

Stability provides buffer against storm

Is the recession over or are we in the eye of the storm?

John Spellman of Isle of Man Finance says: 'The extraordinary levels of government borrowing, job losses and contractions in the global economy means that the balance between spending and taxes in most developed countries will require political fortitude and fiscal engineering not seen in our lifetimes.

To say it is over is perhaps a little premature.' The Isle of Man has maintained positive GDP growth, albeit at the more modest estimated 2.5 per cent for 2008/9. Bank deposits have remained resilient at £53 billion, with a slight fall of 1.7 per cent. Unemployment has remained stable at around 2.2 per cent.

Spellman said: 'Whilst redundancies have hit the Island they are much less severe than in many of our competitors. Our government reserves and financial stability have provided a very welcome buffer against the downturn and, though under pressure, Government still seeks to plan for a broadly balanced budget. Whilst debate is spirited locally, our political stability must be envied by many similar sized countries.'

Diversification, lower cost base and international policy have helped maintain the Island's resilience. In the face of a financial hurricane, the Isle of Man maintained its triple-A rating and gained an excellent review from the IMF, as well as inclusion on the OECD's 'white list of cooperative countries'.

Spellman says: 'Our finance sector has been able to prove its creativity and sell other products as the downturn has occurred, focusing on cross-selling to their existing client base and maximising business opportunities. The ability to demonstrate that the Isle of Man is determined to maintain strong relations with its business partners and respond to their concerns, such as automatic exchange of information with the EU, gives businesses confidence that the base we have built today will still be vibrant tomorrow.'

The development of the tax information exchange network and double taxation agreement network should enhance the Island's reputation and provide business opportunities. But, say the experts, the Island needs to evolve, with some traditional areas of the finance sector beginning to plateau.

John Spellman said: 'Money makes the world go round and the Island is a perfect conduit to provide international business solutions to the UK and the world. Our opportunities lie beyond these shores and we need to seek them out. It is imperative that we draw upon the intrepid Manx seafaring DNA and rediscover our entrepreneurial spirit. Future solutions offered may be Manx-centric but embrace the best of breed from a range of jurisdictions. Good business is wherever we find it and maybe it's time to look further East.'