May/June/July 2017

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GIBRALTAR INTERNATIONAL

May/June/July 2017
Volume 23/Number 2

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Sovereignty overshadows border issues

When The Sun tabloid newspaper front page - projected on The Rock for a short while, (apparently without government knowledge) - "Hands off our Rock" - it sent a clear message yet again that Gibraltar is not for sale to the Spanish!

The feelings of Gibraltar residents, last tested in a referendum 15 years ago, are overwhelming plain; they are British - after more than 300 years as such – and want to remain so, come what may. They are not up for being used as a bargaining chip in negotiations for Britain's withdrawal from the EU in two years' time.

So no-one should doubt the strength of feeling when the European Council - to Britain and Gibraltar's complete surprise - agreed that no Brexit deal can go ahead unless Spain is content – a seemingly slam dunk veto that could sink the whole Brexit talks. This remember, is a EU in which Gibraltar voted, by 96%, to remain!

eGaming leaders meeting on The Rock for an industry seminar voted a free-flowing border to be by far the greatest issue – way behind open business access - a sentiment reflected strongly in a government study of the 'Brexit effect'. It pointed to the 10,470 workers who cross the border daily and declared: "A frontier which lacked the necessary fluidity for people to be able to access their places of work would therefore put directly at risk the jobs of 40% of the entire Gibraltar workforce [26,000+ people]."

That report, presented to the House of Lords EU Committee earlier this year, noted that 30% of Gibraltar's finance centre jobs and a whopping 60% in gaming were filled by residents of Spain! And, crucially, both business sectors together account for half of the total Gibraltar economy.

As the government fully accepts, it makes good business sense for firms to consider their options, even possible relocation, if Brexit negotiations make remaining based in, and operating from, Gibraltar difficult.

According to lawyer Peter Isola, there are guarantees for reasonable continued access enshrined in EU laws concerning external borders, as Gibraltar will become with Spain post-Brexit. There were "good logical reasons to be cautiously optimistic", he felt, but of course, there are similar border fluidity guarantees in place now even with EU membership – and that hasn't stopped Spain severely disrupting the flow of pedestrians and traffic whenever it feels like it.

No wonder Chief Minister, Fabian Picardo, reflects on Spanish past form.

Spain continues to present, what some might regard as a "reasonable" offer, to share sovereignty of Gibraltar with the UK even though Spain gave The Rock to Britain in perpetuity. Yet, according to an April YouGov poll, one in three people in Britain would be prepared to cede at least some sovereignty over Gibraltar for a better Brexit deal!

Maybe it's time for Gibraltar to up its game and present the negative effects of such a deal beyond the completely understandable and impassioned "No way José" response that rejects any consideration of a compromise. To be sure, there will be powerful reasons why any such arrangement is out of the question.

Ray Spencer

Published by
Gibraltar International Publications Ltd.
21 Bell Lane
PMB 104, PO Box 561
Gibraltar

Editorial enquiries
editor@gibraltarinternational.com

Advertising enquiries
sales@gibraltarinternational.com

Design bilgoker@gmail.com

UK Agent: Tel: + 44 (0)1993 703560

Cruise growth provides opportunity regardless of Brexit

Plans to extend facilities for cruise liners and their passengers are being considered in separate initiatives involving the private sector, after Gibraltar's successes in attracting more operators and ships to call at the Port

The moves to expand the port activity are seen as one way the economy can be bolstered against the anticipated effects of a 'hard' Brexit from the EU in two years' time; by definition, liners arrive by sea and are largely unaffected by the frontier, which it is feared may be seriously interrupted by Spain.

Government written evidence to the House of Lords (HoL) EU Select Committee in January observed, "there are for Gibraltar few opportunities worthy of mention" and declared: "The prospect of a closed or hard border is the most serious single issue that arises for Gibraltar from Brexit".

Two of the cruise ships that docked simultaneously in the port on 70 days in 2016

For the second successive year there has been a general improvement in operational efficiency in handling of cruise ships and other vessels seeking bunker fuels, supplies, crew changes and repairs with the result that "considerable scope" remains to grow business further.

The Gibraltar cruise terminal experienced a record 2016, both in respect of the 224 cruise calls received (10% up) and a 17% increase in passengers (425,845), compared with a year earlier. Some 40% of passengers and crew went ashore and in 2015 (the latest figures available) show they spent £13.76m, up 32% on 2014. The average spend by ship visitors was over £40 per person, more than twice as much as those that crossed the border.

"Gibraltar continues to grow as a port destination in the Mediterranean, with 2017 expected to be another busy year," Gilbert Licudi, minister for Tourism and the Port reported. A total of 257 calls are expected this year, including seven inaugural cruise ships; Panorama II of Variety Cruises that arrives first in mid-May is making 20 visits in 2017!

In June, The Rock hosts the 50th MedCruise Annual General Assembly of the Association of Mediterranean Cruise Ports, which Gibraltar helped found 21 years ago. Cruise line executives and MedCruise member ports will "discuss the latest developments of the cruise industry, the implications of cruising in the Med and its adjoining seas, plus developments in the region", said Nicky Guerrero, chief executive of Gibraltar Tourist Board.

The event "provides an opportunity to showcase Gibraltar to the cruise industry and to encourage cruise lines to increase their calls to Gibraltar", he added.

The port has capacity to berth four medium sized cruise ships, or two large and two small ones. Another cruise ship could anchor in the Bay of Gibraltar, with passengers transferred ashore by tender, although this did not happen last year.

Three cruise ships arrived simultaneously on 12 occasions in 2016, and two cruise ships on 70 days. Guerrero told *Gibraltar International:* "Growth for us has been consistent over the last few years and we hope this will prevail. The port is by no means at full capacity, aside from a few days each year where all berths are taken up; there still is room for growth.

"Ideally we would want a ship to call every day of the year, but we must be realistic about the industry seasonal trends."

Commodore Bob Sanguinette, Gibraltar Port Authority (GPA) chief executive, revealed: "There are potential plans to develop the cruise ship infrastructure in the port, in conjunction with the Gibraltar Tourist Board. These are the subject of discussions with the private sector."

The Port can handle all but the world's largest liners currently operating, or due to operate, in the Mediterranean; in 2016 'Ovation of the Seas' (length 347m) with 4010 passenger capacity, became the largest to berth at Gibraltar.

Larger ships possible

"The outer berth would need to be dredged in order to accommodate the deepest draught vessels", Sanguinette confirmed. This could form part of a wider infrastructure development project.

Measures to encourage cruise vessels to remain in port for longer, include permitting their casinos and other revenue generating outlets to open after 6pm, which brings fuel saving and "passengers can benefit from a wider variety of shore excursion options", Sanguinette explained, and "off-duty crew and passengers can go ashore to enjoy Gibraltar's nightlife".

It "has been popular with cruise companies with just under 15% of cruise vessels taking advantage of this incentive during 2016".

Liners account for only a small proportion of the 9,000 vessels handled by the port last year, up 6 per cent on 2015, most calls being for bunkers.

Sanguinette, who is also is Captain of the Port, observed: "Gibraltar enjoys, strategically placed location at the meeting point of a large number of very busy shipping lanes at the entrance to the Mediterranean. So whether Brexit changes the way we do business or not, that fundamentally will not change." (See Profile, p18)

Yet in its HoL submission, the GPA noted that some 88% of all goods are imported into Gibraltar by road via the border, including almost all food and fuel. "Should access through the land border be denied for all commercial/industrial traffic, the only alternative for importation of goods to Gibraltar will be by sea", it reasoned, adding: "Even if possible at all, this would entail the entire reconfiguration of the Port."

Ray Spencer

Gibraltar's New Pension Regime

An Overview by Marcus Killick, CEO, Isolas

The beginning of April saw the long awaited introduction of a licensing and regulatory regime for personal pension providers in Gibraltar. An effective supervisory regime in this area had been the aim of Albert Isola, the Financial Services Minister, since his appointment to office, and this has now come to fruition.

Beginnings

So, what was the need and what changes do the new requirements bring?

In the UK and elsewhere, pensions, pension advice and pension administration have often only partially and incidentally been covered by existing financial service regulation. A significant amount of these activities fell outside the scope of the EU Directives in place. Historically they were often dealt with, if at all, under separate legislation (e.g. the Pensions Act in the UK). Yet an individual's pension is normally their largest asset after their home and, with the need to supplement any state entitlement, is a vital mechanism to prevent poverty in old age. Furthermore, as life expectancy increases, so the need to save for retirement grows still greater.

