



## Elise Donovan

**Uncertain times require rule of law, political stability, flexible and modern legislation, and experienced practitioners and regulators**

*The British Virgin Islands' contribution to global prosperity, the economic and fiscal impact of investment mediated by BVI business companies.*

**2023**  
**TAX**  
**ANNUAL**  
**SUMMIT**

**From 10.20 to 10.45**

*Further details in the agenda.*



**BVI Finance**

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# Creating Prosperity in an Uncertain World

*Insights from the BVI*

Elise Donovan  
BVI Finance

slido



**What three words best describe the causes of uncertainty in our world today?**

ⓘ Start presenting to display the poll results on this slide.

# Today's objectives

- To discuss how we can create prosperity in an uncertain world using insights from our new report
- This discussion will look at the future of globalisation, international finance centres and the BVI





## **Beyond globalisation**

**The British Virgin Islands'  
contribution to global prosperity in  
an uncertain world**

A report for BVI Finance

March 2023

The image features a close-up, low-angle shot of two flags waving against a clear blue sky. The upper flag is the European Union flag, characterized by its blue field and twelve golden stars arranged in a circle. Below it is the French flag, with its traditional vertical stripes of blue, white, and red. The flags are slightly out of focus, emphasizing the text overlaid on the scene.

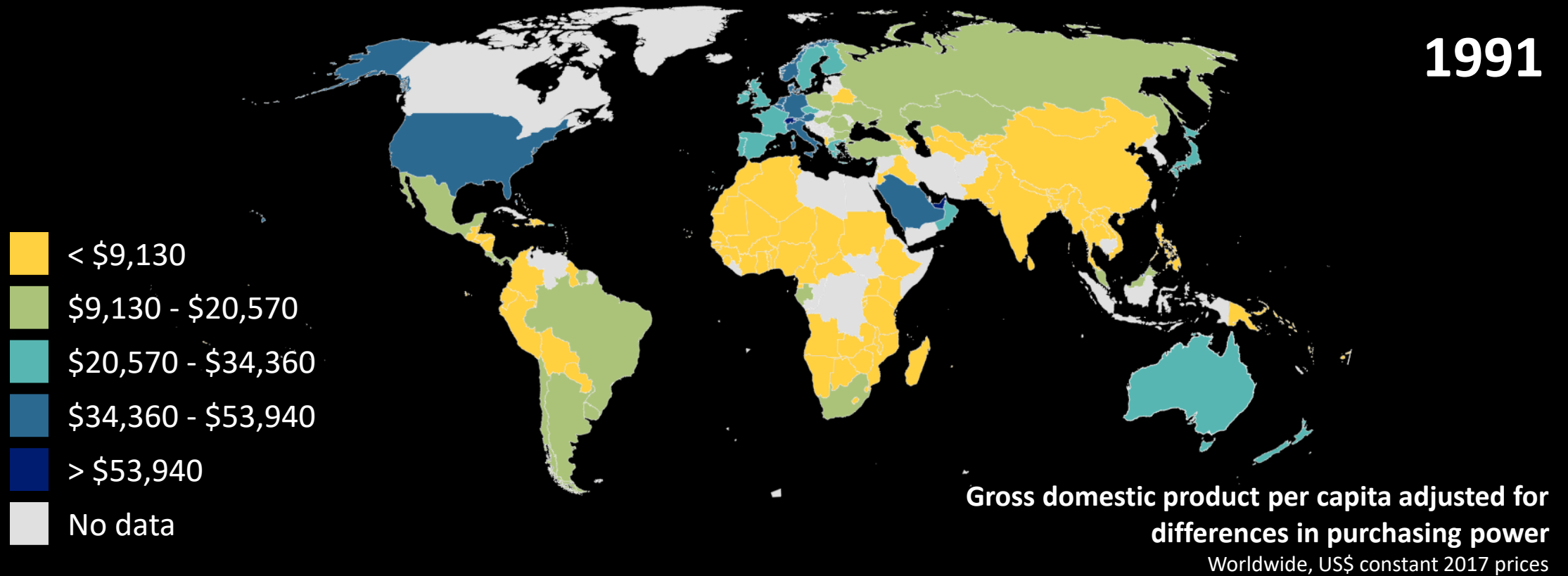
**Uncertainty in a new era of globalisation**

# Fall of Berlin Wall marked new era of globalisation



- Stable geopolitics
- (Western) 'Rules-based' system of trade
- Ascendency of multilateral post-War institutions
- Liberal democratic model and values widely exported
- Single economic superpower
- Freer trade and mobility

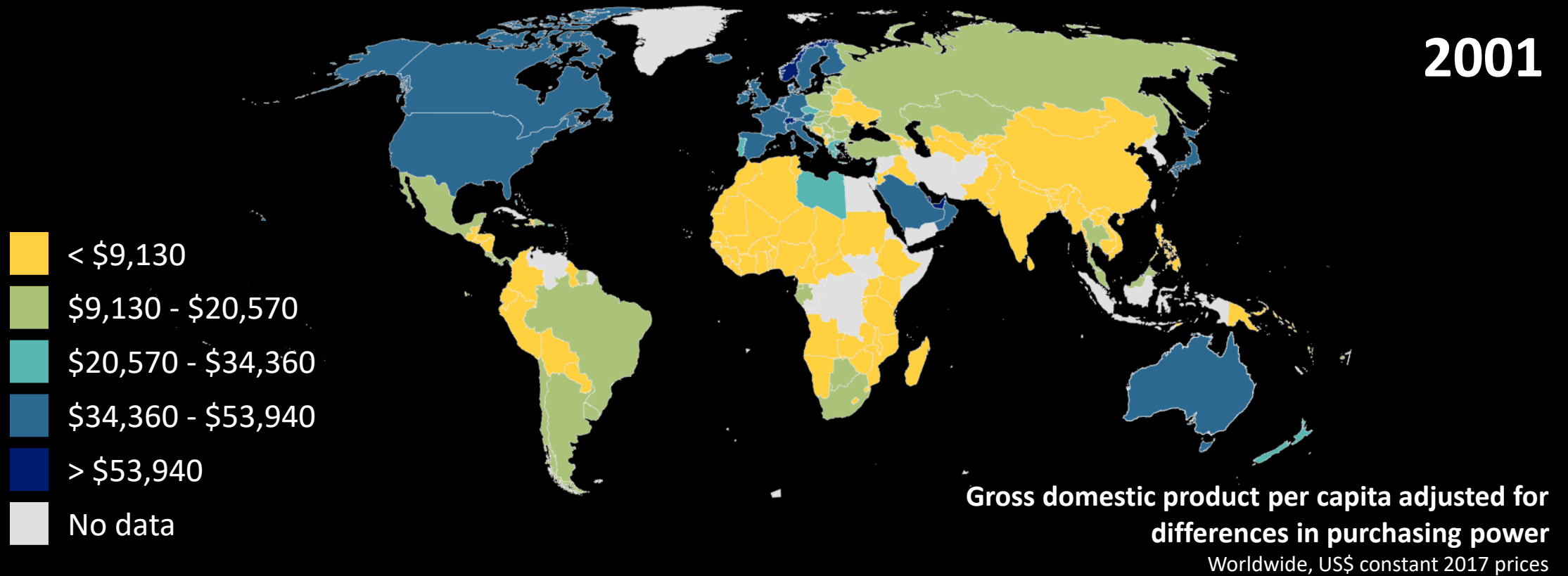
# Globalisation has added to world prosperity



