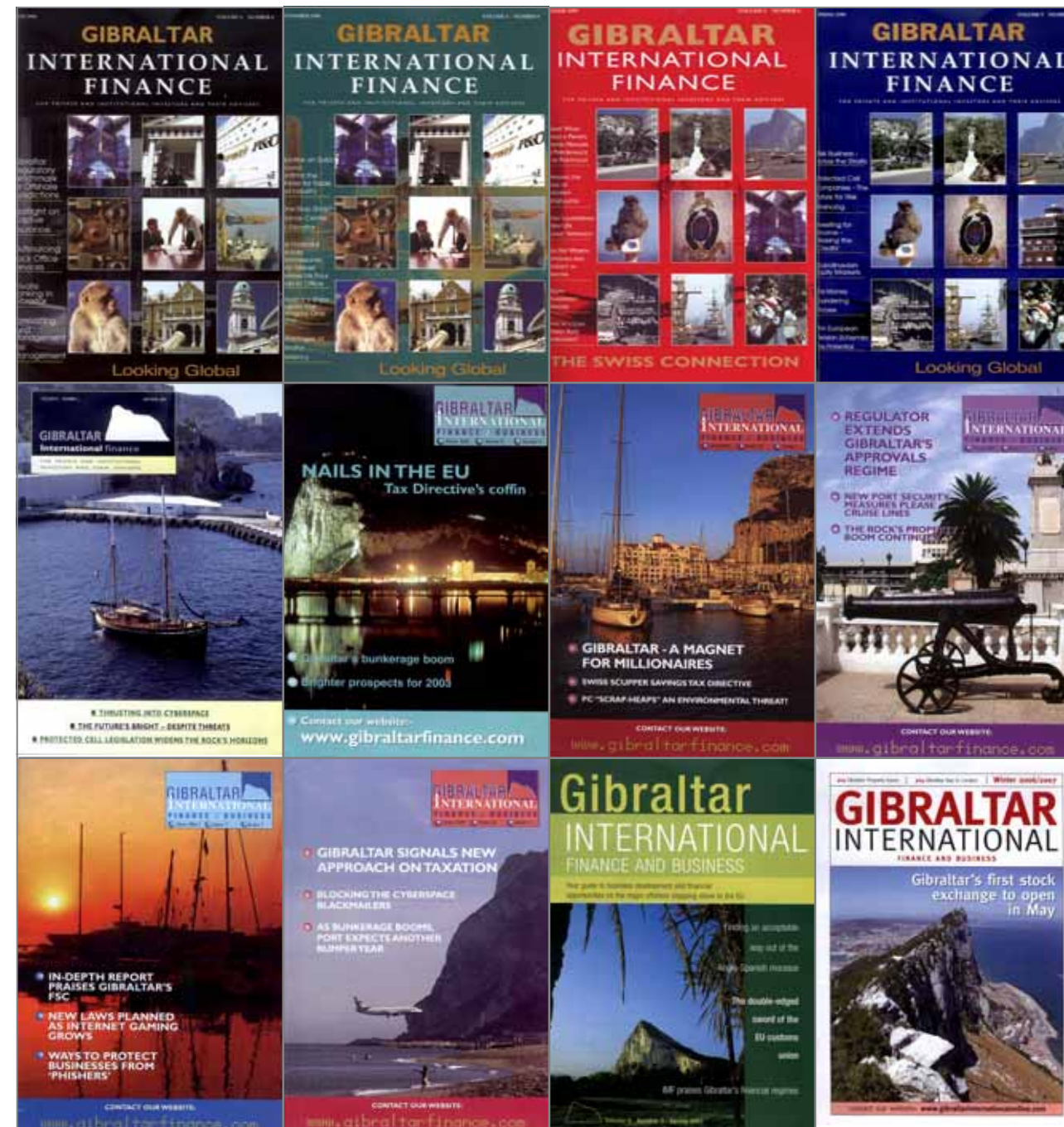


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EDITORIAL COMMENT

Taxing times

It's a fact of life that tax always will be an emotional talking point, particularly amongst people in business. It is of little surprise that even 10 years ago when this magazine was launched, the threat of involvement of the European Union in Gibraltar's own corporate tax setting was prominent.

The argument was that Gibraltar should not set its taxes differently from those of the UK that would amount to "material selectivity". The matter has ended up with the European Court of Justice and a decision has long been waited.

The tax exempt status for businesses is being phased out and it will end in 2010. So Peter Caruana faced a difficult situation when setting Gibraltar's current year budget. His decision to speed up the planned reduction from 31 per cent to 27 per cent this time leaves him hedging his bets.

The UK corporation tax rate is 28 per cent, so not too dissimilar to Gibraltar, but it's left some businesses disappointed. They believe it's inconceivable that the Court could single The Rock out when it has already ruled in favour of the Azores being distinct from mainland Portugal.

Others have felt the reduction now should have been steeper to signal Gibraltar's confidence in the Court result. As it is Caruana has simply said it should soon be 12 per cent, if not a preferred 10 per cent, believing there will continue to be freedom to act.

The Isle of Man and Jersey of course, boast zero corporation tax, but other complementary measures, such as VAT, do add a burden, so it's not as straight-forward as it may seem.

The decision to change tack so The Rock is perceived as a low tax territory rather than a no tax one must be right – all companies understand that taxes on profit must be paid – it's a measure of success.

A Court decision is needed to remove uncertainty – and it's needed now!



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Executive air travel and freight to get the Midas touch!

Even before the formal launch of its pioneer private executive jet hire service for Gibraltar, new company Gibjets was putting together a business plan to add a second aircraft – this time for the business freight market.

Anything from small packages to components and machinery up to three tons payload could be considered with a minimum of three flights a week linking the Rock to European centres in Germany, Italy, Ireland and, of course, Spain and the UK.

Described by some as “The man with the Midas touch”, Paul Butler, the property developer and owner of Queensway Quay marina, has linked with Malaga-based aviation experts Mayoral Executive Jets to develop private flights to and from The Rock. They are targeted at financial and business clients in need of a personalised and responsive service.

RIGHT FOR THE FUTURE

Gibraltar's proposed new airport terminal building will have separate facilities for private jet passengers, complete with VIP entrance, personalised customs, police and immigration facilities, Minister for Enterprise, Development, Technology and Transport, Joe Holiday revealed.

Speaking at the formal Gibjets launch at Gibraltar airport in mid-June, he told his 100-strong audience of business representatives that “this is just the sort of thing we need for the future of Gibraltar”.



The Gibjets leased twin-engine Falcon 100 carries up to six passengers routinely anytime between 08.00 hrs and 23.00 hrs, when the airport normally operates, although for air ambulance needs the plane can take off and land by arrangement almost anytime night or day.

“Time is money to these people, who value convenience and bespoke flight plans to suit their timetable of meetings often in more than one country”, explained Paul.

And money is the operative word: the cost of flights is not cheap. A return trip to the UK or northern Europe for example, would cost approximately

€16,000 depending on the landing fees at chosen airports.

“We’ve had a couple of people inquiring who thought it a bit expensive, but if you have to worry about the cost it’s probably not for you”, observes Paul, who left Walthamstow in North-east London 27 years ago to run restaurants, bars and hotels in Spain and Gibraltar.

