



States of
Guernsey

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The Rt Hon Boris Johnson MP
Prime Minister
10 Downing Street
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24 July 2019

Dear Prime Minister

GUERNSEY – CONSTITUTIONAL RELATIONSHIP

On behalf of the government of Guernsey, I wish to congratulate you on your successful election as leader of the Conservative and Unionist Party and subsequently on becoming the United Kingdom's Prime Minister.

As you may know, the Bailiwick of Guernsey comprises three jurisdictions, each of which are territories in Her Majesty's realm. The islands of the Bailiwick (namely Guernsey, Alderney and Sark) each have their own autonomous legislatures, executives and judiciaries. Our constitutional relationship with the Crown, which has stood for more than 800 years, includes the constitutional rule that the UK Parliament does not legislate for the islands on domestic matters without their consent.

The Bailiwick is neither part of, nor a former colony of, the UK. However, due to our historic and special relationship with the Crown, the UK Government is responsible for our formal international relations and defence. This responsibility exists even where the Bailiwick's interests differ from those of the UK. Previous governments have taken this responsibility very seriously, in accordance with the international identity framework agreed more than 10 years ago between Guernsey and the UK.

I know that you will already be aware from your previous role as Foreign Secretary that there are important differences between our relationship with the UK (through the constitutional link with the Crown) and those which exist between the Overseas Territories and the UK.

The Bailiwick's strong working relationships with UK departments, particularly during Brexit

The Bailiwick of Guernsey has had a very positive relationship with the UK Government during the Brexit process to date, including assurances from the previous Prime Minister that at each milestone our interests have been taken into account. We welcomed your predecessor's pledge and actions taken, to engage with Guernsey. We hope this engagement will continue

through regular meetings between officials and ministers as the Brexit process enters the next phase and would welcome your commitment in that regard.

Guernsey has a significant economic relationship with the UK, particularly in respect of financial services which provide a net benefit to the City of London. Guernsey was the fastest growing market for UK imports of goods and services between 2010 and 2017, with increases of 456% to £2.4bn (*ONS Pink Book 2018*). The Brexit process has provided an excellent opportunity to further strengthen those relationships. In 2018, as part of the Brexit planning process, we concluded a new customs arrangement between our jurisdictions to enable the maintenance of an important historical right under our Royal Charters to the free movement of goods with the UK. We are in ongoing discussions to conclude the governance arrangements to agree the extension of the UK's membership of the WTO to Guernsey. This remains a key strategic priority to ensure our interests are protected when the UK leaves the EU. We would welcome your commitment to ensure that this is concluded as soon as possible and no later than 31 October.

We continue to work hard to plan for all possible outcomes of the Brexit process and to ensure our domestic contingency plans are aligned to the UK's own planning. I would like to take the opportunity to reaffirm Guernsey's position that a disorderly UK exit from the EU would not be in Guernsey's interests.

Recent constitutional threat posed by proposed amendment to a UK Bill

Guernsey has been disappointed by the recent moves by some backbench MPs to attempt to legislate directly for the Channel Islands and the Isle of Man on the topic of registers of beneficial ownership of companies, most recently by way of an amendment to the Financial Services (Implementation of Legislation) Bill. Any such purported legislation would be contrary to the centuries-old relationship between Guernsey and the Crown I referred to earlier. There is irony in that, at a time when the UK is considering how best to implement the Brexit referendum result to 'take back control' from the EU, some UK parliamentarians are attempting to take control away from Guernsey's democratically elected government. It is incumbent on me to impress upon you that Guernsey is absolutely resolute in its determination to protect our constitutional interests robustly against threats from any source. Your predecessor's government defended the Bailiwick's position and I would be grateful to receive your assurances that your government will also strongly resist any further attempts by Parliament to legislate for these islands without consent.

On the policy issue at hand, Guernsey has an exemplary, longstanding and independently assessed record of tackling financial crime (including money laundering and tax avoidance). Our existing central register of beneficial ownership of companies contains accurate, up-to-date, verified data. This contrasts with the unverified data which appears on the UK's public register. The Home Office review of the Exchange of Notes (May 2018¹ and June 2019²) between the UK and Guernsey and recent comments made by the FBI in a Senate hearing

¹ <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2018-05-01/HCWS661/>

² <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2018-05-01/HCWS661/>


(May 2019³) has validated our approach, acknowledging the effectiveness and usefulness of the high quality data on our central register which can be accessed by tax and law enforcement authorities.

We have repeatedly stated that we would move to a public register when that became the international norm. On 19 June 2019, in a joint announcement with Jersey and the Isle of Man, we confirmed our commitment to move to public registers of beneficial ownership through a published step-by-step action plan in line with the EU's 5th Anti-Money Laundering Directive. We have exactly the same policy objectives as the UK to root out financial crime, and it is crucial that the approach we take on this matter is robust, practical and deliverable. We are confident that our clear action plan will reassure all that Guernsey is determined to remain a global leader in developing international standards, in cooperation with other jurisdictions, to fight financial crime and tax transparency.

Request for brief meeting in the near future

While understanding that you will have many demands on your time, particularly at the moment, I would greatly value the opportunity to meet briefly with you to discuss how our strategic and economic relationship with the UK can develop as part of the British Family once the UK has left the EU.

Yours sincerely

A handwritten signature in dark ink, consisting of several loops and a final flourish, identifying the Deputy Gavin St Pier.

Deputy Gavin St Pier
Chief Minister of Guernsey/*Le Prumier de Giernes*i

cc: James Dent, Chairman, Policy & Finance Committee, Alderney
Conseiller Peter La Trobe-Bateman, Chairman, Policy & Finance Committee, Sark

³ <https://www.fbi.gov/news/testimony/combating-illicit-financing-by-anonymous-shell-companies>