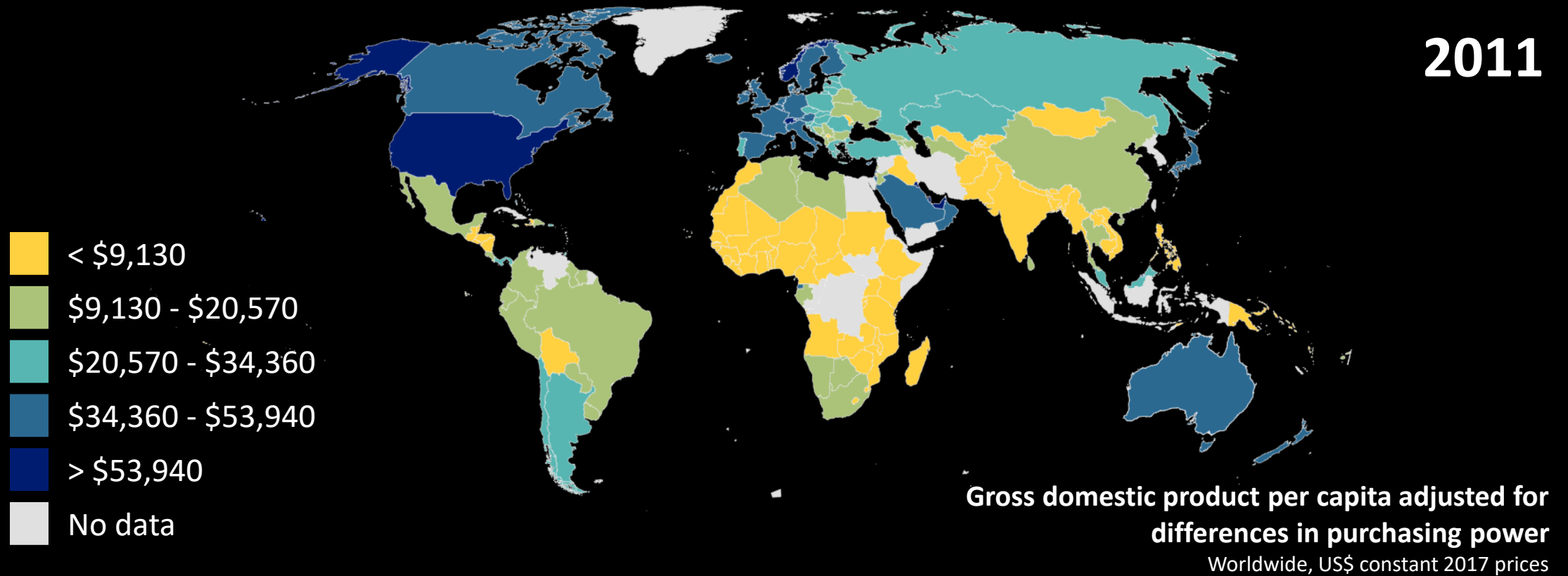
Source: World Bank



# Globalisation has added to world prosperity

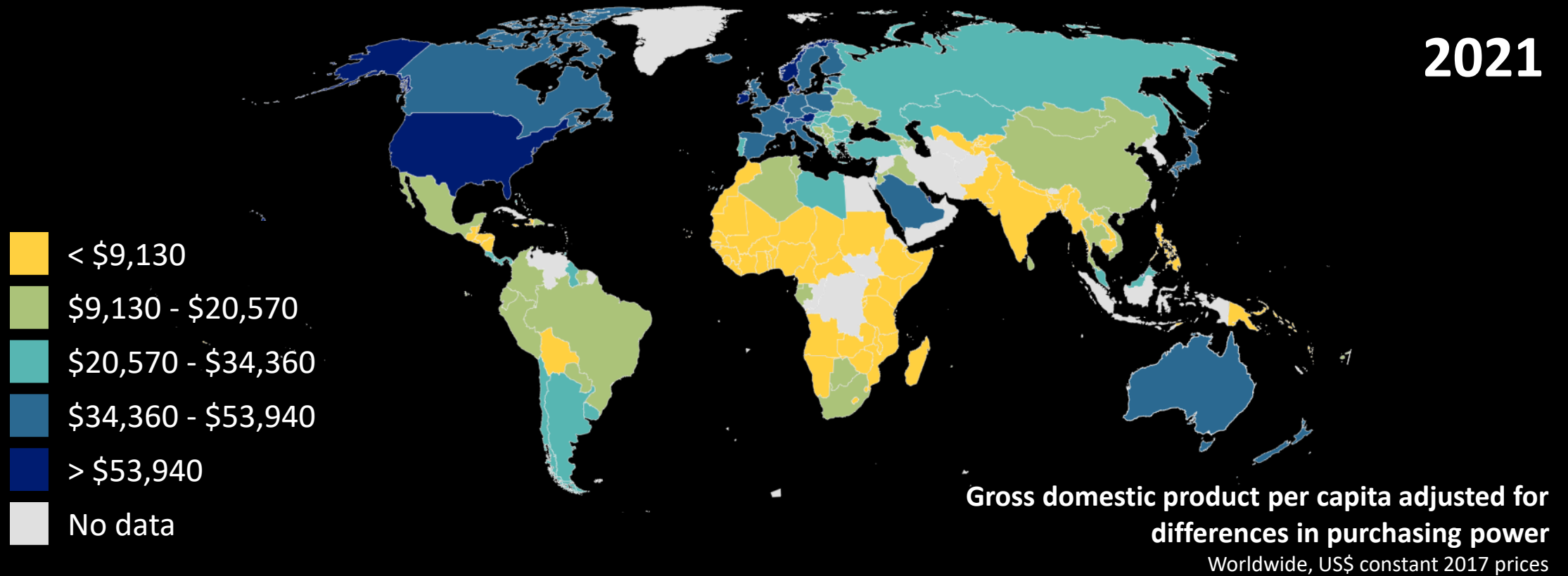


# Globalisation has added to world prosperity



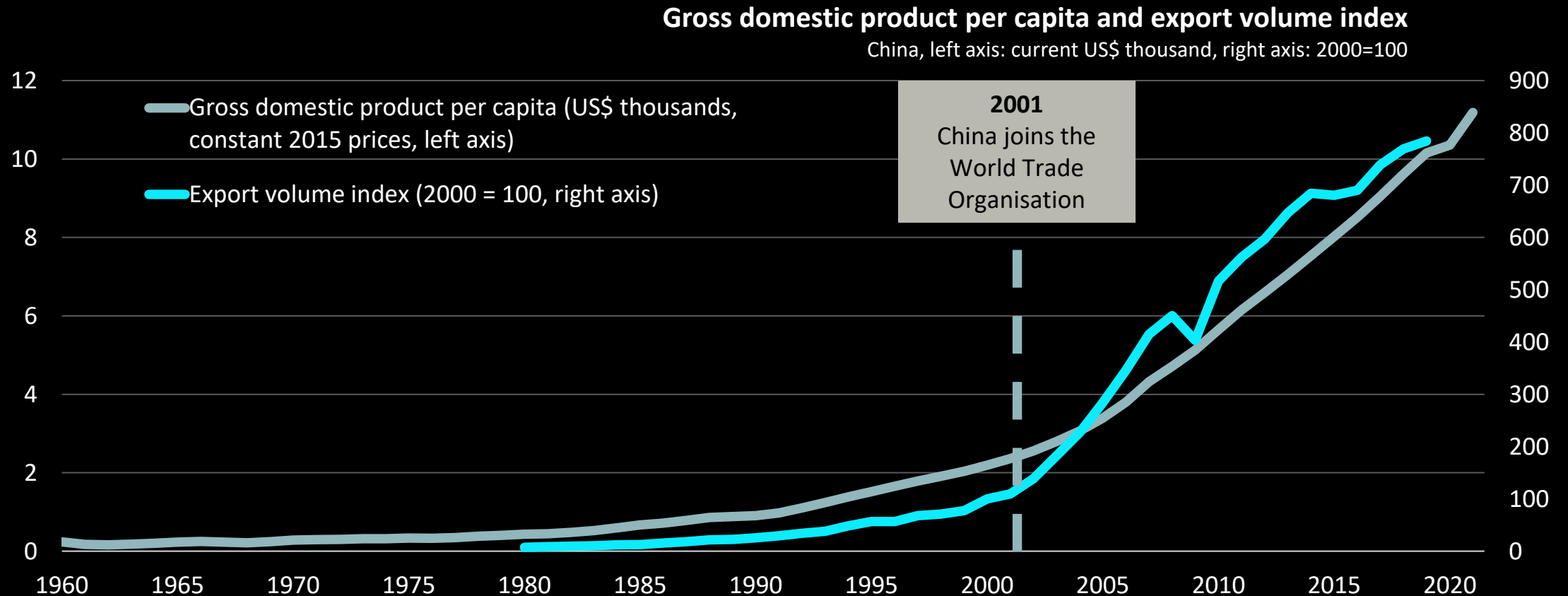
# Globalisation has added to world prosperity

2021

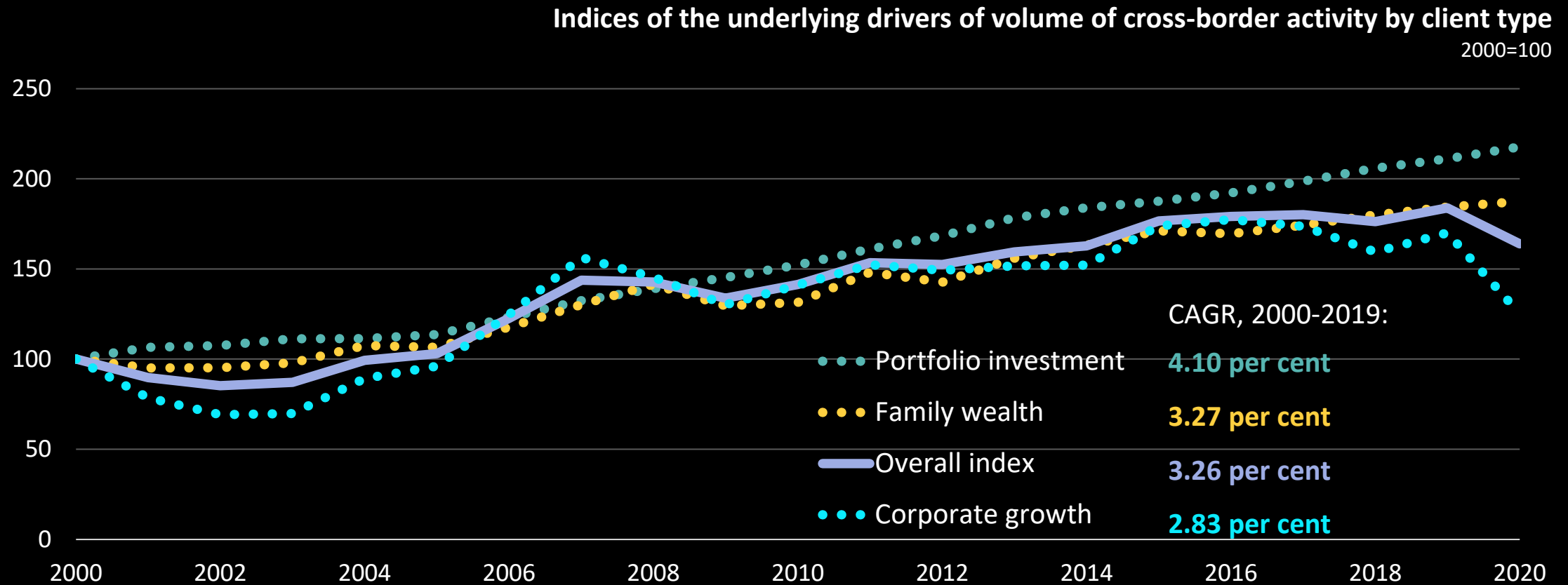


Source: World Bank

# Rise of the new (now heavily indebted) superpower



# IFCs have grown and broadened with globalisation

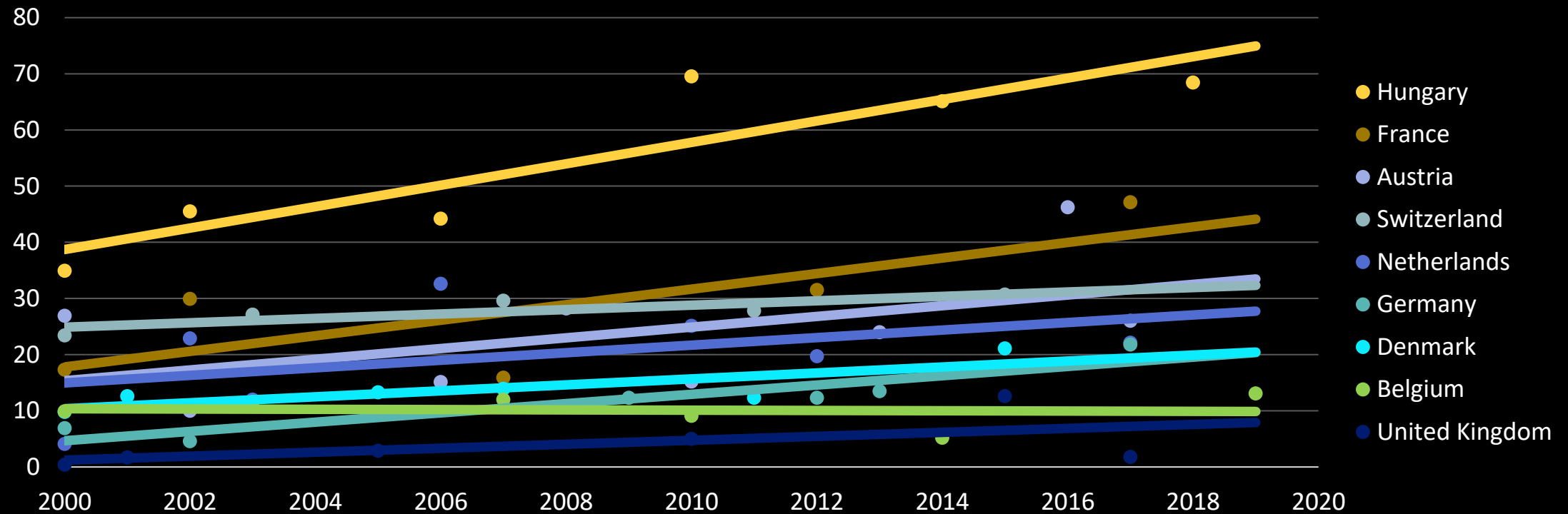


Source: Pragmatix Advisory based on available data from 11 international finance centres

# Anti-globalisation part of political mainstream

## Electoral support for 'populist' political parties and politicians

Select European countries, 2000 to 2019, percentage of votes



Source: The Europe Centre; Note: Populists are classified as making both the claim that the status quo elites are corrupt or malevolent, and that the people need representation

# Vote in the United Nations to condemn Russia's aggression against Ukraine

2 March 2022

Countries that supported Russia / abstained account for **54 per cent of the world's population.**

They are a **quarter of the global economy** and among those **expected to grow the fastest** in the coming decade.

