

# KEY FINDINGS

**Capital Economics has been commissioned by BVI Finance Limited to research and report upon the contribution made by the British Virgin Islands to the global economy.**

This report combines new analysis of existing information, statistics and research with the results from a major quantitative and qualitative research exercise among a large and representative sample of financial and professional services firms operating in the territory.

There are five key findings.

**First, despite its relatively small size, BVI is a real, balanced and sustainable economy.**

- With gross domestic product of roughly US\$32,500 per capita, BVI's levels of prosperity are among the higher performers in the Caribbean and Latin America region.
- It is a remarkably balanced economy: tourism accounts for one in four jobs, while the international business and finance centre accounts for one in ten. Half of BVI's economic output derives from these two key sectors.
- BVI has maintained a sound fiscal position despite the impact of the global financial crisis, while it runs a surplus of around US\$45 million on its trade account.

**Second, BVI is home to a unique cluster of financial and professional services firms that form an 'international business and finance centre'.**

- BVI is one of the world's largest centres for the incorporation of companies – especially those created to facilitate cross-border trade and investment, and is home to a cluster of associated specialist financial, legal and accounting firms with clients from across the globe.
- The international business and finance centre employs 2,200 people directly and supports a further 3,000 jobs – and generates US\$330 million of gross value added and accounts for three-fifths of government revenues.
- Over two-thirds of all jobs in the centre are held by BVI Islanders and Belongers.

**Third, the 'BVI Business Company' is a widely used and dependable vehicle to facilitate cross-border trade, investment and business.**

- There are currently just under 417,000 active BVI Business Companies. Roughly two-fifths originate from Asia while use by clients from 'G7' countries is less common, accounting for less than one-fifth. The assets held by these vehicles have an estimated worldwide value of US\$1½ trillion. This investment is equivalent to roughly two per cent of global gross domestic product.
- Major respected companies worldwide use BVI Business Companies to manage their cross-border activities. BVI is 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 important role of BVI Business Companies in international investment flows is evident from data on foreign direct investment. According to the United Nations, BVI was the ninth largest recipient of foreign direct investment, and the seventh largest source of outward flows in 2015.

**Fourth, BVI is a sound and reliable centre which has worked harder than many bigger nations to meet international standards, and not some supposed tax haven.**

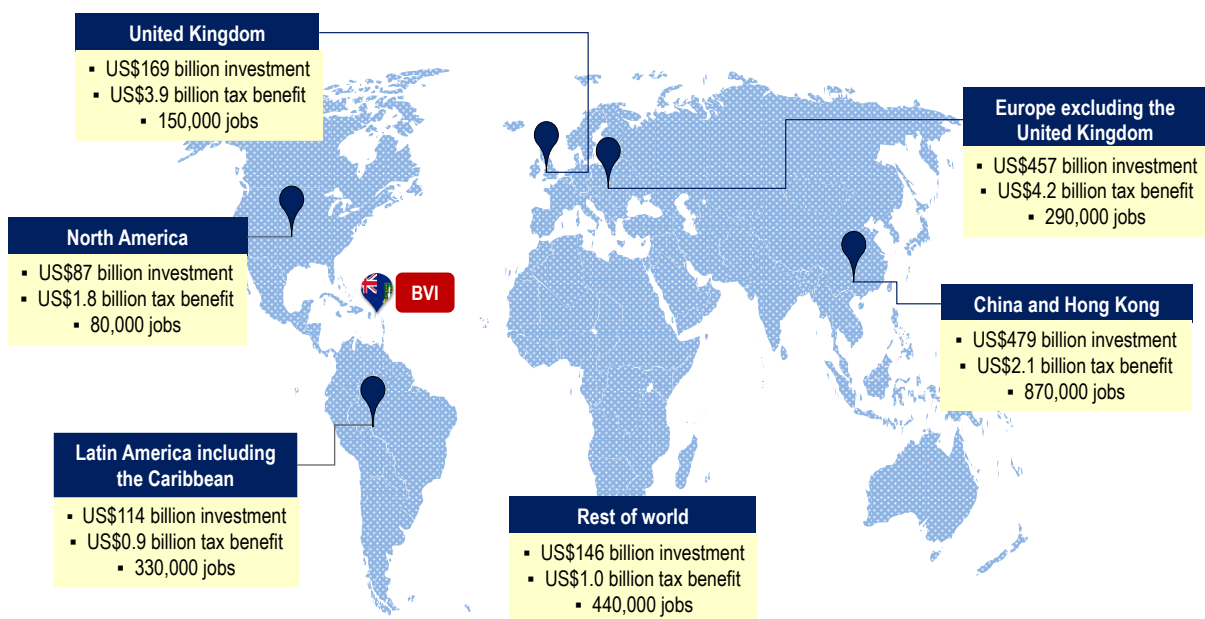
- BVI is not a tax haven. It has no banking secrecy rules and compares well against many other jurisdictions on international standards for transparency, tax information exchange, anti-money laundering and measures to combat the financing of terrorism.
- BVI is ‘tax neutral’ and is not a centre for corporate profit shifting. Just because a company is incorporated in BVI does not stop it being liable for full taxation in other jurisdictions.
- The territory has responded quickly and constructively to international developments seeking to improve transparency and clamp down on criminality, including tax evasion.

**Fifth, through its direct employment, trade and, most importantly, facilitation of cross-border business, BVI supports jobs, prosperity and government revenues worldwide.**

- BVI provides jobs and incomes to 5,500 people from most countries in the wider-Caribbean region – as well as supporting around 12,000 jobs in the United States through its imports.
- The investment mediated by BVI supports around 2.2 million jobs worldwide, with China (including Hong Kong) accounting for nearly two-fifths of them – and one-fifth in Europe.
- The scale of BVI’s global contribution to investment and jobs sheds a new light on the debate around its impact on the tax receipts of other nations. BVI is a substantial net benefit to governments worldwide.

**Figure: BVI’s global contribution**

**Outward investment stock mediated through BVI and tax contribution and jobs supported by inward investment mediated through BVI (Indicative estimates by region)**



See report for sources and methodology.