

ECONOMY · INDUSTRY · SHIPPING · E-COMMERCE

# consider the isle of MAN

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**S**mall but highly effective: the Isle of Man is a tiny nation with an astonishing number of superlatives and firsts to its name. Boasting Europe's best performing economy, it is home to the world's oldest, continuous parliament, an institution that was founded in 979 AD. The Isle of Man is also the place where Europe's first operational 3G mobile network was launched, as well as where the famous TT motorcycle race takes place. The Isle of Man and its people have, in under 20 years, transformed what was once described as a sleepy agricultural backwater into a Triple-A rated economy and one of the most advanced and progressive business locations in Europe.

## The Manx Nation

The Isle of Man lies at the centre of the British Isles, right in the middle of the Irish Sea and almost equidistant between the Republic of Ireland and the United Kingdom. These two countries are its nearest neighbours and throughout history it has maintained excellent trade, political and cultural ties with both. Douglas is the island's capital and main business and financial centre, though more than half of the island's area is devoted to agriculture and forestry. Covering 572 square kilometres of land,



the Isle of Man is 52 kilometres long, 22 kilometres wide and 621 meters at its highest point, Snaefell, from the top of which Ireland, England, Scotland and Wales can be seen on a clear day. Whilst English is language of choice, the island does have its own indigenous voice, Manx Gaelic. The island's population of 76,315 enjoys one of the most beautiful and diverse locations in Europe to live and conduct business from. An abundant array of flora and fauna, rocky cliffs, coastal inlets, secluded mountain glens, medieval towns and an unusually temperate climate courtesy of the

*continued on next page*



## Keyfacts

Official name: Isle of Man

Capital city: Douglas

Location: Western Europe, island in the Irish Sea, between Britain and Ireland

Form of state: Self governing UK Crown dependency

Legal system: English common law and Manx statute

Head of state: Queen Elizabeth II

Chief Minister: Richard Corkill

National elections: 2006

Area: 572 sq km

Languages: English and Manx Gaelic

Currency: Manx pound (same as British Pound)

Population: 76,315 (2003)

Unemployment rate: 0.8% (2003)

GDP (£'000s) 1,058,134

GDP growth: 6%.

GDP per capita: £13,922

GDP per capita % of UK: 104

Inflation (annual): 3.0% (2003)

Economic sectors: Manufacturing 6.0%,

Finance 41.0%, Tourist Industry 6.0%,

Construction 7.0%, Agriculture and Fisheries 1.0%,

Public Administration 4.0%, Professional

& Scientific Services 15.0%, Other Services 18.0%.

Main trading partners: United Kingdom & Europe

Corporate tax rate: 10% (note: Zero rate by 2006)

Sovereign rating: AAA

European Union: Not a member but enjoys

free access to EU markets for goods

Source: Isle of Man Treasury, CIA world fact book

warming Gulf stream waters, all contribute to the charm of the Isle of Man and its people. If confirmation was needed that life couldn't get much better for this island population, a recent MORI quality of life survey found that 93% of residents are satisfied with the Isle of Man as a place to live and work, one of the highest approval ratings the agency has ever recorded.

### Independent Country

Although located in the centre of the British Isles, many people are surprised to learn that the Isle of Man has never formed part of the United Kingdom or the European Union. The Isle of Man has its own Parliament, Tynwald, dating back to Viking origins, which has sustained an unbroken parliamentary rule of over 1000 years and is recognised as the oldest parliament in the world. The politics of the island are noteworthy for the relative absence of party politics: The majority of parliament members sit as independents and, as the country's continuous economic growth has proven, consensus has been key to the

island's economic prosperity, and stable political and legislative environment.

The Island's government is headed by the Chief Minister, currently Richard Corkill, who selects the Manx Cabinet. The Chief Minister is nominated by parliament from amongst its members after each general election. The democratically elected government is responsible for internal administration including all fiscal, social and taxation policy issues. With an entirely separate legal jurisdiction to the United Kingdom, the parliament makes its own laws and enjoys independence from the United Kingdom. As an independent self-governing dependent territory of the British Crown, the UK government represents the Isle of Man on external issues such as foreign affairs and defence, but does not legislate for the Island's government. For this assistance rendered by the United Kingdom, the island pays an annual fee.

### All Benefits and No Costs

The Isle of Man, though not a member of

**I am pleased to have this opportunity to say a few words about the Isle of Man as a centre for international business.**

The Isle of Man has a proud tradition of independence and our 'Tynwald' – founded by Viking settlers more than 1,000 years ago – is the oldest continuous parliament in the world. Although the Island is located at the centre of the British Isles, we are not part of the United Kingdom or the European Union.

We have the autonomy and flexibility to provide the right environment for enterprise in a global economy. At the same time the island is recognised as a responsible neighbour that responds positively to international initiatives. In recent years the island has firmly established itself as a business base leading the way in a range of activities – including financial services, manufacturing and engineering, film-making, ship management, e-commerce and telecoms.

Our emphasis on providing a quality, competitive service for customers around the globe has made the Isle of Man economy one of the fastest growing in Europe.

