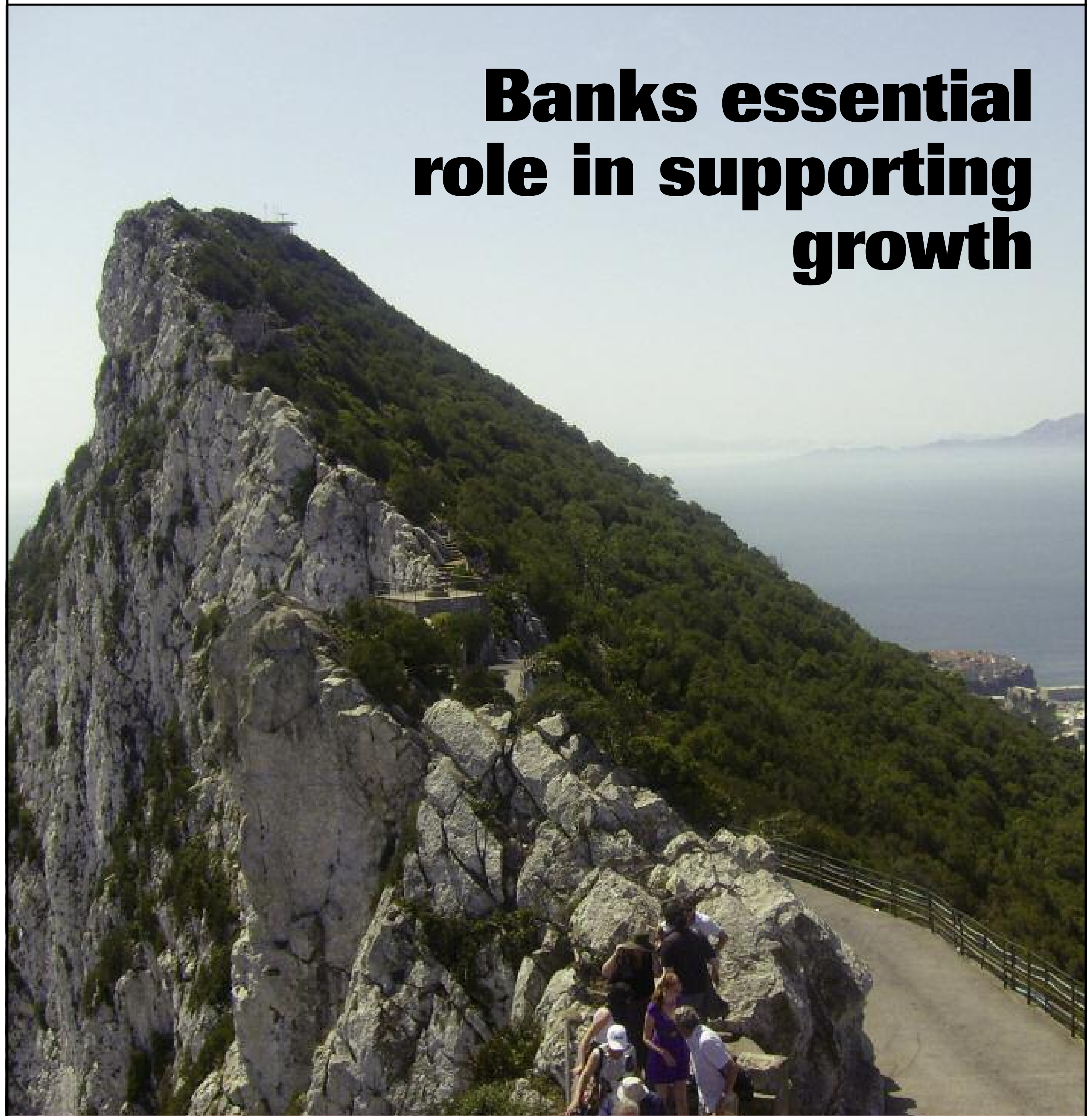
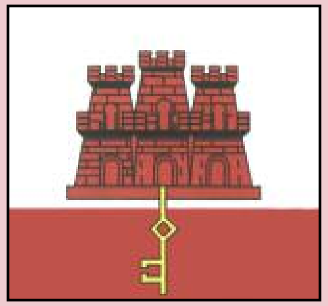
GIBRALTAR INTERNATIONAL

FINANCE AND BUSINESS

Banks essential role in supporting growth





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EDITORIAL COMMENT

Having the power to cut!

Gibraltar's energy policy – prompted by EU demands - is to produce by around 2015 as much electricity as possible from sustainable resources, whilst at the same time cutting demand for power. However, after two years of a five year energy efficiency plan, very little seems to have been achieved!

An updated plan is imminent. There is an urgency to find solutions and to take action, given that The Rock's fuel costs already are comparatively high and oil prices destined to keep rising.

The government has had little choice but to invest in a £100m fossil fuel power station to replace three ageing generating plants in 2014, but by around 2040 when the time comes for it to be decommissioned, world oil stocks will have declined and prices generally higher as a result.

It is unrealistic for Gibraltar to even try to be a significant producer of sustainable power, there being insufficient land for large scale solar or wind power equipment: last summer the government was keen on utilising wave technology, a fledgling technology that has not been commercially adopted anywhere in the world. Offshore wind turbines remain a possibility.

Some believe it is received wisdom that Gibraltar should be self sufficient in power generation, but that's because few want to risk electricity supplies coming from or through Spain. But thinking laterally, couldn't a supply cable come instead from say, Portugal or even Morocco, just as telecommunications cables traverse the globe?

Hopefully, the new government report will show the way forward; the pace should not be set by individuals and private sector companies. An opportunity was missed to incorporate large solar panels on the roof of the new airport terminal now nearing completion, but urgent efforts could be made for a solar retro fit!

And why not incentify individual homeowners and freeholders of apartment and office blocks with cash or tax rebates to install solar panels or heat exchangers instead of relying on goodwill and feelings of social responsibility to reduce demand?

In large measure, the government is relying on a so far undelivered "concerted media campaign" and a range of literature to reduce electricity demand. But it takes years to change attitudes and lifestyle choices.

The government says it will lead by example through "cost-effective measures that yield the greatest energy savings in the shortest time spans". As Lester says however, that may mean greater up-front costs to reap longer term reward. Use of low energy halogen light bulbs throughout government and public buildings would be a good start – if we are serious about reducing demand!

Referring to investment for the future, Chief Minister Peter Caruana's New Year message notes that "leadership is partly about vision; an understanding of what ensuring Gibraltar's success in the future requires you to do now, and the foresight and courage to do it". Energy policy is an area where any future government in this General Election year can make meaningful Manifesto promises.

Ray Spencer

NEWS

Six on QROPS free transfer list

Tired of waiting for agreement between HM Revenue & Customs and the Gibraltar Government over acceptability of the jurisdiction for UK pension schemes to be relocated for non-residents, one local firm has launched a pioneering scheme giving a choice of management in at least six countries.

The move to create the multi-jurisdictional Q-Wrap scheme was prompted by "the significant loss of business resulting from our feeling unable to transfer personal pensions under the QROPS [Qualifying Recognised Overseas Pension schemes] arrangement, while there remains uncertainty over whether HMRC will disallow them if the funds are administered in Gibraltar because no tax is paid locally on pension income".

STM Fidecs managing director for pensions, David Erhardt, told Gibraltar International that his firm instead will use affiliated companies and other established providers it has vetted for standards of service and conditions in other jurisdictions, rather than accept them in Gibraltar at this stage.

"We are Gibraltar-based and feel sad that the territory is losing out on handling potentially billions of pounds of investments that would come from the pension schemes transferred by ex-patriots", he said. QROPS provide benefits and greater flexibility over UK-based schemes.

