

COVER STORY: THE CARIBBEAN

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so much get done, so quickly"*

Gary Hales, BVI Finance



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70% Contribution of the financial services sector to the British Virgin Islands' income

After the storm

Lorna Smith of BVI Finance reports from the British Virgin Islands on how the Caribbean economy can recover in the wake of Hurricane Irma

On 5 September 2017, the British Virgin Islands (BVI) was struck by Hurricane Irma, a category five storm and one of the most severe in living memory. It wreaked havoc across our islands and barely left anything untouched. Then, before we had time to fully understand the scope of the damage Irma had wrought, we were faced with Maria, a category four hurricane on 19 September, but thankfully we were spared its full impact.

The BVI is home to an international business and finance centre that mediates over \$1.5trn of investment globally and supports more than two million jobs worldwide. So, amidst the wreckage of two major hurricanes, we worked smartly and efficiently to ensure one of the world's most crucial offshore investment centres remained open for business.

BACK ONLINE

"Never in my career have I seen so much get done, so quickly," noted Gary Hales, head of Business Development and Marketing at BVI Finance.

As part of the team on island, Gary was able to assist in the aftermath of the hurricanes, and was also a part of some of the ad hoc response teams and emergency groups that quickly formed in the days and week after landfall to ensure our financial centre was online though most of our infrastructure was not.

Everyone in the territory knew how important it was to ensure our business and international finance operations were quick to come back online. We are a crucial centre for global holding companies for various assets such as real estate, family, trust



Lorna Smith OBE is interim executive director of BVI Finance

and succession planning, investment business, joint ventures and corporate group structuring. We are also home to more than 2,000 registered mutual funds.

Financial services account for 70% of the territory's income, so the BVI's premier and minister of finance, Orlando Smith, was quick to assure the industry that the government was aware of the challenges companies were facing to serve their clients in the wake of the hurricanes' devastation.

"We are here to respond to any crisis, or any issues because we recognise the importance of the industry, particularly at this time. We have to maintain financial services, even while we work to jumpstart the other sectors," he said.

"Meetings were happening everywhere and it is fantastic to see what can be done when everyone is working together against adversity. We were able to set agendas, bring people together and begin coordinating a smart response and take decisions to government quickly," said Hales.

BACK TO THE OLD WAYS

Phones and internet were intermittent at best in the first early days of recovery, so we relied on writing minutes, remembering phone numbers and talking face-to-face to get things done quickly.

"It was a stark reminder of what life was like before the internet," said Hales. He noted how the state of emergency helped everyone take on and solve problems fast: "There were no committees; we just got things done," Hales said.



Satellite image of Hurricane Maria

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“We are proud that a landmark transaction has closed just weeks after the BVI was severely impacted by the hurricanes” Anton Goldstein, Conyers



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Hurricane Irma makes landfall

Professionals on the islands found great solace in social media – WhatsApp and Facebook groups became vital communication lines to ensure everyone was safe and then knew what their job was. A lack of phone lines and spotty electrical and internet services meant our mobiles and apps were all that we had to ensure the business was back online.

The camaraderie was infectious.

Hales described an exchange he witnessed between a court registrar and lawyers from BVI-based firm Harney’s: “The lawyers asked the registrar if there was anything else they could do to help and the registrar, rather tongue-in-cheek, noted that two temporary offices needed a pair of new printers. Without hesitation, the lawyers said ‘done!’

“In adversity, all our professional services were able to work together. It was wonderful to see.”

USING A GLOBAL NETWORK

We were quickly able to determine that the BVI Financial Services Com-

mission, housing services such as the corporate registry and its online company registration portal VIRGIN, were operational. In addition, we were happy to report that the BVI’s beneficial ownership information portal (BOSSs) was unaffected by the hurricane.

A statement from the Alliance of BVI Professional Services Businesses, representing the legal and professional services firms with operations in the BVI noted that: “These systems [were] major components in getting services back up and running, business recovery and ensuring continuity of service.”

Members of the Alliance noted how many employees had to temporarily relocate from the BVI, but were then able to work both remotely and alongside BVI-qualified colleagues permanently based in overseas offices including Hong Kong, Cayman Islands, London, the Channel Islands and the Isle of Man.

Many of our private partners have offices around the globe, so we were able to work with off-island staff to

set up groups in London, for example, as a hub for communications. These groups were able to help offices on the BVI to access the Financial Services Commission.

Matthew Gilbert, a partner at Maples & Calder, noted how his firm also activated its business continuity plan to service its BVI clients remotely, utilising a global network of BVI-qualified lawyers.

He said: “As expected, there was considerable damage to homes and we relocated a number of BVI staff members to our other offices together with their families.

“While the BVI is facing a number of challenges in the coming months as the jurisdiction sets about rebuilding and returning to normal, we are confident that it will be business as usual for our clients,” he said.

OPEN FOR BUSINESS

Not only was the international business centre able to survive through the worst of the effects of Irma and Maria, it was able to positively thrive in the face of adversity.