Confidence in the future of the island has

been reinforced by agreements with the EU and OECD on taxation issues. And our regulation of financial services, including defences against money laundering and terrorist financing, has been endorsed by no less a body than the International Monetary Fund.

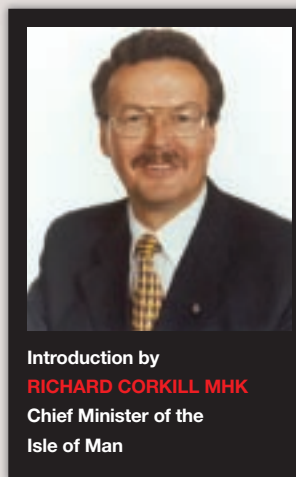
Income tax rates in the Isle of Man are low, currently starting at 10% for individuals,

for example, with a top rate of 18%. The planned move to a standard zero rate of income tax for business in 2006 is already attracting considerable interest.

The island is more than a centre for innovative international business, however – it's a great place to visit and a charming location in which to live and work. This is a friendly community with a rich Celtic/Norse heritage, a clean and safe environment for families, beautiful countryside and a

high standard of public services including health and education.

Of course, as Chief Minister of the Isle of Man, I would say all these things – wouldn't I? But if you enquire further, you will find that they are true... □



**Introduction by**  
**RICHARD CORKILL MHK**  
**Chief Minister of the**  
**Isle of Man**

the European Union, has managed to forge close links with its European neighbours. The Isle Of Man enjoys a special relationship with the EU, whereby the island's companies have unhindered access to European markets for the free movement of goods. Whilst the Isle of Man remains effectively outside the EU, the island is spared the burden of implementing EU directives that do not directly benefit the country. It does form part of the EU single market and VAT area under Protocol 3 of the Act of Accession of the UK, but in all other respects is not part of the EU, a fact that is increasingly being recognised by international companies wishing to secure an entry point to the lucrative European markets.

### Triple-A Tiger Economy

Like its Celtic cousin across the Irish Sea, the Isle of Man has been quietly enjoying its own Celtic tiger economy, recording continuous economic expansion for the past 20 years. In particular the years between 1986 and 1999 saw the economy achieve real annual growth rates of 13.5%. Despite the global economic slowdown, the island's economy has demonstrated a sturdy resilience, recording real economic annual growth of 5.3% in 2001/2002.

Historically, the island's economy was based on tourism and agriculture. The steady decline of these industries over the years has required the island to diversify into other, more lucrative, sectors and, whilst agriculture and tourism continue to make a contribution, the economy is now led by financial services (41% of GDP) and manufacturing (6% of GDP) followed by film, e-business and the maritime industry. Of course, the island's open economy and heavy reliance on international trade means the island is always exposed to the vagaries of world events. However, all key economic indicators such as GDP growth, unemployment and inflation, show the island is weathering the current storm well. GDP growth stands at a respectable 6%, unemployment is non-existent at 0.8% and inflation hovers at around 3 %.

The Isle of Man Government is under a statutory duty to budget for an annual fiscal surplus. Surpluses over successive years have meant the government has amassed a considerable war chest, which has allowed it to pursue a number of strategically important infrastructural projects. These include, a new electricity generating plant, a waste incinerator plant, a prison and a hospital, all of which are designed to keep pace with the future

developments and demands of the island's expanding economy. As further endorsement of the Island's economic and financial position, two of the world's most respected credit rating agencies, S&P and Moody's, have each awarded the Isle of Man AAA ratings.

### Tax for Success

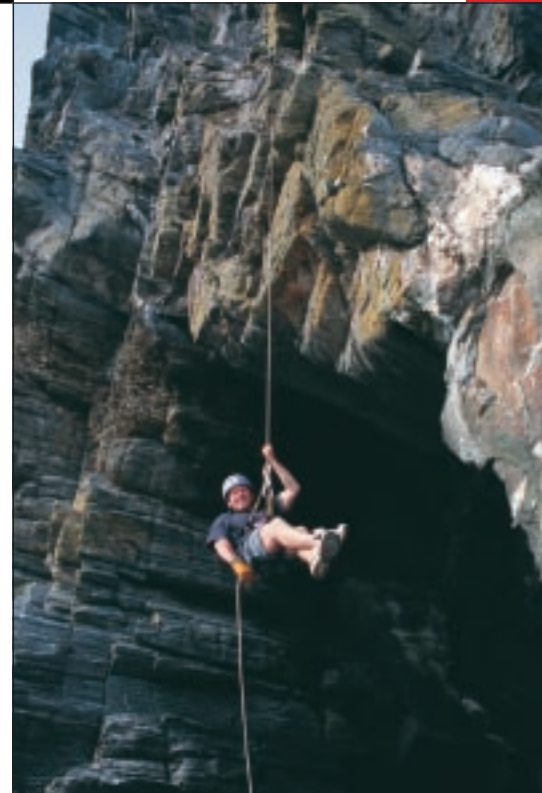
Central to the Isle of Man's success is the country's beneficial tax regime, a fact that has enabled the island to develop into a flourishing international financial centre. Further strengthening this sector, in 2002 the Isle of Man government unveiled a new tax strategy of moving to a standard rate of zero percent income tax for all Isle of Man companies. The new tax strategy will be phased in over a three-year period and is scheduled to take full effect in 2006.