Remove uncertainty

"We have tried our hardest to get a resolution of this matter to remove uncertainty, but after voluntarily suspending QROPS transfers to Gibraltar, along with other local pension providers, in mid-2009, we cannot wait around any longer", Erhardt added.

The Fidecs schemes are in Jersey, Guernsey, Isle of Man, New Zealand and Switzerland, as well as the latest in Malta – "a jurisdiction that has just been accepted by HMRC after two years of negotiation, so it must by definition incorporate the latest UK Revenue thinking on how QROPS should operate", he explained.

The new scheme had also been prompted by Erhardt's concern at the lack of choice provided by many UK and other Independent Financial Advisors, who tended to use only one or two schemes and jurisdictions for all their clients that might not give the best, or most cost effective, solution.

"It's crucial that a QROPS be held in a place that works most efficiently with the taxation system of the country in which an individual lives and where there is a double taxation agreement," Erhardt declared.

If the place of residency, taxation or legislation relating to QROPS changes, it might also be desirable to move the QROPS, so transfers between any of the Q-Wrap schemes is free when many other suppliers charge up to £6,000!

Guernsey accounts for around 90 per cent of QROPS administration, "but that is starting to change", Erhardt noted, saying: "The number of enquiries received about our QROPS has quadrupled and we have at least a 50 per cent success rate.

"It's not just about being the cheapest supplier, although our charges have been reduced; most High Net Worth Individuals are looking also for standards of service and quality of advice."

If and when the Gibraltar situation is sorted out, then pension managers will again promote QROPS in the jurisdiction. "As of now, most people who wanted to transfer here are going to our Malta scheme, at least for the interim period", reported David Erhardt.

Taxing times

Taking a leaf out of Gibraltar's success with reducing company tax from 22 per cent to a low headline rate of 10 per cent from January, the UK coalition government is aiming "to create the most competitive corporate tax regime in the G20."

The aim in Gibraltar is to attract investment and companies to relocate, whereas in the UK Chancellor George Osborne wants to change rules that had "driven business overseas", as well as lowering the large company rate from 28 to 24 per cent over five years!

He made the point: "Corporation tax rates are compared around the world, and low rates act as adverts for the countries that introduce them…"

The exact effect on Gibraltar's revenue of more than halving business tax at the same time as removing the previous privileged 'zero' rate for some relocating companies – including some private banks, insurers and e-gaming firms – is uncertain, but the government is hoping for the move to be broadly 'tax neutral'.

But exemptions and other factors will cut the headline rate for insurers – interest from premiums is tax exempt - and for e-gaming businesses, so none are expected to desert the territory as a result.

Victor Chandlers told Gibraltar International it would be "too expensive" to vacate The Rock, and PartyGaming - which is to join Austria's bwin imminently to create the world's largest on-line gaming business - said it had "factored in" the increase to keep its Gibraltar headquarters.

NEWS

Hotel ‘under-supply’ prompts fresh competition

Mixed messages on the scope for increasing hotel occupancy are resulting from one chain’s plan to establish a new hotel in Gibraltar, writes *Ray Spencer*. And expected price competition could also reduce income for existing hoteliers!

Simon Lester, chairman of Hertfordshire-based Lester Hotels Group, sees the territory as ideal for his £25m project, maintaining “hotel demand massively exceeds supply”. With a home in Sotogrande, he knows The Rock well, pointing out that there has been no new hotels built there for 32 years.

He told Gibraltar International the territory had also been chosen for the Group’s ninth mid -market hotel and first outside of the UK, because “the economy is growing, new companies are moving to Gibraltar every year and the new airport terminal will create more traffic”.

Outline planning permission was granted in November and detailed approval is expected in March so that the roughly 2-year work programme can begin in late summer.

Next generation

“This will be a next generation hotel – a premium budget, limited service, property – with an entry price per room just below £100 at today’s prices; for example, although 4-star standard rooms, there won’t be 24 hour room service, nor a swimming pool, but possibly a small spa and certainly a small gymnasium,” Lester explained.

Known as a ‘tactical

Artists impression of proposed Lester Hotel, next to the new multi-storey car park.

Combining two sites on Devil’s Tower Road just to the south of the airport runway, the project consists of a ground floor Hub of reception, coffee shop, bistro and bar, three 1,000 m2 floors of offices and 160 bedrooms on nine floors, including a top level where each bedroom has an adjoining lounge that converts to a boardroom for executive meetings.

marketeer’, Lester’s approach runs in the face of reported experience by existing hoteliers that describe maintaining occupancy levels last year as generally ‘tough’ with the price achieved per room being squeezed.

Squarestone, a UK property developer, proposes to build a 200-bedroom Hilton to become the territory’s first 5-star hotel at the Royal

Simon Lester, Lester Hotels chairman

Gibraltar Yacht Club site; delays in securing sufficient finance for the £45m project are understood to have been overcome and work is likely to start later this year. A Squarestone spokesman said as Gibraltar International went to press that the company was “at a sensitive stage in negotiations”.

Funds available

Funding for the Lester project will be “a mix of private equity and bank loans that have been offered and agreed in principle subject to normal caveats – I don’t foresee any problems, however”, said Lester, who has been 25 years in hotel management and 12 years with his own company.

Described also as a “serial entrepreneur”, Lester said the mix of offices, hotel rooms and public facilities would provide cross-over support when needed. He added: “We are in this for the long term as hotel operators, unlike developers who usually want to make a profit by selling as soon as they can.”

Embracing environmental measures meant a greater up-front investment, he said, whereas “building budget hotels means getting a budget building”!

Low carbon footprint

With that in mind the Lester hotel will be designed as environmentally friendly as possible to minimise the building’s carbon footprint. “It’s our greatest challenge; we are for example, looking at the use of solar and external hot air for water heating, low-energy LED lighting, possibly having only showers that use considerably less water than baths, and salt water for toilets – water is very expensive,” he explained.

All three of Gibraltar’s 4-star hotels have had aspirations to develop their businesses for at least three years, but none has been advanced, despite two projects having planning permission.

A 25 per cent extension of the 151 room Caleta Hotel at Catalan Bay “has been put on ice, because the market is not growing at present.”

The government’s latest published figures for six hotels and three holiday apartment complexes, show overall room occupancy levels falling over five years to end-2009 from 68.6 to 57.4 per cent, while the average stay for all visitors, tourist and business people, has remained fairly constant at 3 nights. 2010 results are expected in February.

Caleta General Manager Franco Ostuni, explained: “The reality is that we are not running at 80 per cent occupancy, so there is not the pressure” and with high building costs “the demand is not there to justify the investment”.

Continued P20

NEWS

Very Low Risk Gibraltar

Insurance-rating and information experts A.M. Best have assessed Gibraltar as a country with very low levels of economic, political and financial system risk. This supports the strong position Gibraltar has secured during these times of financial insecurity and makes it a great place to do business, as *Dustin Orfila* from the InvestGibraltar Office explains.

The global economy is still licking the wounds inflicted by the previous pecuniary downturn and, though showing hints of a recovery, progress has become hesitant at best in the face of further financial instability. Gibraltar, in contrast, seems to be found watching the latest crisis unfold from the safety of its sound and secure shores. The economy of this modern, vibrant, low-tax jurisdiction has continued to flourish amid such troubled times, with steady 5% growth over the last two years.

The Government attributes Gibraltar's successful performance to its commitment to policies that develop and sustain a robust environment that promotes increased levels of business activity and investor confidence. It also praises the private sector for its entrepreneurial spirit, resourcefulness and competence. The Government continues to support innovation and diversity by providing an 'open door' policy to any genuine investor that chooses to make Gibraltar their place of business.