We have also seen a massive decline in the number of earnings related pension schemes provided by UK employers. These defined benefit schemes have been closed by many firms due to their potentially ruinous cost. However the result has been a loss of certainty in respect of an individual's income level in retirement. Instead income at retirement has become dependent upon the growth of a person's own pension pot during their working life. Furthermore the new flexibility in respect of pensions, introduced by George Osborne, has meant that an enormous amount of investable assets have become more freely available for alternative pension vehicles. This freedom brought issues which the lack of regulation exacerbated.

For some in the finance industry the pension market became a feeding frenzy. On occasions unsophisticated investors with newly flexible funds were encouraged to move to far more risky investments on the promise of high returns. Some administrators provided poor services for high fees, often with penal exit charges. Consumers could not always easily distinguish the vast majority of providers, who gave a competent and fairly priced service, from the sharks. This became hugely frustrating for the decent providers and created unfair competition as the sharks would often offer a seemingly cheaper service, hiding the real charges in the small print and undisclosed commissions.

Even worse, pensions become open season for fraudsters placing pension assets in worthless schemes, often controlled by themselves. In some cases the consumer will not discover what has happened for many years, until they try to access their pension savings and find they have vanished or been hugely eroded.

Reducing risk

The above risks existed in all finance centres involved in the pensions business. In the UK there were scandals involving Small Self-Administered Pension Schemes. Elsewhere problems arose in respect of some overseas pension schemes. In some cases attempts were made to "liberate" pensions, releasing funds before they were entitled to be, thereby exposing the consumer to possibly huge tax charges.

Something had to be done. The UK introduced new requirements in 2015 and now Gibraltar has.

As a result all those involved in the personal pension market in Gibraltar are now subject to the supervision of the Gibraltar Financial Services Commission (GFSC). There will be a licensing regime under which all existing providers will have to apply (transitional provisions will be in place to allow them to continue to operate whilst their application is considered). There will be new conduct of business rules including requirements on the information that has to be provided to clients (including charges). Exit charges will have to be reasonable and outsourcing by firms, especially to outside Gibraltar, controlled and subject to approval. Most importantly pension assets will only be permitted to be put into suitable investments. Except for professional clients, the test will be that the investment must be suitable for retail investors.

These measures, and others, will be monitored and enforced by the GFSC, which has established a new team specifically for this area.

The road leading to the new regime has been a model of consultation and cooperation. Driven by the Minister and establishing a working party comprising both the Gibraltar Association of Pension Fund Administrators (GAPFA), chaired by Gerry Kelly, and the GFSC. As a result Government, industry and regulator have, together, produced an effective regime which will provide both consumer protection and preserve competitiveness.

External events

The process was accelerated by the announcement by the UK Government at the end of last year to only allow pension transfers, from April, into Recognised Overseas Pension Schemes (ROPS) in jurisdictions where such activity is subject to a regulatory regime. However much of the work in Gibraltar had already been done, making the new timescales imposed by the UK achievable.

Clearly the recent announcement by the UK of the imposition of a 25% exit charge, on many pension transfers to outside the UK, will impact the Gibraltar market. Whilst Gibraltar, as part of the EEA, is not automatically caught, a charge will be applied if the client is living outside the EEA or moves to live outside within five years of the transfer. This will adversely affect the business models of a number of local providers. However significant opportunities still exist and other have opened up because of the application of the charge to a number of other QROPS jurisdictions that will therefore no longer be able to compete in this market.

An unfinished journey

There will be more to do; occupational pensions and the schemes themselves are on course for regulatory and supervisory improvements and the issue of existing pension assets sitting in inappropriate investments will have to be addressed. However, given the manner in which the new regime has been implemented, this work seems destined to further enhance Gibraltar's reputation as a safe harbour for consumers seeking a home for their investments.

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Private bank customers get digital as tax disclosure becomes automatic

The British overseas territory's private banking sector goes back more than 160 years and today is developing new areas of operation, writes *Ray Spencer* in the second part of a report on Gibraltar banking

Key has been the adoption of digital banking – albeit somewhat later than the retail banking side of business – for private clients, a concept that seems to go against the image of close, even secretive, personal encounters with High Net Worth Individuals (HNWI).

The merger of S G Hambros with Kleinwort Benson (KB) last year by parent Société Générale, to create Kleinwort Hambros (KH) marked more than a change in name. "We are developing a digital banking strategy for private wealth management - delivering a service through on-line advice," new chief executive Eric Barnet, declared.

He was introducing the rebranded business to journalists in Gibraltar, where it has had operations since 1981 having bought Crédit Agricole in 2003 and ABM Hambros in 2008 – "a track record of commitment to the jurisdiction, which I hope, and expect, to continue", he said.

The KB part of his business was already ahead, but by end-2017 Barnett expects KH "to have introduced digital account handling, with a wider range of customer services to include Kleinwort investment skills at lower initial levels of entry – down from the present £75,000 general minimum threshold to around a couple of thousand pounds when people are investing - from pensions to ISAs, for example".

The rationale is that on-line competition arises from tech start-ups that have no history of investment, whereas with KH "people will know that it is a business used to dealing with money, they will gain reassurance, and we can reach a wider range of clients and offer an additional layer of comfort".

The Gibraltar operation is "profitable", he told *Gibraltar International*, and growth in assets under management in recent years - at a rate of 5-10%pa – "has come from expanding the market with HNWIs locally and across the world, not from other players".

A Swiss privately-owned Gibraltar bank and asset management firm, Turicum, was established in 1993 by bankers, asset managers and lawyers from Geneva and Zurich, (where it has a representative office), and since January has offered internet access to accounts, check balances, make transfers and contact individual relationship managers.

Chief executive, Andreas Businger, relates: "It has been a major project, like driving a car whilst at the same time building and exchanging the motor, and a major challenge, but one that we – unlike some of the major private banks – have been able to do." Turicum says it does not depend on external financing and "in order to protect the Bank and our clients' wealth we do not engage in any risky banking activities", including corporate and investment banking services, mortgages or commercial loans.

Kleinwort Hambros has "track record of commitment" to Gibraltar, says Group chief executive, Eric Barnet

Another Swiss-owned private bank, Lombard Odier & Cie, has operated in Gibraltar for 30 years and provides a private client investment and asset management service, plus technology and banking services. Peter Caetano, managing director of the local business since 2015, says the bank "has witnessed and undergone many changes in its time, most significantly the ability to cater for Gibraltar resident clients following the end of the tax-exempt regime in 2010.

"We went from a booking office to a fully-fledged bank, adapting to the ever changing regulatory market", he explains. With most clients being local or from the UK, he points to the bank's "ability to constantly re-evaluate the world around us and create fresh perspectives", a philosophy emphasised in its latest 'Rethink Everything' branding campaign.

The introduction of automatic exchange of tax information from this summer with more than 50 other jurisdictions as part of Common Reporting Standard (CRS), adds "a new dimension to the on-boarding process for new clients, and has placed an additional administrative burden on banks to report on impacted clients accurately and in a timely fashion", Caetano points out.