He was approached with the executive jet idea and an outline business plan that he didn’t bother to read for a few weeks. But when he took time out he quickly found that the figures added up and Paul saw the potential for growth; hence the prospect of a dedicated freight service, which for example, has caught

the eye of those supplying ships’ parts.

“Vital parts can be flown to Gibraltar within a few hours rather than waiting a few days for land delivery and clearances,” Paul enthuses, noting that it can cost a ship owner \$US50,000 a day for a vessel to sit in port. More frequent and larger cargo loads could be accommodated with the proposed second cargo aircraft.

Although Gibraltar’s range of passenger flights has increased since the recent Cordoba tripartite agreement on aircraft and border matters, none seem particularly interested in freight business.

With the Falcon’s range of 3,000kms and speeds of up to 900km an hour, the ability to fly with stops in different countries en-route can make the executive jet option a viable one. However if a client wants to start out in Istanbul for example, then Gibjets will locate an aircraft in that area without the



Minister for Transport Joe Holiday with Paul Butler at Gibjets’ launch

need to first take an aircraft from Gibraltar.

UK destinations include Biggin Hill and Northolt for London to provide a lower cost and speedier route into central

London, and the City with the option of a helicopter link to Battersea, rather than use the capitol’s major airports, as well as regional airports for a wider reach.

“If you want to be in England for 4.30 pm on a Friday, we can make sure you arrive at a time as close as possible to that and in most cases there is no difficulty in agreeing a landing time”, Gibjets promises. International administration, aircraft maintenance and air crews are handled by Mayoral, which has gained a reputation for reliability and punctuality since being established in 1985.

And with two hours or so notice, private clients can be airborne from Gibraltar such is the co-operation of the terminal’s management and ground handling teams. “Basically, how quickly can you pay us – as soon as we have the money, the plane will be ready to go”, Paul told Gibraltar International.

Still more flights on the cards as Manchester reunites with ‘The Rock’

After a gap of just over two years, low-cost airline Monarch is re-launching services between Gibraltar and Manchester, with a three flights a week service from after the summer.

The move has been made possible by the delivery of a new aircraft into the Monarch fleet and services will operate on Monday, Wednesday and Friday from 12 September, in addition to the airline’s Gibraltar – London Luton and Gatwick services.

But a spokesman for Monarch, which first started services to Gibraltar eleven years ago, told *Gibraltar International* that “no further frequencies or routes between the UK and Gibraltar are planned for Monarch at this stage”.

Neither is British Airways planning to increase its once a day flight between London Gatwick and Gibraltar this year, nor extend to other routes.

However, following a high-level meeting in late May between Jordi Porcel, BA’s Iberian Peninsula Services manager, and Gibraltar’s Chief Minister

Peter Caruana, BA says it is looking at a possible increase for next summer.

BA took on the route after its former franchise partner GB Airways earlier this year sold the Gibraltar connection to easyJet. Snr Porcel, who also met with Gibraltar Tourist Board officials, confirmed BA’s commitment to maintaining the Gibraltar route for both Business and Economy class passengers.

easyJet committed to operating the 16 flights per week London Gatwick summer schedule that GB Airways had already announced, making a total of 30 flights per week between Gibraltar and the London area for the three airlines.

The decision to re-instate the Monarch service “followed the announcement by the Government of a new financial model for the airport that would allow existing carriers to develop and expand their services to Gibraltar”, Minister for Transport, Joe Holiday, has told Parliament.

“This new model should also encourage services from new destinations. The Government continues in discussion with airlines that service other

European destinations”, he said.

As an example, the Government was actively exploring with Iberia the possibility of an increase in frequency on Gibraltar-Madrid services, which last year saw a reduction to two rotations per week.

The number of arrivals by air last year was 179,267, an increase of 8.88% over the previous year.

Commenting on the re-launch of Manchester flights, Monarch’s managing director of scheduled services, Liz Savage said: “We are delighted to be bringing direct services from Gibraltar back to the Northwest. There continues to be huge demand for flights from our customers, and this has been reflected by the number of requests that we have received from them over the past few years”.

Manchester offered “a fantastic city-break destination and provides easy access to the north of England”.

More information on
www.monarch.co.uk, www.ba.com,
www.easyjet.com and
www.iberia.com/gb

Mini exhibitions to woo the UK regions

Such was the success of the series of mini exhibitions and dinners organised for the travel trade in Brighton this spring, Birmingham and Manchester, that the Gibraltar Government representative office in London is planning another – this time in Edinburgh.

“There’s a strong support for Gibraltar in Scotland and the Edinburgh event will build on that when promoting the range of travel opportunities to the Rock”, according to London Office director, Albert Poggio.

Each time around 120 travel agencies and their staff toured stands promoting aspects of Gibraltar business and attractions of interest to tourists.

The latest event in Manchester was hosted by Minister for the Environment and Tourism, Ernest Britto, and the

Gibraltar Tourist Board’s teams in Gibraltar and London.

Gibraltar was represented by Blands, Parodytur, MH Bland, the Gibraltar Taxi Association, alongside the O’Callaghan Elliott, Caleta and Rock hotels, and holiday firms Classic Collection, My Vacations and Cadogan, as well as Monarch Airlines.

Most of the UK travel representatives had not sold Gibraltar as a destination previously and seemed surprised at the range of attractions that exist on The Rock, nor were they aware of the extent or quality of support services, such as hotels and ground handlers, Mr Poggio explained.

“Some still had the image of Gibraltar as a garrison town and they had not caught up with the 21st century reality”, he told *Gibraltar International*.

Brighton attracted agents from across Sussex to focus on London Gatwick flights, Birmingham, where Trade Minister Joe Holiday also attended, covered the Midlands with Luton Airport featured, and Manchester reflected the intended reintroduction of Monarch services to Gibraltar. “The Gibraltar Tourist Board’s road shows are becoming one of the most effective selling tools for Gibraltar’s tourism industry and the Government is happy to provide a platform through which more visitors can be attracted to The Rock”, said The Hon Ernest Britto, Minister for the Environment and Tourism.

In response to current tourism trends, another Manchester event will be held in September, specifically aimed at consumers.

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If it doesn't feel like a crime, then surely it isn't!

Turn a blind eye at your own risk, warns Marcus Killick

At the climax of the early Bond movies there is a seemingly obligatory fight scene as the forces of good parachute/abseil into the villain's lair to do battle with the hordes of evil henchmen. Meanwhile James just manages to save the planet and bed the girl.

Watching one last week I couldn't help but wonder where did these henchmen come from? How were they recruited? What attracted them to the job? Did they know they were the bad guys?

Perhaps until the final moments they were blissfully ignorant that they were part of an evil plan. Maybe Blofeld offered a great health plan, superb crèche facilities. Perhaps the staff canteen had a skilled chef. Maybe free stress relieving massages at your gun post were part of the perks.

Hey, with all that, how could Blofeld, or Ernst, as he liked to be called by his team, be a criminal? Sure the lair looked a bit anonymous from the outside and a couple of odd things went on. But, as he said, lots of super villains were doing the same thing, so where was the harm?

