business.” It also set the objective that Jersey should “sustain a strong international profile, supported by relevant international agreements and by relationships with the diplomatic community.”

The Government of Jersey has limited resources, so there will always be a need to focus on areas where we can achieve maximum impact. Accordingly, this strategy
continues to propose an approach based on strict prioritisation. Having conducted detailed comparative market analysis, External Relations is focusing on broadening and deepening Jersey’s governmental, political and commercial relationships with markets that offer the greatest opportunities for the Island.

The Strategy

Policy approach

The 2020 – 2023 Global Markets Strategy will maintain an engagement approach based on 4 P’s – reflecting the nature of, and aspiration for, Jersey’s existing relationships with priority partners.

I. A PROTECT approach, for jurisdictions with which Jersey has mature and established relationships, with significant and long-standing business ties. Jersey’s engagement will focus on strengthening and safeguarding existing partnerships, to broaden and deepen cooperation at all levels.

II. A PROMOTE approach, for jurisdictions with which Jersey has developing relationships with strong potential for the Island to win greater market share. Jersey’s engagement will seek to catalyse, energise and promote high-potential partnerships.

III. A PURSUE approach, for jurisdictions with which Jersey has comparatively underdeveloped relationships, with few significant business ties and limited potential at this stage. Jersey’s engagement will be reactive rather than proactive, but will remain agile and flexible to seize opportunities as they arise.

We aim to PRIORITISE to achieve maximum impact with priority partners. Figure 1 (opposite) provides a summary of Jersey’s engagement approach.
VISION: Jersey is a more influential partner with mature commercial and political relationships. The strategy increases Jersey’s visibility, access to decision-makers, and facilitates greater business flows — leading to a positive contribution to the Island’s jobs and growth objectives.

PROTECT
1 - Strengthen and broaden relationships with existing partners

PROMOTE
2 - Build and sustain relationships with high-potential partners

Pursue
3 - Adopt an agile and flexible response to seize opportunities

Prioritise
4 - Disciplined targeting of limited human and financial resources according to strategy

Regional priorities
The Global Markets Team apportion resource against the regional priorities set out below. Throughout, we analyse trends and opportunities in priority markets and use this information to identify potential levers and drivers for government-government engagement, which often act as a catalyst and enabler for achieving our objectives.

A snapshot of regional engagement is included below:

Africa
- Africa is experiencing strong economic growth (an average rate of 5.2% over the past 10 years) and has a GDP of $3.3 trillion; but its growth potential is many times greater. Jersey is already a conduit for between 0.5% and 1.5% of all foreign investment into Africa. As Africa still suffers from an $11.4 trillion investment gap, there remains high demand for greater FDI.
• The Government of Jersey can act as a partner for Africa to help support and deliver sustainable growth by the provision of access to capital markets, investor protection, and expertise and governance experience in areas such as anti-corruption and tax transparency.

• As an example, in December 2018, Jersey signed a bilateral Memorandum of Understanding (MOU) on Financial Cooperation with the Government of the Republic of Kenya. This international agreement seeks to identify opportunities for collaboration and benefit in a number of areas including taxation, asset recovery, tackling financial crime and the financial services industry.

• Also in 2018, Jersey signed a multilateral Framework for the Return of Assets from Corruption & Crime to Kenya (FRACCK). The FRACCK is a multilateral initiative led by the Government of Kenya with UK, Swiss and Jersey partners. The FRACCK is the first of its kind and a significant achievement in relation to the confiscation and return of stolen assets. It is intended to act as example of the kind of innovative legal approach that the international community can explore in order to achieve meaningful progress in the recovery of stolen assets.

Middle East

• The Middle East is a strategically positioned hub between East and West meaning it can provide access to new markets by facilitating business flows across the globe.

• Middle Eastern markets seeking economic diversification have a number of characteristics that complement Jersey’s business model (asset-rich, low-tax) and there is strong potential for Jersey to harness new business and establish meaningful relationships in the region.

• Jersey has developed a strong reputation in the region; there is already approximately £21 billion in Middle Eastern deposits held by Jersey banks. Jersey has already ratified two Double Taxation Agreements (DTAs) in the region and has negotiated its first Bilateral Investment Treaty (BIT). This is an indication of the strength and confidence in the commercial and political relationship.