Serious offence

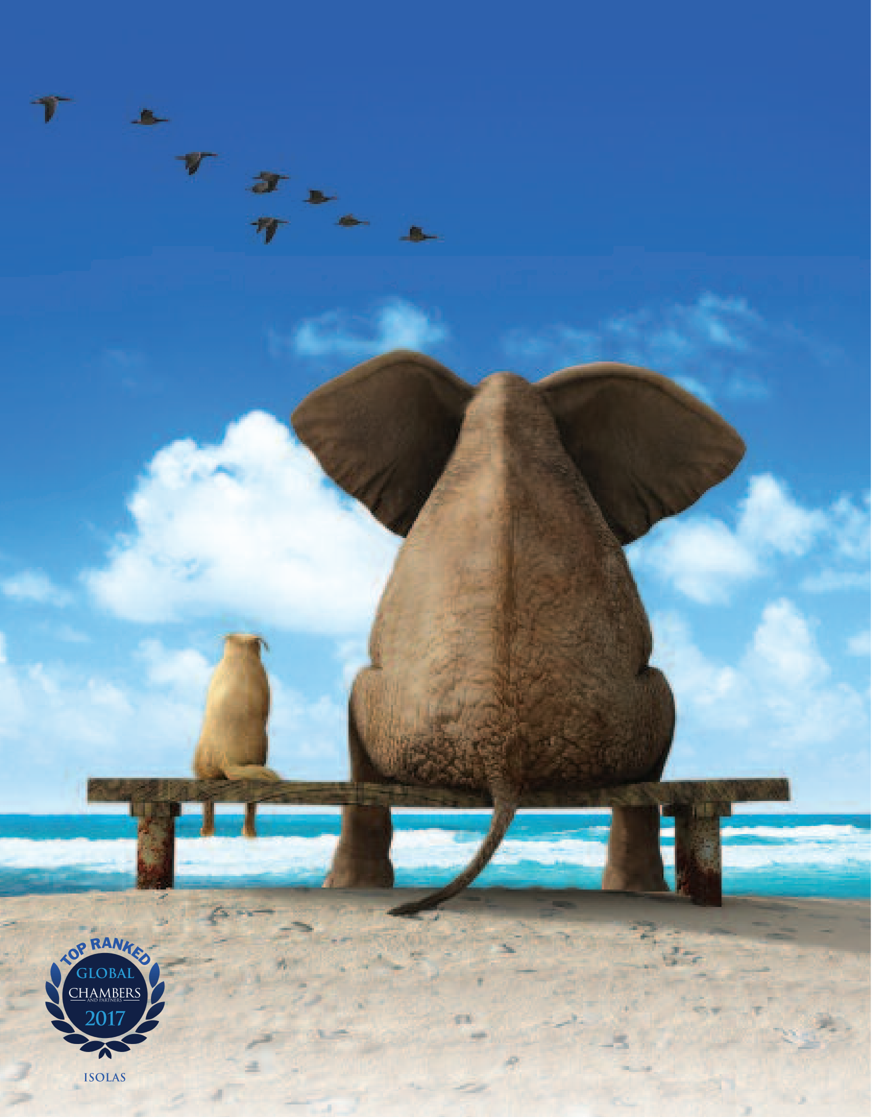
More than 100 jurisdictions have committed to the swift implementation of the CRS and in 2018-19, CRS extends to much of the rest of the world! Automatic exchange of information involves the systematic and annual transmission of "bulk" taxpayer information by the source jurisdiction to the residence jurisdiction of the taxpayer.

As James Tipping, director of Gibraltar Government's Finance Centre, points out: "Since January 2011 tax evasion has been a serious criminal and indictable offence with possible imprisonment of up to seven years, which was then a starting-gun for financial services firms to review their client lists and, if they had any doubt about the origin of money they handle, they need to have reported it.

"Thus, it is an offence not to report any suspicion as it could relate to money laundering as well as tax evasion." It is a particular issue for banks generally, but particularly so for private banks.

For two years, the US FATCA (Foreign Account Tax Compliance Act) has meant banks provide information on US customer accounts, to which a UK-originated version was added last year for Crown Dependencies and Overseas Territories, and automatic exchange of information under the EU Directive on Administrative Co-operation for member States comes into effect in September.

In addition, Gibraltar has circa 151 tax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information exchange mechanisms with some 90 countries around the world, including 27 bi-lateral tax information exchange agreements (TIEAs) that variously came into force from 2009 to allow for specific requests by competent authorities for detailed information. It is believed that Gibraltar has received around 200 TIEA requests regarding individuals resident overseas or entities controlled by such individuals, but none have been sought by Gibraltar of other jurisdictions.

Personal choice grows

The total funds under management for Gibraltar's seven private banks at the final quarter of 2016 was £7.4bn, compared to £6.4bn a year earlier, but in that time there has been a significant shift away from bank-led investment decisions to non-discretionary, client-made decisions – up 22% by value to reach £6.9bn.

There are five purely private banks in Gibraltar and two others with an element of retail banking, including Danish-owned Jyske Bank, which has been in the territory since 1987 after taking over A.L. Galliano Banker's Limited, Gibraltar's oldest private bank in private ownership that dated back to 1855.

Jyske's original business was 60-70% with private clients, but it became "difficult after the 2009 Lehman Bros collapse", recalls Christian Bjørløw, chief executive of Jyske Bank (Gibraltar). Five years ago, Jyske decided to become a full service bank, so that today private clients account for around 40% of business, with assets handled expanded to over £1m. With a minimum of £150,000, "an increasing number of Gibraltar people are able to invest", he notes.

Last year Bank J. Safra Sarasin (Gibraltar), which opened in 2001, took over the local branch of Credit Suisse as well as one in Monaco, acquisitions it describes as "an excellent strategic fit" that will allow it "to extend its reach in these attractive private banking jurisdictions". This year saw Bank JSS (Gibraltar) establish, essentially the Credit Suisse business it took over in November, to provide wealth management services to private and institutional clients, and it is expected to re-launch the combined businesses this autumn.

Bank J. Safra Sarasin accepts deposits both from individual clients and other banking institutions, and said in November that it was "determined to further strengthen its position, as it believes in Gibraltar as an important financial centre".

The Rock has not always been a successful place for Swiss bankers. In 2013 EFG Bank closed its loss-making Gibraltar business (that it gained from Spanish-owned, Banco Atlantico), along with banks in France and Sweden in a move that cost up to CHF 11.7m (around £8m).

In 1987, other Spanish banks began private banking operations in Gibraltar, Banco de Bilbao and Banco Central, followed by BBVA Privanza International, and Santander jointly with Royal Bank of Scotland, but today none remain.

Brexit provides "ironic twist" for Turicum, says chief executive, Andreas Businger

Barclays announced its withdrawal from Gibraltar after more than 100 years, first in retail banking by early-2015 and closed all of its operations locally by mid-2016 when it withdrew a small office dealing with large companies and very HNWIs, transferring that business to London and Jersey.

Its origins in Gibraltar, however, went back to June 1888 when as the Anglo-Egyptian Bank Limited it became the first non-Gibraltarian bank to open a branch.

Remaining confident

Lloyds Banking Group's office in Gibraltar with 30 staff "provides a banking service to several thousand UK expatriate or international customers that reside in Europe" and for private banking they need to meet minimum eligibility criteria of a sole annual income of £50,000 or hold £25,000 to save or invest (or currency equivalents), or hold at least £100,000 to save or invest with the bank within six months.

Britain's intended exit from the EU in 2019 has not discouraged private bankers. Barnett says the merger of Kleinwort and Hambros was completed before the referendum vote in June 2016 and "our French parent was prepared to make an investment in the UK and its growth in the UK economy even if there was Brexit.

"We are confident that the UK still will remain the international centre for wealth management", he asserts and the merger "is part of a long-term plan to expand our business in the UK and Anglo Saxon international jurisdictions" – the Channel Islands and Gibraltar. The combined operation has £16bn of assets and saw £2bn added in final 6 months of 2016, "demonstrating strong confidence in the business", Barnett declares.

The prospect of Brexit for Turicum, a self-described 'small to mid-sized bank' (as measured by funds under management), is not seen as a particular problem, given its correspondent banking arrangements with Swiss, UK and Gibraltar banks. However, Businger says: "It does present an ironic twist, as after Switzerland recorded a narrow binding referendum result in the early 1990's to stay outside of the then European Economic Union, the bank's founders decided to set up in Gibraltar [which is at present in the EU], and which was developing as a financial services centre".

Turicum says it does not depend on external financing and "in order to protect the Bank and our clients' wealth we do not engage in any risky banking activities", including corporate and investment banking services, mortgages or commercial loans.

Staff numbers grew from 25 to 33 last year as a result of "continuing steady growth from what he describes as "a relatively small base of customers with an average investment level above €2m, mostly from Germany, France, England and Gibraltar". Bussinger reveals: "In 2015 our asset base rose by more than 30% and in 2016 it was a further 10% higher."

The Bank, he admits, is "a very profitable enterprise" and Bussinger emphasises: "Gibraltar is our home and we are fully committed to the jurisdiction as we are not part of a bigger banking group that might decide to leave for internal political reasons."