There is a danger that criminal activity, particularly white collar crime, can be ignored, downgraded or dismissed by those that participate and those that assist. They become wilfully blind to the truth. If it doesn't feel like a crime, then surely it isn't.

The fight against money laundering also is hampered by the wilfully blind; the lawyers, company managers, trustees and bankers who choose to ignore the clues that they are being used by criminals. If they ask questions at all they accept implausible answers as credible.

After all they have done their initial due diligence, what does it matter to them that the activity of the company

they manage or whose account they hold behaves in a way that is unusual to their peer group?

They ignore the fact that cash arrives from unusual places, odd requests for powers of attorney are made, curious payments or payment mechanisms are called for, volumes of transactions are out of keeping with the alleged activity of the business. Even if the firm is doing wrong the provider of professional services to them is not, so why worry?



Sorry to be the bringer of bad news to those who turn a blind eye, but, you too are committing a criminal offence, and, you are often more likely to be prosecuted than those you believe you serve.

All financial firms, in every reputable jurisdiction, are required to report the suspicious activity of their customers. That does not mean you need to know that what they are doing is criminal merely that the activity would make a reasonable person suspicious. Failure to do so can lead to a prison sentence. That is even if the client is never prosecuted.

Indeed you are at greater risk because you are in the jurisdiction where the offence took place.

The insider trader, market manipulator, fraudster or drug dealer may never set foot in the jurisdiction where their crime occurred. They may have hidden themselves through opaque corporate or trust structures (which you may have created for them). But you are there for all to see. This particular paper trail ends

at your door!

Criminals love fall guys, particularly professional ones. They are, after all, so replaceable. For the wilfully blind, their reputation and that of their firms is not so easily recovered.

A firm's role in the fight against money laundering and the funding of terrorism does not end with initial identity verification, it is an ongoing process. To disguise initial identity is not difficult; there are even websites that will provide fake utility bills etc. What cannot be disguised is the subsequent activity. Due diligence is an ongoing, not a one off, process.

Not every unusual event is suspicious, but it does require further enquiry in order to determine whether the concern is real. Firms that make reports on the slightest deviation from the normal activity of their clients, serve neither the client nor the enforcement authorities. What is required is the exercise of sound common sense.

In Gibraltar, the new Anti Money Laundering Guidance Notes have been designed to encourage such common sense. They are a move away from simple box ticking to requiring firms to use their own judgement. Each firm is different therefore each needs to establish procedures that are appropriate to them.

As firms bed in the new requirements, the FSC's on-site visits will look at how the firm has made the new approach suitable to their own circumstances.

We have worked hard with our stakeholders to create a regulatory regime that preserves Gibraltar's reputation and facilitates the growth of sound, sustainable financial services. Turning a blind eye does neither.

Marcus Killick is chief executive of Gibraltar's Financial Services Commission.

Help on hand to protect against rising interest rates

After negotiations with the British government, an innovative policy is born to assist homeowners

Worried borrowers who have seen their monthly mortgage payments rise as a result of previous fixed rate deals expiring, or lenders passing on their own higher costs of borrowing, have some good news – at last.

A product that offers the same protection as a fixed rate mortgage, but with more flexibility, is set to help borrowers facing news of falling house prices and rising mortgage interest rates.

The new insurance product that protects consumers against interest rate rises is the result of more than three years work by the principals behind Marketguard Insurance Company and Quest Insurance Management (Gibraltar) Limited.

Marketguard is a recently licensed Gibraltar insurance company that will be offering interest rate insurance initially to UK residential mortgage holders, and also UK commercial borrowers.

Policyholders will be offered protection when the Bank of England Base Rate goes up. Claims automatically will be paid above an agreed excess point so there is no need for a policyholder to make a claim.

Payments will be made directly into the policyholder's bank account from details provided at the outset, making it

probably the first insurance product that requires no claims paperwork to be completed.

But the insurance only covers the lenders' movements that directly correlate with a BoE move, not those made independently by a lender seeking to increase margins.

The Marketguard team is led by Nick Faulks, an actuary who established an independent derivatives trading firm nearly 25 years ago, along with Chris Taylor (Chief Executive Officer) who has worked with Nick for nearly 20 years, and Chief Operations Officer David Eccles.

They devised the new insurance product after consultation with HMG at Downing Street, UK Treasury, Inland Revenue and Customs, as well as the Financial Services Authority.

Gibraltar proved ideal for such an innovative insurance company. Chris Taylor told *Gibraltar International*: "We have been most impressed with the flexibility of response that we have received from the FSC, which has worked closely with us to ensure that the finished article is one that is appropriate for all concerned."

The UK March Budget opened the way for Marketguard's introduction, when Chancellor Alistair Darling stated: "Following engagement with market participants and the FSA, the

Government believes that it is possible for companies to bring stand-alone interest rate protection products to the market within the existing FSA definition of insurance and be classified as insurance for tax purposes."

He went on to say: "These products therefore, offer homeowners peace of mind that their mortgage payments will not go out of control, whilst allowing them to retain all the benefit of flexibility and freedom associated with variable-rate mortgages."

The Government confirmed that the tax treatment of any claims payments would be adjusted to ensure that the product is not an investment and therefore Capital Gains Tax would not be payable.

Marketguard protects the insurance company's position by using FSA regulated wholesale money markets, which are backed by the London Clearing House, a body owned jointly by a collection of front line UK banks and insurance companies.

"The quality of the level of protection that can be bought, therefore, is of the highest order", says Steve Quinn, chief executive of Gibraltar's Quest Group and Marketguard's managing director.

The Marketguard team believes that it can extend its offering to any other product where it can protect itself via the financial markets and is already looking at what insurance to launch next.

More information
on www.marketguard.co.uk,
or contact Chris Taylor
(chris.taylor@marketguard.com)
or Steve Quinn
(steve.quinn@quest.gi)

" probably the first insurance not to require no-claims paperwork "



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Investing well aids charity

Solidarity Fund PCC Limited has just been established by the Gibraltar-based Investors International Forum (IIF) as an Experienced Investor Fund (EIF) to provide very wealthy / experienced investors with a return on their investment whilst, at the same time, contributing to charity.

IIF is a local association of firms and individuals committed to helping needy individuals in countries worldwide. Its chosen charity is Remar International, a Christian organisation founded in 1982 to help people on the margins of society in more than 58 different countries.

Solidarity offers within a Protected

Cell Company three investment funds as separate Cells (PCC) each with a different risk / return profile - a Money Market sub-fund and a Total Return sub-fund with Lombard Odier Darier Hentsch Private Bank as investment manager; and a Structured sub-fund under investment management of SG Hambros Bank (Gibraltar)

Remar receives 10 per cent of any increase in net assets from investments in The Total Return Sub-Fund and The Structured Sub-Fund under what is considered an innovative use of the highly successful EIF structure.

"It means people don't have to remember to put their hands in pockets to make charitable donations -

under this new Solidarity scheme it happens automatically", Liz Quinn, of Quest Fund Administration the scheme's administrators told *Gibraltar International*.

Minimum investment levels will be €250,000 or £250,000 depending on the Sub-Fund chosen and only those who meet the definition of Experienced Investors can participate.

Hassans has been retained as legal advisors to the fund.