### Encouraging development and attracting investment

The Isle of Man government's core policy in relation to the economy is to encourage economic growth through a sympathetic and well-regulated tax regime coupled with a suitable legislative framework that is attractive to high value niche segments such as Banking, Insurance (Captive & Life) and International Pensions. The extended vision of the government is to secure sustainable long-term growth that does not compromise the high quality of life on the island. With a stated aim to achieve greater diversity and balance in the economy the Island's government has positively encouraged, through financial and other incentives, target sectors such as company administration and trade management, high value manufacturing, shipping, film production, and e-business ventures.

### The Right Environment

The success of the island's economy has been due in no small part to the Isle of Man government's prudent fiscal and legislative decisions, its pro-business attitude and commitment to create an environment that actively supports and encourages business. Add to this one of the most sophisticated technology and communications infrastructures, competitive labour and operating costs, an attractive package of incentives for inward investors and a standard rate of zero percent income tax from 2006 and you have one of the most attractive business environments in the world. Quite simply, the Isle of Man deserves to be at the top of any serious investor's agenda. □



## Why Isle of Man?

Access to European markets

Investor friendly Government with easy access to decision makers

Sound economic fundamentals: AAA rated

Pro business environment

Advanced physical and legislative infrastructure

Competitive corporation tax regime zero % (2006)

Attractive package of incentives for foreign investors

Very competitive base for high value manufacturing and services.

Highly skilled labour force

Sophisticated international financial sector

High quality of life: 93% of residents rate the

Island a great place to live. (MORI survey 2002)





## Incentives at a glance

**Capital Grants:** Up to 40% for the costs of new buildings, building improvements and new plant and machinery.

**Expansion Grants:** 40% of the costs of building work and plant and machinery.

**Operating Grants:** up to 40% for non-recurring setting up expenses

**Training Costs:** 50% For approved training schemes

**Loans:** Loans of up to half a company's projected working capital requirement, with capital repayment deferred for up to two years.

**Rent Reductions:** Rent allowance can be offered towards early years of occupation.

**Tax incentives:** Tax holiday-alternative to grants and loans

**Low corporate taxation:** Zero rate of corporate tax from January 2006

**Capital allowances:** 100% of the cost of plant, machinery and buildings in the first year of ownership.

**Investor friendly government** with easy access to decision makers

**Research and development** expenditures are tax deductible

**No capital gains tax**

**Very competitive base** for high value manufacturing and services.

**Highly skilled labour force**

**Access to European markets** but exempt from non beneficial EU directives

**Advanced telecom and IT infrastructure**

**Launching pad to European markets**

## FOREIGN DIRECT INVESTMENT

# Manufacturing

**I**nnovation and competitiveness have been the hallmark of the Isle of Man's development strategy for the last twenty-five years. This has encouraged international investors, who have been quick to seize the opportunity of doing business in the favourable environment created and maintained over the years by the Isle of Man government. Investors who have chosen to locate operations on the island are attracted by the modern business infrastructure, excellent telecommunications, zero % corporation tax (2006), competitive labour costs, the highly skilled and educated labour force and truly enviable quality of life. These

advantages are further enhanced by the fact that this small country is situated on the doorstep of Europe's 300 million people strong market.

As an island nation of 76,000 people, the country has had to find niches that it could compete in on a global playing field. Historically, the Isle of Man's economy was based on tourism and agriculture, but the steady decline of these industries over the years required the island to find alternative sources of wealth and development. In the early 70's the financial services industry was identified as the ideal weapon of choice. Today this industry is the dominant sector of the economy, accounting for

**T**he Isle of Man has a long history of economic independence and the island was the birthplace of mass-market tourism, which remained the cornerstone of the Manx economy until the mid-1970s when it was apparent that tourism alone would not support the economic aspirations of the Manx people.

Government recognised that diversification into high growth sectors is key. Twenty five years ago the government established the island as an international centre for financial services. The success of this strategy is apparent from the many awards the island has won as an international centre for finance and the very favourable report issued by the International Monetary Fund in November 2003. Financial services now account 50% of GDP. Over the same twenty five year period, the government actively promoted the island as a location for precision engineering companies. As a result, the Isle of Man now has a number of highly successful manufacturers contributing to such flagship projects as the Eurofighter and oil and gas exploration in the North Sea.

Over the last 10 years, the government has maintained this focus on diversification by supporting new developments in shipping and film & TV production. As a result of these diversification strategies, the island has

experienced unprecedented growth: 6.1% per annum growth in real terms over the last 10 years compared to 2.1% for the European Union.

Government now has £1 billion in reserves and is AAA-rated by Standard & Poor's.

Our support for business development is evident from our commitment to introduce a zero rate of tax on trading profits by 2006, while we retain full access to European Union markets for agricultural and manufactured goods.



