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## Bermuda's global economic value

**Hamilton, Bermuda, December 11, 2016**—A new Oxfam report that targets Bermuda as a corporate “tax haven” ignores the substantial global economic contribution of this British Overseas Territory, according to the Bermuda Business Development Agency (BDA).

“Unfortunately, many of the Oxfam assertions are based on flawed economics and lack of understanding,” said Ross Webber, Chief Executive Officer of the BDA. “We consider it an inaccurate, ill-informed and disturbingly prejudiced attack on a small north-Atlantic archipelago that exerts an enormously positive impact globally—including on the very regions and populations Oxfam wrongly accuses us of threatening.

“Bermuda’s economic model is different to any other international financial centre,” Webber said. “We support close to a half-million jobs globally, creating employment not only on the island itself, but also in onshore trading partners. That amounts to an estimated 300,000 jobs in the US and more than 70,000 in the UK through trade, foreign direct investment, and portfolio investment capacity. In this way, our 21-square-mile country facilitates critical economic globalisation.”

In particular, Bermuda helps preserve and grow the pensions of millions of onshore workers, including those in the UK. The island is a destination for financial investment by onshore pensions and governments amounting to more than \$20 billion, he said.

The island’s global reinsurance market is also vital to other countries’ economic health and survival. Bermuda is home to companies that provide 35 percent of capacity for Lloyd’s of London, and through payment of insurance claims, they are responsible for the rebuilding of cities, coastlines and communities around the world after the worst disasters. These include:

- 20% of December 2015 UK flood losses

- 62% of claims for the UK's Buncefield oil-terminal fires of 2005
- 9% of the World Trade Centre 9/11 claims
- 25% of US medical-liability re/insurance
- \$22 billion to rebuild the US Gulf coast after Hurricanes Katrina, Rita and Wilma
- Over half of reported liabilities from the 2010 New Zealand earthquake

A notable example of Bermuda's value, especially to those most vulnerable, is the African Risk Capacity (ARC), Webber noted. The ground-breaking initiative leverages Bermuda's financial infrastructure and expertise to help African states become more resilient and recover faster from crippling drought and other weather-related disasters—allowing relief for the world's least developed nations.

Another project, Blue Marble Microinsurance, involves a consortium of eight insurance companies, with operations in Bermuda, that have joint ventures designed to close the protection gap in the developing world. The first venture, in Zimbabwe, was announced last month; its aims are to provide food security, financial inclusion, and the advancement of microentrepreneurs.

Oxfam's labelling of Bermuda as a tax haven contradicts the Organisation for Economic Cooperation and Development (OECD), Webber said. In its 2009 report, *Countering Offshore Tax Evasion*, the OECD identified four factors that must *all* be met to qualify as a tax haven: lack of transparency; lack of information exchange; no substantial activity; no or nominal tax on income. By contrast, Bermuda has real business conducted by physical companies in its jurisdiction; is transparent and compliant; and exchanges information via Tax Information Exchange Agreements (TIEAs) and the Multilateral Convention on Mutual Administrative Assistance in Tax Matters. Bermuda also levies a 15.5-percent income tax on payroll.

"Our unique tax system was designed to support our island's infrastructure," explained Webber. "For over a century, we've used a consumption-based, duty-tax system to provide revenue for our government. Our fiscal sovereignty is an international right that should not be ignored."

"We have long been at the forefront of transparency, cooperation and compliance with the highest international standards. That is more than evident in Bermuda's numerous treaty partnerships with



nations around the world and our leadership on guiding the evolution of regulatory best practices,” he said.

“Oxfam’s assertions may make great headlines, but they just don’t reflect economic reality,” Webber concluded. “Cross-border trade via multi-national enterprises is the fuel that keeps global financial systems running smoothly. And Bermuda, as a genuine example of a quality financial centre, helps pave the way for growth in both developed and emerging markets, providing for vital economic development around the world.”

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