

GLIDING THROUGH A TIDAL CHANGE

BY KEVIN RICHARDS

The decision by Oracle Team USA's Larry Ellison to stage the 35th America's Cup in Bermuda waters has reinvigorated the jurisdiction's entire economy but nowhere has this been more evident than in its high net worth, aviation and shipping sectors.

Renovation of existing hotels along with investment in brand new tourism properties have spurred the creation of cutting-edge marinas around the Island and the relocation of a spruced-up private jet terminal run by Cedar Aviation Ltd at Bermuda's East End airport. The new infrastructure is attracting high fliers and superyachts whose onboard visitors represent the type of clientele Bermuda aims to keep long after the regatta has run its course.

The timing of the America's Cup could not be better for both the aviation and maritime sectors following their transition from Government ministerial departments to semi-autonomous entities in autumn 2016.

The Department of Civil Aviation (DCA) became the Bermuda Civil Aviation Authority (BCAA), while the Department of Maritime Administration (DMA) is now the Bermuda Shipping and Maritime Authority (BSMA), both run by experienced Directors General who now report to independent Boards of Directors.

The transition is expected to make both bodies more agile and better able to evolve and respond to fast-changing industry needs.

The Island's high net worth sector – which drives Bermuda's family offices, trusts and private client business – shares synergy with the aviation and maritime industries, particularly in a sophisticated

L.F. Wade International Airport, Bermuda.
Photo: Courtesy Bermuda Tourism Authority



Royal Naval Dockyard.
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centre of financial excellence like Bermuda. The benefits the market provides for this type of clientele is clear – a well-regulated, easily accessible centre offering privacy coupled with a luxury lifestyle and amenities that are finally making Bermuda a five-star port of call.

Notably, a megayacht marina has been constructed at the Hamilton Princess Hotel on the city harbourfront, part of a \$100 million renovation that has also added restaurants, a spa, infinity pool, retail additions and suite renovations to the historic pink property.

New marina complexes are also under construction at several venues Island-wide. These include: the Royal Naval Dockyard, where the America's Cup Village, team bases and race staging areas are situated; nearby Morgan's Point on the Great Sound, site of a former US Naval Station and submarine base where a residential community and 79-room Ritz-Carlton hotel and spa are being built (Morgan's Point was officially granted port facility status in 2016) and St George's Harbour, the Island's eastern maritime seaport that sees annual influxes of private yachts during their autumn and spring stopovers to and from the Caribbean and Mediterranean charter season.

Affluent visitors are well accommodated by Bermuda's private jet arrangements, which in 2016 relocated further east to a new terminal on the LF Wade International Airport's main runway. US Customs pre-clearance is a perquisite of travel from Bermuda and the new facility also offers boardroom space for meetings.

These kinds of enhancement are a bonus to Bermuda's already well established maritime and aviation ecosystems, both globally respected for their long-standing history and well-regulated environment, as well as the coveted access they offer to the jurisdiction's financial sector.

Reinsurance, captive insurance, P&I clubs, funds, technology ventures and other start-up ventures, plus a full spectrum of financial services, are all available. The ability to connect with this entire value chain separates Bermuda from our competitors. The strong financial foundation makes our jurisdiction favourable to banks and financiers when leveraging an offshore facility in a new building or ship financing transaction, for example. Leading regulatory standards also make Bermuda an attractive option for residency and trust incorporations for high net worth individuals connected with both sectors.

Bermuda's shipping registry, with close to 12-million in gross tonnage including 25 passenger ships, has long been a focus of interest at major industry conferences we attend around the world. Our jurisdiction's Category 1 British Red Ensign Group (REG) registry supports a worldwide portfolio of vessels, including large cruise ships, oil, gas and chemical tankers, container ships, bulk carriers, offshore vessels (FPSOs, FSOs, oilrigs), cruising and megayachts. Certified to the top (ISO 9001:2008) quality management standards, Bermuda ranks high in the white list of the Port State Control regimes of both Paris and Tokyo MoUs and is recognised by the United States Coast Guard in its QUALSHIP 21 quality shipping programme.

Bermuda's registry was launched in 1789 by Her Majesty's Customs to facilitate registration of Island sloops and was also used by ship owners from the UK and other British colonies for international trade. Re-established in 1980, with contemporary legislation and maritime

conventions extended by the UK Government, the registry is respected for the high standards of its ships and the world class service it provides.

Our aviation registry – the largest offshore registry and 10th largest in the world – counts a total of 757 aircraft on its roster, including an impressive 628 commercial jets. Enhanced by high safety standards, it also benefits from pragmatic regulation and Bermuda's responsive legislative environment.

In 2016, several notable legal updates were passed by the Island's Parliament, including the Bermuda International Interests in Mobile Equipment (or 'Cape Town Convention') Act 2016, which brings the Island's aviation sector in line with global standards. The update caps a number of years of successful collaboration with the UK Department of Transport and the UK Department of Business Innovation and Skills. Ratified by the UK and then extended to Bermuda and other British Overseas Territories (BOTs), the treaty gives our clients access to the same international standards for registration of sale contracts, security interests and legal remedies for financing default that have become accepted practice for aircraft and aircraft engine financing.

These are strong jurisdictional selling points when the Bermuda Business Development Agency (BDA) joins Bermuda Government and industry colleagues at conferences around the world. We connect with ship owners, brokers, bankers and investors at events such as London International Shipping Week, Posidonia in Athens, the Monaco Yacht Show, and Marine Money events in New York City, among others; we also hosted Aeropodium's Offshore Aircraft Registry Summit, attracting top industry attendees to our shores.

As we ride the wave of the 35th America's Cup, we welcome many more opportunities to showcase Bermuda's jurisdictional assets to the watching world.



KEVIN RICHARDS

Kevin Richards is a Business Development Manager for the Bermuda Business Development Agency (BDA).

Kevin is responsible for maritime and aviation industry sectors. He is also a member of the America's Cup Bermuda Legacy & Sustainability Committee.

He has more than nine years of financial services experience, including two as marketing manager at GE Canada and five years in the insurance industry with ACE Group in London and Bermuda.

info@bda.bm
www.bda.bm