To confirm Gibraltar as a safe and secure location, the A.M. Best Company, a worldwide insurance-rating and information agency with more than 100 years of history, gauged Gibraltar as very low risk. According to their Country's Risk Report, Gibraltar is rated as a CRT-1 country, with very low levels of economic, political and financial system risk. They have ranked it in this way, for the following reasons:

Economic Risk: Very Low

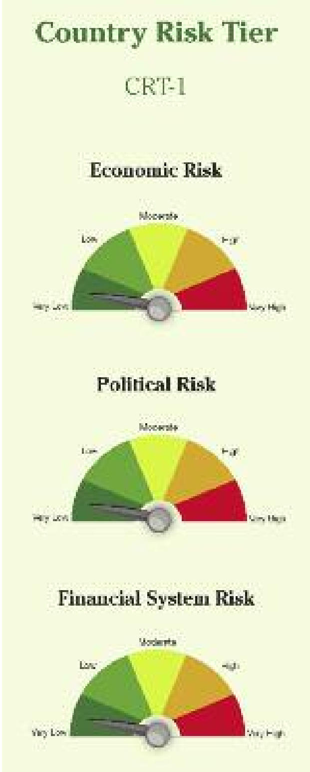
- Gibraltar's economy is small and based on tourism, financial services and shipping, with each sector contributing more than 25% of gross domestic product (GDP).
- The financial and other corporate sectors benefit from no capital gains tax. Furthermore, as a member of the European Economic Area (EEA), goods and services can be freely traded within the European Union (EU).

Political Risk: Very Low

- Gibraltar is a self-governing British overseas territory. The United Kingdom maintains responsibility for defence, foreign relations, internal security and financial stability.
- Tensions between the United Kingdom and Spain over Gibraltar lasted for many years, however, all countries reached an agreement in 2006 and a new constitution went into effect in Gibraltar in 2007.

Financial System Risk: Very Low

- The Financial Services Commission (FSC) regulates all financial services in Gibraltar, including insurance.
- Gibraltar is a financial centre. Several British and international banks have operations based in Gibraltar.



For more information on why assessors, entrepreneurs and businesses alike deem Gibraltar a very low risk platform for success, please contact the InvestGibraltar Office, Tel: +350 20052634, info@investgibraltar.gov.gi

Energy Beyond 2040 Symposium

The Energy Beyond 2040 Symposium, organised by the Gibraltar Group of Professional Engineers, was held on November 18th 2010. It focused on renewable energy sources which could be used for Gibraltar's electricity supply in the future.

The Gibraltar Government is currently building a new diesel power station and its operational lifespan will last approximately until the year 2040.

'How will we power Gibraltar beyond 2040?' asked, Xavier Pons, chairman of the GCPE, in his opening comments.

Dr. Nigel Burton, president of the Institution of Engineering and Technology, in the UK, followed with, 'This could be a great challenge for Gibraltar, as it completely relies on oil for its power supply, and using eco-sustainable sources, such as: Solar, Wind and Tidal Energy could be difficult due to the large space required and the costly expense of maintaining them.' Dr. Burton believed that the answer lay in diesel generators powered by renewable sources, such as biodiesel, a fuel made from plants.

During the symposium, Juan Gari of the Atlantis Resources Corporation, explained a fascinating project of producing energy from underwater tidal turbines, as marine tides are certainly not lacking in Gibraltar.

Making money proving popular

For the second time in a decade, a £5 coin has been introduced as part of a general overhaul of Gibraltar's currency that also sees the first £100 note in circulation, writes *Ray Spencer*

Although the first £5 coin proved unpopular and was quietly withdrawn from use, the Finance Ministry Treasury Department suspects that it will today be "more useful and durable than the equivalent value paper note".

Nevertheless, the £5 denomination note is the most popular and remains in this latest series of paper money that also includes replacements for the existing £10, £20 and £50 notes at an estimated cost in 2010/11 of £670,000.

The £10 and £50 currency notes were released last summer, but the new £5, £20 and £100 notes will appear in April 2011.

Gibraltar currency is produced under contract by two UK firms, Tower Mint and Westminster Mint.

The moves have been prompted on grounds both of practicality – the notes are described as having "a more modern look and the quality of the paper enhanced to ensure greater durability" – and also there are updated security features with the latest technological developments.

It was a timely move in respect of the notes. In mid-August, the Royal Gibraltar Police issued a warning that they had identified "a recent increase of counterfeit bank notes"; in particular, counterfeit Government of Gibraltar £10 notes, of both the old and new denomination!

Copies of the new notes, according to an RGP spokesman, were "poor quality" and did not include the latest holographs. Currency printer de la Rue reportedly

praised this latest series of notes for their overall security and practicality features.

They incorporate tactile features for the blind and visually impaired and have especially reinforced corners to ensure durability. But the security features also become visible under light and watermarks are used.

The reverse of each of the banknotes carries images of Gibraltar through the ages.

The £5 note shows the Moorish Castle; the £10 note has a scene from the Great Siege of 1779-1783 and the £20 note depicts HMS Victory returning to Gibraltar in 1805. The £50 shows Casemates Square as it is today, while the £100 note depicts the Kings Bastion Leisure Centre.

Whenever there is a decline in stock levels, the government re-prints or prints new sets of currency notes – there has been ten series since 1914 - the present series having been in issue for six years.

The turnover of Gibraltar currency notes - that is the issue and redemption of currency notes by the banks - is around £35m a year. "The currency notes issued for circulation and their denominations is driven by demand; the £100 note will provide further choice in the denominations available", the Treasury says.

The value of notes in circulation currently stands at around £24m with each pound backed by a corresponding deposit in the Bank of England (BOE) earning interest related to the BOE Base Rate. Currently that produces around £30,000 pa, and is described as "an important source of income for the Government".

The Queen is described on the new non-tarnishing £5 coin as "Queen of Gibraltar". It is the first time that Buckingham Palace has approved of the description of Her Majesty on coinage as "Queen of" the issuing country in her Realm.

One side of the coin depicts the effigy of Her Majesty with the words "Elizabeth II Queen of Gibraltar" and the year; the other side depicts the Rock of Gibraltar with the words "Gibraltar" above it.

The 4,600 new £5 coins introduced last summer are described by the Treasury as "much more attractive and easier to carry, being much smaller and lighter than the previous £5 coins".

The fact that it is the first coin to depict Her Majesty as 'Queen of Gibraltar' should also make it popular and attractive to collectors. The UK has a commemorative £5 coin, but none in general circulation, as yet.

A new booklet on the currency notes and their themes is available at the government web site www.gibraltar.gov.gi.

Fifteen for Sterling

Gibraltar currency has been described as 'Sterling' currency since 1995 when the term was added after the value on notes in the "AA" series, one of ten so far introduced over the past 96 years.

The first currency was introduced in August 1914 when there were three series of paper money in circulation with pre-decimal values from two shillings to £50.

Gibraltar's notes and coins are legal tender only within the territory, although in practice banks and others in the UK accept the territory's notes, sometimes discounting the value by a few pence as a form of 'handling' charge for the currency to be returned periodically to Gibraltar.

"Every so often there is an exercise involving local banks and major businesses to get UK currency out of circulation, but there is nothing similar planned at present", a Finance Ministry spokesman explained.

Despite being part of the EU, the UK and Gibraltar with it, did not become part of the European Monetary Union and adopt the Euro from 2002.

Laughing all the way to the bank

Monies hoarded away in offshore or overseas bank accounts prior to September 1st 2009 may well qualify for inclusion under the UK tax disclosure facility known as the 'LDF', writes *Sean Wakeman, Tax Investigations Partner, Crowe Clark Whitehill LLP*

The Liechtenstein Disclosure Facility (LDF) was designed to make legal the assets of individuals held in Liechtenstein and by default, bring in from the cold some of the estimated £80 billion of undeclared overseas assets held by UK residents.