Offshore law firm Conyers advised Despegar, a Latin American online travel company on its initial public offering on 26 September, a few weeks after the hurricanes hit the BVI. The listing, which was 13.4 times oversubscribed and raised \$382 million, made Despegar one of the most valuable publicly listed BVI companies.

Anton Goldstein, a partner in Conyers BVI office, said: “We are proud that such a landmark transaction has closed just weeks after the BVI was severely impacted by the hurricanes. The closing of this IPO underscores the fact that the BVI is open for business and continues to be a leading offshore centre for major corporate transactions.”

Ogier’s BVI office was also able to advise its long standing client Toys ‘R’ Us on its global reorganisation and restructuring just weeks after the hurricanes.

The global American toy retailer filed voluntary Chapter 11 Petitions in the US and Canada on 18 September with the remainder of

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“It is heartening to see huge deals still being managed and executed on BVI, amidst repair and regeneration”

its global business not being part of those filings. The Ogier team on the ground in the BVI worked around the hurricanes to assist with the filings, with colleagues sharing the lead from Ogier’s Jersey office.

Ogier’s BVI team also didn’t let the hurricanes stop them leading on the acquisition of General Electric’s global water and process technologies business.

Ogier acted for Suez, the French group, together with global counsel. The BVI team had been working on the matter for some time in the lead up to closing on the 29 September.

It is heartening to see huge deals still being managed and executed on BVI, amidst repair and regeneration. Fundamentally, whilst there has been a level of disruption for employees on the ground, the clients of these firms have been unaffected with key services continuing throughout.

A REMARKABLE RESPONSE

I was very pleased to see how well the business continuity plans of firms operating in the BVI swung into operation.

As you would expect, firms have been affected – both in terms of property management and personnel – many members of the industry have been temporarily relocated. However, senior leadership who remained here are committed to rebuilding their businesses in the BVI for the long term. It is particularly encouraging to note the active plans to bring personnel back on island once the necessary amenities are restored.

Moreover, the private sector has been a bastion of support for the BVI since the hurricane – we are grateful to the many individuals and companies who have contributed to this effort.

THE QUALITY AND IMPORTANCE OF THE BVI’S INTERNATIONAL BUSINESS AND FINANCE CENTRE IS CLEARLY RECOGNISED BY THE PRIVATE SECTOR

Their response is testament to just how important the BVI is to the international financial system. Major respected companies worldwide use BVI Business Companies to manage their cross-border activities, with the territory home to part of the group structure of over 140 major businesses listed on the London, New York or Hong Kong main stock exchanges.

The quality and importance of the BVI’s international business and finance centre both globally and locally is clearly recognised by the private sector. As such, I have no doubt that it will fully return to what it once was, and more.

ADDING RESILIENCE

The scale of redevelopment cannot be underestimated and the cost of reconstruction will run into the billions of dollars. This is why we have been petitioning parliamentarians to gain support for grant in aid to fund the rebuilding of crucial infrastructure and public services.

Despite all, we have made a lot of progress within 30 days after the passage of Hurricanes Irma and Maria.

Water and electricity has been restored to our capital Road Town, and other parts of the territory including Virgin Gorda. A few schools re-opened on 2 October and plans are in place for the remaining schools to be opened on 6

November. Our main hospital stood strong during the hurricanes and has been fully operational, and our private hospital is expected to reopen its doors shortly.

It is our goal to ensure that everyone living on the Islands has access to all of the amenities that are required for a good standard of living.

Benito Wheatley, UK/EU Representative for the Government of the

British Virgin Islands, has engaged with government ministers and senior figures in the Labour Party and the Liberal Democrats.

Benito has explained the key issues facing BVI islanders during this difficult time and made the case for the need for an economic reconstruction package backed by the UK.

“I was grateful to see how engaged and supportive parliamentarians are,” said Benito. “They are concerned about the situation in the BVI and want to see us build back better. There is clear support for the BVI that spans across party lines.”

‘BUILD BACK BETTER’

“Build back better” is a key phrase. It means two things: first, that reconstruction is designed so that the BVI is more resilient against hurricanes of the power of Irma and Maria.

The sad fact is we can expect storms of this magnitude more frequently in the future and we have to be prepared.

Secondly, it speaks to improving our capacity in areas such as IT so that we have a competitive advantage once the rebuilding is complete and can attract companies back to the BVI.

“Grant in aid is vital for the rebuilding effort,” adds Wheatley. “It will provide the funding for key infrastructure and thereby create an enabling environment for investment by the private sector. Businesses, will in turn, be able come in and build in such a way to make their operations more resilient.”

SECURING THE FUTURE

The BVI is going through testing times but its people and its businesses are showing immense resilience. We have taken rapid action to get back to business as usual but this is just the start of the rebuilding effort.

Undoubtedly we have a big task on our hands but with the support of the governments of the UK and BVI, as well as the private sector we are confident that we can indeed build back better and to maintain the BVI’s position as an integral part of the global economy. ■