Launched in May 2015 as a State-owned retail bank, Gibraltar International Bank considers expanding into the private banking sector as a possibility, and subject to Board and shareholder approval. "It will depend on the appetite of the market – we know there has been some movement in that market locally," observes Lawrence Podesta, chief executive. "We will need to see where we stand in a couple of years' time and where Gibraltar stands, given Brexit",


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Laws to safeguard cross border access for workers, as more firms move in

"Unequivocal support" for the eGaming sector has helped to encourage more on-line eGaming and financial services firms to relocate to Gibraltar since the UK's vote to leave the EU, despite concerns that a 'hard' BREXIT might lead to difficulties with border access from Spain for thousands of staff, reports *Ray Spencer*

Record numbers attend KPMG eSummit 2017

After Brexit, Gibraltar's frontier will become an external border of the EU and the threat of restrictions on free flow of pedestrians and traffic "fills many who live in Spain and work in Gibraltar with dread", suggested Peter Isola, senior partner at local law firm, ISOLAS; the gaming industry that accounts for roundly a quarter of the jurisdiction's economy, he conceded, could be "disproportionately affected".

He was speaking as a sector expert panellist at the KPMG 2017 eSummit near end-March, the seventh in Gibraltar primarily for the gaming sector, that now employs 3,350 people, two thirds of whom arrive daily from Spain.

A 'live' poll amongst the 260 delegates at the Sunborn Hotel showed 53% reporting continued "free movement across the frontier" was by far the greatest concern, whilst continued access to the UK at 12% was the second biggest issue.

Yet Isola quickly pointed out that, although there was no certainty of post-Brexit circumstances, "there are reasons –both practical and legal – why concerns may well be overblown".

Post Brexit, Gibraltar will be an external border of Spain, but that "does not mean Spain is free to act as it pleases", Peter Isola declared. There is EU legislation from last September regulating the "efficient" management of EU external borders that, although aimed at migration and potential future threats, is committed to 'safeguarding the free movement of persons' and 'processing of personal data should respect the principles of necessity and proportionality'.

In addition, he pointed to a new European Agency being established under a EU Directive that will 'oversee the effective functioning of exterior borders (particularly 'neighbouring countries') and ensure there are necessary additional resources, including 'equipment, infrastructure, staff, budgets and financial resources'.

Cautiously optimistic

As Isola remarked: "I do not mean to underplay the challenge that this represents: uncertainty is never good for business." Nevertheless, there are "good logical reasons to be cautiously optimistic".

Gibraltar firms account for a substantial part of the UK's eGaming market - 60-70% of sports betting, 50+% of casino and on-line bingo, and 10% of poker games – but most also have separate individual licenses to operate in European countries.

One of Gibraltar's largest operators, 888, days earlier published its annual report that included a risk assessment on Brexit, which concluded that although the future was unclear, if the company operating in Gibraltar "…it's ability to rely on EU freedom of services / establishment principles in supplying its services within the EU will be limited"; it might "become ineligible to retain existing licenses in some EU jurisdictions".

Although the company could not control political changes, it would "reconsider the appropriateness of remaining registered, licensed and operational in Gibraltar in these circumstances. Malta may be considered as an alternative 'dot com' licensing jurisdiction," 888 noted.

That position did not faze Minister for financial services and gaming, Albert Isola, who in opening the KPMG event, declared: "I would expect companies to make plans for what may happen at the end of the Brexit process – it is only right and proper – and I know every financial services and gaming firm has done exactly that." He added: "I don't see that as a negative" and promised consultation "with each of you to better understand what support and help we can give. I am certain we will have a solution for you."

So far this year, four licenses have been granted to providers of games to the sector, "which is where nearly all of the growth is coming from because we have all the major eGaming companies here already", Phil Brear, Gambling Commissioner and Regulator, told *Gibraltar International*.

Despite eGaming industry consolidation, with an expected loss of five licensed firms, and the shadow of Brexit, there continues to be around 30 firms based in the jurisdiction. Three more license applications are in the pipeline, but Brear revealed: "We continue to have expressions of interest that don't meet our licensing requirements (either from the businesses not being sufficiently well established, or not dealing with what we consider to be mainstream markets)."

In financial services (that account for a

further 20% of the economy, there had been 20 additional licences granted since the Brexit referendum, Minister Isola reported, and 20 more licenses were being processed, which together with more eGaming companies demonstrated "continued interest in Gibraltar as a safe, well-regulated jurisdiction".

Isola assured his audience: "All of the discussions we have had with [UK government] across the spectre, whether fluidity at the border or continued access for financial services, has been very constructive. Our relationship with the UK government is better than I could ever have hoped for and not just at a political level, but also filtering through to the officials, (which is always a challenge). We have made clear that "this has to be done – there is a debt and an obligation to Gibraltar to maintain open trading links."

Expert panel discusses Gibraltar outlook l-r, Peter Isola, Peter Montegriffo, Peter Howitt and John Tricker

Challenges remained, he acknowledged, and his Brexit review team were exploring "options and ideas". Government support for the sector is "unequivocal and we will do whatever we have to do to support and encourage you and ensure that you remain as profitable as possible during your stay in Gibraltar; you are an important part of the economy and it works for you and it works for us."

Jay Stubina, co-founder of Continent 8, a provider of managed hosting solutions secured over a global private network, told Gibraltar International investment of $US5m for 200 data storage racks is being contemplated nearly doubling the number it already has within The Rock. The firm, which operates in 26 locations, spent $US10m in 2011to open in Gibraltar, and is "waiting to see how the dust settles" on Brexit before expanding.

Gibtelecom, which has 300 data racks at Mount Pleasant serving local businesses, has separated out its operation into a new company Rockolo, and it will install a further 200 racks in 2019.

Expert panellist, Peter Montegriffo, a lawyer at Hassans, maintained: "The UK point of consumption tax has been beneficial in some ways, in that it is has brought more traffic to Gibraltar, rather than to the UK."

Double tax take

Clive Hawkswood, chief executive of the Remote Gambling Association – an industry lobby group – said the UK tax introduced last year had been expected to raise £300m revenue, "but they are getting double that." He added: "The UK is the largest gambling jurisdiction online in Europe and the most mature."

Now the sector also faced dealing with an EU ruling on VAT for gambling, "although there is some leeway in its application as it could lead to the end of some markets as being unviable", Hawkswood warned.

"Gibraltar is the exception [with no VAT]", he said, "It is a very attractive jurisdiction, because overall the business environment is very positive. The confirmation of the government's unequivocal support for our sector is music to my ears."

In the UK there were increasing demands in respect of tax on gaming 'bonus' offerings, advertising standards, social media activity and involvement of 'affiliates', he declared, and "I expect there will be a lot of tightening up on regulation" of the sector. That meant greater certainty for operators, but also more cost.

However, Hawkswood suggested that "there is a move away from evidence-based decision taking and more towards what a government Minister wants to happen to satisfy public reaction" and even media references to the on-line gaming sector tended to add to negative public perceptions around people being addicted to gambling, even though only 0.7% of the population was classified as 'problem gamblers'.

"Internationally that percentage is very low", he maintained; the UK was the least affected, with Australia, Singapore and Ireland being the top three jurisdictions for problem gambling.

Anti Money Laundering (AML) activity is a growing consideration too, although it was suggested eGaming had relatively little. Keith Bristow, chairman of the year-old Gambling Anti-Money Laundering Group representing 70% of the UK sector, admitted there was a risk the eGaming sector could be exploited by criminals working hard to 'clean' their money through gaming. "The scale of money laundering generally is huge. We are not talking about small amounts of money; certainly in the UK it runs into billions, not millions [of pounds Sterling]."

Collaboration needed

Now eGaming firms needed to work collaboratively on AML and study how members could share information and experiences – putting inter-company competition aside – on a legal basis, given the UK Regulator was demanding the sector should do so. "The industry is low risk from a money laundering view point, but we can always do better", Bristow conceded. "I am not seeing rampant money laundering through online gaming."

The Group intends publishing a report with suggestions for action later this year as part of transparent consultation, but requests from other jurisdictions to join the Group were been rejected for the time being. "Whilst people want to know how we are tackling this issue, there is less interest in where the money comes from in the first place – through mobile phone use, banks, etc", he declared.

Gibraltar also is looking to improve further its Gaming law. Minister Isola said: "Our gambling review got side tracked, but we are picking up all the issues around Brexit to put us in an even better place for the next 10-20 years." In 2016, the government consulted on the internet block chain, Bitcoins and other virtual currencies, and as a result will publish by summer "a consultative document on the framework for legislation covering the gaming and financial services sectors, because the technology overlaps both sectors."