Foreword by  
**ALEX DOWNIE**  
Minister for Trade & Industry

E-Business is key to our future success. Our advanced telecommunications infrastructure enables Manx companies to transact business worldwide, overcoming geographic boundaries. A survey by PA Consulting in November 2003 highlighted that Manx businesses are well in advance of the European average in terms of using the Internet as a sales channel and using technology to boost productivity and drive growth. Our high skills, high

will workforce is well-suited to meet industry's needs in the connected world: over 90% of school leavers have an IT qualification.

I believe the Isle of Man now offers a modern, sophisticated economy and labour force, while retaining its roots and exceptional quality of life

I look forward to sharing its future success with many of you. □

approximately 41% of GDP. But notwithstanding this success, the pro business government has chosen to bring even greater diversity to the country's economic makeup and attracting foreign investment to the island has been high on the agenda of successive governments. By spreading investment activity across sectors and encouraging an influx of high value-added operations to the island, the authorities hope to achieve a balanced investment scenario that offers employment opportunities at all levels.

### Significant Sector

The manufacturing sector in the Isle of Man is diverse, with products as varied as optical instrumentation, electronics, aerospace components, automotive components, plastics, medical equipment, bio-technology, pharmaceutical products and IT as well as a variety of consumer goods all being produced here already. Consisting of over 200 enterprises, manufacturing is one of the main providers of full time employment on the Island (8.2%) and accounts for 6% of national income; this sector is second only to Finance in terms of growth and contribution to the economy. The benefits of manufacturing in the Isle of Man are considerable: labour costs are well below those

in EU countries such as Germany, where the average hourly cost of labour is over €25. In the Isle of Man, the average hourly cost of labour is around €14 an hour. Most foreign companies that have invested in the Isle of Man have been impressed with the ability, productivity and learning potential of Manx workers.

### Areas of Investment

Political stability and a solid legal system make investing in the Isle of Man attractive and safe. As home to a major international financial service centre, the Isle of Man has one of the most developed business infrastructures in the world. Today the Isle of Man offers investors a state-of-art IT and telecoms infrastructure, highly skilled, English speaking workforce, and the highly competitive operating environment of the island. With its relatively small but innovative population the government sees Research & Development, Manufacturing, Engineering, Film & Media, Maritime activities, Company & Regional Headquarters, Information Technologies and E-businesses, as being the major engines for growth in the future. With a relatively small population - one of the lowest population densities in Europe - the island

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# ISLE OF MAN

## The world's best-kept commercial secret?

### TARGET SECTORS



Engineering  
Optics  
Pharmaceuticals  
Regional HQ

E-business  
Disaster recovery  
PC games software development  
Intellectual Property development

**The world has so far overlooked a minor but impressive economic success story, that of the Isle of Man.**

The Isle of Man boasts a flexible, dynamic economy that has achieved 6% pa real GDP growth over last 10 years with less than 1% unemployment.

The government's sound budgetary practices and high level of financial regulation has seen S&P and Moody's each return an AAA

rating. This was supported in a recent MORI survey that showed that nearly 80% of the population were happy with the way the Island is run.

Active government participation has been the cornerstone of this sound business growth with a range of innovative taxation strategies proving attractive to businesses from all sectors. The DTI's capital equipment grants make an already attractive proposition even more enticing.

These commercial benefits, the island's excellent infrastructure and communications and its desire for sustainable, diverse business growth would alone put the Isle of Man on a par with the financial centres elsewhere.

Add MORI's recent finding, that 93% of residents were satisfied with the island as a place to live, and the Isle of Man rises head and shoulders above the rest.

### Truly the world's best-kept commercial secret!

For more information contact the DTI Development Managers:

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Manx Electricity Authority  
new power station

## Infrastructure

**D**espite having no known natural resources apart from its people, the Isle of Man has been able to build a first-class infrastructure, thanks to the successful establishment of a lucrative and flourishing finance industry. With one international airport, located near the island's commercial and financial centre, Douglas, the Isle of Man is linked to its immediate neighbors and to the rest of the world by excellent air, sea, postal and telecommunications systems. The country has a quality infrastructure, with sufficient land and office space that is competitively priced. Boasting one of the most educated and IT literate workforces in the world, that is both innovative and flexible, the Isle of Man has a reliable power supply, which is among the most competitively priced in Western Europe. The result is that, in terms of input costs, the Isle of Man is extremely competitive.

### Telecommunications

Manx Telecom, a wholly owned subsidiary of mmO2, is the Isle of Man's primary telecommunications provider. The company provides fixed line and mobile telephony services, closely integrated with the UK telephone number range. There is a full range of Internet services and a portfolio of quality hosting products and services. It was one of the first in the world to offer broadband ADSL services to its customers and currently provides these to 98% of households and businesses on the island. In December 2001 Manx Telecom was the first telecommunications operator in Europe to launch a live 3G network.

wants to attract sectors that offer most in terms of wealth and in which it can be globally competitive. It seeks to attract industries that will complement the island and the quality of life its citizens enjoy.

