

**Statement by Premier Hon. Alden McLaughlin, MBE, JP, MLA
to the House concerning the 2014 Joint Ministerial Council
meeting**

8 December, 2014

Madame Speaker,

This past week, from December 1st through the 4th, I lead a small delegation to London to attend the Joint Ministerial Council meeting that included the Minister for Financial Services, Commerce and Environment the Hon. Wayne Panton and supported by JMC Sherpa Jason Webster, Cabinet Secretary Mr. Samuel Rose, Chief Officer Mr. Eric Bush and Senior Political Advisor Mr. Roy Tatum.

Her Excellency Governor Helen Kilpatrick also attended as did several of her fellow Governors from other OTs.

The Joint Ministerial Council is the highest forum that brings together UK Ministers, including Minister James Duddridge who now has responsibility for the Overseas Territories, and senior officials of HM Government with the elected leaders and representatives of the Overseas Territories to discuss matters of mutual interest between the UK and the Territories. The Foreign Secretary the Right Hon. Philip Hammond also attended the closing session.

You may recall, Madam Speaker, that in July of this year we hosted many heads of the OTs and their delegates in Cayman for a very successful pre-JMC meeting to plan for the actual JMC. I can say that this was extremely useful as it allowed us to discuss and agree on common positions.

And so I was happy Madam Speaker this past week to meet once again with my fellow OT leaders and have useful discussions between ourselves, the UK Minister and officials. I

hasten to add that while much of the discussions were useful, the OTs and the UK did not always agree. But fortunately, Madam Speaker, there was more agreement than not and after much discussion a final joint Communiqué was produced.

Madam Speaker as I sat at the table with my fellow Overseas Territory Heads of Government and the UK delegates we were all reminded that indeed, the sun still does not set on the United Kingdom her territories and crown dependencies. From the Caribbean to the North Atlantic, the South Atlantic, the Indian Ocean, the Iberian Peninsula and Europe to the Pacific Ocean, the Overseas Territories and Crown Dependencies may be individually relatively small in size, but we are an international grouping with diverse experiences and with a rich and proud history and people.

I would also note, Madam Speaker, that regardless of what some may think, the relationship between the OTs, CDs and the

UK remains mutually beneficial. The UK benefits in many ways from the relationship, including in meeting its environmental obligations – as the OTs have some of the most bio diverse environments around, in fact accounting for more than 90% of such bio diversity found within the UK and its Territories. And similarly the OTs, including Cayman, also benefit from historic and constitutional arrangements.

Madam Speaker I wish at this time to place on the table of this Honourable House a copy of the Communiqué that was agreed by the OTs and the UK that sets out the commitments and expected outcomes of this year's JMC.

Members will see that it addresses many areas covered during the week of discussions and side meetings, including acknowledging the obligations of the UK to its territories, the protection of children, enhancing the economies of the OTs matters concerning the environment, required major projects,

security and crime and other matters. Specifically, the 2014-15 roadmap includes working jointly to raise international standards to tackle money laundering, tax evasion, illicit finance and corruption and leading by example because our financial centres are of great importance to the international financial system. That roadmap also implores the UK government to explore with international partners on how Territories can engage directly to commission technical and policy supports to introduce renewable energy sources.

Another roadmap mandate was the ratification of multilateral environmental agreements. I was proud that Minister Panton was able to tell of our successful adoption last year of a National Conservation Law and the regulations that will soon be adopted to help ensure that law is enforceable.

However Madam Speaker I also wish to speak specifically about

two key issues of importance to Our Islands and the members of this Honourable House.

Madam Speaker, you may recall that the UK has been pressing its OTs and CDs to consider implementing a central registry and or a public register on beneficial ownership of legal entities.

Honourable members of this House may know that we have completed a survey of businesses regarding this issue and a majority of the responses, as expected, indicate firmly that a central registry is unnecessary and that a public registry would spell disaster for our financial services business.

Additionally, unless such registers become the new global standard and are being used by all major players - including the UK - then neither we nor any other OT or CD intend to go first and have our economies experimented with and potentially damaged.

Madam Speaker, I wish to remind Honourable Members that back in February of this year I travelled to the UK where I gave a keynote address at Chatham House followed up by an interview on the BBCs Hard Talk programme. I was speaking very plainly when I said that Cayman is ahead of the UK when it comes to knowing the beneficial owners of companies.

I was also plain speaking when I said that Cayman would not participate in any initiative such a public register of beneficial owners without this being a global standard that all would follow and indeed was actually practicing. I have repeated this at every discussion with the UK, including with former Minister Simmonds when he visited Cayman last year. And we continued this stance during the JMC planning sessions with the UK prior to the meeting.

And I wish to advise the country that although on the last day of the JMC there were attempts for the OTs to agree to introduce a

central register of beneficial ownership and to work toward the possibility of making this public in the future, I, together with Minister Panton, remained firm when I again stated our position and I am pleased to say that so far the OTs and CDs stand united on this issue.

Our position Madam Speaker is that we have examined and are in agreement with the '10 Principles on Beneficial Ownership' as agreed at the recently concluded Brisbane G20 Summit. One of which is the following:

“Countries should ensure that competent authorities (including law enforcement and prosecutorial authorities, supervisory authorities, tax authorities and financial intelligence units) have timely access to adequate, accurate and current information regarding the beneficial ownership of legal persons. Countries could implement this, for example, through central registries of

beneficial ownership of legal persons or other appropriate mechanisms.”