More information on the Solidarity Fund from Steve Quinn, Quest Fund Administration on www.quest.gi and for the Remar charity on www.remar.org

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Effect of high oil prices, credit crunch and economic uncertainty to be 'temporary and short lived'

The world faces economic challenges that Gibraltar's economy is better placed than most to face and steer successfully through, maintains Chief Minister Peter Caruana.

Almost all economic sectors "had a good year and are poised to have another one", whilst taxation rates continued to fall significantly for all payers, Chief Minister Peter Caruana told Parliament in June when presenting the 2008/09 Budget – his 13th and first in his current fourth term of office.

"The economy of Gibraltar remains strong, buoyant and growing at a high, but sustainable rate", he declared.

Public finances were in healthy surplus last year "in the face of changing, and sometimes challenging global trends and dynamics, which require us to be alert and willing to change and react".

Gibraltar had experienced some reduction in the level of structured transactions executed by the international finance centre as a result of the world credit crunch, but the Government expected the adverse effect on the level of business "to be temporary and short lived".

Mr Caruana, who is also Minister for Finance, noted that "the vertiginous rise in the price of oil, the credit crunch and the uncertainty as to whether the world economy will fall into a recession" would affect worldwide economic activity, and in turn, the willingness and ability of people to spend, invest and do deals.

"This affects final demand in our economy, especially in the real estate and financial services sectors", he acknowledged.

But he predicted that no significant job losses would result, even though there will be "further adjustments, caused mainly by consolidation and reorganisation".

In the 2007/8 financial year, Gibraltar had an income of £280.7 million overall leading to a surplus of £15.5 million, equivalent to 6 per cent of overall expenditure and slightly less than expected.

Public debt of £93 million remained static and has now fallen to less than 12 per cent of GDP, compared to the UK's around 40 per cent and the EU's convergence maximum of 60 per cent.

This enables the Government for the next few years to part finance an extensive capital investment programme "that will take Gibraltar to a new, higher level

infrastructure needs.

Funding will be a combination of reserves, re-investment of the proceeds from selling Government property and assets, the use of private finance initiative funding models and an increase in Government borrowing.

Together with three major private sector developments - Ocean Village, Eastside and Midtown - underpinned by the Government, the Chief Minister Peter Caruana believes "this capital investment programme will propel Gibraltar into a new phase, a new level, of socio economic prosperity", "Our capital investment programme will ensure that Gibraltar becomes and remains a truly modern and successful European society, and will address many traditional problems, such as housing, parking, roads and traffic schemes", he asserts.

Capital spending to 'transform' The Rock

Gibraltar stands on the threshold of an unprecedented phase of public investment in infrastructure and amenities, the scale and breadth of which "will truly transform Gibraltar and ensure that it will be a modern, prosperous European city well into the foreseeable future".

But no-one could say what the forecast spend will be in total or in this financial year, at the time Gibraltar International went to press. Tenders had reached a 'delicate' stage. However, last year's capital spend was £31.3 million, the second highest since 1996.

Construction of a new air terminal is planned to begin in September - a Government flagship project - and a month or so later work will start on a new frontier road and a tunnel under the airport runway. Some investment will satisfy The Rock's basic

9th in the world

The International Monetary Fund would place Gibraltar in ninth place in world rankings of National economies, in terms of GDP per capita, the usual measure of a country's prosperity.

The Rock is tenth in the World Bank's list, in respect of the 2007 and 2006 economic figures, respectively.

Gibraltar's high socio economic prosperity is also seen by reference to a recent World Bank survey that ranked Gibraltar fourth in the world in terms of combined political stability and economic prosperity.

of economic and social development", Caruana declared.

For the current year the Government conservatively estimates a lower Consolidated Fund surplus of £11.3 million on broadly static revenue with increases from income tax, import duty, rates and gaming and licenses being largely offset by projected reductions from airport landing fees, Stamp Duty and Tax Exempt Company receipts.

The Government limit on borrowing fixed by statute, at £100 million since 1988, (when GDP stood at £208 million) is to be raised. Currently it stands at £93 million, less than 12 per cent of forecast 2008 GDP, and net public debt at £43 million is just 5.5% of GDP.

Assuming a growth rate of 8 per cent in the year to March, the Government forecasts GDP now stands at £800 million, although it believes that economic growth last year was around 10 per cent and that it will be maintained during the current year.

Inflation during 2007 was 2.6 per cent mainly through price inflation in the UK and Spain, which together supply 80 per cent of non petroleum imports. The annual inflation rate is forecast to remain above 3 per cent for much of 2008.

However, "a drop in interest rates, a weakening of the Euro, or a fall in the price of oil, all of which are distinct possibilities later in the year, would result in a reduction in inflationary pressures" Caruana pointed out.

Imports (excluding petroleum products) grew by 16 per cent to £426 million with just under a third coming each from the UK and Spain, and exports increased similarly to £151 million.

TOURISM GROWS TOO

Arrivals across the land frontier increased by nearly 15 per cent to 9 million people; those by sea rose 30 per cent to 292,675; and there was an 11 per cent rise in arrivals by air to 159,666.

Hotel nights sold rose by just 4 per

cent, but tourists spent nearly 10 per cent or £20 million more.

The Government not only does not seek growth in the number of gaming operators, but actually curtails it through a very selective and restrictive licensing process, yet those firms too "had another good year". In April there were 19 licensees compared to 16 a year earlier, but Government revenue from remote gaming tax rose by nearly a quarter to reach £8.2 million last year.

The financial services sector continued to grow as vital segment of the Gibraltarian economy; employing 2378

people, up by 7% in a year.

There are now 100 licensed insurance operations. 60 in licensed companies and 40 in 6 licensed Protected Cell insurance companies. "The critical mass that has been achieved in this sector now makes Gibraltar a mainstream insurance domicile within the European Union" Caruana noted.

In addition, there are 33 investment firms, 32 Experienced Investor funds, 12 Protected Cell funds companies, 86 trust and company managers, and 18 banks with total assets of £11 billion, and funds under management of £10.3 billion.

Taxes cut with more to come!

Corporation Tax for Gibraltar companies has been reduced by 6 per cent to a new low of 27 per cent – a year earlier than expected.

Based on previous Government statements, the business community had expected the 2008/09 rate to be 30 per cent. And a further reduction is envisaged for the next tax year.

The real aim is to set Corporation Tax at between 10 and 12 per cent from 2010, and Peter Caruana, the First Minister emphasised: "My strong preference will favour the bottom end of that range".

These moves are in anticipation of a successful outcome to the Government's appeal to the European Court that it should be allowed to continue setting its own taxation levels, rather than be tied to the UK rates, as the EU has proposed. (UK small companies' pay Corporation Tax at 21 per cent rising to 22 per cent in 2009/10, and for enterprises with profits over £1.5 million the rate has been reduced to 28 per cent.)

It was not the Gibraltar Government's function, nor was it eco-

nomically desirable, to keep outdated, unviable and unprofitable business models afloat by public subsidies, Mr Caruana maintained. However, he felt justified in keeping policies that protected the international competitiveness of otherwise viable businesses.