- Yes
- No
- Abstain
- Non-voting

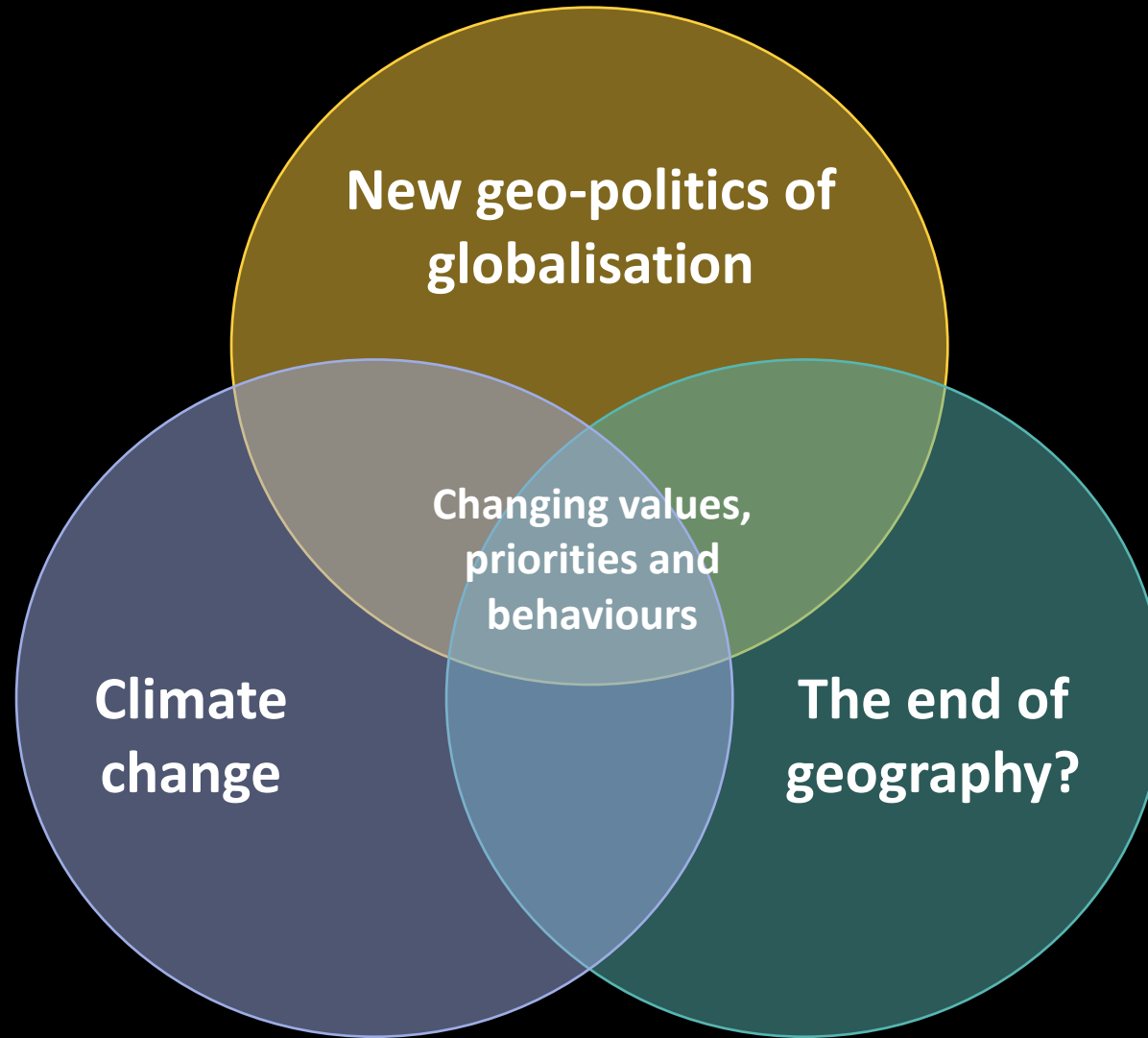
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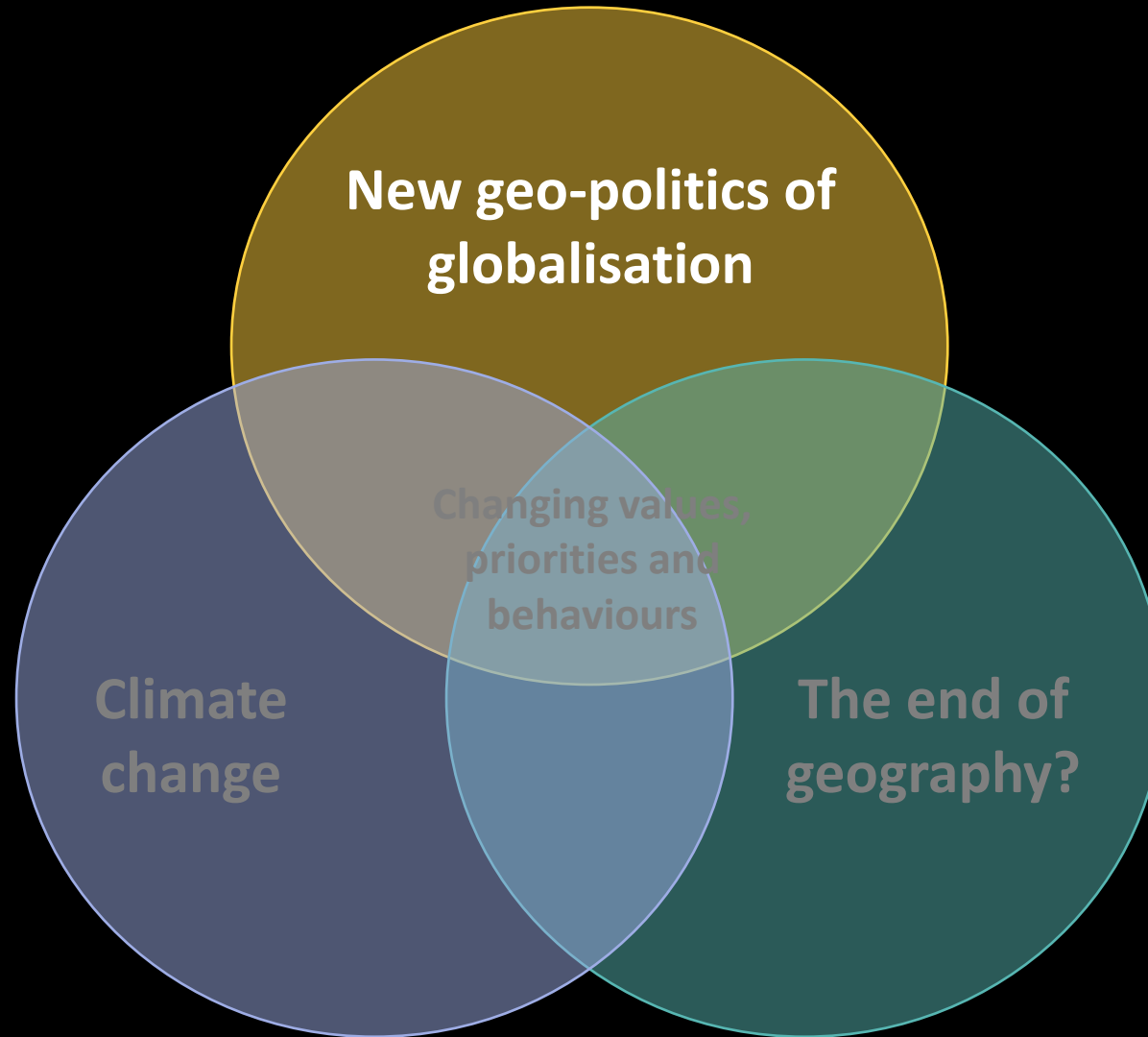


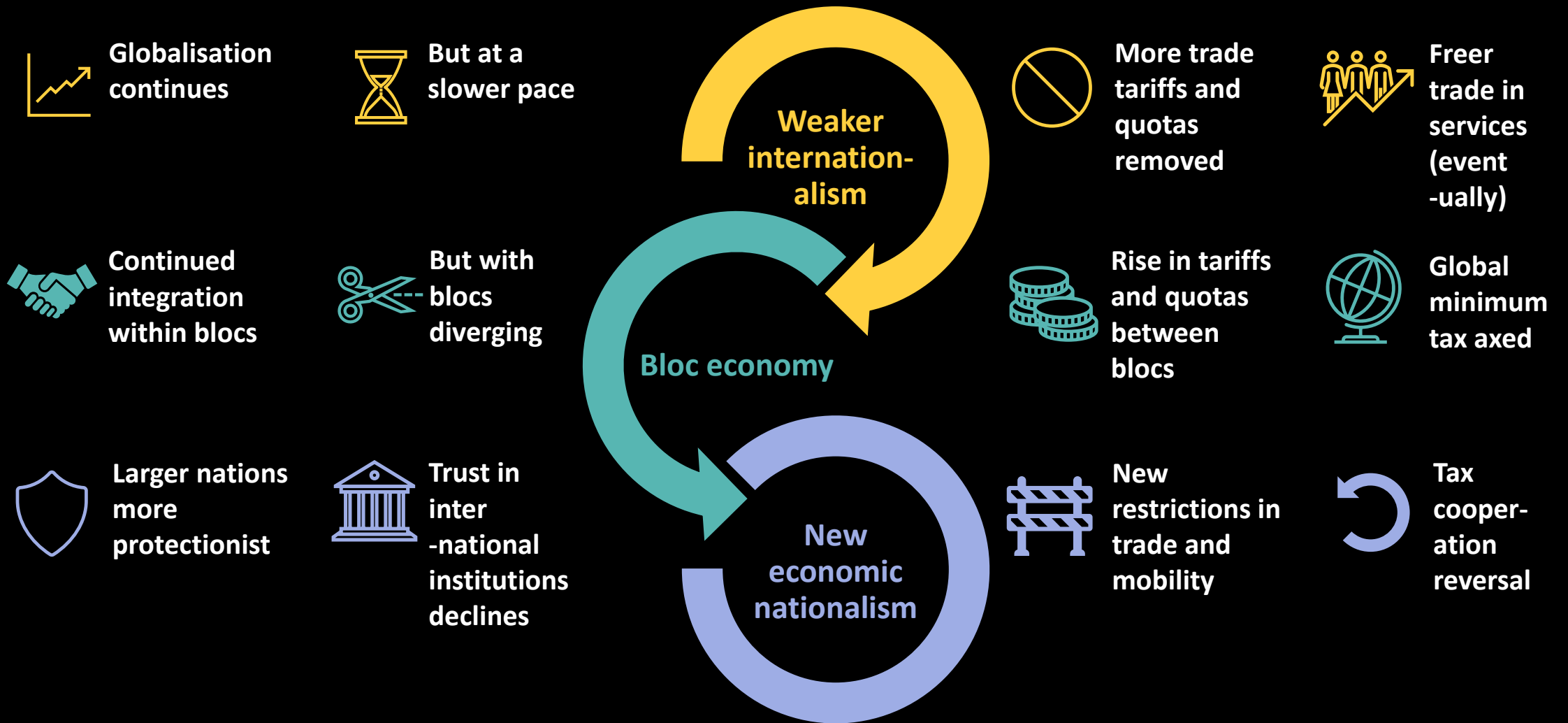
**What will be the most significant change to the global economy in the next decade?**

ⓘ Start presenting to display the poll results on this slide.