• For example, the depth and breadth of Jersey’s relationship with the Kingdom of Bahrain is demonstrated by a series of MOUs that the two jurisdictions are currently finalising, covering financial services, culture and the digital sector. A Digital MOU was signed by the Economic Development Board of Bahrain and Digital Jersey on 2 May 2019. This enables digital entrepreneurs from Jersey and Bahrain to use the regulatory sandboxes in each other’s jurisdictions and has a strong focus on supporting women in Financial Technology (FinTech).

Asia

• Asia, with some of the fastest growing global economies, offers extensive opportunities for the Island.

• Developing strong government-to-government relationships is key to realising the true market potential in a number of Asian countries, most notably in China.

• We have strong educational links with some Asian markets, including an
established annual twinning programme with Chinese/Jersey schools, a local Confucius classroom, and the teaching of Mandarin locally.

- There is strong potential for growth in the wealth management sector in India. A DTA would significantly increase opportunities for further inward investment. There is potential for business-to-business collaboration between Jersey and India in a range of sectors, such as digital technology.

**North America**

- Jersey has historical relations with the State of New Jersey, both through the relationship between St. Helier and the capital of New Jersey, Trenton, and through previous inward and outbound visits. Sustained Government engagement can deliver positive authorities for both Island and the State.

- The USA is Jersey’s third fastest growing market region in financial services; JFL will be opening a North America office in New York in 2019. Following the introduction of Jersey’s LLC legislation last year, Jersey is seeking further consolidation of North America business flows.

- Government to government engagement can support the commercial aims of the Island by increasing the visibility of the JFL office and improving access to relevant networks, whilst increasing greater understanding of our economic and tax model.

**Delivery**

**Bilateral**

Effective delivery of the Government of Jersey’s bilateral approach with priority global markets is likely to include the following elements:

- **Negotiation and conclusion of bilateral international agreements** – including, where desirable, a broad-based MOU to establish a commitment to ongoing cooperation and demonstrate the added value that partnership with Jersey can bring across a range of sectors.

- **Identification of levers and drivers** – the Global Markets Team will seek new ways to elevate and enhance bilateral relationships so that Jersey can ‘punch above its weight’ internationally with our partners of choice.

- **Repeated inward and outward visits** – non-EU global markets are, by definition, located beyond Jersey’s immediate neighbourhood. Achieving greater visibility and gaining access to key decision-makers therefore requires a regular programme of inward and outward visits to build trust and sustain momentum.

- **Effective use of the Foreign & Commonwealth Office (FCO) platform** – the Global Markets Team will develop strong working relationships with British diplomatic personnel in British High Commissions and Embassies in priority global markets. This will assist with providing in-country expertise and access to decision-makers to ensure well-targeted engagement and effective management of reputational risk.
• **Long-term and strategic approach** – effective diplomacy involves the patient cultivation of long-term relationships based on trust. The Government of Jersey’s Global Markets Strategy recognises that building market access through high-quality government relationships takes persistence, patience and is a long-term investment. Delivery of this strategy extends up to, and beyond, the end of the Council of Ministers’ Common Strategic Policy 2018 – 2022, and with resources identified through the Government Plan 2020 – 2023.

• **Cross-government coordination** – the Global Markets Coordination Group will ensure that there is a genuinely whole-of-Island approach to delivering this strategy. The group includes representatives from government departments and arms-length bodies (including JFL, JFSC and JOA, JB, DJ).

• **Bilateral cooperation initiatives** – to strengthen government to government relationships, commercial ties, and people-to-people links.

The elements above are complementary and to be delivered as a package. An indicative description of potential activity mapped against long-term outcomes is included at Figure 2 (below).