As part of that review, the proposal is to establish later this year a new, enlarged structure to strengthen and broaden the scope of regulation and licensing of the gaming sector.

In parallel the government is looking to appoint a successor to Phil Brear (60), who is retiring at end-October after eight years, but he will then play a leading consultative role "to ensure continuity of approach".

Competition prompts moves to maintain top position

Increasing capacity at Gibraltar Port as part of a plan to boost the wider economy has become "the dream job" for a local man, who spent 15 years at sea and turned down the chance of working in a key role at NATO headquarters in America to take up the challenge, *Ray Spencer* discovers

Bob Sanguienetti looking for "continuous improvement" to remain competitive

Fifty one years old Royal Navy Commodore Bob Sanguienetti had no intention of returning to the Rock where he grew up. Not, that is, until two local people separately alerted him to the opportunity in mid-2014 to become Captain of the Port with its main activity on the west side of The Rock, just 2.5 nautical miles from the Spanish mainland across the Bay of Gibraltar.

"I don't know why they did that – they must have thought with my Navy background of over 30 years, it could be of interest – but when I began my research on the scope of activity at the Port, I found myself becoming more and more sucked into the possibility", he recalls. "And I hadn't ever before written a CV."

Sanguietti went to Bayside School and was "always messing about in boats "being a member of the Calpe Rowing Club.

The NATO job in Virginia, and a possible promotion, meant moving from London with his wife Sylvia and three teenage daughters – "an exciting prospect, something different as we had never lived abroad as a family".

For the previous two years he was Head of Intelligence at the UK's National Operations Headquarters in North London, "providing military commanders with the best possible information, political, geographical, military, security threats and so on".

He had returned to Gibraltar for regular short visits to see relatives a couple of times after leaving aged 18 for a sponsored university scheme involving a year based at the Royal Naval College in Dartmouth before studying engineering at Oxford University where he gained a Masters degree. Having left Gibraltar on one occasion with no plans to return for several months, he was surprised to be flown a couple of days later back to the Rock along with 90 other naval trainees to join his first ship, HMS Berwick, that had broken down in the Mediterranean on her way back to Plymouth!

"Bizarrely, I also took up my second ship command, the frigate HMS Grafton [one of eight ships on which he served] at end-1998 in Gibraltar. I was delighted and proud to be serving afloat at a time when very few Gibraltarians were in the UK military."

Swapping sea for land

Half his service career was at sea, but Sanguinetti abandoned ships in late 2000 and took the conventional shore-based route "to the next level of management; having been a practitioner, you then start being a planner and thinker, working on strategy, human resources, and so on", he explains.

However, Sanguinetti reflects: "If I had been writing a job description for something that I wanted to do on leaving the Navy after 30+ years, it would have looked very much like my terms of responsibility in this role. It provided immersion in the maritime environment, which is very much in my veins; it had a strong commercial bias to it; it had interaction with a wide-range of stake holders, both public and private sectors local and international; opportunities for growth; and underpinning all of that, working with people.

"I had never before seriously considered the possibility of coming back to Gibraltar, but when this came up it became all-consuming. It was a complete change and came out of the blue," he admits.

Sanguinetti accepts Gibraltar and its port are physically small by comparison with most others that seek to become dominant players in the marine handling sector, but rationalises: "I was struck by the scale and breadth of activity that takes place in and from the Port of Gibraltar and its ability to pull together the bunker supplier, the companies that provide the fuel, the shipping agent who is going to sort out crew changes, flights, hotel accommodation, and the ship chandler who is going to provide fresh supplies or emergency spares."

"I challenge anyone to point to another location, another port - strategically placed at the meeting point of a large number of very busy shipping lanes at the entrance to the Mediterranean - that is able to do that." Gibraltar had supported both military and commercial shipping for centuries, "so it's in our DNA."

Competition is driving changes in the way the port operates in its three principle activities, bunkering, cruise ships and super yachts, after business falls following the global economic crisis. "Our objective against that backdrop, has been to try and make ourselves more attractive, continuously improve the way we do business", he maintains.

Enhanced management information shared between the Authority and other entities using the Port, such as pilots, shipping agents and other service providers is delivered through VMS – a real-time vessel management web-based system. In 2014 incentives were introduced to encourage ships to call at the Port, including reduced fees for vessels taking on supplies or crew on the east side of the Rock – one of two 14-strong anchorages - and a discount on port fees for ships that complete re-fuelling operations within an allocated time slot.

20% more anchorage

Although getting proportionately less revenue than previously, Sanguinetti maintains "it is not always the financial incentives" that contribute to growth, and he notes: "It's also improvement of the efficiency in the way we manage ships coming into the Bay, both by the information system and doubling in the number of VTS (vessel traffic services) operators in the last two years, as well as increasing the number of anchorage slots available for bunkering on the west side by over 20%."

He goes further: "We attribute our

growth to having extra people running the shop to minimise the turnaround times for ships coming to Gibraltar."

Displaying his diplomatic side, Sanguinetti avoids suggesting the port previously was inefficient, but is candid: "When I first joined, in my travels the feedback was people saying 'Gibraltar is a great place, we go there a lot, but it's congested and there are delays'".

It was a negative reputation that he has worked to change. Ships want minimal delay, minimal fuss, he accepts. "If you are not running the operation as efficiently as you could do, it leads to delays and congestion outside, with ships slowing down, and that costs money."

He works closely with agents and other service providers to "explain how we have changed and improved things. I found that by developing a closer relationship at conferences and face-to-face direct with ship operators or owners, we can overcome preconceived impressions," Sanguinetti says earnestly.

Keen to build on his predecessors' initiatives, Sanguinetti highlights his 55-strong staff professionalism and commitment. "It's a team effort - I can set the business direction, but my team has to get on with it and deliver", he states, adopting a rather ship's commander tone.

Feedback from his external visits confirmed that ships require "the widest range of services – fuel, crew changes, stores, hull cleaning, removal of waste fuel – all of which we do, but we must remain competitive across the spectrum", he acknowledges.

"We are constrained by geography, we have a limited number of operators whose operating costs could be higher than across the [Spanish] border for example, so we need to find ways to add value to vessels calling at the Bay." He poses the question: "If the price of fuel is the same in Gibraltar as it is in Spain, what do we need to do to make ourselves more attractive for ships to call?

British Gibraltar Territorial Waters surround The Rock, where its Port handled 9,000 vessels last year.

Leaving EU presents target

"Crew changes we do very well – 5,000 crew members flying in and out every year – and [Gibraltar] being outside of the Schengen agreement means there is no need for a visa travelling via London; that is a service other EU countries cannot provide."

He jumps unprompted, to the prospect of Brexit. "The fact that we have been outside of the Customs Union, but still within the EU has given us certain advantages such as the ability to set [import] rates that affect the price of fuel. Leaving the EU, whilst bringing some challenges, also gives us the opportunity to lobby government and legislate in such a way that makes provision of shipping services more attractive", he believes.

Sanguinetti's target is the ship management companies that tend to be based in Singapore, Hong Kong, and one or two places in northern Europe and look after the technical aspect of vessels – maintenance, servicing, refitting and repair work – and manpower, such as recruiting, training, promotion.

"Gibraltar has an obvious attraction in this area because we are very close to the shipping community, so if there are incentives that we could provide to attract ship management companies, we ought to consider them", he suggests. This would further raise the profile of Gibraltar within shipping and bring some management companies closer to their own vessels - and deliver increased Port activity.

Sanguinetti has no explicit financial target set by government, other than to cover operational costs (estimated at £5.5m in 2016-17), but he aims to generate sufficient mooring and other fees to contribute towards new investment. "Equally I need to look at how much business we are facilitating more widely for Gibraltar PLC," he says.

Warming to the subject, Sanguinetti notes the 8-900 people working directly or associated with the Port - chandlers, customs clearance agents, ship surveyors, "generates a figure – it's difficult to pinpoint – of 5 –10% of Gibraltar's [£1.77bn] GDP according to a 2015 government study; clearly much bigger than the cost to run the Port."

Investment this year has the VTS system being upgraded – "it's like air traffic control, but for ships" – and four high spec infrared CCTV cameras to come this autumn in a relocated GPA headquarters at Europa Point.