'Unsteady as she goes': more volatility, less trade



Fracturing global value chains damage growth



Complexity and inefficiency add heavily to costs

World GDP  
2020-2040 p.a.

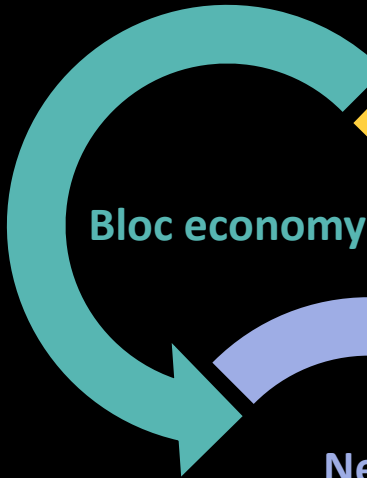
**2.3%**

**1.5%**

**1.0%**

Trend  
2000-2019

**3.7%**



Sluggishness keeps FDI below pre-covid rates



Markets increasingly polarised between blocs



Bilateralism and power politics damage investment

FDI  
2020-2040 p.a.

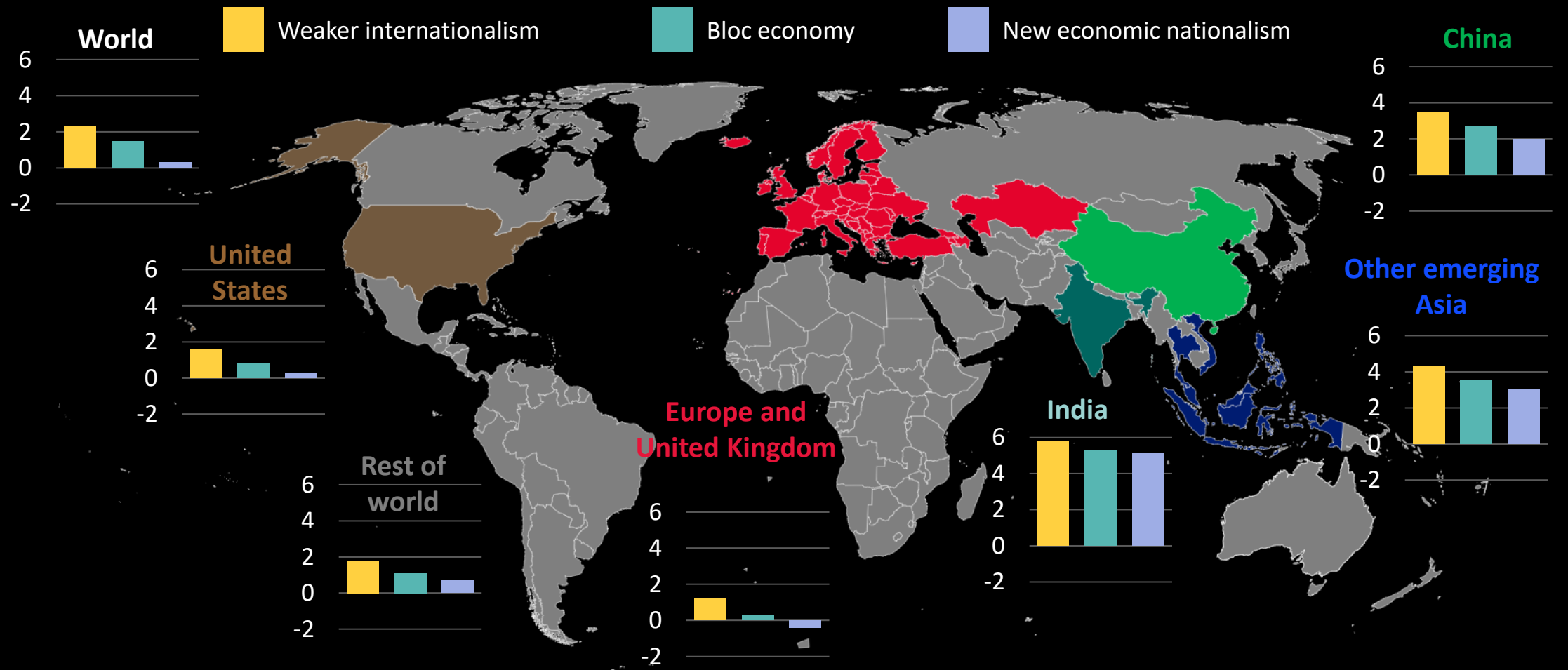
**1.4%**

**1.0%**

**0.5%**

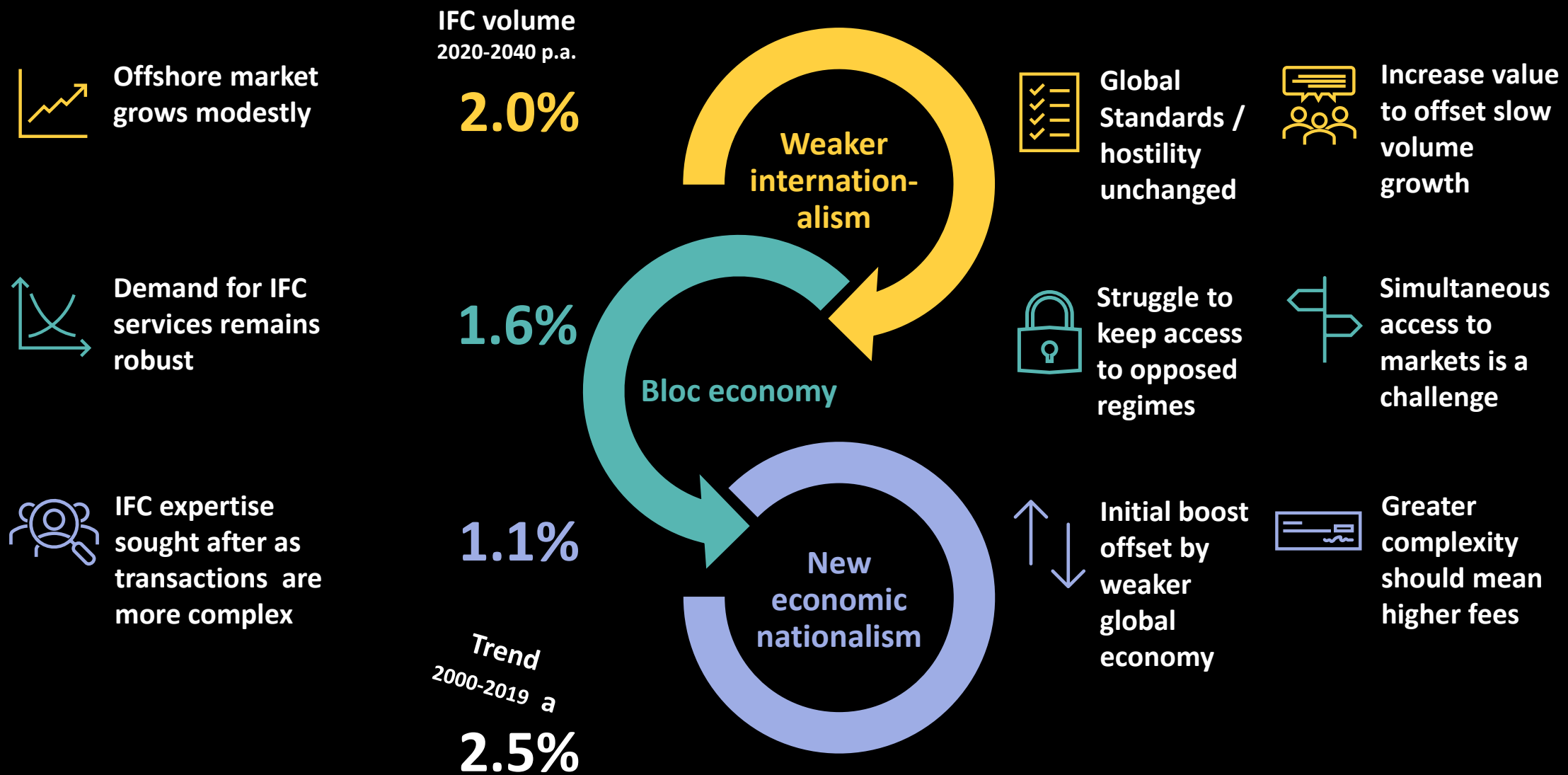
Trend  
2000-2019

**2.3%**



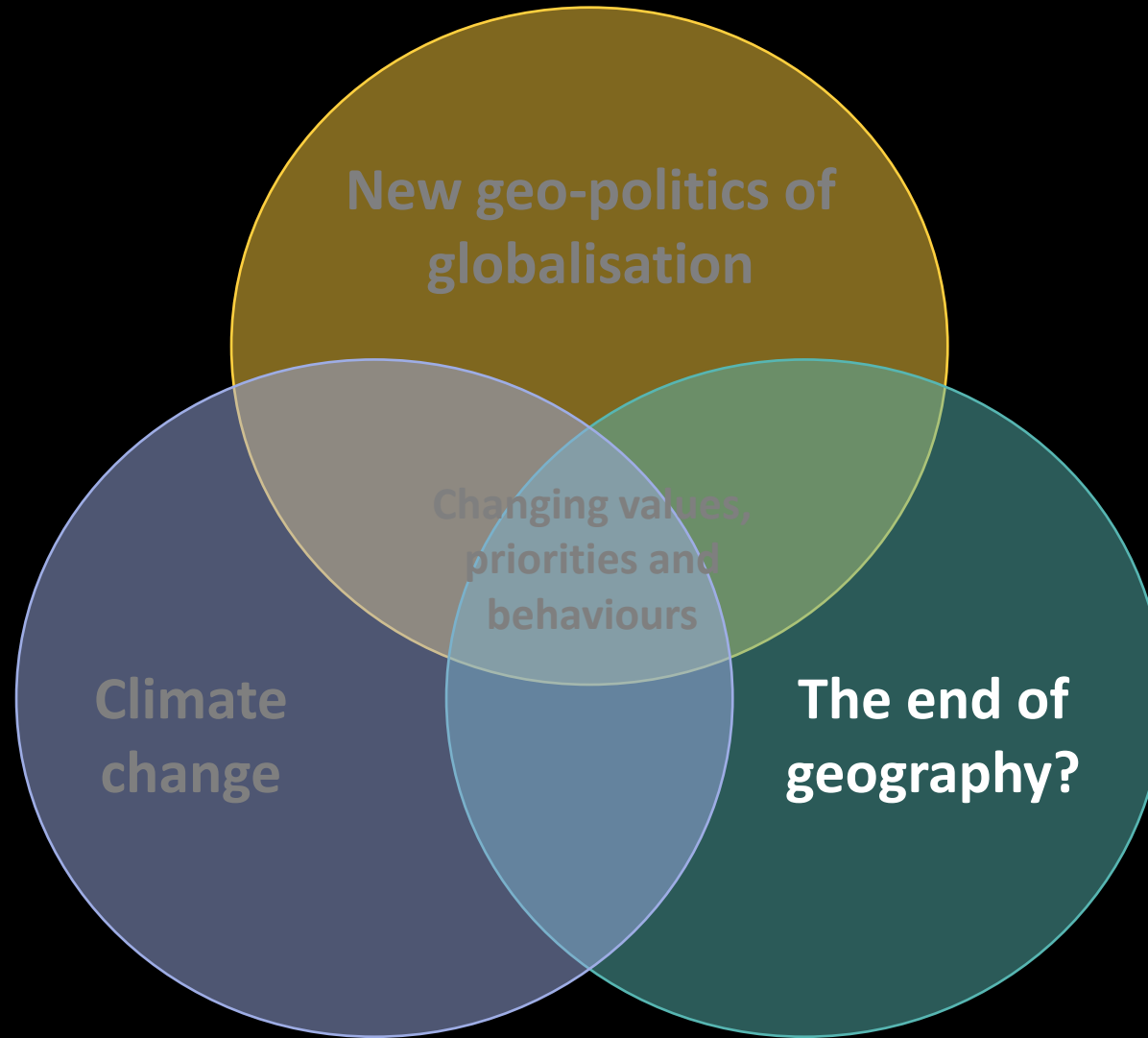
**Indicative compound annual growth rates of real gross domestic product**  
 Geographical bloc under each central scenario, 2020-2040, per cent