Despite this generous offering by HM Revenue and Customs (HMRC), fewer than a thousand people have come forward so far to take advantage of this facility.

It would seem that people have either not understood the opportunity being presented to them, or are afraid of disclosure.

The Second Declaration

On November 10th 2010, HMRC published a second declaration on this subject which has the appearance of being both a carrot and a stick to those who haven't come forward yet.

The International Tax Enforcement (Liechtenstein) Order, SI 2010/2678, includes greater clarification of what constitutes 'relevant property' under the LDF, as well as bringing into effect an agreement for the exchange of information between the UK and Liechtenstein.

This exchange of information will eventually expand to include other overseas havens with discussions already underway in many countries including Switzerland.

In effect, we now have a situation that if people with undeclared overseas assets don't come forward, they could find that information regarding their assets makes its way to HMRC anyhow - but with more dire consequences for those individuals than if the information was volunteered under the LDF amnesty in the first place.

Instead of a fine and a clean bill of health, that same individual could be facing a criminal investigation in years to come.

The Liechtenstein Disclosure Facility Explained

If you're new to this subject, you'd be forgiven for wondering what the "Liechtenstein Disclosure Facility" actually is.

In its strictest sense, the LDF allows taxpayers with unpaid tax, linked to investments or assets in Liechtenstein, to settle their tax liability under this special arrangement.

The LDF runs from 1 September 2009 until 31 March 2015 - allowing taxpayers five years to put their affairs in order.

By default however, the facility creates a lesser known opportunity where an individual who has **undeclared monies in any offshore or overseas bank accounts anywhere in the world to come forward** (e.g. Gibraltar, Panama, Singapore etc).

This is an area that requires specialist advice because the use of Liechtenstein to declare other international assets will need to be registered with HMRC first. However, this is currently being done, and with the HMRC's blessing.

The beauty of the facility is that any preliminary discussions with HMRC can be conducted in anonymity through your tax adviser.

By coming forward under the LDF, UK taxpayers are able to take advantage of a number of special terms including a 10% fixed penalty on underpaid liabilities, no penalty where an innocent error has been made, recovery of UK taxes limited to accounting periods commencing on or after 1 April 1999 and a guarantee from HMRC that a full, accurate and unprompted disclosure will not lead to a criminal prosecution.

Astonishingly, this is not classified as a tax avoidance scheme or an aggressive use of a loophole in any way. The LDF is an above board and transparent facility to report previously undeclared income and gains.

Example

Let's take an example of how tax might add up on a previously undeclared overseas bank account.

Let's say £1m was deposited in an overseas bank account 20 years ago. That account earned interest at an average rate of 5% per annum.

Neither the interest nor the account has been declared for UK tax purposes and there are no other complications such as undeclared business profits entering into the equation.

Tax on 20 years of accrued bank interest (say £1.4m) would normally amount to £560,000. Interest on top of this adds a further £392,000, plus a penalty of £224,000 (possibly more), bringing the total liability to HMRC to £1.176m.

Under the LDF, the tax due is £280,000 plus a 10% penalty (£28k) and interest is only £99,000 as the early 1990's, when interest rates were very high, drop out.

Total due is £407,000, resulting in a saving of £769,000.

Clearly, taking the LDF route is preferable and eliminates the risk of future prosecution or liability.

For more informtion on this subject go to www.hmrc.gov.uk/disclosure/liechtenstein-disclosure.htm

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INVESTMENT

A Place for All Seasons

Fractional property spotlight:

Lifestyle purchase or bricks and mortar investment?

Once upon a time, not that long ago, it was the early adopters who embraced the fractional lifestyle, spotting a trend that grew into a new way to own a holiday home. Now, as the fractional ownership story goes more mainstream, one question many are asking is, is it a lifestyle purchase or alternative property investment - or both? *Fiona Klonarides* finds out.

With the global economic forecast for the foreseeable future still veiled in a mist of uncertainty, conflicting real estate predictions abound. Spain's property sales have been sliding downwards - although recent reports are a bit brighter - while in other parts of Europe, multi-million euro estates are being marketed with knock-down price tags.

On the shinier side of the coin, last October Halifax reported sales of London's £1 million-plus homes (which make up approximately 4.5% of the city's properties) were up 118% for January - June 2010 compared to 2009.

And while big spenders, many of them foreign, have been boosting the property market in Europe's capital cities, super yacht sales are up too. Sales of 50-70-metre yachts reportedly tripled in 2010 compared to the previous year and yacht brokers are seeing healthy sales in the £50 million upward league.

Mike Balfour

With yachts, bigger is usually better although perhaps not for Roman Abramovich. Originally scheduled for delivery by Christmas 2009, his 167-metre, £329 million James Bond-esque "Eclipse" was seriously delayed by glitches.

A large mirror on one of the nine decks shattered during North Sea tests, the electro-turbo engines rattled crystal ware, the French navigation system played up and flaking paint was spotted. Then the helipad had to be shifted, proving that owning the world's biggest yacht is not necessarily a headache-free experience.

A share of a yacht or overseas home is a more flexible, affordable solution. The best fractional properties are often part of five-star resorts, complete with extras such as 24 hr concierge service. Just as important as what you get is what you don't – headaches like leaks, repairs and pool maintenance are normally overseen by the management company for an annual fee.

The Hideaways Club

The Gibraltar-registered Hideaways Club is one of Europe's most exclusive private residence clubs. More than a five star destination club, members own equity in The Club's hand-picked international property portfolio.

Chairman Mike Balfour explains, "Hideaways Club members not only have the choice of holidaying in over 50 beautiful properties around the world but have equity ownership in the entire property portfolio. In these uncertain financial times when security of investment is of prime concern, membership of The Hideaways Club offers both the security of having an asset backed investment in a liquid and diversified Fund, plus strong potential for growth in the future. The Fund currently projects annual share returns of about 6.5%."

With a member to property ratio of just 6 to 1, The Club has become Europe's leading international property investment Fund. Founded in 2007 it has been catching the attention of those looking for a viable alternative to sole property ownership.

Financial advantages aside, The Club's million euro plus bracket properties in glamorous locations lend added appeal. Balfour has the globe covered: Europe,

The Hideaways Club, Chalet Lune, Switzerland

Africa, South Africa, Mauritius and South East Asia…ski chalets in Switzerland and mansions in Morocco, all for a lead-in membership fee of £132.500 to 250,000 (giving three to six weeks exclusive usage every year). Hideaways properties are serviced by their own concierge who oversees member requests from airport transfers to private chefs and everything in between.

The Fund's investors automatically become members of The Hideaways Club, enjoying year round usage of the still-widening portfolio (properties in Mauritius, Bali and Phuket were recently added, with more coming over the next three years).

Hideways currently owns 27 properties (47 through its alliances with US-based Equity Estates and the Banyan Tree Private Collection) and to preserve exclusivity it plans to cap it at 600 members and 100 properties.

Fractionals – the way of the future?

Buying a deeded fractional property includes the potential for capital growth – you own it, rather than just "spending time" in it (which is where the often misleading correlation between timeshare and fractional comes from). Shares are usually a quarter to a twelfth fractions – a month's usage for a twelfth share, three months for a quarter share and so on.

As Ioannis Verdelis, Senior Consultant at leading fractional consultancy The Best Group notes, "With the current dynamics of the property market being the lack of finance and confidence, we have seen a number of property buyers considering fractionals as a way in which they can still enjoy fine assets at a lower price. We have been working with a number of developers, including some very well known names, and so we can say with some confidence that fractional ownership is now really catching the eye of the property industry too".