### Attractive Incentives

Leading the way in attracting foreign investment to the island is the Department of Trade and Industry (DTI), armed with a very attractive package of incentives that are granted on a discretionary basis. These include capital grants of up to 40 % to help meet the cost of new buildings, building improvements, new plant and machinery, operating grants including expenses on marketing and consultants' costs and 50 % towards the cost of special training under approved training schemes and grants

towards the rental of a new factory from private developers. In addition, a loan of up to 50 percent of working capital required is made available at modest interest rates. As an alternative to grants and loans, applicant companies may receive a tax holiday for a minimum of five years to help offset start-up costs. The Manx government retains a flexible approach to the kinds of manufacturing eligible for grants, but the record shows three main criteria likely to be of particular importance. First, the proposed development should not risk degrading existing Manx amenities and natural beauty. Second, the products need to show high value added per employee. Last, the prospect of a high return on investment must be present.

### Labour

The Isle of Man has a tradition of good industrial relations; strikes and other disruptions are rare in comparison with other European countries. With a total population of 76,315 and current unemployment at some 0.8%, the Isle of Man is experiencing a situation of full employment. In recognition of this, and the possible difficulties posed for inward investors securing enough skilled workers locally, the government readily issues work permits to foreign investors who bring in workers from overseas.

### Investing in the Isle of Man

In today's foreign direct investment environment all countries have to become ever more competitive in order to attract and hold on to investors from abroad.

Confirmation of the Isle of Man's competitive and pro-business environment can be seen from high profile investors such as Dimension Data, Strix Group and CVI Technical Optics who all continue to reinvest in their operations and proclaim the benefits the Isle of Man delivers for their operations.

It is not only the fiscal incentives that make investing in the Isle of Man an attractive proposition: the island has a world-class infrastructure, excellent logistics and a stable political environment. Added to the high standard of living and quality of life, plus the proximity of the island to many of the investors' own home bases, these "hidden" benefits make the Isle of Man the ideal location for companies looking to expand their presence beyond their home shores. Couple this with a very attractive cost base for manufacturing, and there is no doubt why so many foreign investors make their way to the island to see these advantages for themselves. □

The telephony and Internet services provided by Manx Telecom on the island are backed by highly resilient, self-healing fibre and microwave links between the Isle of Man, UK and Ireland.

### Air, Sea & Roads

The Island's airport handles some 650,000 passengers a year and is the 17th busiest in the British Isles in terms of passengers handled. The Island's principal port is Douglas, which has deep-water berths and facilities for handling. The Isle of Man has over 500 miles of relatively uncongested public roads, which are maintained to a very high standard

### Postal

The Island's Postal service provides a comprehensive, efficient range of services expected of any international business centre

### Energy

Electricity is generated on the island by Manx Electricity Authority and reliability is extremely high. A new Combined Cycle Gas Turbine Power Station has recently been completed, providing the island with a state-of-the-art natural gas power station that will serve its needs well into the future.

### Attractive to Business

The Isle of Man's continued investment in providing a world-class infrastructure coupled with a very attractive cost base for manufacturing, services and e-business solutions will undoubtedly ensure the country's economic prosperity and its attractiveness for foreign investors. □

## 2006 Tax Strategy - Zero Percent

The Isle of Man has been a low tax area for many years, enjoying total independence from the UK on matters of direct taxation. Low corporate and personal tax has proved a very successful tool in attracting capital and business to the island. Taking this strategy one step further, in June 2000 the Isle of Man government announced to the world its intention to introduce a zero percent corporate tax regime. The radical new tax strategy of a standard zero rate income tax for Isle of Man companies is set to take effect from 2006.

The new tax package was designed to address EU concerns about the Island's "exempt companies legislation", which in short allowed companies who do not carry out business on the island to claim a tax exemption on income from outside the Isle of Man. Under the EU "Code of Conduct on Business Taxation" such practices are considered to be "harmful" under EU rules. Whilst the Isle of Man does not form part of the EU, the government does recognise that there is a need to constructively engage with initiatives regarded as important to the international community.

Designed to both maintain the island's attractiveness and to provide a uniform tax system for all business sectors on the island, the new standard zero rate of corporate tax applies to both resident and non-resident companies, but combined with a higher rate of 10 per cent levied on some regulated finance sector businesses, principally banks. The intention is to introduce the new corporate tax regime in 2006.

The Treasury estimates that the change in tax strategy could initially restrict net revenues by approximately £20 million, but they point out that no account has been taken of the additional economic activity it will generate across the country's key economic sectors. The island's government also feels that the zero rate will go a long way towards preserving the international business it has at present, but it will also most likely attract a greater amount of inward investment as well as contributing enormously towards improving the island's competitive edge, thus diversifying the economy further.

*Note - The Isle of Man government does not charge: capital gains tax, wealth tax, capital transfer tax, inheritance tax, death or estate duties. □*

## The EU and the Isle of Man

The Isle of Man has what is referred to as a special relationship with the European Union, as set out in Protocol 3 to the United Kingdom's Treaty of Accession. Under this special relationship, the Island is neither a member state nor an associate member of the European Union. Under Protocol 3, the Isle of Man forms part of the customs territory of the Union. It follows that there is free



movement of industrial and agricultural goods in trade between the island and the Union. The Isle of Man neither contributes to, nor receives from, the funds of

the European Union, thus guaranteeing the Isle of Man's fiscal independence. Any proposal to change Protocol 3 would require the unanimous approval of all Member States of the Union, including, of course, the UK. Apart from the requirements of the Protocol, in particular that the Isle of Man Authorities shall apply the same treatment to all natural and legal persons of the Union, the other Union rules do not apply. The island's relationship with the Union allows it to trade with countries in the European Economic Area in a fashion generally similar to its trade with the Union itself. □

# Strix products are used a billion times a day

Strix Group is the leading industrial company on the Isle of Man. With 70% of the global market share, Strix is the world's leading manufacturer of controls and cordless interfaces for kettles, jugs and a wide range of other water boiling appliances in the domestic appliance industry.