Source: Pragmatix Advisory based on Oxford Economics' regional forecasts for 2040



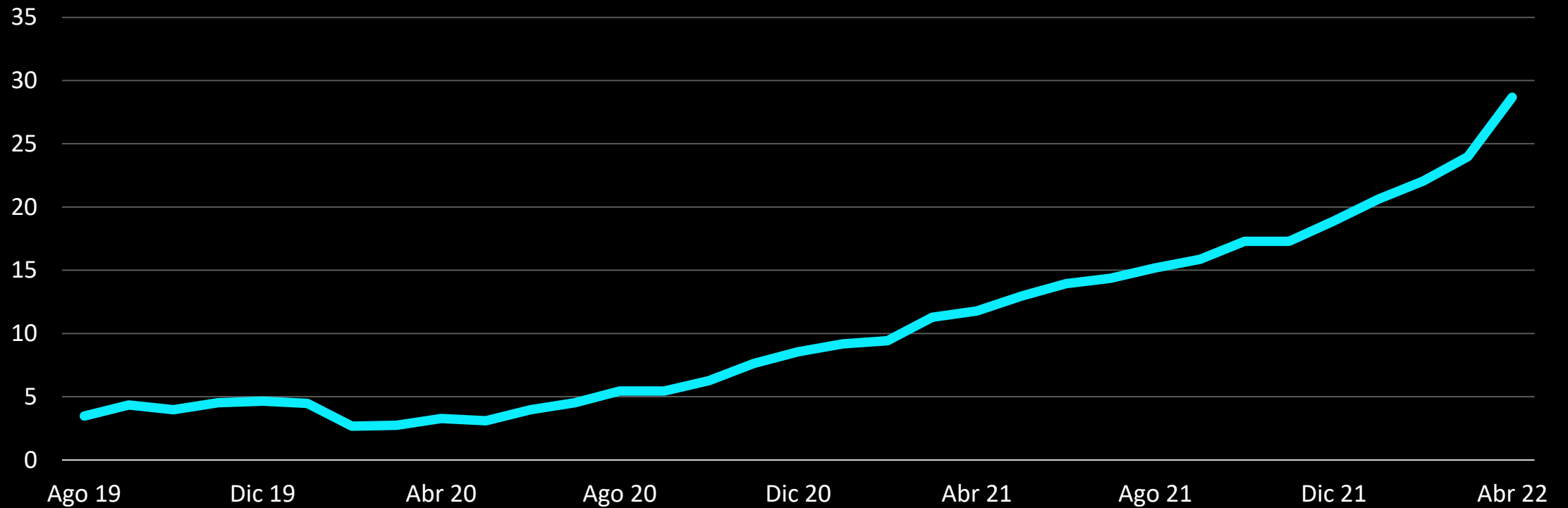
**Fewer IFCs. Further industry consolidation**

Source: Pragmatix Advisory



# Geography no longer a barrier for employment

Share of jobs that are permanently remote  
United States and Canada, per cent



Source: Ladders



# Digital disrupting and innovating across society

Number of **connected devices** will increase from

**27**  
**billion**  
in 2019



**75**  
**billion**  
in 2025

This is  
**2.8x larger**  
in six years

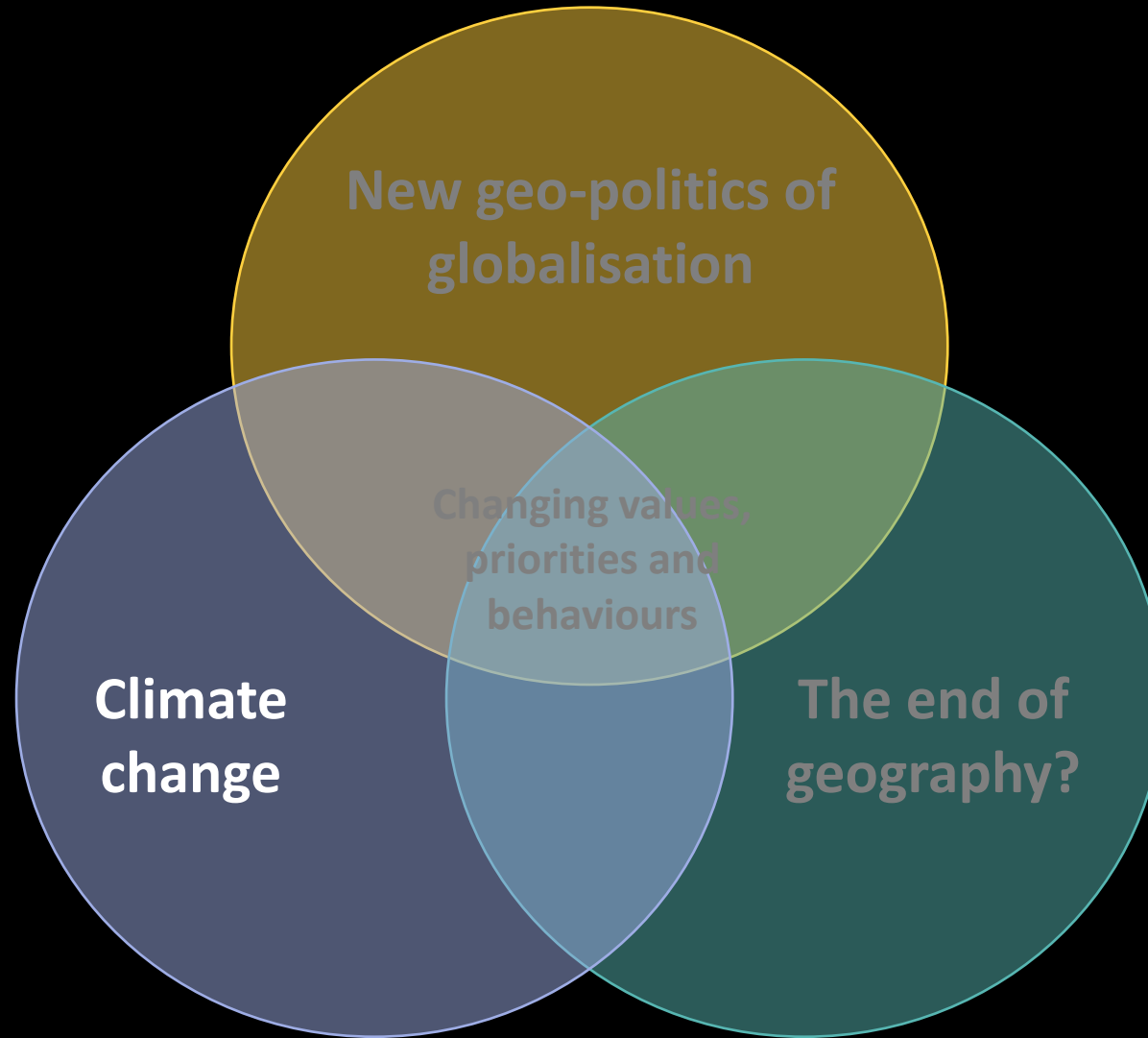
The global **Internet of Things** market will increase from

**US\$32**  
**million**  
in 2018



**US\$3**  
**billion**  
in 2025

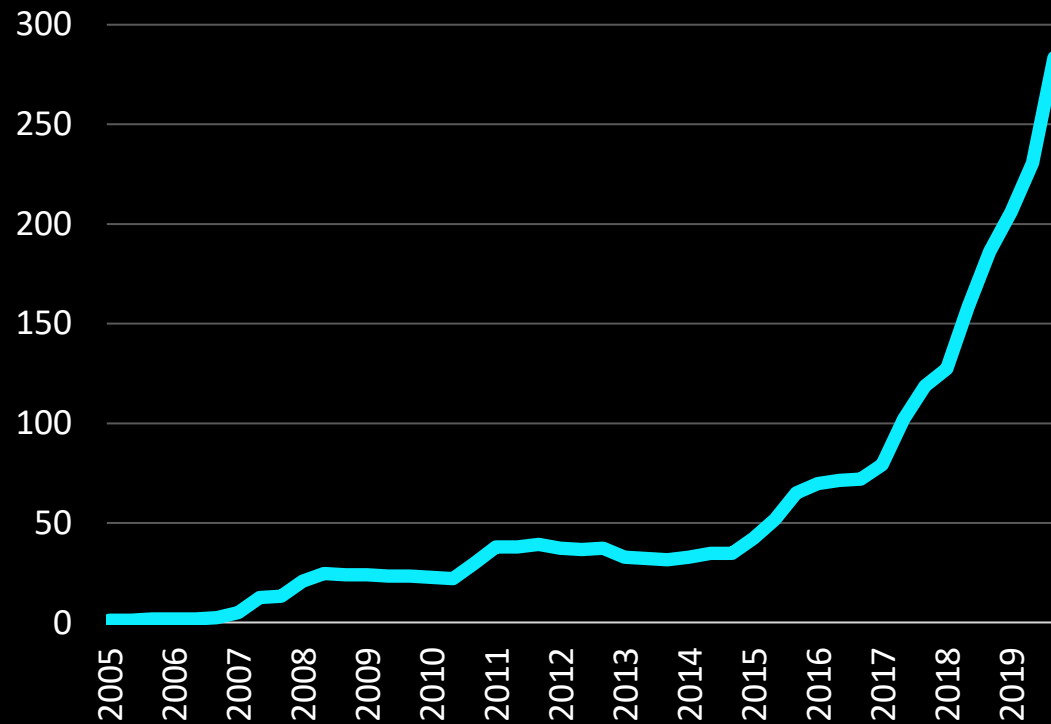
This is  
**93.75x larger**  
in seven years