With fractionals, the beauty is in the details. Glossy brochures may help sell the dream but with so many options out there, from NetJets to Napa Valley wineries, scouring the fine print is essential.

Do your homework

Piers Brown of Fractional Life www.fractionallife.com says it's important to do your research:

"Do your homework. There is a bewildering variety of product on offer – including timeshare masquerading as fractional ownership – so it's essential to choose the right one for you. Think about your lifestyle and/or investment needs and try to find a scheme that fits in best with that in terms of location, number of weeks, usage plan and amenities.

The Hideaways Club, Gran Vista, Majorca

"And as with any property transaction, make sure you use an independent lawyer to do due diligence and check you are actually buying what you think you're buying."

The recession slowed sales but there have been sticking points, too, including lack of financing, a hot topic at Fractional Life's Fractional Summit 2010 which returns to London on 17-18 February 2011.

Geoff Hadwick, Editorial Director of the Overseas Property Professional Group says the sector is still being held back by a lack of funding and a lack of understanding, especially in Europe (the concept is known and accepted in the US).

"In Europe, overseas property agents and developers have a lot of educational work to do in the next few years to make buyers feel safe and confident that investing in a fractional development is a good, long-term idea," he says, but adds, "Fractional ownership is an idea whose time is coming."

Getting in (and out)

Banks are gradually starting to come around, so many developers have had to provide financing themselves. And what if you want to sell your share, can you? And when? Developers are now marketing properties that offer built-in exit strategies; if your property's value has risen when you sell, you'll gain – perhaps not a huge amount but it has paid its way in happy holiday currency.

And with 365 days in the year, what if each family wants the same Sardinian villa for the school holidays? Rotating calendars are among the ways to slice the time more fairly.

Buying a slice of the property pie has its advantages. Funds permitting, you could be in Paris in Spring, Sotogrande for Summer, Tuscany in October and Chamonix at Christmas and if your property's resort is linked to a reciprocal exchange programme, the options are wider still.

Looking ahead

Urban fractionals are untapped as yet, but The Hideaways Club kicks off 2011 in style with The City Collection, ten chic city residences in New York, London, Paris, Venice, Miami and Istanbul, expanding to Moscow, Rio de Janeiro, Bangkok and Sydney.

Mike Balfour explains, "The City Collection will provide member investors with a new way to enjoy an unrivalled city lifestyle with ultimately 120 city centre apartments in some of the most glamorous and vibrant cities in the world."

On a different note, Paul Gardner Bougaard of Fractional and Shared Ownership Trade Association (FSOTA) says fractional developers will have to comply with the new Directive due to be implemented across the European Union by 23rd February 2011.

He says, "The implications could be far reaching as many fractional developments did not fall within the scope of the first directive which regulated timeshare sales or perhaps fell into what could be called "grey areas" where they were outside the provisions of the law". (See www.fsota.org for more information).

The Hideaways Club, Asmara, Indonesia

Fractional developments used as holiday homes are not usually SIPP compliant, but Guy Tollhurst, Managing Director at Intelligent Partnership, who specialises in this field says they do exist, one example being Caracola Beach & Spa Resort on Isla Margarita in the Caribbean.

With an established market in America and developments mushrooming in Europe, Egypt and Dubai, it's a property model to watch. Lawyer Andy Sirkin of Sirkin & Associates specialises in shared ownership and fractionals and he sees buyers tapping into the benefits of owning fractionals in this economy:

"Many people buying fractionals today would have bought an entire vacation estate three years ago. Now they fully appreciate the cost-effectiveness and risk-diversification benefits of fractional ownership, and understand that it's not so much about what you can afford but more about what makes sense to buy. In a few years, we may look back on the financial crisis as the best thing that ever happened for fractional ownership because it brought its best qualities into sharp focus."

If it's "luxury for less" you're after and you don't have time to get away often, a flexible five-star fractional property could be the intelligent answer. Yours when you want it, not when you don't.

www.thehideawaysclub.com
www.fractionallife.com

Banks have essential role to play in supporting growth

The major International banks in Gibraltar have an important role to play in support of the expanding Gibraltarian economy says *Marvin Cartwright, Regional Head, NatWest Gibraltar*

Despite the economic woes suffered in other parts of Europe, Gibraltar has shown not only resilience but ample evidence that its growth is unlikely to be affected by the economic downturn experienced elsewhere.

The Government has reported record numbers of Gibraltarians in jobs, record government surpluses, GDP growth in 2009 of 5.5% and further positive indicators for 2010*.

The banking industry has not experienced the growth in Gibraltar that other sectors have, but it continues to be a conduit for much of the development in the jurisdiction.

There is a further key factor which has positive implications for the economy and in particular the finance industry, which is the agreed position of corporate taxation.

The introduction of a 10% corporate tax rate from January 2011 provides clients using Gibraltar with much needed certainty. Meanwhile the introduction of further reductions in personal tax rates, at a time that tax rates across other parts of Europe are on the rise adds to the attractiveness of the jurisdiction and ensures Gibraltar's economy is well placed to benefit further from the prevailing economic conditions.

Property focus

One area where the growth of the economy is evident is in the number of residential property developments that have come to fruition.

NatWest have assisted with the funding of as many as seven real estate developments since 2006 and, in some cases, the bank has also been the key mortgage provider.

The latest is King's Wharf, the substantial new 19-storey apartment development in the desirable waterfront area of Gibraltar's harbour. Overall, the Bank has supported in the region of £150m in the funding of real estate developments during the last four years. Despite the global property crisis, all of these developments have been delivered successfully.

Expertise

With Gibraltar experiencing substantial growth through its involvement in e-gaming, insurance and more generally through financial services activity, it becomes increasingly important that the jurisdiction has substantial, full service banking organisations able to provide the corporate and retail services required.

With an estimated eight per cent of the UK motor insurance market now written in Gibraltar through a range of household insurance firms, as well as a growing captive market, it is crucial again that these companies have the confidence of knowing that there are banks in Gibraltar, that understand the intricacies of the insurance sector and have the experience of working closely with captive managers and other insurance professionals.

Gibraltar is probably considered a global leader in e-gaming and has attracted some of the biggest names who have set up sizeable operations. Other jurisdictions are known to have attracted more e-gaming companies than Gibraltar has to date, but the Government has a focus on quality and substance and as a result, the 19 firms so far licensed have opened up many job opportunities.

The electronic banking services available locally have proved valuable to many of these firms in support of their high intensity, money transaction requirements.

Bullish picture

The financial services industry is bullish about the future prospects for the economy and there is an anticipation that Gibraltar is on the cusp of another growth cycle in the insurance field, e-gaming and in the funds sector.

The cost of doing business in London and elsewhere is also attracting more trading firms to consider relocating to Gibraltar where there are of course a host of lifestyle benefits in addition to a highly professional infrastructure.

Whilst still small, Gibraltar still enjoys a host of blue-chip names in the banking sector.

The growth of the economy and future prospects built around the new tax regime will undoubtedly create more opportunity for the sector and will therefore hopefully attract at least one new player to the market.

*Statistics gathered from the Chief Minister's Budget Speech and Summary, July 2010

Hotel 'under supply' *from page 8*

Fewer flights into Gibraltar last year had reduced bedroom demand by approximately 10 per cent in 2009/10 and Ostuni is budgeting for a similar result in the current and next financial year. The new Gibraltar airport terminal with much increased passenger handling capability is on schedule to open in late May, according to a Government spokesman. New flight connections with the North East of England or Scotland are also anticipated, it is understood, the result of planned partnership ventures with the regional airports.