Strix success has been achieved through:

- focused attention to meeting customer needs
- commitment to total quality
- continuous staff training and development

*Strix Group - Innovative Technology - always at the leading edge*



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- Isle of Man headquarters
- Worldwide customer base



## E-business from the cradle up

by JON ALLEN Managing Director, Domicilium Ltd

**The Isle of Man's drive to become the leading offshore e-island does not just involve promoting the island's existing excellent telecommunication infrastructure to the outside world. The Isle of Man government is determined to ensure that Isle of Man children are not only equipped to deal with an Internet and IT driven world, but also to provide an unparalleled level of IT competency within the workforce to meet the demands of e-business industry locating in the island.**

The Department of Education has developed its own dedicated, safe Internet and Intranet service to which all schools have been connected, making the Isle of Man the first education area in the British Isles to have all its classrooms wired up for Internet access. Every school pupil from age 8 can access their own safe e-mail and web publishing account.

In partnership with Domicilium, the Government's ISP, the Department of Education created an island wide broadband wireless network providing up to 45Mb of bandwidth into and between all schools. This bandwidth capacity allows for multi-casting into classrooms from a remote location so for instance guest lecturers can present to numbers of schools at the same time.

The investment in IT and communications by the Isle of Man government is just starting to pay off; all pupils now leave education with an ICT qualification. There is no doubting the excellent proposition the island offers e-business ventures, its determination to take its rightful place amongst the global e-centres must make it a focus of any serious e-business investor. □

## E-BUSINESS + GLOBALISATION =

# Isle of Man

The world's island economies have been quick to realise the benefits that the IT revolution offers them in terms of global competitiveness and wealth generation. And none more so than the Isle of Man.

Building on the island's leading position and reputation as an international financial centre, the government and its industry partners have set about creating and delivering one of the most progressive environments in the world for IT, mobile commerce and e-business activities. While most countries claim to offer e-business friendly environments, none have embraced the IT revolution with such vision and vigour as the Isle of Man.

High profile countries like Hong Kong, Singapore and Ireland have invested in creating wired cities and districts, but the Isle of Man has gone one step further and created a wired country with the ambitious goal of becoming a global "Capital" for IT and e-business activities. To realise its ambitions of becoming a world leader in the competitive world, the government recognised early that it needed to take a proactive approach to encourage e-businesses to locate to the island. The Isle of Man's e-business strategy has been to develop a solid foundation for the industry both in terms of legislation and technology infrastructure.

## E-Commerce Legislation

The Isle of Man's legislative strategy is to maintain a "light touch" in relation to e-business and in doing so maintain a balance between providing effective regulation while at the same time ensuring that legislation facilitates and fosters the growth of e-business applications

and allows entrepreneurs to maximise the opportunities presented by e-business activities. The Isle of Man was one of the first countries in the world to pass dedicated e-commerce legislation, with the Electronic Transactions Act (November 2000). The Act enabled electronic commerce to be put on the same legal footing as paper-based commerce, as well as removing any legal impediments to the use of electronic communications.

## Telecommunications

The Isle of Man is very much a leader in the implementation of new technologies. The island serves as a test bed for mmO2 and launched the world's 2<sup>nd</sup> and Europe's first operational third-generation wireless system. In addition the island boasts one of Europe's largest cable fibre "rings" (over 1.2 terra-bytes per second and Internet capacity for every citizen and business on the island) and the world's most advanced digital telephone exchanges. The Isle of Man's high bandwidth connections to the UK and Ireland give the network enough capacity to handle the transatlantic Internet traffic between Britain and the United States 10 times over. The Isle of Man also offers secure servers with industrial standard telecommunications access to the Internet. Comprehensive support services include complete website design, e-commerce solutions providers and Internet payment gateway facilities along with international tax and legal advice.

## Financial Assistance and Incentives

To encourage the development of IT and



## E-BUSINESS OPPORTUNITIES IN THE ISLE OF MAN

→ For further information contact:  
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[www.ecommerce.gov.im](http://www.ecommerce.gov.im)



**Isle of Man  
Government**  
Basthaa Oltra Penarth

e-commerce based businesses the Isle of Man government, through the Department of Trade and Industry, offers an attractive package of incentives that range from grants and loans to tax holidays. In addition, companies locating to the island can take advantage of the island's zero % tax strategy (2006) and the availability of VAT registration makes the island a very attractive destination for inter-trade with the EU.

### E-Commerce Applications

The island's commitment to providing an innovative legislative framework and modern technological infrastructure is now starting to pay off, with an increasing number of the world's leading companies choosing to establish operations on the island.