# Sustainable funds have seen a hefty increase

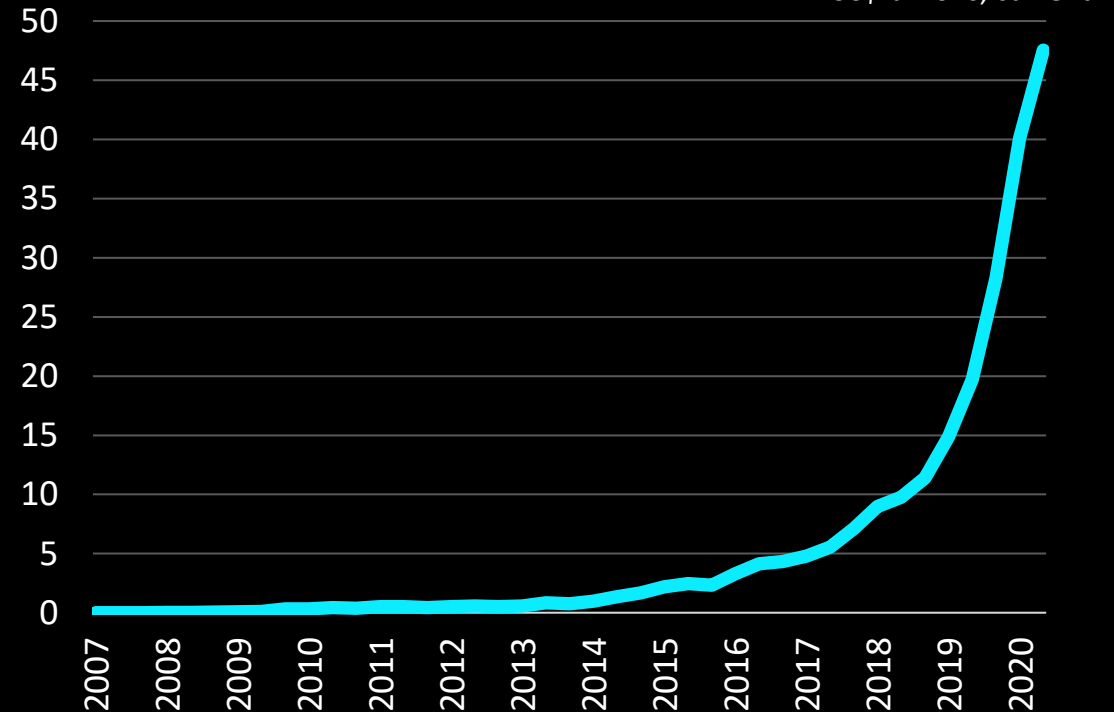
Number of sustainable exchange-traded funds

2005 to 2019



Sustainable exchange-traded funds' assets under management

US\$ billions, current



# Climate change and ESG reinventing investment

**66%**

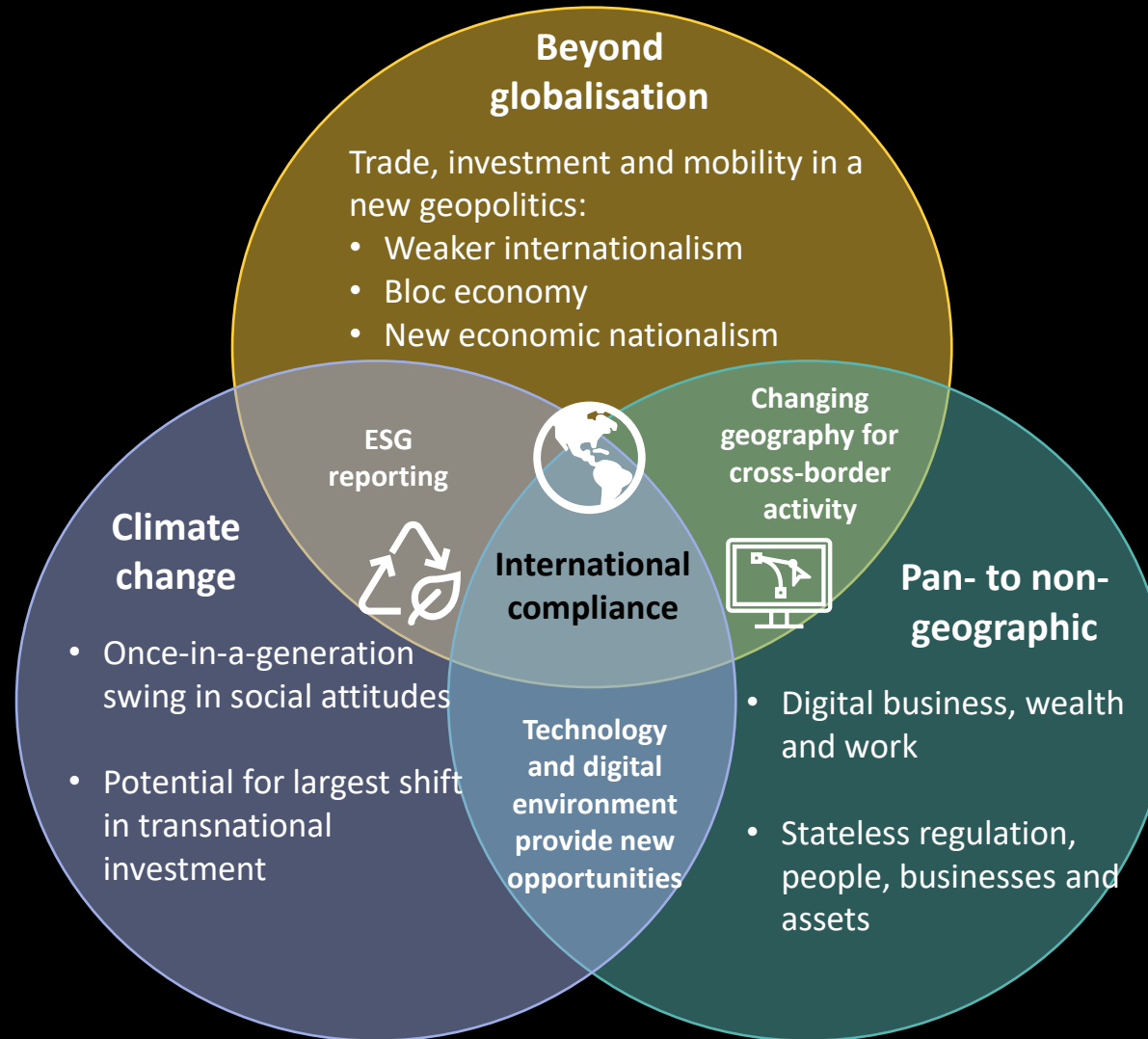
Of financial leaders ESG is number one driver for sustained, long-term growth

**1/3**

Of all global assets under management will be ESG assets by 2025

**71%**

Believe eventually, no investment decisions will be made without considering ESG



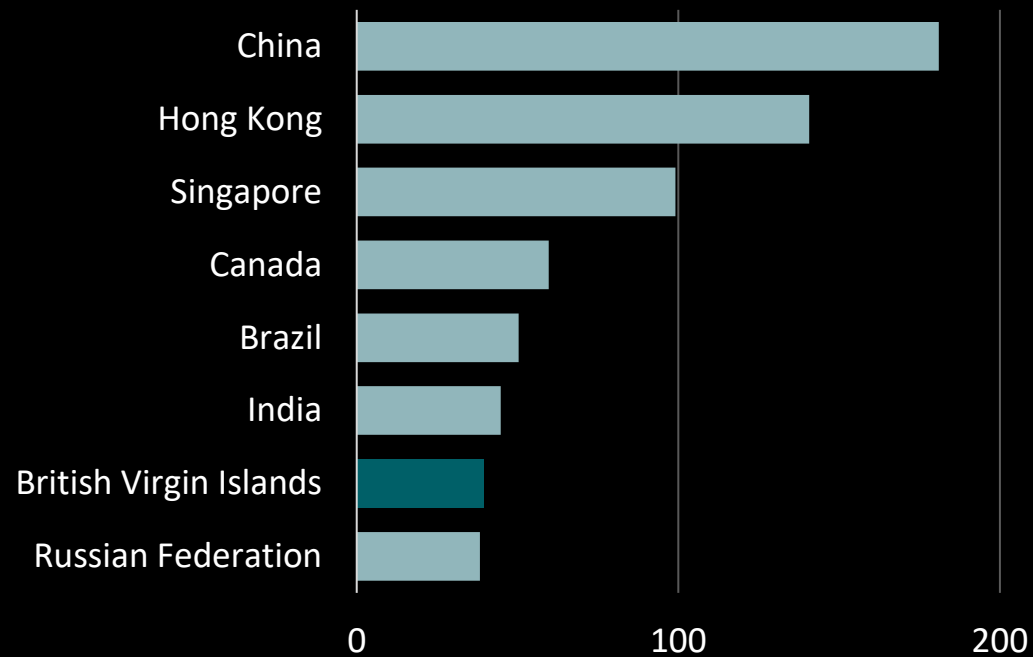
An aerial photograph of a large container terminal. The image shows numerous stacks of shipping containers in various colors, including red, blue, green, and white. Yellow gantry cranes are positioned over the stacks, and a paved area with white markings is visible between the stacks. The overall scene depicts a busy and organized logistics hub.