Madam Speaker we are firmly of the view that our current system has worked effectively and efficiently for a very long time and it meets the above criteria very well. And many of our fellow OTs and CDs feel the same way about their own regimes and as I noted we stand united on this issue. Hence we see no need for a central registry that would increase cost to business and the country and also create a potential single data source, which motivated and skilled individuals could hack into for gain. So under the G20 principle, countries could opt for a central registry or use another appropriate mechanism that would provide the same outcome to quickly and efficiently provide law enforcement with information on beneficial ownership of entities that may be involved in criminal activity. Our systems do this now, as I have

said, and it works well though we intend to improve on that system to further improve efficiencies.

And Madam Speaker, it is noteworthy that none of the G20 principles speak to a public registry at all – and I suspect this is for good reason - because it is a bad idea and none of the G20 will likely implement it; not even the UK. And neither will the Cayman Islands.

And so Madam Speaker, as can be seen in the JMC Communiqué the outcome as regards this issue was noted as follows:

“Jointly work to raise international standards to tackle money laundering, tax evasion, illicit finance and corruption, leading by example given the importance of our financial centres to the international financial system. We agree to meet again ahead of

the G20 meeting of Finance Ministers and Central Bank Governors in February to agree a way forward on implementation of the G20 principles on beneficial ownership.”

So Madam Speaker, we have noted in the Communiqué our agreement with the G20 principles on beneficial ownership and we have also agreed to meet again with the UK prior to the upcoming G20 Summit to discuss this issue some more. In the interim we will discuss this again with industry stakeholders to ensure that their views have not shifted. If it has not then we intend to again stand firm.

Secondly, Madam Speaker, I wish to update the House regarding the issue of the UKs centralisation of passports. The implementation of the repatriation/centralization of passports has been delayed, yet again, to May 2015.

Until the repatriation is complete, the Cayman Islands Passport Office will continue to manufacture Cayman Passports from its current stock. But stocks are running out and indeed may be finished by the time the UK implements its new system, so there is no room for any further pushbacks.

The decision to repatriate and centralize the manufacturing of all UK passports, including Overseas Territory passports like our Cayman Islands passport, was made unilaterally by the UK Home Office without any consultation with Cayman or other Overseas Territories. And the decision was made long before we took office.

As I have reported before we have been able to ensure that aspects of a BOTC passport, such as the name of the Territory on the front remains. We have also had robust talks with HMG regarding timeframes for the manufacture of the new passports to ensure that this is done as fast as possible and also for the Cayman Passport Office to maintain control over the actual

issuing of passports. And we also raised the concern regarding the need for Cayman and other OTs to be able to provide emergency passports when needed.

The issue of emergency passport issuance is; however, still outstanding. I made strong representation to the Home Office and the FCO that this must be treated as a priority. In response, the Home Office acknowledged that it understood the need and has agreed to send a small number of officials involved with the repatriation project to Cayman early next year. I have also requested that this subject be added to a follow up meeting scheduled with the FCO in January or February next year.

Madam Speaker, on a more pleasant note, I wish to confirm that not all aspects of the week were tense as we had several enjoyable interactions.

We hosted an event at the London Office for Caymanian Students attending university in the UK. This was very well attended and it was heart-warming as well as a proud evening to see the calibre of our students and to hear how well they are doing and benefitting in the UK. I recall well, Madam Speaker, that it was under the previous PPM administration that we were able to get the UK to agree for students from the OTs to pay 'home rates' in the UK – thus making university more affordable to families and for Government where scholarships are concerned. This has dramatically helped to encourage more Caymanians to look to the UK for quality tertiary education. I am also pleased to advise Madam Speaker that we were able to host a dinner reception for business people and friends of Cayman and this too was very successful and we were able to rekindle old friendships and make new friends for Cayman.

I told them that we are able to mesh the world of the idyllic with the real working world of high finance, but that it didn't happen by accident or overnight. Hard work and dedication have brought the Cayman Islands to its envied and sought after position on the world stage.

They now know that because of the fiscal policies my Administration has adopted over the next few years, we will see Government improving its net financial position, building infrastructure for generations to come, creating employment opportunities through the private sector and, overall, supporting economic growth.

In reviewing Cayman's financial outlook for the next projected budget year and further into the future, we see a positive outlook with continued fiscal restraint while remaining compliant with international regulations. It is our goal and self-imposed mandate

to continue to reduce Government debt while steadily increasing cash balances and reserves.

I was able to share with them the measures we are taking to diversify and grow Cayman's economy, update them on Health City Cayman Islands, inform them of the opportunities available to them through our Special Economic Zones and our plans to grow the financial services industry.

On Friday, our last day in London, we spent a considerable amount of time looking for new office accommodations as the rent for the Cayman Islands London office will be increasing May. The Progressives-led Administration is committed to finding ways to trim down the expenses of Government both at home and overseas.

The Ministry of Home Affairs is in the advanced stages of the second recruitment process in search of the next Cayman

Representative and Director of the Cayman Islands London Office.

Like the previous exercise, a number of applications from willing Caymanians were received by the Ministry. The recruitment panel has decided on a short list based on the set criteria of skills and experience and interviews and an assessment centre are being scheduled in the coming weeks.

It is expected that I will be able to make an announcement of who the next Cayman Representative and Director of the Cayman Islands London Office will be early in the new year.

Lastly Madam speaker on Thursday Minister Panton and I met with Minister Duddridge and discussed several matters including cruise berthing and other major projects, as well as the passports issue and of course beneficial ownership, amongst other things.

The meeting was useful and we are hopeful that the matters addressed were duly noted and will be actioned as appropriate.

Madam Speaker this concludes my statement with regards the JMC for 2014. I would note that next year Bermuda will host the Pre-JMC meeting. I promise the Honourable Members to keep them abreast of the specific items mentioned.

Thank you Madam Speaker.

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