The Isle of Man has set its sights on becoming Europe's leading disaster recovery centre for financial services businesses. In November 2002 the Isle of Man Parliament approved a regime enabling banks, investment businesses and corporate service providers, which are regulated in approved jurisdictions, to use Isle of Man based computer servers in the event of their own being inaccessible. But it is not only financial services companies who are beating a path to the Isle of Man. Pharmaceutical companies for example view the island as a safe

location or hub for data storage and processing operations. In addition companies like Betinternet.com are using the island to deliver betting services over the Internet and now have a client base in over 30 countries. Dimension Data provide procurement, administration and other corporate functions from the island.

Other areas that the island is seeking to attract business from include software development, data storage, payment gateways, digital rights and intellectual property management, online reservations, education and Internet-based training, online brokerages and other financial services, technical support, research and online information services, data warehousing, database management, supply chain management centres and a host of others.

### Key Location for E-business

The island offers a secure, stable and well-regulated environment for e-businesses, as well as a highly developed legal and technological infrastructure. The island is well placed to satisfy the needs of a continually evolving e-commerce sector. Its strategic location as an offshore centre in Europe, its telecommunications infrastructure and low tax environment make it an attractive proposition for any global e-business.

## E-business benefits

- Advanced telecom & IT infrastructure
- Availability of financial assistance
- Political stability and reputation
- Pro E-business government
- Innovative and appropriate e-friendly legislation
- Appropriate support services
- Availability of labour with appropriate skills
- Competitive set up and operating costs
- Favourable tax regime
- Investor friendly, pro business environment
- World-class physical infrastructure
- Sophisticated international financial sector
- Strong fiscal and monetary discipline
- Sound economic fundamentals
- S&P AAA Sovereign rating

- assistance
- Political stability and reputation
- Committed Government
- Appropriate e-friendly legislation
- Appropriate support services
- Availability of labour with appropriate skills
- Competitive set up and operating costs



**"How does my company benefit from what the isle of man has to offer"**

At Manx Telecom we can help your company to do business in one of the world's best-regulated, tax efficient jurisdictions.

We are the Island's licensed telecommunications operator with extensive experience in e-commerce. We can offer a one-stop solution which includes:-

- Resilient self-healing links both on and off the Island**
- Secure and resilient web-hosting/disaster recovery**
- Broadband connectivity to 98% of Manx business premises/households**
- High quality range of Internet access products**
- Mobile network offering GPRS and MMS (Multi-Media Messaging) services**
- Comprehensive range of LAN/WAN, security and IP coverage products**

For further details contact Ian Curphey, Internet Solutions Manager, tel. 01624 636275, e-mail ian.curphey@manx-telecom.com or visit our website

[www.manx-telecom.com](http://www.manx-telecom.com)





## Maritime benefits

- Prestigious maritime centre
- Efficient registration process
- No annual tonnage fees
- Fixed fees for surveys of Manx ships
- Favourable taxation status
- Security of mortgages registered on the island
- Flexible approach to manning
- Low initial registration fees
- Beneficial VAT arrangements
- Entitlement to fly British Red Ensign and UK consular services
- Professional maritime support services
- Pro Maritime Government.
- Non-FOC status
- Twenty-four hour availability of senior staff



## SHIPPING

### the world's prestigious maritime centre

**T**he Isle of Man's long maritime tradition and culture has led to the country becoming a well-established, reputable, open ship register. Its lengthy and distinguished maritime history dates back to 1786, when the first ships were registered on the island, and since then the Isle of Man Shipping Register has grown to be one of the most respected in the world. The Marine Administration was established in 1984 when the Isle of Man government targeted the sector as part of its drive to diversify the economy and over the last 19 years, the Isle of Man has emerged as a truly international maritime centre attracting some of the most prestigious maritime names in the industry. These include: Dorchester Maritime, Vships, Dohle, Bibby, Midocean, Maersk and Shell to name but a few.

### Flag of Choice not Convenience

The Isle of Man's Shipping Register is an international British register where Manx registered ships are considered British Ships but fall under the separate jurisdiction of the Isle of Man Marine Administration. Following the establishment of the Marine Administration in 1984 all major international conventions were extended to the Isle of Man and the island became a full convention-shipping nation. The open registry is not regarded as a "flag of convenience" and is widely acknowledged as exercising an appropriate, but not excessive, level of regulation of its shipping industry. It maintains and enforces high standards based on United Kingdom legislation, while offering a practical approach to the application of maritime rules and regulations.

Ships registered in the island are entitled to fly the Prestigious British Red Ensign and are entitled to all British support including consular services throughout the world. As a result; it has acquired a reputation as a very attractive offshore jurisdiction in which to register ships. Rated amongst the top 13 "quality" registers in the world by the U.S. Coast Guard, the Isle of Man is one of only 13 flag states which have been awarded QUALSHIP21 (quality shipping for the 21st century) certificates, an initiative by the United States Coastguard to reward high quality ships and flag states.