"Such businesses will benefit in a deep and meaningful way from the move soon to very considerably lower the rate of corporation tax", Mr Caruana added during his Budget speech.

After last year's substantial cuts in personal taxation, further, more modest tax reductions will follow, targeted at the lower paid, working pensioners and businesses.

The top rate for tax payers on the Gross Income Based System was reduced by 2 per cent to 38 per cent.

Unlike the UK, Mortgage Interest Relief Allowance (Miras) for home purchase, but no longer for "very high income earners, in respect to very large mortgages, to purchase very expensive, luxury properties" – for new buyers it's now limited to loans up to £300,000.

'Top Lawyer' and top firm accolades

James Levy QC, senior partner in Hassans, Gibraltar's largest law firm, has received a 'Life Time Achievement' Award from legal publishers Chambers & Partners, in conjunction with Lex Mundi.

He added to the accolade of being the only lawyer in Gibraltar to have been rated "Star Performer" by Chambers' and Legal 500 for three years in a row and a one-off listing in "Top 100 Lawyers in the World".

An Honours graduate from Manchester University, Levy attended the Council of Legal Education in London and immediately after being admitted to the Bar joined Hassans founder Sir Joshua Hassan, a former Chief Minister and political leader of Gibraltar for 40 years.

At the same time Hassans is one of six firms nominated for recognition as the best of the world's off-shore law firms. The award measures achievement and standing against hundreds of legal firms in the world's major offshore centres and is based not only on Chambers' assessments, but those of the world's largest international association of independent lawyers, as well as the opinions of the firms' peers and clients.

Levy, who took silk in 2002, advises large public companies on mergers and acquisitions and property companies on acquisitions throughout Europe and the firm has links with all the major London, Continental, US and Israeli law firms, with around 75 per cent of business related to international clients.

For many years he has been prominent in helping develop Gibraltar as a finance

centre, leading drafting teams on anti-money laundering, banking, insurance, financial services, tax and trust legislation.

Despite all that, Levy still spends at least 20 per cent of his time on pro bono legal work for Gibraltar people of all walks of life that need advice.

Joining RBS achievers

Marvin Cartwright, head of corporate banking at RBS International in Gibraltar, received the RBS International's prestigious 'Yellow Jersey' award for best financial performing corporate banking region being "well ahead of budget".

Around & About

He accepted the award in only the second year of entry at the Regional Corporate Banking Dinner in London before around 500 representatives of RBS offshore jurisdictions.

Francesca Cartwright, Marvin's wife who has returned to NatWest – another part of RBS – after a year's maternity leave, has been appointed as its new Business Development Manager in Gibraltar.

She is tasked with developing Premium Banking and mortgage business, as well as local community investment and public relations activities.

Ms Cartwright has

worked at NatWest for eleven years, previously as a Relationship Manager in the corporate banking division, and a NatWest Branch Manager.

In other RBS International moves **Gerald Rodriguez** (37) has been appointed as head of treasury & investor solutions (TIS) in Gibraltar. He worked at Credit Agricole Indosuez on The Rock and in Geneva, where he ran the Forex and Treasury desk and also set up the investment team. But in the immediate past, Rodriguez spent four years establishing the ABN Amro Private Client Investment team with

head chef of the Caleta Hotel, and within days was subjected to close scrutiny by inspectors for the AA before they happily reconfirmed the restaurant's two Rosettes status.

With 30 years experience in catering, his formative eleven years working with

Mexican, French, Oriental and Fusion cuisines in California's Napa and Sonoma valleys, and in Long Island New York as a tempura chef for a traditional Japanese restaurant, Foster went to England before moving to Tenerife including six years as a chef-proprietor.

The 4-Star Rock Hotel's **Alfred Rodriguez**, executive chef for more than 20 years, was also rewarded with two AA Rosettes for dining for the second successive year, having previously gained similar regular recognition under the then RAC scheme for the 120 seat restaurant.

Plans are afoot to update many of the facilities at the 76 years old Rock Hotel and include creation of a spa facility and the possibility of undertaking civil weddings.

Going for golf

Nearly 100 friends, business

associates, existing and prospective clients of Gibraltar and Spanish offices of law firm **Triay & Triay** and its associated wealth management and Trust business, Totus, attended the firm's annual golf day at The San Roque Golf Club.

Managing Partner Melo Triay presented prizes over lunch at 'El Bolero' restaurant.

Caterers get fresh awards

Irish/American **Mike Foster** has taken over from Gregory Martin's five year stint as



James Levy QC



Gerald Rodriguez



Kerry Graham



Francesca Cartwright



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Gibraltar companies set to remain an attractive option?

The challenge for corporate service providers may soon be to promote Gibraltar as a “low tax”, not a “no tax” jurisdiction. There are some important and positive, changes to come, argues Ian Le Breton.

Corporate services, including the establishment and management of Gibraltar companies, remain a key component of the finance industry offering and major changes to Gibraltar's company tax regime are on the way.

This is particularly important when considering the use of a Gibraltar company as part of a corporate structure.

The traditional Gibraltar tax exempt company is no longer available to new entrants. Following pressure from the European Union (“EU”), no further tax exempt certificates have been issued since June 2006; those that remain will lose their tax exemption by 31 December 2010.

Instead, the Gibraltar government is proposing to introduce a new low tax regime, full details of which are not yet available. But in the 2007 Budget, Chief Minister (and Minister for Finance) Peter Caruana indicated that the corporate tax rate to be applied should be no higher than 12%.

The implementation of the new tax regime depends on a long awaited ruling from the European Court of Justice. In simple terms, Gibraltar is seeking the ability to continue setting its own levels of corporate tax. In the absence of this ruling at the time of writing, no-one knows just how any new proposed system will work in practice.

However, in his latest June Budget statement to the Gibraltar Parliament, Mr Caruana advanced the reduction in Corporation Tax so that the rate from



Ian Le Breton welcomes proposed new tax structure

the accession by the UK to what was then known as the EEC, or more colloquially, the Common Market. Gibraltar is not part of the Customs Union - hence there is no VAT.

EU membership means that Gibraltar-regulated firms are able to “passport” their services across the 27 member states that make up today's considerably expanded Union.

The proposed new maximum corporate tax rate of 12 per cent will enable Gibraltar to compete with other low tax regimes in the EU, such as Cyprus where the rate is 10 per cent for example.

In this proposed new situation, the challenge for corporate service providers may very well be to promote Gibraltar as a “low tax”, not a “no tax” jurisdiction. So there are some important changes to come.

A wide choice

Finance service providers await the new regime with great interest. The issue of concern is whether Gibraltar is likely to remain a good place to set up corporate structures, and this will be even more important once the new tax changes have been announced.

My personal view is emphatically “yes” - I believe Gibraltar can only benefit from the new system although of course we need to wait for the detail. But why am I confident about Gibraltar's future in relation to the provision of corporate services?

Importantly, consider the prime criteria for choosing an international

finance centre. There are several dozen countries or territories worldwide - from Alderney to Vanuatu - where international companies may be established. So why pick Gibraltar?

The first consideration is the jurisdiction itself. Gibraltar benefits from its geographical location. For centuries Gibraltar has been strategically important and this is still true today within the context of the global financial services industry.