Other initiatives include developing regulatory standards for vessels fuelled by liquid natural gas (LNG). "The forecast is for 10% of shipping to be LNG powered in the next 20-25 years - it's long term, but development of the market is on-going already," he enthuses.

Buoyed by Gibraltar's use of LNG as a primary fuel for a new £100m quayside power station later this year, Sanguinetti observes: "It's a bonus for us as it provides synergies between LNG being delivered for the power station and the ability to provide LNG as a bunker fuel as the market develops." Enhanced cruise ship infrastructure to handle greater numbers and on-shore fuel storage is also under consideration with the private sector.

Cordial relations in Bay

Relations with Sanguinetti's Spanish opposite number are "cordial" despite numerous Spanish State vessels entering British Gibraltar Territorial Waters (BGTW). Then a pause before he adds: "Our primary responsibility is the safety of navigation in our busy waters and our teams work together to coordinate and de-conflict shipping movements wherever possible.

"My primary role is to provide a safe and efficient working environment for the Port and its users [within the three mile limit of BGTW]," he clarifies

He displays clear passion for his job to the extent that he irritates his wife by early morning scanning of the port area through a telescope on the deck at home.

Now Sanguinetti's daughters (Annabel, Helena and Christina) at UK universities "will say that in their first 18 years they lived in some 11 houses and if asked where they are from, you will get a sucking of teeth and the response – 'well we went to school in Hampshire and we lived some time in Portsmouth, my dad's from Gibraltar, my mum is Scottish', and so on", he declares.

After three years as Gibraltar's Captain of the Port, it is Sanguinetti's longest posting – and he has no plans to up anchor.

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China focus - Gibraltar business looks east

By Alicia Bowry ACCA

Depending on whose statistics you believe, China is likely to be the world's largest economy within the next two to ten years. The precise year is uncertain, but the event itself is not.

This period will also be pivotal for Gibraltar, with Article 50 which was triggered on 29 March. Brexit now looks unstoppable, with a hard Brexit in 2019 a possibility. Of course Brexit will not mean an end to Gibraltar - EU business, any more than it will bring an end to UK - EU business, however it will place Gibraltar at a competitive disadvantage in terms of access to the EU market. On the positive side, an exit from the EU will allow Gibraltar to explore opportunities not readily available to it as an EU member. Brexit will enable Gibraltar to adapt its laws and enter international arrangements so as to attract business from new markets, unhindered by EU law. One of those new markets will undoubtedly be China.

Hong Kong Elections

Hong Kong went to the polls on 26 March to elect its new Chief Executive, or rather an Election Committee of 1,200 members did so. The position of Chief Executive (Hong Kong's highest political office) is particularly important as Hong Kong has an executive led system of government, with the Chief Executive having far more powers than the local parliament. There were 3 candidates in the running, Carrie Lam (former Chief Secretary of Administration) John Tsang (former Finance Secretary) and Woo Kwok-hing (a retired judge). This was the first such election since the 'umbrella' protests in Hong Kong in late 2014, a protest relating to the manner of electing the Chief Executive.

With 777 votes, the winner of the election and new Chief Executive is Carrie Lam. According to the local press, Carrie Lam is respected but not particularly popular with the Hong Kong public. Early in her campaign she indicated a desire to continue the policies of the former Chief Executive, CY Leung, which had earned her the nickname of "CY Leung 2.0". She then differentiated herself from CY Leung, proposing to abolish some of his policies. Highly articulate and talented, and having held the second most senior position in Hong Kong prior to the election, she will lead Hong Kong from 1 July for a five year term.

China Capital controls

China has placed new restrictions on capital outflows and outbound foreign investment, the extent of which has caught many in China and overseas by surprise. The restrictions are an attempt to halt the draining of foreign exchange reserves and keep the renminbi from further falls bearing in mind its depreciation against the dollar of around 6 per cent in 2016.

It is understood that outbound mergers in excess of $10bn will be more closely scrutinised and enterprises will not be allowed to invest more than $1bn on property transactions. Individuals are generally limited to buying no more than $50,000 each year in foreign currency. It should be noted that all these thresholds are subject to change and could be tightened. China's foreign reserves fell by around $300bn last year in part caused by selling reserves to support the renminbi. It is believed China is trying to maintain the renminbi's value at above 7 to the dollar.

The restrictions are not directly applicable to Hong Kong (which has its own currency), such as MTR's recently announced investment in the UK rail industry. In late March 2017, MTR, which runs the highly efficient Hong Kong underground system, was awarded the franchise to run South West Trains for the next seven years, in partnership with First Group. The new operators have committed to a £1.2 billion investment to improve the franchise.

China - South Korea relations

China - South Korea relations have historically been good, however they have recently become strained following the deployment in South Korea of a powerful U.S. anti-missile system it says is designed to protect South Korea from North Korea, a country causing more anxiety than usual as a consequence of ballistic missile testing and the murder of the half brother of Kim Jong Un at Kuala Lumpur airport. The missile system is known as the Terminal High Altitude Area Device (THAAD).

Tension is high, the US saying that military action against North Korea is possible. China however views THAAD as a threat to itself, bearing in mind its close proximity to the area. The Chinese public are expressing their anger by boycotting Korean products in huge numbers, threatening the South Korean economy. South Korean conglomerate Lotte Group became a particular focus of anger having agreed to an exchange of the land that will be used for the THAAD deployment, and now finds its Chinese shops the subject of popular protest.

Hong Kong's new fund structure may challenge Cayman dominance

Hong Kong is introducing a new mutual fund product that may win it back business from the Cayman Islands. Restrictions in its companies law make Hong Kong companies unattractive for use as investment funds, hence most Hong Kong funds being in unit trust format. Most funds in corporate format are incorporated in the Cayman Islands. Hong Kong is introducing a new Open Ended Fund Company (OFC) which remedies this position giving Hong Kong a corporate format that can compete with its offshore competitors. The OFC will likely be available during the course of this year.

Hong Kong : Switzerland mutual fund recognition

In another development, Hong Kong and Switzerland have agreed mutual recognition of their mutual funds, a step that Switzerland in particular sees as very positive for its industry. Swiss funds, including equity funds, bond funds, ETFs, structured funds and derivative funds, can now be sold in Hong Kong, and Hong Kong funds in Switzerland. Hong Kong managers are equally excited at the possibility of exporting their products to Switzerland, tapping into its lucrative private wealth sector.

Switzerland of course is outside the European Union and so free to make such arrangements with Hong Kong. Gibraltar will no doubt take note of such developments, and the potential opportunities that come with being outside of the EU.

North and South

You will be able to read about BREXIT doom and gloom elsewhere. In this article I seek to share what I believe to be the opportunities available to Gibraltar in these times of change and challenge

Over the last few months my colleagues at Charles A Gomez & Co and I have been exploring opportunities across the Straits of Gibraltar in the Kingdom of Morocco. In September 2016 I was invited to speak at the OCP Policy Centre, a high powered think-tank and research establishment in Rabat. I was left in no doubt that Morocco is powering ahead in industrial and technological terms.

Its relatively young population and a clearly discernible national ambition to make the country a success contrasts somewhat with attitudes on the northern side of the Mediterranean where years of economic stability and a culture of entitlement has softened up large segments of the population and threaten to make entire swathes of Europe uncompetitive and dependent on immigration.

Morocco is a developing country, but it is and always has been sophisticated. It would be a monumental error for Gibraltar based businesses seeking to open up Moroccan markets to expect our neighbours to the south to adhere to our own comfortable notions how business should be done. There is no doubt that under the leadership of King Mohammed VI, Morocco is ploughing its own furrow and those wanting to do business there must understand that the new systems being implemented may be different from what we have been accustomed to, but they are by no means inferior.

On the contrary, they reflect realities. I heard a hopefully apocryphal story of a delegation of people from the Gibraltar finance sector who came back saying that their counterparts in Morocco had “not yet reached the level of progress in finance centre matters that we in Gibraltar have achieved.” If the story is true you can choose whether to laugh or cry.