Yields held

However Ostuni revealed: "Our yield has held up well, with even possibly a small increase. This is vital for hotels, because we face increased utility and other costs."


Tea at The Rock Hotel "exudes that bygone, more genteel era".

The Rock Hotel, a 4-star elevated property built in 1932 by the Marquis of Bute, still exudes "that bygone, more genteel era". But rising energy costs for its 104 rooms and lack of layout flexibility prompted owner Bland Group four years ago to consider either rebuilding or relocating the facility. But despite various options being considered and Group chairman, James Gaggero's optimism that a solution would be reached last year, no decision has yet been taken on any hotel investment. In the meantime, Stephen Davenport, The Rock's General Manager, remarked: "But for suffering from the effects of the volcano debacle, BA strike and UK airports closed by snow, 2010 would have been a bumper year.

"Even with those adverse effects, we are still not doing too badly with year-on-year growth from some areas," he said, adding: "Spring this year is looking quite good."

The O'Callaghan Elliot Hotel just off Main Street, has 130 bedrooms and wants in the future to add 90 rooms in a new linked building. Two other proposed hotels were announced years ago, a 250-bedroom, 5-star hotel as part of the East Side Development and another 200-bed holiday hotel at Little Bay, but although still 'live', they have not progressed. The government is keen to extend the territory's quality hotel offering, not only to attract tourists, but to anticipated demand from the finance sector as a result of Gibraltar's growing stature as an on-shore, EU finance centre.

PROFILE

International calling

As Gibtelecom faces increasing competition and growing regulatory demands that affect profits, chief executive **Tim Bristow** is quietly preparing for new revenue streams from overseas as well as locally, as he revealed to *Ray Spencer*.

2009 was “challenging”, according to the Gibtelecom annual report published in October 2010. With pre-tax profits down 26 per cent at £8.2m, the near static turnover, high payments for operating licences and price controls, the burden of unprofitable commitments as Gibraltar's ‘universal service provider’ and the poor Euro exchange rate, all took their toll.

So it was surprising to find Bristow, a trained accountant and widely experienced public sector official, forecasting a different story for 2011 and beyond.

In 2010, he anticipates reporting turnover rising from £31.6m to maybe £34m, “coming from our move into the data centre business in quite a big way, which was starting to be reflected in our 2009 results, but in 2010 it will be even more substantial”.

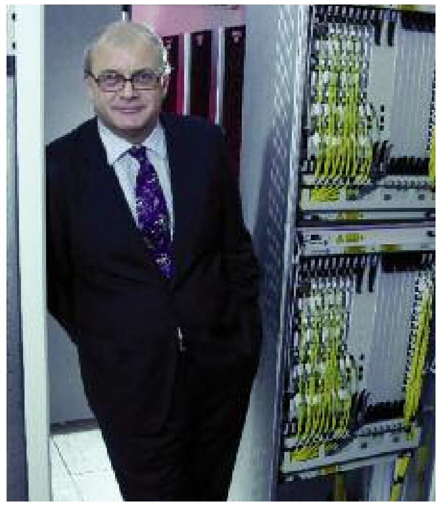
At Mount Pleasant, Gibtelecom has spent several millions of pounds creating “a very secure, highly protected data centre facility where we can host other peoples' computers” – at present it has 170 ‘racks’ - as well as running its own 24/7 network operations centre.

Landline customers generally are falling compared with growth in the mobile business and on various internet services.

Asked to stay

Bristow has been chief executive of the telecoms business since 2001, when he brokered the deal in which Gibraltar Nynex Communications (GNC), owned by the US giant Verizon and the Government of Gibraltar, bought out the original Gibtel company and British Telecom's interests on the Rock.

“Merging the Nynex and Gibtel businesses was a very involved process and when the shareholders heard that after my five years in Gibraltar I was thinking of moving on , they asked me to stay on as Chief Executive,” he explains. Bristow's experience as a non-executive director on the boards of both companies was a bonus!



Tim Bristow with his Europe India Gateway submarine line terminal equipment.

Over the last 10 years the company has invested around £60m, including the new headquarters building in John Mackintosh Square where several services and key equipment are housed, and a new long-term lease at Mount Pleasant.

Investment in technology has been £3-4m a year, most coming from reserves, the result of retained profits.

But it is Gibtelecom's involvement in the US $700m Europe India Gateway (EIG) submarine cable project that is expected to project the Gibraltar company onto the international stage as part of a consortium of 16 substantial telecoms companies – including BT, AT&T, Cable & Wireless and Telekom South Africa

“Although the cable has a branch into Gibraltar, the most capacity we will ever require here is relatively small. I doubt that we would ever use more than a quarter of the capacity we own, even with substantial growth in the local economy,” Bristow notes.

“We can send traffic – that's bandwidth – wherever we choose, say from India to London, and it has nothing to do with getting to and from Gibraltar.”

Gibtelecom owns about 4 per cent of the cable and over three years has committed most of its $30m (around £18m) to give a route out of Gibraltar that doesn't cross land and provides greater security – “sea cables are less prone to human interference, whether it's construction works, roads or local authorities”, Bristow says diplomatically.

It also brings greater control over the company's destiny. “We are at present very much in the hands of various international carriers – we use Telefonica extensively and Interoute in Spain - and pay whatever charges they wish to levy.

“But crucially, it introduces an overseas arm to our business for the first time, rather than being just a Gibraltar-centric operation. The cable means that a proportion of our revenue and, ultimately our sustainability, will come from outside Gibraltar,” he enthuses.

From later this year, Gibtelecom can sell capacity in the EIG project at any of 13 landing points around the world. “Hence we will develop some form of overseas marketing arm – probably in London, but it's a decision to be taken - that will enable us to hit the ground running.

Quick pay back

“If we are successful in selling the spare capacity, we expect that this investment will pay itself off relatively quickly. The life of the cable is approximately 25 years,” Bristow maintains.

“Gibraltar is a limited market, if you've got competition and are very heavily regulated, with price controls - you name it and it's happening to us - why shouldn't we look to alternative markets and sources in order to sustain the value of the company for all its stakeholders, whether its local customers or shareholders – they are all beneficiaries,” Bristow points out.

For several years, Gibtelecom has been equipping many of its 30+ sites around Gibraltar with stand-by electricity generation equipment to help protect against power outages.

Continued on P24

International calling *from page 22*

"We have a lot of electronics and there was an incident in April where for the first time in recent memory, the whole community suffered from an electricity cut for several hours."

One of the Rock's largest electricity users, Gibtelecom is able to switch between Gibraltar Electricity Authority and the stand-by Ministry of Defence, but also has the ability to be self-sufficient for the fixed line switch, System X and its remote units around the Rock, the mobile switch and data centres.

"We have thought about generating our own electricity - it is so critical to our business" - he says, smiling, "but other than for back-up we haven't done anything about it, because our focus is on telecoms." Unstated is the fact that one of his two shareholders, the Gibraltar Government, has a vested interest in both utilities!

Gibtelecom's 24 hours Network Operations Centre.

Since 2007, the other 50 per cent shareholder has been Telekom Slovenije, which has extended its ownership footprint in Europe, south east to the border with Greece, leaving Gibtelecom as a South West Europe outpost.

Nevertheless, Telekom Slovenije has been "very supportive of the investment being made – the submarine cable and data centres – which are beyond any previous requirements of the company, simply because of the scale of the projects," explains 55 years old Bristow.

Nynex similarly was supportive in the 90's and encouraged re-engineering of the entire fixed network, "such that some would have said it was over-engineered at the time by the Americans; but in fact, given the e-commerce world such as now, it turns out to have been with great foresight", he adds.

The Eastern European partner has a mission towards converging technologies, since most telco's around the world still have separate mobile, fixed line and perhaps also separate internet companies.