Europe is halfway between the tiger economies of the Far East and the US. Being in the Central European Time Zone, Gibraltar is well placed to work with clients from all over the world for at least part of anyone's working day, regardless of where they happen to be.

Clients also need to consider the way in which an international finance centre is regulated. Gibraltar is second to none in this regard. No less an authority than the International Monetary Fund recently recognised Gibraltar's Financial Services Commission as first rate.

Telecoms is vital

All financial services companies doing business on The Rock must be licensed - before setting up shop - and the regulator monitors their business on a regular basis. My view is that whilst Gibraltar is extremely well regulated - it is not overly so. Businesses can, therefore, get on with their work knowing that their competitors are similarly controlled.

Telecommunications is a vital area in the 24-hour business world in which we now work. Again, Gibraltar benefits from a state-of-the-art network - without it, The Rock would not have been able to attract the international offshore gaming operations that now play such an important role within the financial community.

Perhaps of most importance however, are the people in the industry. The majority of firms in Gibraltar are likely to be able to deal with clients in at least two languages - Spanish, as well as English - although it is not hard to hear many more European languages being spoken.

The Rock is also well served by a network of world-class banks, lawyers and accountancy firms. Gibraltar-based corporate service providers can offer

even the most sophisticated clients a full range of services, either using their own staff or, perhaps, in conjunction with one or more of these internationally known firms.

Generally this can be done at a more competitive price than some of the jurisdictions with which Gibraltar competes.

When considering setting up a corporate structure, a key decision is the choice of corporate service provider.

All Gibraltar corporate service providers must be licensed by the Gibraltar FSC. A check on its website www.fsc.gi will confirm a firm's status. Good reputation and experience can be just as important as the range of services offered.

Prospective clients often require a structure that involves companies, trusts or other entities established in other jurisdictions, in addition to the establishment of a Gibraltar company. A worldwide network of offices and agents can provide a distinct advantage.

Clients, or their advisors, should check a corporate service provider's website - assuming it has one - to look at the wider picture.

Finally, it's worth noting that the time when offshore companies could be established at very low cost and without much attention to detail is long gone.

Corporate structures should be established with great care, particularly in respect of ancillary services such as shareholder, consultancy and other legal agreements. All this takes time and costs money.

Whilst a client should rightly be looking for the best value, a cheap and cheerful approach is not to be recommended in our industry.

Every client will have different

requirements and any structure should be individually tailored so that the objectives can be achieved in full. Time and effort expended at the start of a new relationship should ensure that what is put in place today is likely to remain effective for years to come.

This is a fast-moving world, so it is vital that the professional firms with whom clients choose to work are able to stay abreast of changes and remain in a position to advise at every stage.

Enviably reputation

In setting out the current position, I have also given some pointers on the possible changes we may soon see. This is a fluid situation and, by the time this article is read, further detail on the long awaited ruling from the European Court of Justice may be known.

But it is clear that these are exciting times for our industry. Gibraltar has developed an enviable reputation in the international finance world and, in recent years, has also shown an ability to adapt swiftly to changes imposed on all international finance centres by external bodies such as the OECD and the EU.

The European ruling and possible much lower tax rates are going to have an impact, for sure, but I am confident that they can be used to further Gibraltar's international reputation.

Gibraltar is a small place but, as I tell my international clients, it punches well above its weight. The future is bright and I look forward to the new challenges with enthusiasm.

Ian Le Breton is managing director of Sovereign Trust (Gibraltar) Limited, a firm specialising in offshore companies, trusts and tax planning.

Start-ups grow

A total of 71 start-up companies were assisted by the InvestGibraltar Office and a further 31 have been helped in the first half of this year, according to Government statistics.

The InvestGibraltar Office is the frontline organisation acting as a bridge between the Government and the private

sector for day-to-day matters concerned with establishing new firms.

The number of jobs in the whole of the finance centre last year grew by 7 per cent to reach 2378, equating to around one in eight jobs in Gibraltar. Legal activities accounted for 224 jobs and accountancy for 265 jobs in 2007/08.

Big returns for start-up

Singapore, New York, Chicago, Sydney and London have their attractions, but it was Gibraltar that provided the right combination of business opportunities and lifestyle for Philip Docker to open The Rock's specialist broking businesses dealing directly on global markets for professionals and institutions.

Quay Financials (Gibraltar) Ltd, a Category 1 FSC regulated Broker, with its main trading screens running through London data centres, has been born out of the former year-old Van der Moolen (Gibraltar) Ltd brokerage as a result of a business buyout just completed.

A broker with 30 years experience in futures and derivatives with a 14-strong team in London, Docker previously had businesses in those other cities after developing Easyscreen, a front-end trading system and risk management system that he sold to the now defunct

Refco subsidiary of one of the US' largest businesses.

Now with co-director Andy Beckwith at the Queensway Quay offices, they are utilising Gibraltar's Experienced Investor Fund (EIF) status as "a superb opportunity" to launch an Investment Management division and offer a range of hedge funds that hold out the prospect of consistent and attractive high returns for investments of €100,000 and above.

"To achieve this level we are focusing on emerging, younger managers who want to be known for their success in achieving great returns, rather than known for the huge amounts of funds under management as is the case with most other funds managers wanting to stay within their own comfort zone", Docker told *Gibraltar International*.

"They are investing their own money along with those of clients, which is a very big difference", he explained

just days after completing the buyout from the Dutch who had "changed direction".

Although fronting the marina, Quay Financials has a team of nine people and promises a transparent fee structure within an entity that is Regulated at every stage. Utilising its Discretionary Investment Management licence to set-up a Protected Cell Company (PCC) as an umbrella structure, five single manager hedge funds have just been launched, with three seedling funds projected.

"We are in a perfect position to launch an investment hedge fund for any approved trader providing a set-up for hedge funds "out of the box" using the EIF and PCC structure for £15,000, much less than generally available for stand alone funds", pointed out Chad Thomson, Quay's 27 years old head of sales, who for the second successive year, captains Gibraltar's Rugby Club.

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Economic strength real driver for property

Ray Spencer finds out why marketing consultant Louis Montegriffo remains keen on bricks & mortar.

It wouldn't seem true if an estate agent admitted that the property market was not on the up. After all, it's the job of estate agents to talk up the sales potential. And Louis Montegriffo of BMI Group is no exception.

However, rather than spouting so much blah, blah, his conviction about the underlying strength of property investment on The Rock is very well defined.

As the organisation that lays claim to the sale of more than 40 per cent of Gibraltar's luxury units in the past decade, BMI would seem to be well placed to size up the current property situation.

The continuing economic strength of Gibraltar is the real driver of the property market and in real terms not affected like the US and UK where the credit crunch and over stretched mortgage books have taken their toll, he believes.

True, all banks and building societies will from now on be protecting their mortgage book and taking a cautious look at their future lending, but Montegriffo argues that that is what the Gibraltar financial services sector has instinctively done throughout. Some mortgage providers abroad were lending up to 10 times personal income -



Louis Montegriffo is optimistic

"a recipe for disaster" - when local banks and building societies were sticking to four times earnings as a maximum.

This has helped to guarantee The Rock's property portfolio and placed Gibraltar home owners generally in a stronger position than those in the US and UK.