Our own exchanges with officials and business people in Morocco convince us that the country has not only youth on its side but also a creditable legal system and a burgeoning ambition among its people that, absent any rude shocks, can only lead to success. For just one example, look at the Tanger-Med 1 commercial port which has capacity to operate 8,000,000 containers, 7,000,000 passengers, 700,000 trucks, 2,000,000 vehicles and 10,000,000 metric tons of oil products a year. By the time that Tanger-Med 2 is completed in 2018, it will be the busiest port in the Mediterranean.

That Gibraltar is well placed to be a bridge to the south is certain. There is moreover a strong feeling of friendship towards Gibraltar and the United Kingdom as a whole, which has been brought about not only by the existence of what is now a sizeable community of Moroccan origin among us, but also long historical trading ties and the excellent co-operation that there is between the Royal Gibraltar Regiment and the Moroccan Army’s Airborne Division in the regular Jebel Sahara exercises. School trips by Moroccan students over the years have also helped to foster this friendship.

Business organisations in Gibraltar should not under estimate the importance of educational links not just for the south but also with Spanish centres of learning.

In 2015 I was made an Honorary Professor of International Law and International Relations at the University of Cadiz. Under the leadership of the renowned Professor Alejandro del Valle, and one time Head of Chambers of the President of the European Court of Justice, the faculty has created excellent links with the Moroccan Kingdom and is clearly also keen to ensure that all avenues of co-operation with Gibraltar are explored.

The University of Cadiz has been at the forefront of such initiatives as the possible creation of European groupings of Territorial Co-operation (which would not require Gibraltar to remain in the EU, and so will survive Brexit). For the last two years the University of Cadiz has invited the top specialists from Berlin and Brussels to advise on these opportunities.

The concept is simple and that is that, regardless of political shenanigans, the people who live in the three countries that surround the straits of the UK-Gibraltar, Spain and Morocco, should make the very best of the obvious opportunities that our geographical and strategic position gives to us. The use of Gibraltar as a bridgehead into Africa for the newly independent of the EU, UK, are obvious.

At the moment Charles Gomez & Co is putting together a number of exciting but realistic projects to bring this vision into reality.

Charles Gomez

A Historic Delegation to the StartUp Nation

By Eran Shay, President, Gibraltar-Israel Chamber of Commerce

At the beginning of March, a business delegation from Gibraltar visited Israel for the first time ever. This historic delegation was led by Eran Shay and Ayelet Mamo Shay of the Gibraltar-Israel Chamber of Commerce (Gibrael) with the objective of identifying business opportunities between the two countries as well as to discover what has made Israel such a technology power-house and the source of many innovative and successful startup companies.

The delegation comprised of senior bankers, lawyers, accountants, company managers, investment managers, property consultants as well as from the maritime sector in Gibraltar. The delegates visited Israel's three biggest cities, namely Tel Aviv, Jerusalem and Haifa, where they explored some of Israel's leading technology hubs, startup incubators, accelerators and Venture Capital industry.

Whilst in Tel Aviv, amongst various meetings with professional intermediaries, the delegation also participated in the Tel Aviv Fintech Week conference which this year saw heavy involvement of the UK Financial sector, including representatives from the London Stock Exchange and the Financial Conduct Authority, hoping to lure Israeli tech companies to the UK (anyone mentioned Brexit already...?).

In Jerusalem, after receiving a brief at the Israeli Ministry of Economy and by the Israeli Ministry of Foreign Affairs, the delegates were treated to a tour of the Israeli Parliament (Knesset) where they were warmly welcomed and congratulated by the Deputy Speaker of Knesset during a live parliamentary session. The delegation also visited the Headquarters of Jerusalem Venture Partners (JVP) - one of Israel's pioneering Venture Capital firms, and certainly amongst the most successful ones, having taken 32 Israeli companies from StartUp stage to IPO, raising over $1.1 Billion in investment.

Moving on to Haifa, the delegation had the honour to visit Intel's world renown labs, where the latest computer microchip processors are being developed and tested. From there, delegates continued to one of the world's most prestigious technology institutions – the Technion. The Technion is a global leader in science research and development and in the last 15 years alone the Technion has produced 4 Noble Prize Winners in Chemistry. It is a place where people, from as young as high school age, are taught to become innovators, think outside the box and research solutions to some of the world's biggest problems.

On the final evening, the delegation was treated to a gala networking event, attended by some of Israel's top business entrepreneurs, VCs, leading legal and finance sector personas along with representative from various Government agencies. Mr. Dov Moran, the inventor of the USB stick shared his story of success and the entire event (held at Askimo Studios) was broadcast online on Israel's Biz Channel.

Over these three intensive days, the delegates met with a multitude of intermediaries, entrepreneurs and leading business personas, and some of the opportunities identified have already successfully materialised into business results for the delegates.

Equally important, the delegation has discovered some of the "secret ingredients" that have turned Israel into such an entrepreneurial society.

Such ingredients include:

- the public encouragement to take risks and the education to be entrepreneurial from young age;
- the general acceptance in the business world that some failure is a necessary component to becoming successful - indeed some VCs will NOT invest in an entrepreneur who has never failed before;
- the compulsory military service at the age of 18, which teaches young people discipline, team work, and leadership and gives them a practical path to professional development;
- the absorption of immigration from all around the world, with the recognition that immigrants are an asset to a country rather than a burden on its economy;
- and finally, the existential threats and challenges that Israel has been faced with from day one of its establishment in 1948. Such challenges have forced the people of Israel to think outside the box, innovate and invent in order to survive.

These ingredients along with various Government support schemes and numerous private initiatives are indeed the secrets to Israel's success. Surly there are lessons here for Gibraltar to learn if it wishes to diversify its economy further, and the Gibraltar-Israel Chamber of Commerce will continue to play its role in the exchange of ideas and opportunities between the countries. In fact, the next delegation to Israel is already scheduled for mid - October 2017, with only a few more places left, so anyone who is interested should contact Gibrael Chamber now to secure their place.

www.gibrael.org

Gibraltar Association of Trust and Company Managers (ATCOM)

ATCOM was established in 1989 at the same time as the introduction of the Financial Services Ordinance (now Act) that licenced trust and company management

In January 1996 its 20+ members gave the association corporate form by establishing a limited company that reflects the position today.

The membership has grown and their voice become increasingly influential in the Finance Centre and with Government. Its Board members regularly attend the Finance Centre Council that guide the Government and regulatory body and assist them in shaping policies and legislation.

ATCOM has been at the forefront of obstacles, challenges and opportunities since 1989 and these have in more recent times included the overhaul of significant legislation such as the Companies Act, Insolvency Act, Customer Safeguard Accounts, inadequate Retail Banking facilities, the establishment of a Regulatory Reform Committee, licence fee increases and FATCA/ CRS. The organisation has changed from our traditional business to a future that sees real presence in companies and in the value added services as essential in the modern industry.

ATCOM members make substantial strides towards improving and expanding their products whilst ensuring compliance.

One particular main focus for ATCOM recently has been the automatic exchange of information agenda which includes FATCA and CRS. ATCOM has been instrumental in Gibraltar in obtaining guidance for the industry.

Today ATCOM represents over 90% of all licenced Company & Trust Professionals and plays an active role in representing their interests. By working closely with the members' expert opinions and views are considered and represented in any decisions and changes affecting the sector. ATCOM and Gibraltar are well placed to see opportunity in the changing landscape to ensure Gibraltar is a jurisdiction of choice for those looking for a reputable finance centre from which to operate internationally.

As part of its CPD programmes, ATCOM's well attended seminars for the Industry have included presentations from leading London firms on relevant subjects including: Tax Planning and mitigation; UK HMRC on what it will accept and expect in the future and tax guru Philip Baker QC on Data Protection, EU, Constitutional Rights v Disclosure. Indeed only this January ATCOM invited HMRC representatives to explain recent UK tax changes.

Moving forward ATCOM continues to be actively involved in issues that relate to the Industry. These include working with Government on any Brexit challenges. By July Gibraltar will be introducing a register of beneficial ownership and ATCOM continue to work with the Government in order to ensure that appropriate safe guards are in place to avoid abuse of data. Gibraltar joined MONEYVAL in 2015 which will focus on the effectiveness of the jurisdiction's processes and systems to combat money laundering and terrorist financing and the Industry and regulated entities will be involved in such valuation. ATCOM will be working with the GFSC and other organisations to ensure that international standards are met and maintained in a manner that still allow compliant and modern business.