# BVI: a globalisation success story

# Scale of BVI (partially) visible in FDI statistics

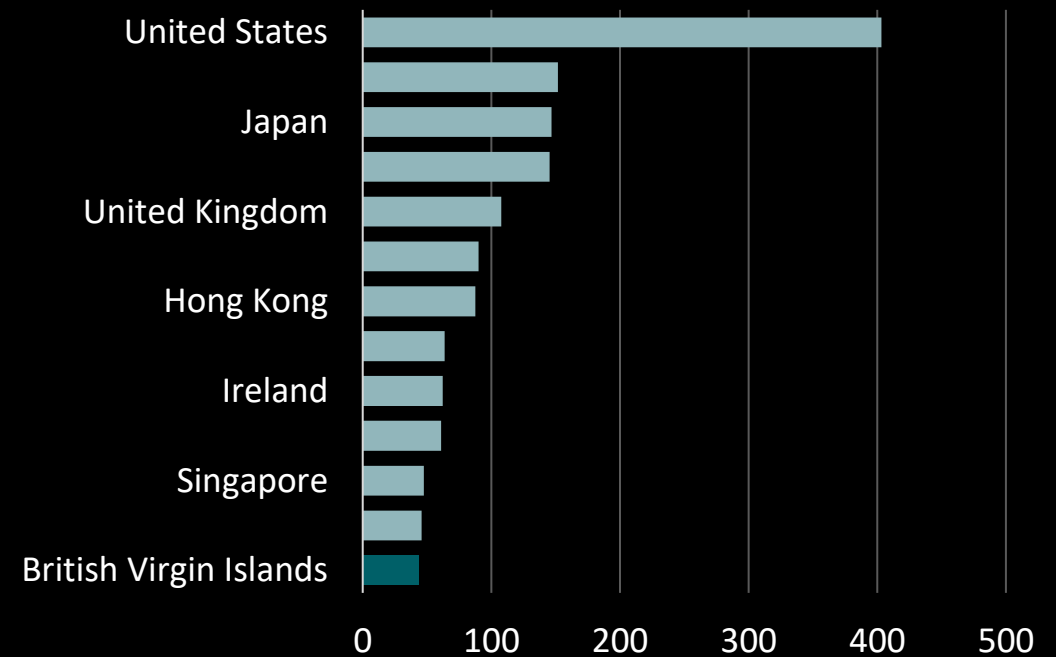
## United Nations foreign direct investment inward flows

Selected jurisdictions, 2021, US\$ billion



## United Nations foreign direct investment outward flows

Selected jurisdictions, 2021, US\$ billion



# 375,000 BVIBCs hold US\$1.4 trillion in assets

This is equivalent to...



**Four per cent** of all sectors' total cross-border banking liabilities as reported by the Bank of International Settlements



**1.5 per cent** of annual global gross domestic product

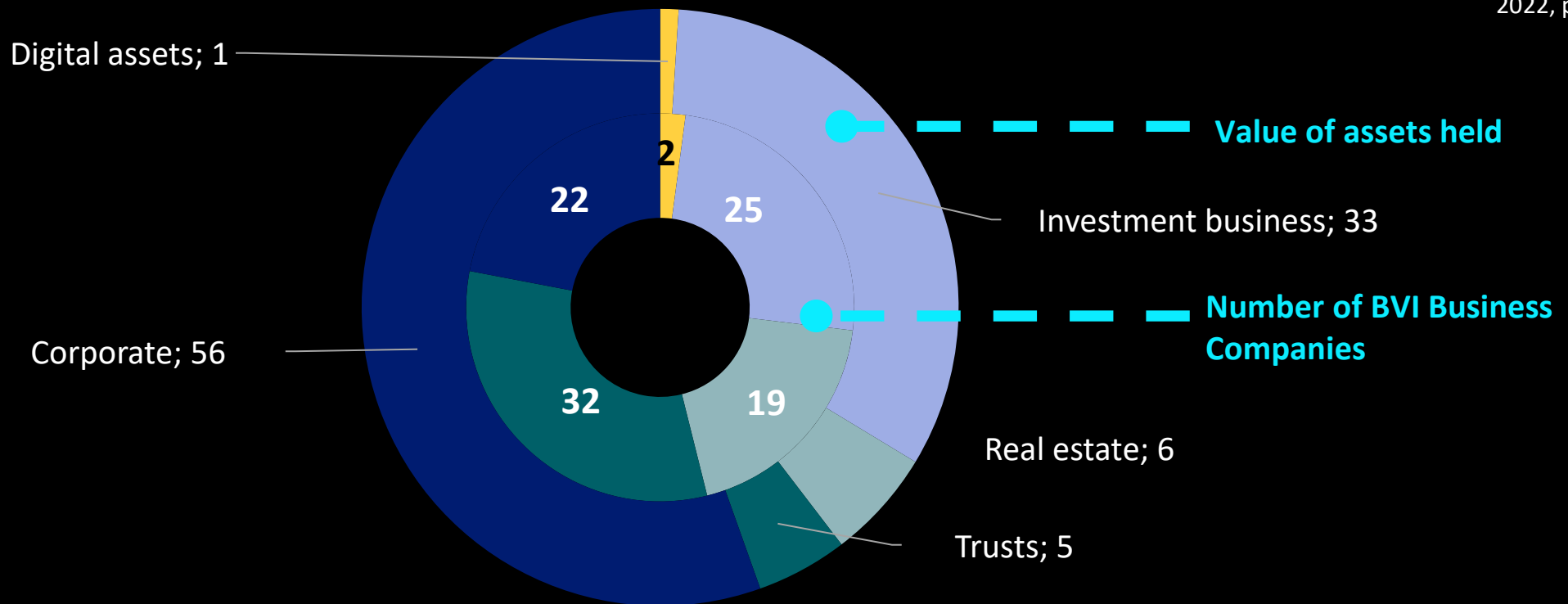


**1.7 per cent** of global portfolio investment



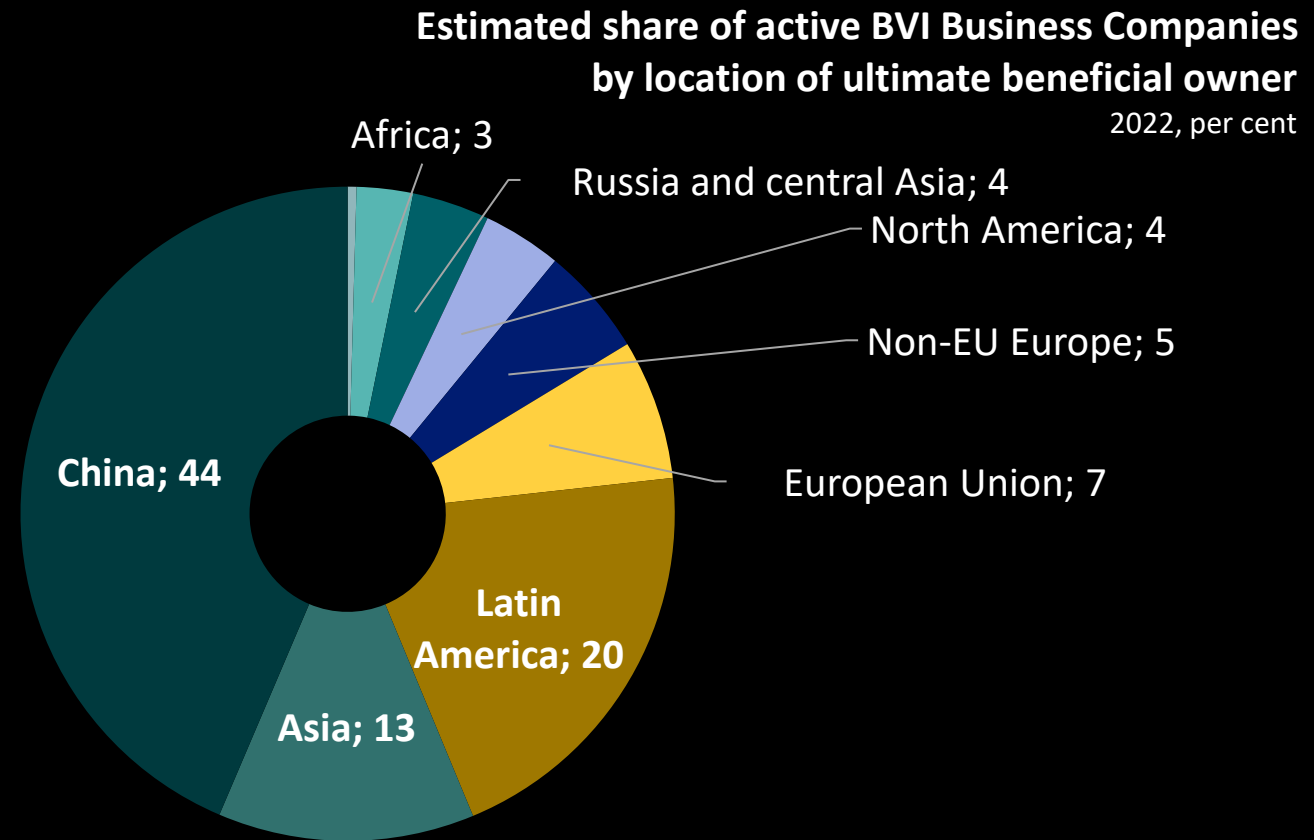
# Corporate activity dominates by value

Estimated underlying value of active BVI Business Companies by primary purpose (outer ring) and estimated share of active BVI Business Companies by primary purpose (inner ring) 2022, per cent



Note: 'Corporate' refers to corporate group structuring; 'Trusts' refers to family, trust and succession planning; 'Real estate' refers to real estate holding; 'Investment business' refers to investment business, joint ventures, listing and vessel or aircraft registration. Source: Pragmatix Advisory industry survey, 2021/22

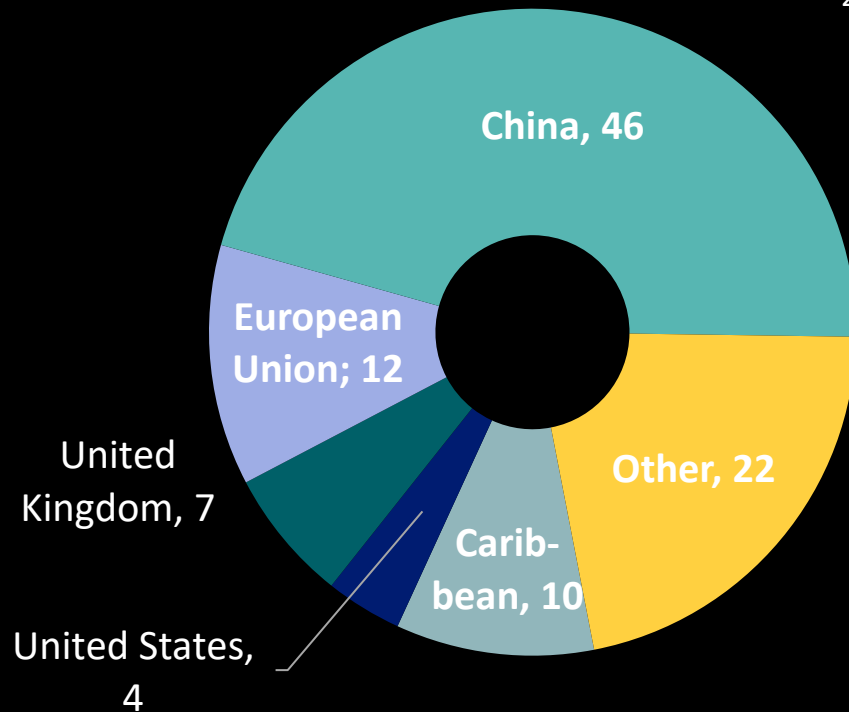
# Wide global spread, with majority Asia