<table>
<thead>
<tr>
<th>Desired Outcome</th>
<th>Key Areas of Focus 2020-2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jersey has enhanced influence in global markets.</td>
<td>Increase frequency and seniority of target country’s Ministerial engagement with Jersey. Improve official-level access.</td>
</tr>
<tr>
<td></td>
<td>Develop MOUs with offers of government to government capacity building and knowledge sharing.</td>
</tr>
<tr>
<td>Jersey has increased business flows to, and from, high-potential growth markets.</td>
<td>Develop Jersey’s treaty instruments and progress international agreements with priority markets.</td>
</tr>
<tr>
<td></td>
<td>Support the objectives set out in the Financial Services Policy Framework and JFL business plans to secure Jersey’s future as a leading international finance centre.</td>
</tr>
<tr>
<td>Jersey supports innovation, enterprise and investment across all sectors.</td>
<td>Develop broad-based MOUs with priority markets across a range of sectors, such as tourism, agriculture, heritage, digital, culture and education.</td>
</tr>
<tr>
<td>Jersey has a clear and coherent narrative on and off island.</td>
<td>Coordinate with Island Identity policy board to ensure coherent approach to the Island’s international identity.</td>
</tr>
</tbody>
</table>
International agreements

The strategy places great importance on expanding Jersey’s network of international agreements with priority jurisdictions. These agreements strengthen the ties between partner jurisdictions, encourage greater business flows, and promote Jersey’s good reputation as a trusted and responsible international actor.

A priority for the Global Markets Team is therefore putting in place the legislative and treaty framework that underpins trade flows. This includes negotiation of DTAs and BITs.

The Jersey model DTA is based on the OECD Model Convention and has been updated with the latest international standards in line with the anti-Base Erosion and Profit Shifting (BEPS) Inclusive Framework.

A Jersey model BIT has also been developed with the benefit of expert legal advice. The Jersey model BIT has been tailored specifically to reflect the nature of Jersey’s sophisticated, service-driven economy. It is a modern, balanced legal instrument and includes best practice in investment treaty design.

Taken together, DTAs and BITs can provide tax certainty and investor protection, thereby supporting investment-hungry economies by facilitating inward Foreign Direct Investment (FDI) into target markets.

In addition, and where relevant, Jersey will actively seek to negotiate and conclude Asset Recovery Agreements and bilateral Memorandums of Understanding (MOUs). MOUs provide a framework within which to further knowledge-sharing and international cooperation across a range of sectors, such as tourism, conservation, agriculture, heritage, digital, culture and education.

Brexit also creates the possibility for Jersey to enter into new agreements by securing the extension of UK agreements to Jersey. For example, the UK Government has stated its intention to negotiate new future FTAs – including with some global markets priority partners. During Phase II of this strategy, the Global Markets Team will engage closely with Jersey’s ‘approach to international trade policy’ – particularly where this relates to decision-making about Jersey’s interest in seeking the participation in future UK agreements with global markets partners.

Multilateral

Engagement with relevant multilateral organisations will complement Jersey’s bilateral diplomacy with national governments. It provides a cost-effective means of expanding diplomatic connections with a broad range of partners gathered in a single location, such as at well-attended international fora such as the International Monetary Fund (IMF), World Bank and Commonwealth meetings. It is also an opportunity to promote Jersey’s expertise within priority sectors (e.g. on tax transparency and anti-corruption) to a wider audience. The top priorities for Global Markets Team multilateral engagement are:
• **Commonwealth**: building on Jersey’s proud history of active engagement with Commonwealth institutions, such as the Commonwealth Parliamentary Association (CPA), the Commonwealth Enterprise and Investment Council (CWEIC), and Commonwealth Games. An early priority will be working with the Government of Rwanda to support its hosting of the Commonwealth Heads of Government Meeting in 2020.

• **OECD**: continuing engagement on tax transparency and good governance through the Global Forum on Transparency and Exchange of Information and the Inclusive Framework on BEPS. This includes participation in OECD governance groups and contributing to capacity building and knowledge transfer.

• **UN**: develop stronger ties to UN institutions in areas of interest/expertise e.g. asset recovery. Regular attendance at UNODC meetings such as UNCAC Conference of State Parties and Global Forum on Asset Recovery.

• **World Bank / International Monetary Fund**: attendance at annual meetings to engage with senior business executives and Ministers from priority global markets and participation in the Commonwealth Finance Ministers’ Meeting. Washington-based summits are also a chance to further USA engagement.

• **World Economic Forum**: participate in regional fora e.g. WEF Africa and WEF MENA, and contribute to WEF’s Partnering Against Corruption Initiative (PACI).