In an era that sees the implementation of so much legislation in the UK, EU (for what it's worth) and Gibraltar threatening the concepts of privacy, the question that should be asked is how relevant is private client work? How relevant is that crusader concept of a "Trusts". How can companies establish a credible vehicle or structure for international trade at competitive tax rates?

> **Today ATCOM represents over 90% of all licenced Company & Trust Professionals and plays an active role in representing their interests**

Put aside political correctness and overly liberal rhetoric (as he sees it) and Nick Cruz, Barrister, Trust & Estate Practitioner, Insolvency Practitioner and the longest serving Chairman of ATCOM will tell you it is more relevant than ever. In a year where trusts are recognised by HMRC as valid tax planning vehicles for resident non domiciles in the UK, ATCOM has prided itself in guiding and reinventing its industry in a modern acceptable compliant environment that accepts, that whilst exchange of information with tax and enforcement authorities is appropriate, there is always room for lawful family financial planning and competitive tax regimes for doing business internationally.

Cruz does warn however that business has changed and there is no room for opaque rogue like behaviour. Gibraltar led the way with the licencing of trust & company managers almost 30 years ago and it embraces the new landscape and the importance of having a level playing field. Gibraltar is a jurisdiction that recognises common law principles and understands trusts and companies. Its practitioners and judges both understand and protect these ancient concepts and its access to British appeal courts including the Judicial Committee of the Privy Council mean that it is a leading jurisdiction for compliant international trading and private client, family office establishment. It is against this background that the real relevance of ATCOM can be judged. ***www.atcom.gi***

ATCOM
Association of Trust and Company Managers

Direct assurances from the Rt Hon David Davis MP

The Chief Minister, Fabian Picardo, held various telephone conversations in April with David Davis, Secretary of State for exiting the European Union.

In the course of the conversations, Mr Davis confidentially briefed the Chief Minister on the content of his discussion with Spanish counterparts during the course of his visit to Madrid in April.

Mr Picardo was satisfied with the position set out by the Secretary of State for the British Government, in the context of the Article 50 process and the draft guidelines which the European Council has published.

The telephone conversations with Mr Davis are further to those held with the Prime Minister, Rt Hon Theresa May MP and the Foreign Secretary, Rt Hon Boris Johnson MP.

Both Mrs May and Mr Johnson were entirely supportive of Gibraltar's position in their conversations with Mr Picardo and pledged to defend and protect not just Gibraltar's sovereignty, but also its economic well being.

The Chief Minister commented: "I have had very positive contacts with Secretary of State Davis. He is clearly a strong supporter of Gibraltar, having been Minister for Europe, and not a man who is going to allow himself to be bullied into accepting inferior treatment for Gibraltar in the context of the negotiations to come".

European Parliament determines its Brexit position

The European Parliament in April voted on the negotiating parameters for the European Union, in the forthcoming process for the withdrawal of the UK from the EU.

The resolution came about following a pact between the main groups in the European Parliament that there should be no amendments to it.

The Resolution allows for bilateral arrangements which have been agreed by the EU-27.

However, a number of MEPs sought to include amendments which reflected the position of Gibraltar in the Resolution. In order to progress this further, a minimum of 38 cross-party MEPs needed to support the amendment or it needed to be tabled by one of the main groups in the European Parliament.

There were three amendments tabled about Gibraltar, one by the ECR group (which includes the UK Conservatives), one by the EFDD group (which includes UKIP) and a third amendment which was supported by 58 MEPs from different political groups and who represent a number of different countries.

Chief Minister meets unions to discuss Brexit

The Chief Minister held a meeting in early April with representatives of the Gibraltar and Spanish trade unions. The meeting was attended by Unite, UGT and Comisiones Obreras, with the Spanish unions represented by their top leadership in Andalucia.

Matters of current interest were discussed, although the main topic was the latest development on Brexit and how it will affect the workers on both sides of the border. Particular attention was paid to the issue of the rights of new cross-frontier workers after the UK and Gibraltar have left the EU.

Mr Picardo said: “The opportunity to meet with the unions from across the frontier and fully brief them on developments is an important one. I have nurtured strong links with those unions because there is a clear common interest for us, in staying in touch during the Brexit process”.

Promotions at PwC

The partners of PwC (Gibraltar) have announced three promotions to senior management within the firm.

Patrick Pilcher has been promoted to the board of PricewaterhouseCoopers Limited and PwC Corporate Services (Gibraltar) Limited. Patrick is a director in the tax department and has been with the firm for over 20 years. He is a regular contributor to the Gibraltar tax sections of Jordan’s International Corporate Procedures Guide and is responsible for the Gibraltar content of the PwC Worldwide Tax Summaries, as well as the Gibraltar firm’s ‘Tax Facts’ and ‘Doing Business in Gibraltar’ publications.

Lalit Khatwani and Kevin Duarte have been promoted from senior managers to directors in the assurance department.

PwC (Gibraltar) senior partner, Colin Vaughan, said: “I am very pleased for all three of them, as their promotion is a recognition of the contribution they have all made to the success of this firm”.

New appointment at Calpe House

Hassans’ associate, Moshe Levy, has been appointed Honorary Legal adviser to Calpe House Trust.

The trustees are undertaking the building and furnishing of three adjoining properties to meet the ever increasing demand for accommodation for sponsored patients. When completed, these buildings will provide 38 en-suite rooms, large common rooms and kitchens. The total investment will be in the region of £16,000,000.

Albert Poggio, Vice-President, Calpe House Trust, commented: “An ambitious project such as this has required, and continues to require, much legal advice. For Hassans to offer Moshe Levy as our honorary legal advisor is a tremendous help to the trust and demonstrates clearly the dedicated support from Hassans as one of our major sponsors.”

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Professional Bodies based in Gibraltar

Gibraltar Association of Pension Fund Administrators (GAPFA)
Jane Caulfield, Chairwoman, Tel: + (350) 200 45877
Email: info@gibraltarapfa.com

Association of Trust & Company Managers (ATCOM)
Nick Cruz, Chairman, Tel: + (350) 200 50418
Email: mark.bridge@europa.gi

Bar Council
Keith Azopardi, Chairman, Tel: + (350) 200 79423
Email: ka@tsnlaw.com

Gibraltar Association of Compliance Officers (GACO)
Carlos M. Martins, Chairman, Tel: + (350) 2000 2022
Email: info@gaco.gi

Gibraltar Bankers Association (GBA)
Benjamin Moss, President, Tel: + (350) 200 44144
Email: gbagib@outlook.com

Gibraltar Betting & Gaming Association (GBGA)
Peter Howitt, Chief Executive, Tel: + (350) 200 68450
Email: info@gbga.gi

Gibraltar Chamber of Commerce (GCC)
Christian Hernandez, President, Tel: + (350) 200 78376
Email: info@gibraltarchamberofcommerce.com

Gibraltar Finance Centre Council (GFCC)
Stephen J. Reyes, Chairman, Tel: + (350) 200 41200
Email: sreyes@deloitte.gi

Gibraltar Federation of Small Businesses Ltd (GFSB)
Gemma Vasquez, Chairwoman, Tel: + (350) 200 47722
Email: gfsb@gfsb.gi

Gibraltar Funds & Investments Association (GFIA)
Adrian Hogg, Chairman, Tel: + (350) 200 45502
Email: adrian.hogg@gi.gt.com

Gibraltar Insurance Association (GIA)
Liz Quinn, Chairwoman, Tel: + (350) 200 74570
Email: liz.quinn@quest.gi

Gibraltar Insurance Institute (GII)
Lorraine Povedano, President, Tel: + (350) 54003732
Email: info@gii.gi

Gibraltar Society of Accountants (GSA)
Desiree McHard, President, Tel: + (350) 200 47300
Email: info@gibraltaraccountants.com

Society of Trust & Estate Practitioners (STEP)
Peter Isola, Chairman, Tel: + (350) 2000 1892
Email: peter.isola@isolas.gi

Chartered Institute of Personnel & Development (CIPD)
Lesley Louise, Chairwoman, Tel: + (350) 54428000
Email: gibraltar@cipdbranch.co.uk

Gibraltar Electronic Money Association (GEMA)
Dani Spier, Chairman, Tel: + (350) 200 79645
Email: dspier@idtfinance.com

For all the latest Gibraltar business news visit www.gibraltarinternational.com