But Gibtelecom is already a fully integrated business and has produced one converged bill since 2003 for all services. "At first we used to worry about this, because people would find out just what they are paying in total", he admits, "but in reality they always knew.

"Ultimately, in the longer term, I think people will have just one phone, either mobile or fixed; they may even be integrated with the internet and computer, with just one device rather than three or four separate ones as now", Bristow foresees. Gibtelecom won't rush to be first in this arena, however. "A lot of people have burnt their fingers in new technologies – and we can't afford to make mistakes."

And revealing potential for local business growth, he adds: "We are investing in technology that will enable us to put TV down telephone lines and lots of other services."

In another year or so – maybe by 2013 – the company can choose whether to work with, or partner, other people. "It depends on the line the government takes," Bristow says with another wry smile, given Gibraltar's State-owned broadcasting authority, GBC, offers relatively cheap TV services.

Bristow joined the National Audit Office (NAO) as a trainee accountant after gaining a History degree from Leeds University, and was Private Secretary to two Auditor Generals followed by a spell managing an external audit function covering several UN Agencies in Rome, where his two children – now at University – were born. He ended his days at the NAO as a Director shadowing two large Whitehall departments.

He applied to become Gibraltar's financial and development secretary in 1997, a position he held for 10 years, including a period doubling as Gibtelecom Chief Executive.

Local competition is affecting Gibtelecom's business, particularly on the commercial side, where two other local providers can cherry pick more easily than residential.

On mobile, Gibtelecom has lost around a 5 per cent market share to competition, excluding four Spanish and two Moroccan providers whose signals extend into Gibraltar. "It's getting better if they keep putting buildings up that make it slightly more difficult for signals to penetrate from Spain", Bristow says ruefully.

Internet business has seen a greater loss of market share, he confesses, and estimates Gibtelecom accounts for 80 per cent across the spectrum. "It's our guestimate, because we can't find out much about our private company competitors locally.

Learning fast

"Our competitors are effectively, new entrants to the business – not ready-made telco's - and they are learning the business, and as they learn it they are going to get better," Bristow concedes.

Nevertheless, turnover has about trebled since the merged business was mooted more than a decade ago, customer satisfaction levels risen and investment in management processes and its staff led in May to Gibtelecom becoming the first Gibraltar based company to gain the European Foundation of Quality Management's "Recognised for Excellence" status after on-site assessment that included extensive interviews and focus groups with employees.

The Regulator receives around £750,000 pa from Gibtelecom for various operating licences and the Company's associated experts and consultants bring the total to nearer £1m.

Bristow believes the Regulator should allow the Company to recover costs of running 60 unprofitable public phone boxes that it is required to provide as the universal service supplier.

"There is no arrangement for competitors to share in the cost of that community service."

Similarly, Gibtelecom bears all the costs of directory enquiry services and, unlike its competitors, has a legal duty to install fixed lines, irrespective of the financial viability.

But he is not expecting anything to change. "It's just the cross we are carrying," he admits. "Overall we are a highly profitable organisation so looking at the whole thing in the round and taking the rough with the smooth, it isn't a drain."

Insurers have Latin America and Spanish business captives in their sights

Gibraltar stands on the brink of significant change within the world finance sector as a result of the adoption from January of the territory's new tax regime. Now major Spanish multinationals are to be wooed for their insurance business, writes *Ray Spencer.*

It's not the new low headline rate of 10 per cent Corporation Tax as such that is attracting attention; most interest stems from the acceptance of Gibraltar's transformation as a mainstream, on-shore finance centre – fully compliant with EU and other international regulations.

With the advent of Gibraltar's new tax legislation positioning the jurisdiction as a low tax, and - now that Tax Exempt Company status has been eliminated - not a no tax domicile, Gibraltar is better placed than ever before to attract insurance business.

Over the last ten years the jurisdiction's insurance sector has grown from a mere handful to approximately 65 insurance companies and 30 cells. Third party motor insurance in Gibraltar account for10 per cent of the UK motor market!

As a European onshore Finance Centre, Gibraltar's value has been its rigorous and efficient regulation coupled with a 'can do' attitude, its size giving it far greater agility and flexibility than larger jurisdictions, yet always retaining the safe and secure 'modus operandi' expected from a jurisdiction that prides itself on reputation by virtue of looking at business for long, and not short, term gain.

"When comparing Gibraltar to the other two main European Union insurance domiciles, Dublin and Malta, it is quite unique, argues", Bruno Callaghan, one of four local professionals who pioneered marketing of Gibraltar insurance in the mid-90's.

A British Overseas Territory, Gibraltar's attraction is to anyone wishing to establish a captive insurance company or a third party writer to take advantage of pan-European underwriting, he maintains is "a combination of rapidity in decision making and an Anglo Saxon working environment, coupled with a Latin lifestyle".

What makes Gibraltar stand out from the rest is its potential in the Spanish market, presently a virtual 'no-go' area given that country's continued insistence on erroneously declaring the Rock a tax haven!

Set to change

But that's all set to change. With present negotiations between Spain, the UK and Gibraltar, there is the strong possibility of a Tax Information Exchange Agreement (TIEA) being signed to add to the 18 or so Gibraltar has already concluded.

"That should result in Gibraltar's automatic removal from Spain's tax black list and gives us the chance of setting out to be the de facto Finance Centre of choice for the Spanish market", says Callaghan, who claims 80 per cent of Gibraltar's commercial insurance broking.

"We are an integral and geographical part of Europe, so it is only right that we have a level playing field", he maintains, adding: "There is even, potentially as a development, the possibility of a double tax treaty with Spain."

In the same way that Luxembourg, because of tax treaties, has for many years served as a reinsurance centre for the Nordic countries, Benelux and France, he anticipates Gibraltar becoming the Iberian Peninsula's finance centre.

Callaghan notes: "Gibraltar has a great deal to offer, similar to how from the 60-s the UK and, to a lesser extent, Ireland and France were served by Guernsey, Jersey and Isle of Man – although that today is slightly redundant, because Gibraltar is on-shore and the other three are off-shore."

Traditionally, Latin America looked to the US and New York to sort its insurance problems, but now it's only natural for it to use Madrid, because of migration to Spain with its historical and cultural links. There has also been significant growth in Latin America of large Spanish trading companies such as Santander, BBVA and Telefonica "that today are bigger outside of Spain than within it".

Callaghan says their natural first port of call is not London - even though it is the global international insurance centre - because of language difficulties. Instead, big multinational brokers, such as Willis - which he leads locally – that have a large presence in Madrid as well as Latin America, are used.

Madrid is close

Warming to his subject, Callaghan emphasises: "Madrid is geographically very close to Gibraltar and has a natural advantage in insurance over London in that Gibraltarians, whilst having an Anglo Saxon working mentality, also embrace Latin concepts, making it much easier for us to do business with Latin American interests, because we understand the temperament, the thought process and we are a hybrid."

Callaghan has had an insurance operation in Madrid for years that underwrites medical malpractice for Spain and Portugal and is able to access markets in Bermuda, Switzerland or London.

He argues that Gibraltar could be a good base for their insurance captives instead of being in Luxembourg or Dublin.

"When we go to meetings in Madrid, we understand what the underwriters in London want and also what the South American client wants. And that makes it special; language is not a problem.

"Why shouldn't Telefonica and Iberia Airlines for example, have their insurance captives here?

"There is no corporation tax advantage if the parent company is domiciled where there are higher rates in France, Spain or Germany - they are going to be paying the difference from here in their own countries", Callaghan admits.