**Risk management / mitigation**

Increasing Jersey’s engagement with priority global markets offers significant opportunities for mutual benefit. There are also some risks that need to be carefully monitored, managed or mitigated. This is especially important in environments where weak government, institutions and regulation increases the potential for political, economic and human rights risks.

Some countries may not yet have sufficiently developed governance, institutions or robust regulation. There can also be low investment in education and skills, which further increases political, economic and human rights risks.

Accordingly, the Global Markets Strategy seeks to take a balanced approach that manages and mitigates risk (see Figure 3 on page 18).

The Global Markets Team monitors developments in priority countries, including political affairs, economic activity and the human rights picture: further information on Jersey’s approach to human rights issues is available on the Global Markets section of the Government of Jersey’s official website. At the heart of this approach is careful and constant collaboration with colleagues in the UK’s network of overseas diplomatic missions and with the FCO in London. As a British Crown Dependency, Jersey can obtain enormous benefit from close cooperation with the British diplomatic network – providing in-country knowledge, analysis and advice that allows Jersey to shape and, where necessary, adjust its engagement to reflect local circumstances.
Jersey’s strong institutions and robust regulatory environment can provide an example for partner countries seeking to develop structures that are appropriate to their needs. In turn, capacity building and knowledge transfer can create an environment in which it is easier for companies to do business and incentivise economic development.

In addition to in-kind assistance, JOA makes a significant contribution to coordinating and dispersing funds from Jersey taxpayers for development assistance abroad.

<table>
<thead>
<tr>
<th>Risk</th>
<th>Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Political risk</strong> – conflict, instability, human rights deterioration</td>
<td>Media monitoring of trends and activity; engagement with FCO in the UK and overseas; internal review of engagement; advice to Jersey Ministers</td>
</tr>
<tr>
<td><strong>Economic risk</strong> – economic conditions unfavourable for trade, sanctions and embargoes</td>
<td>Monitoring trends; close cooperation with JFL and JFSC; discussions with industry</td>
</tr>
<tr>
<td><strong>Cultural risk</strong> – cultural differences / language barriers</td>
<td>Thorough research and briefings; cultural elements in outward visit programmes; in-country briefings with British embassies; sharing experiences across government and non-government organisations; pre-meetings with Embassies and High Commissions in London</td>
</tr>
<tr>
<td><strong>Financial risk</strong> – under or overspend budget</td>
<td>Forward planning; utilising networks and existing resources; sharing resources; careful travel planning to minimise cost; adherence to revised travel policy</td>
</tr>
<tr>
<td><strong>Reputational risk</strong> – negative media coverage, public criticism, negative perceptions</td>
<td>Active engagement with local and foreign media; social media monitoring; bilateral engagement tailored to each country; providing evidence of concrete objectives and tangible outcomes</td>
</tr>
</tbody>
</table>
**Evaluation: metrics / key performance indicators**

Measuring diplomatic influence and the impact of ‘soft power’ is difficult. Nevertheless, it is important to establish an appropriate monitoring and evaluation process to ensure value for money and to be able to assess impact and effectiveness.

The Global Markets Team will use Key Performance Indicators (KPIs) to measure the impact and effectiveness of the strategy approach. The KPIs reflect a balance of quantitative and qualitative data, and direct and indirect measures.

The focus is on measuring ‘outcomes’ rather than just ‘outputs’, wherever possible, given that the overall objective is to enhance Jersey’s relationships with priority partners.

The team has identified specific KPIs to measure activity aligned to the three objectives of the overall strategy:

- **Increased visibility**: high impact outbound visits; positive media coverage; strong digital presence
- **Improved access to decision-makers**: Ministerial-level engagement overseas; participation in multilateral fora; invitation to Diplomatic events
- **Facilitation of greater business flows**: negotiation and conclusion of international agreements; increasing number of new foreign business enquiries; more Jersey businesses present in target markets

The Global Markets Team is working to gather this data with key stakeholders such as JFSC and JFL. This will help capture a baseline measurement from which to monitor progress in subsequent years.
Contact us

The Global Markets Team is always looking to identify new connections and opportunities for Jersey in global markets. If you would like to find out more about who we are, and what we do – or to send comments, ideas or suggestions about this strategy – then please contact us via the External Relations email address below.

externalrelations@gov.je