He points to the fact that 15 years ago only 5 per cent of the Gibraltar community owned their own property; today its 55 per cent. And whereas 15

years ago the British Ministry of Defence was the mainstay of the local economy, now The Rock is self-sufficient.

Since the early 90's there has been a four or fivefold increase in property prices, which has very much been a catch up process to the rest of the world - (in southern Europe at any rate). However, whilst the market may have reached a temporary plateau, Louis looks to other financially strong centres such as Jersey, Guernsey and Monaco, where the significant numbers of financial services staff have helped fuel a healthy interest in bricks and mortar.

Whilst residential space costs are £14,000 or more per sq metre in Monaco, compared to Gibraltar's average of £4-5000, he doesn't see prices escalating as a result.

Indeed Montegriffo, who has virtually learned his marketing trade on-the-job during his 10 years with BMI, does see some evidence of short-term softening on asking prices with a fluidity of 3-6 per cent to allow for negotiation potential. But he is convinced demand remains and based on current comparables with other jurisdictions the outlook remains positive.

Speculators left saddled

"Some developers upped their prices too high on the back of strong demand from investors looking to turn over their money on a rising market. In fact, after the initial deposit, they didn't consider the need for having to fund the actual purchase because the unit was expected to be sold long before at a much higher price", he observes.

Louis estimates that in certain developments, up to 80 per cent of properties

were bought by people who never expected to live in them. Those speculators now left saddled with several units have to reduce their expectation if they are to have any chance of off-loading them now. And this can give the mistaken impression that prices are falling. "They still remain above their purchase price"

And BMI, a new business to Gibraltar in 1998, should know. A year after opening, the firm began promoting a new development - Sunset Close, a group of 25 town houses in the South district of Gibraltar - and since then has been responsible for marketing eight further new projects, including Europlaza, Atlantic Suites, The Anchorage, being completed this year, and Kings Wharf's Quay 27 now under construction.

Now the company is involved (as marketing consultants) with the promotion of Quay 29 expected later in the year. This will be the second phase of the Kings Wharf development, adding a further 140 units.

From the outset, Louis Montegriffo sensed the danger in concentrating too greatly on speculators and targeted the marketing effort on owner-occupiers - "people who had done their sums and who wanted to see the project succeed and to move in themselves".

Virtual tours

The Anchorage development where the 106 units sold well he says, simply because they represented good value for money. There, over 50% of the sales were to owner-occupiers.

"In Spain, it was different. Fifteen years ago there was high demand for 2-bedroom apartments and developers built thousands, all similar in size, style and presentation, with few buy to live takers", he observes.

Candidly, 35 years old Louis admits he never expected to be so successful in property



Artists impression of the finished 19 storey Quay 27 development at Kings Wharf

sales. "It took me by surprise, not because I'm not good at presenting the developments in a positive and realistic way, but the extent to which BMI was chosen to market the properties", he says.

He considers himself very able in his role as marketing consultant and in particular the creation of web sites specific to prime developments that give a realistic impression of what is proposed and then regularly up-dated to record progress. "In that way, buyers or investors considering the particular scheme are able to gain almost enough information to purchase online.



Half of The Anchorage sales to owner-occupiers

Now he's added virtual tours of apartments such as with Kings Wharf and The Anchorage. And his in-house magazine backs up the marketing presentation.

With a family history that goes back to Italian and even Irish origins, Louis is looking to grow still more. He has seen BMI expand into the Sotogrande market in particular to capture the more stable high-end property market and is seeking to tap into other aspects of the investment package through a new associated company, BMI Wealth, with colleague Paul Astengo

formerly a Barclays Bank mortgage manager.

Normally this aspect would be outsourced, but the aim now is "to leverage our existing client base concerned with the Gibraltar real estate business guiding these clients on a variety of complementary areas of financial advice, including special financing packages, protection and investments."

Strength of economy

As Louis notes: "The benefits of diversifying revenue streams and providing a broader based proposition will result in a more robust business model and greater opportunity for sustained growth."

Denying he might simply be talking the market up, Louis counters: "Let's see Gibraltar for what it really is and look to the strength of this economy and the attractive proposition for companies to set up business and relocate to this part of the world."

He adds ruefully: "If we could get a favourable ruling on the European Court case over our taxation policy, then it would act as a spur to companies not wanting to get caught with their pants down having made the commitment on the strength that things will stay the same. We have every reason to believe it will, but some will understandably need to be assured!"

// Four or fivefold rise since 90's as prices catch-up with rest of Europe //

Thinking outside several boxes

A different perspective



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Summer change for customers

Ex-pats to be targeted

The bank that claims to have the most UK personal current accounts, Lloyds TSB, has chosen Gibraltar as the base for the launch of its campaign to woo ex-pats of all nationalities across Europe with a mix of specialist investments and accounts - both current and deposit.

They will for example, be able to operate accounts in their country of residence and pay currency, and convert to or from Sterling or Euro without charge.

The new operation - Lloyds TSB International as it is known - has opened in revamped premises in Main Street, and can passport accounts across the EU, making it possible for ex-pats who move countries for work or to live, to retain a single bank account and a relationship they understand.

Current accounts will earn interest (at the time of writing) of up to 3.85 per cent on daily balances with money market deposits paying up to 5.47 per cent. Minimum opening balances are "100 of whatever currency you choose - Pounds, Euro, Dollars", explains Warren Maye, senior business development

manager for Lloyds TSB Bank (Gibraltar) Ltd.

"Ex-pats who move away from their home country sometimes consider transferring their bank to one in their new home country. But people like to stay with what they know and trust, so the new bank in Gibraltar allows us to provide services direct to them wherever in the EU they are located", he explained.

Serious regime

Mark Johnson, the Bank's managing director, spent two years researching different jurisdictions, including Cyprus, Luxembourg and Malta, before deciding to establish the Gibraltar operation.

"The existence of an international banking culture - and not just for high net worth individuals - as well as access to the UK Clearing system were part of the reason for being here", Johnson told *Gibraltar International*. "The Rock has a helpful, but rigorous regulatory process, which establishes itself as a serious regime, as well as being close to key markets", he added.

Initially, the bank has a staff of 19, but to meet expansion plans beyond the present 15,000 Lloyds TSB European customers, Johnson expects to employ ten more people by year-end and up to 60 within two or three years.

Cross-border

Having flirted with opening a Gibraltar bank whilst with The Bank of Ireland seven years ago, he retained the idea. After joining Lloyds TSB four years ago and as part of his remit to target expatriate bank accounts, he opened branches in the US, Cyprus and South Africa to complement the traditional operations in the Isle of Man, Jersey, and The Middle and Far East.

But the EU accounts for 40 per cent of the UK's ex-pats, so being able to provide from Gibraltar cross-border banking products - initially adapted from the Jersey product suite - was a distinct advantage.

Spain, Portugal and France represent the initial target areas in addition to Gibraltar itself, but the offer is pan-European.

Expanding on-line service

As the Summer Issue of *Gibraltar International* was being published, internet banking was introduced by Barclays Wealth as part of its plan to expand significantly its Gibraltar personal and intermediary banking business.

The investment in new technology means access to a wider range of Barclays Wealth products and services, some of which will be available in Gibraltar for the first time.