> "removal from Spain's tax black list gives the chance of being the de facto Finance Centre of choice for the Spanish market"

Much easier

But having the Spanish or Latin American insurance facility on the Iberian Peninsula, as opposed to going to Ireland or Malta, simply makes it all much easier. "Gibraltar professionals speak Spanish – not that necessarily, professionals in Madrid cannot speak English – and there is no VAT charged in Gibraltar, which does provide an advantage in Europe", Callaghan points out.

"The Telefonica insurance captive is in Luxembourg, for example, but if it were here, it would be far easier and speedier to talk to the Regulator.

A lot of my clients like Gibraltar because they fly down to here or into Malaga and everything is small and contained, with easy access to lawyers and accountants."

The advantage for Gibraltar is that, because of its size, it doesn't need a great deal of business to prosper. "If we get half a dozen or more new insurance operations with some coming from Spain, we can measure that as a success; we don't need hundreds more" he reasons.

Insurance and re-insurance companies from France, Austria and the UK companies are using Gibraltar to establish an insurance operation, but so far there's not been a Spanish one.

"Once the equivalent of the Financial Services Commission in Madrid is comfortable that Gibraltar is not anything other than a European finance centre, paying its EU tax as agreed, much more marketing could be done by the insurance industry into Spain.

"If the political climate is right and the finance centre is accepted - as I would hope within the next couple of years - then we should be working hard to make Madrid more aware of Gibraltar, in the same way as we do with the City at Gibraltar Day in London", he emphasises.

As the Chamber of Commerce Impact Study last year demonstrated, the Campo de Gibraltar and Gibraltar are to varying extents dependent on each other. "It's about working together, as we expect to do more with insurance, in Spain", Callaghan concludes.

BUSINESS

Business Round Up

Gibraltar Fund Company consolidating their position through acquisition

Helvetic Fund Administration Limited, the longest established fund administrator in Gibraltar, has acquired Capita Financial Administrators (Gibraltar) Limited. Nicola Smith, Managing Director of Helvetic stated "we are delighted with the acquisition which helps us to consolidate our position in Gibraltar and provides us with the capacity for future growth of the fund industry".

The acquisition has increased Helvetic's funds under administration by about a third, increasing the total funds to nearly 100, with asset value of approximately $2 billion. Helvetic assure clients that their investment in people has enabled them to absorb this growth in business, with no threat to the high standards of service they are well known for. Certain Capita staff have joined Helvetic to provide continuity of service and Helvetic are confident this acquisition will provide a platform for further growth which will benefit both the company and Gibraltar as a whole.

News from the UN Climate Change Conference from Gibraltarian Delegate

In November, Gibraltarian and Professor Daniella Tilbury was invited to attend the UN Climate Change Conference as a delegate, to support and positively influence the intergovernmental negotiation process. This invitation was due to her role as advisor to UNESCO and other UN agencies and her mission to move climate change away from doom and gloom scenarios and toward practical strategies which we can use to prepare for a very different global climate.

Speaking to Gibraltar International after the conference, Danielle Tilbury outlined her personal view of the conference's outcomes; "The focus in Cancun was on a two-track negotiating process aiming to enhance international cooperation to address Climate Change.

As the original deadline for completing these negotiations was in December 2009 and many issues remained outstanding, few anticipated a legally-binding outcome or agreement.

In the end a balanced "package" of outcomes was agreed and these underpinned the "Cancun Agreements." The Agreements include decisions under both the Convention and Protocol negotiating tracks, and contain provisions on adaptation, REDD+, technology, mitigation and finance. While the substantive outcome was viewed by many as far from perfect, most participants were satisfied with the outcome that restored confidence in the UNFCCC process.

The reality is that although the international negotiation process is heading in the right direction once more, the agreements are only a relatively small step in combating climate change. Climate change is not just about risk and vulnerability in our own societies, it is also about social justice and about rethinking economic activity. Much more needs to be done to ensure that we are ready."

Daniella Tilbury

easyJet launches Liverpool to Gibraltar route

easyJet is launching a brand new route to Gibraltar from Liverpool John Lennon Airport, which will provide a three-times-weekly service. Seats are now on sale and the inaugural flight will leave Liverpool on Tuesday 29 March 2011.

This route will be a great advantage for business people from the north of England who travel regularly between the UK and Gibraltar.

It will also be a boost in terms of tourism, with easyJet promoting the location to the press and their holiday makers.

In their launch press release Ali Gayward, UK commercial manager at easyJet, commented: "Famed for its fantastic 426m high rock and steeped in history, Gibraltar offers a great mix of Spanish and British cultures with the benefit of the Mediterranean climate!

We're delighted to be providing travellers from the region with direct and affordable access to this unique holiday spot."

Liverpool / Manchester roadshow

To capitalise on this route, the Gibraltar Government London Office and a number of companies involved in the Gibraltar tourist industry, will travel to Liverpool on Wednesday, February 16th 2011, to participate in a trade reception, presentation and dinner for the city's travel industry. This will take place at the Marriott Hotel in the city centre and be hosted by the Minister for Tourism, The Hon. Ernest Britto OBE ED.

The roadshow will then travel to Manchester for two days on Thursday 17th and Friday 18th February for a public promotion at the city's Trafford Centre. The busiest shopping centre in Manchester, the Trafford Centre attracts over 100,000 people each day.

CISI to launch in Gibraltar

The Chartered Institute for Securities & Investment (CISI) is the largest and most widely respected professional body for those who work in the securities and investment industry in the UK and in a growing number of major financial centres round the world.

The CISI has formed an advisory committee to support its development in Gibraltar which will be launched formally in early February this year. This committee comprises of five practitioners who will represent Gibraltar's Securities and Investment firms and direct the work of the Institute within Gibraltar.

The committee will, in partnership with the Gibraltar Funds & Investment Association (GFIA), promote the CISI's range of professional qualifications and regular continuing professional development events to those working in the financial services sector.

The CISI recently accredited Global Advisory Services as a training provider for a number of CISI qualifications, so candidates can now sit their exams in Gibraltar.

Guest speakers at the launch, on 7 February at the Eliott Hotel, will include Marcus Killick FCSI, Chief Executive Officer of Gibraltar's Financial Services Commission (FSC).

He said: "The FSC welcomes this initiative by the CISI, which will assist in cementing and increasing the skill levels of those working in fund and wealth management companies in Gibraltar."

Director of the European Commission

The Director of the Directorate General for Regional Policy of the European Commission (DG REGIO), Mr Jose Palma-Andres visited Gibraltar last November.

The visit was principally to see how EU funding has been spent by Gibraltar companies and to attend the Competitiveness and Employment Objective biennial Programme Monitoring Committee (PMC) Meeting, which monitors progress on Gibraltar's ERDF Programme 2007–2013.

Mr Palma-Andres launched the current ERDF Programme in Gibraltar in 2008, so it was useful for him to see how things have been progressing.

He was delighted with what had been achieved and announced that Gibraltar was one of the first regions in Europe to successfully close and obtain the final payment claim for the 2000-2006 ERDF Programme.

He stated that this was a great achievement as it came only a few months after the official end to Programme, while some regions are still struggling to close the 1997-1999 Programmes.

For the 2007-2013 ERDF Programmes, Gibraltar was allocated £3.9 million, which is expected to deliver a whole series of outputs, including:

- Increasing the size of the labour market by 5% and generating 850 new jobs
- Creating or safeguarding 200 new jobs in the SME sector
- Providing 30 existing SMEs with EU funding, with a further 15 starting up
- Ensuring a 10% increase in SMEs using IT
- Levering £3.9 million in tangible and intangible investments

Funding is still available for all interested eligible businesses and more information can be found at www.eufunding.gi.

Professional Bodies based in Gibraltar

Association of Pension Fund Administrators (APFA)
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