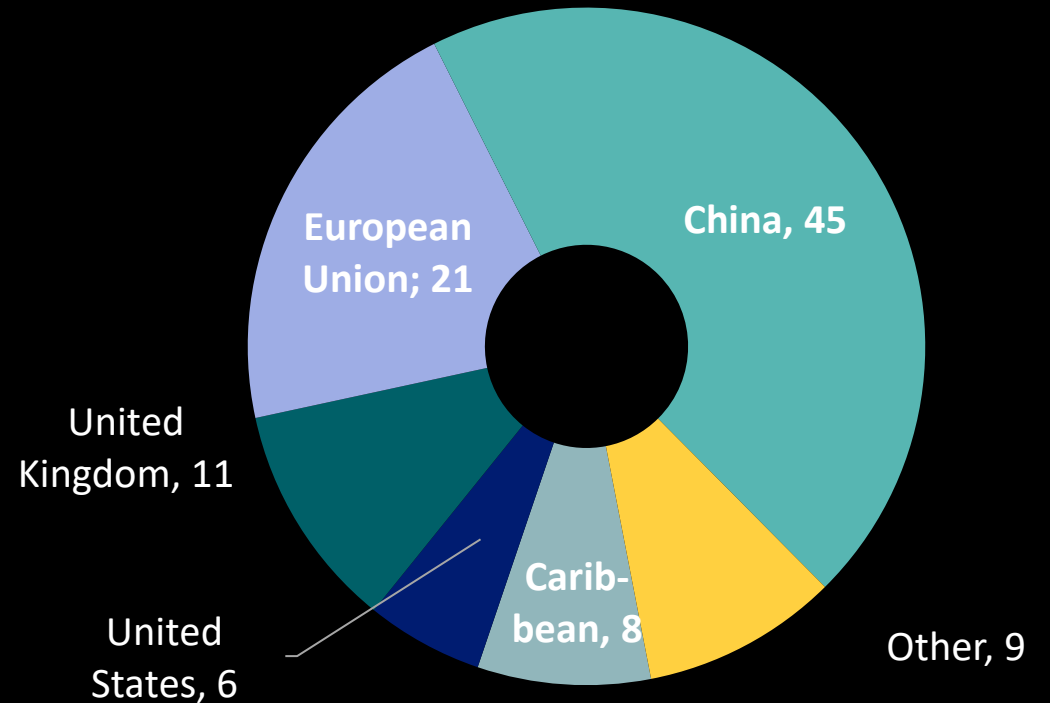
Source: Pragmatix Advisory industry survey, 2021/22 ; Note: 'China' refers to China, Hong Kong and Macau; 'Latin America' refers to Caribbean, Central America, Mexico and South America; 'Asia' refers to Asia and Pacific Region (excluding China, Hong Kong, Macau and Central Asia); 'Non-EU Europe' refers to Non-EU Europe, United Kingdom, Channel Islands and Isle of Man; 'North America' refers to United States and Canada; 'Africa' refers to Middle East, North Africa, and Sub-Saharan Africa.

# China accounts for almost half of asset value

Estimated underlying value of active BVI Business Companies by location of ultimate beneficial owner  
2021, per cent



Estimated underlying value of active BVI Business Companies by location of underlying asset held  
2021, per cent

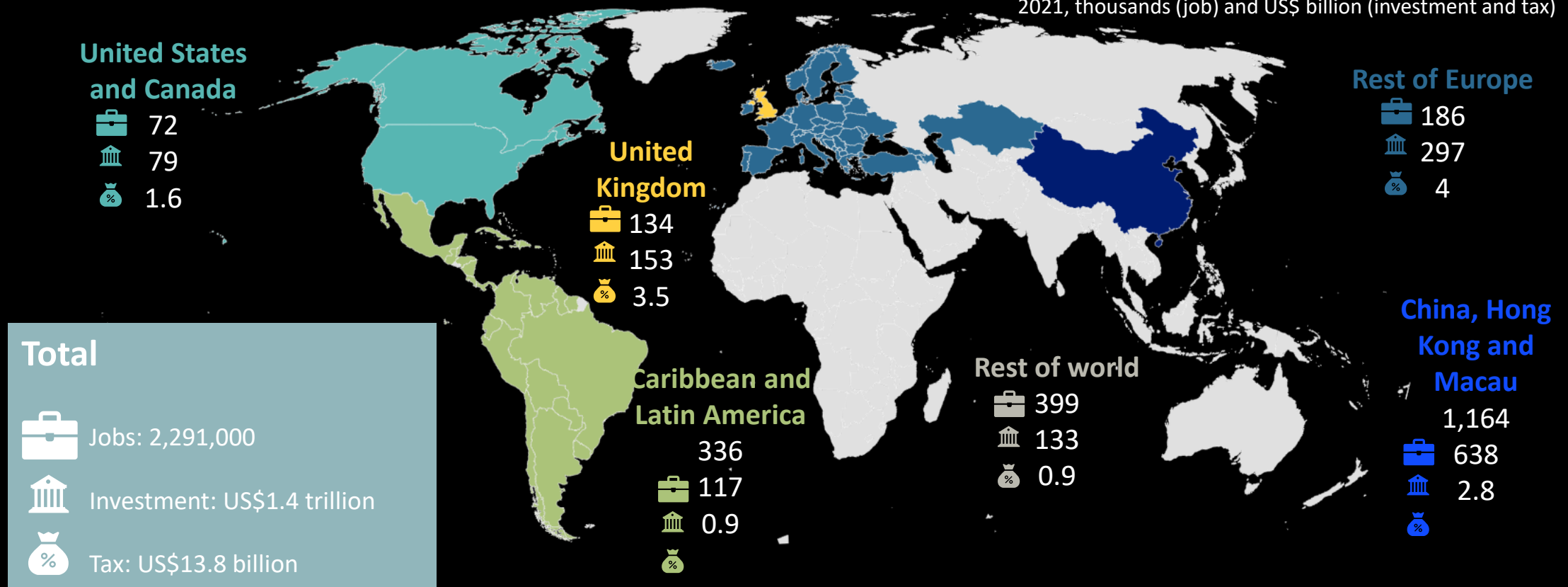


Note: 'China' refers to China, Hong Kong and Macau, 'United Kingdom' refers to United Kingdom, Channel Islands, Isle of Man and non-EU Europe, 'United States' refers to United States and Canada, 'Caribbean' refers to Caribbean and Latin America, 'Other' refers to rest of world. Source: Analysis of Pragmatix Advisory industry survey, 2021/22

# Generating jobs and tax receipts around the globe

## Estimated economic and fiscal impact of investment mediated by BVI Business Companies

2021, thousands (job) and US\$ billion (investment and tax)



Source: Pragmatix Advisory analysis of industry survey 2021/22 and Capital Economics 2017 estimates

## Substantive value for investors

Legal certainty

Asset  
protection

Jurisdictional  
neutrality

Stable  
regulatory  
regime

Tax neutrality

Specialist  
expertise

# Supporting developing nations

## Attracting investors

- Where the banking system or government may not be reliable, BVI holding companies can ensure investors' money is used appropriately

## Pooling risk

- BVI mitigates risk to investors by offering security, tax neutrality and effective structures for risk pooling

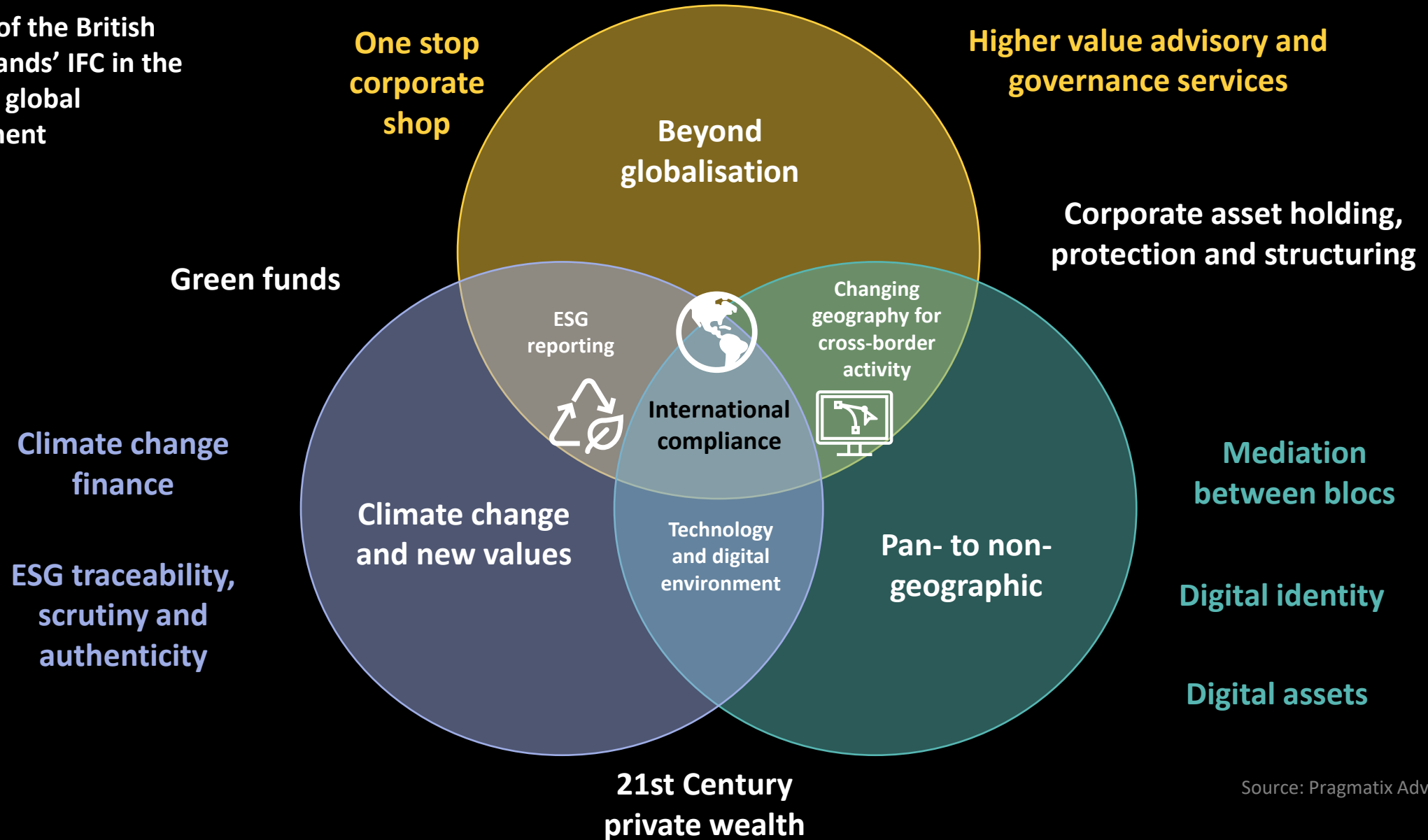
## Enabling growth

- IFCs facilitate provision of external capital to enable growth



# BVI's IFC's role in the future

The role of the British Virgin Islands' IFC in the changing global environment





# Strategic opportunities for the BVI



Full function one  
stop shop

- Critical multi-disciplinary mass in International Business and Finance Centre
- Broadening of existing offer by corporate service providers, law firms and accountancies
- Demand for higher value advisory, governance and financial activity



**BVI Finance**

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**THANK YOU**

Website: [www.bvifinance.vg](http://www.bvifinance.vg) | Email: [Info@bvifiance.vg](mailto:Info@bvifiance.vg) | Contact: [\(284\) 852-1957](tel:(284)852-1957)

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