It includes access to institutional quality products and investments

through its relationship with Barclays Capital, the European investment bank for risk management and financing, and Barclays Global Investors, which claims to be the world's largest asset management house.

But of particular interest to Barclays intermediary clients will be the link to IceB that enables intermediaries to manage a large number of accounts on behalf of their own clients, effectively providing a virtual branch within their offices.

Personal customers gain access to

Online banking with new, and in many instances, higher rates of interest, removal of the £500 minimum accounts balance and ATMs with a dual Sterling and Euro currency service.

Derek Sene, deputy country head at Barclays Wealth in Gibraltar, said, "This investment demonstrates our commitment to Gibraltar as the country is an important focus for Barclays Wealth."

The state-of-the-art banking platform meant access to Barclays' world-class investment expertise, combined with local knowledge.

New ground for asset finance

Meanwhile fellow RBS International member, Lombard, has opened a new branch in NatWest House to become the first asset finance provider for business related equipment, aviation finance and marine finance.

Speaking at the launch Gibraltar's Chief Minister, Peter Caruana, commented: "Lombard's focus on providing alternative finance solutions that suit businesses' exact needs is clear and having them on the Rock will no doubt help our local businesses continue to succeed."

Lombard has grown to become the UK's leading direct provider of asset finance over a wide range, including cars, commercial vehicles, plant and machinery, IT and telecommunications as well as general aviation and marine.

Richard MacNee, Lombard Gibraltar area director, added: "By linking products and services to those offered by other businesses in The Royal Bank of Scotland Group, a seamless service is offered to address a diverse range of finance requirements".

One plus one costs £2m more

NatWest has just spent £2 million on improving customer services and facilities for its staff by extending into a second, adjacent block on Line Wall Road, Gibraltar, with a foot bridge linking both buildings.

The new premises at No 55 add nearly 700 sq mtrs of space for more meeting rooms to give increased customer privacy, relationship managers across all divisions based in the same building and access to more ATMs at the existing NatWest Building next door.

NatWest first opened on The Rock 20 years ago, triggered by the re-opening of the border between Gibraltar and Spain in 1985. Then NatWest invested £6.4 million on working capital, the Bank office, staff accommodation and systems expenditure.

When the branch opened Group Chairman Lord Boardman described the operation as a unique project as it was probably the first time that the Bank had opened on the same day within one set of premises three separate financial services businesses - retail banking services for Gibraltarian residents and offshore customers, a multi-currency deposit-taking entity for expatriates, and an investment/trust operation.

AN OASIS...



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Everything and nothing changes!

I've always been sceptical about looking back. You can never tell what will be recalled – good or bad. But this is the tenth anniversary issue of this magazine and it set me wondering what things were like in Gibraltar in 1998 a decade ago. It was after all a time when Viagra had just been invented; artificial hearts and livers were made possible and the search engine Google became a fledgling reality.

The mobile phone became a mass media channel in 1998 when the first ring tones were sold, with other media content – news, videogames, jokes, horoscopes, TV content and advertising – appearing soon after.

Between the 1980s and the 2000s, as one commentator put it, “the mobile phone has gone from being an expensive item used by the business elite to a pervasive, personal communications tool for the general population”. If only Spanish mobiles always worked in Gibraltar too!

Yes, it's hard to think of what life was like back then – it seems as though forever Gibraltar has been ‘the finance centre of choice’. Our first issue headline proclaimed: “*Gibraltar – the passport to a successful finance centre*”, echoing the words of the first Finance Centre Development Director, as he was then known.

He was of course, referring to the new facility to passport insurance, with similar passporting ability keenly anticipated for banking and then investment services too. Fund administration and custody were also identified as sectors ‘ideally suited’ to Gibraltar.

At that time, Gibraltar became the only off-shore centre to have implemented ‘all crimes’ money laundering legislation.

It marked a subtle, but nonetheless fundamental, shift in The Rock's competitive position – a swing in emphasis away from talk of “offshore” and no-taxes to an emphasis on low tax as part of the EU. Then talk was very much of ‘repositioning’ the finance centre.

It was even then one of the best

regulated environments financial services, competing on a par with “Dublin and Luxembourg”. Comparisons increasingly were with other EU jurisdictions, not off-shore ones. Heady days! Indeed, Expat Investor magazine in 1998 declared that Gibraltar had emerged “like a beacon of exemplary financial regulation”. Just as well, because no less than HRH The Duke of Kent officially opened the Finance Centre's new premises at Europort.

The Rock had been used to developing and operating traditional private trusts and a companies structure, but from then on they were put into a more European model, and opened the way for more corporate and added value work. Now mainstream insurance and Law firms were losing their domination of such work.

Then The Rock laid claim to 26 international banks; now there are 18, but with total assets of £11 billion. There are also 100 licensed insurance operations making Gibraltar a mainstream insurance EU domicile, as well as 33 investment firms, 32 Experienced Investor (EI) funds, 12 protected cell funds companies, 86 trust and company managers, and funds under management of £10.3 billion. Phew!

Ten years ago, links were established with Malta with the aim of mutual benefit from Gibraltar's position in EU and the Mediterranean island's experience with double taxation agreements: Victor Chandler switched his tele-betting business from the UK to Gibraltar doubling his first year turnover and clients extended to the US and the Far East.

And to complete the picture, everyone's favourite, property development and prices. The 125 ‘luxury’ apartments in the first phase of Queensway Quay was fully sold; apartments in Sotogrande were marketed at between £90,000 and, in the Marina, from £150,000. Villas there were £280k and land was £38-75 per sq metre. Neptune House in Marina Bay had studios at £35,000 and 4-bed penthouses from £180,000. Some things have certainly changed.

The FSC, in 1994, was responsible for supervision standards to match the UK and ensure Gibraltar specific EU directives were met. '98 was the year when UK Foreign and Commonwealth Secretary Robin Cook said he wanted all territories with financial sectors to have the highest standards of regulation, using Gibraltar as the benchmark. What a turn around; he cited “advances that had transformed Gibraltar's international reputation”.

A second Financial Services Commissioner, Martin Fuggle, was appointed fresh from being consultant to the Bermuda Monetary Authority, after John Milner's initial four year stint. He began with the indictment that there was “inadequate legislation” and the FSC under-resourced; legislation was “almost up to date” and “nearly all” EU directives implemented.

Currently, some believe the FSC to be similarly under-resourced; but this surely is more a reflection of the weight of work arising from many licence applications and stringent compliance regulation. New applications may well slow as world recession bites to ease the situation, but it's as much about the stringency of approach by present FSC Commissioner Marcus Killick, who joined five years ago to become fiercely independent, but fair.

So life goes on. In ten years, Gibraltar living standards have improved; the economy shifted fully into self-generated rather than military dependent; streets and the living environment more pleasant; good service is now being regarded as essential.

In 2018, will Gibraltar be more like a Swiss city, attractive to the high-end disposable income set, smart shops selling haute couture to compete with Marbella and Sotogrande; ample car parking; a simple border crossing to mainland Spain; a must-see tourist destination? Only time will tell; but I guarantee it will be just as hard to remember then what it was like now.

Ray Spencer

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