### Growing a Quality Ship Registry

Currently in excess of 320 ships are on the Isle of Man register. According to Captain

Desmond Howell, Director of the Isle of Man Marine Administration, the register is only interested in attracting reputable ship owners and quality tonnage, not quantity. The register will only accept ships that are less than 15 years old and above 500 Gross Tons. Ships which are not classed with one of the accepted Classification societies, single hull oil tankers and ships engaged in the carriage of irradiated nuclear fuel will not be accepted on the register either. By maintaining high standards, the Marine Administration ensures that it only lists ships that are in good condition, lessening the number of detentions for maintenance and repair purposes. According to Captain Howell "Ships which are continually detained, reflect badly on the jurisdictions in which they are registered. The greater the number of detentions a flag registers, the less attractive it becomes to ship owners". Safety and competitiveness are two of the most important short and long-term objectives of the Isle of Man Marine Administration. The island has already harmonised its maritime legislation with international best practice in terms of safety and pollution.

### Taxation Fees, Surveys and Inspections

Manx ships must have a prescribed close connection with the island through either local ownership or management and ships registered in the Isle of Man must be inspected and surveyed by a surveyor from the Marine Administration prior to acceptance for registration. With an emphasis on being customer driven and causing the least amount of disruption for their customers, the Marine Administration has its own team of professional and highly trained surveyors who conduct all the inspections on ships proposed for registry.

There is no registration tax or tonnage fee levied on Manx registered shipping. The only fees charged by the Marine Administration are those relating to registration, survey and certification of ships and are set at levels intended only to recover the administrative costs involved. In a typical comparison, the costs of registry and survey fees for a ship registered under the Isle of Man flag are less than half the equivalent costs of operating under other flags. In addition, the island's tax strategy provides for a zero rate of corporation tax applicable to all shipping related earnings.

Following consultation with the shipping industry, the Marine Administration launched a

new initiative, which takes a fresh approach for ship surveys. "The Alternative Fees Scheme" introduces an alternative method of paying fees for statutory certification and survey of cargo ships and mobile offshore drilling units on the Isle of Man Shipping Register. For a fixed monthly subscription to the Marine Administration, currently set at £160 per month per vessel, a surveyor will travel with the ship for a short period during which he will undertake safety management audits, inspection of living and working conditions and any agreed statutory survey work. For owners making use of the scheme, statutory surveys can be fully delegated to the vessel's Classification Society and there will be no need to contact third parties to undertake ISM shipboard audits. Once a ship is entered in the scheme she will receive a visit by an Isle of Man surveyor every 2 ½ years.

### International Maritime Service Centre of Excellence

The Isle of Man has a flourishing international shipping center, and is rapidly developing a reputation as an efficient jurisdiction in which to establish ship management operations. The island provides a convenient base for shipping companies that take advantage of the low costs involved in operations from the Island, and from the beneficial tax regime which exists.

The Isle of Man is established as a leading international offshore finance centre, providing a wide variety of quality financial and corporate services. It is one of the most respected offshore financial services jurisdictions attracting the world's largest banks, trust and fund management companies, insurance, assurance and e-commerce. It is widely regarded as being one of the best regulated in the world.

The development of the shipping register has encouraged the establishment of several Isle of Man based international ship management and ship owning companies. As a result the island now has a dynamic and effective shipping industry. Ship management activity is supported by numerous shipping related service providers, including marine lawyers, accountants, banks and P & I clubs offering comprehensive services to the owners and operators of ships worldwide.

### Economic Impact of Ship Registry

Shipping is now playing an essential role in the diversification of the Isle of Man economy by supporting numerous jobs both directly and indirectly. Shipping now employs more than 600 people on the island. Every ship registry

transaction brings a need to register mortgages and other related transactions associated with the financing of the ship. According to Captain Desmond Howell nobody simply owns a ship anymore. Every vessel represents a legal construct for financing, tax, liability and management reasons. Every ship registered on or managed from the island brings business to the banking, insurance, legal and corporate services sector, making its economic impact on the island significant.

### Isle of Man now open to Super Yachts

Since January 2003 the Isle of Man Marine Administration has opened its register to the world of Super Yachts. Now large commercial yachts in excess of 24 meters or yachts whose owners wish to charter their boats can be registered on the island. To qualify for inclusion on the Manx Register the yacht must be over 24 meters in length, not carry cargo and accommodate not more than 12 guests. The Isle of Man provides a particularly favourable jurisdiction for yacht registration, once registered on the island the yacht can spend the rest of its life in the Caribbean or Mediterranean.

The benefits of listing on the Manx Register for yacht owner or operations are significant and include: favourable tax treatment; no tonnage tax; security of mortgages registered on the island; the prestige of flying the British Red Ensign which includes UK Government consular

services through out the world; and beneficial VAT arrangements which, on a commercial yacht costing £30 million, mean an owner can save more than £5 million in UK VAT payments by registering the vessel on the Isle of Man.

To gain access to the Manx register, super yachts need to comply with the UK mega-yacht code of practice for safety of large commercial sailing and motor vessels now adopted by the Isle of Man Marine Administration. The Maritime Administration surveyors will issue a certificate of compliance following an initial survey. Once the certificate of compliance has been obtained it is valid for 5 years and subject to an annual survey being carried out either by the Maritime Administration or an approved organisation. The owner is also required to appoint a corporate resident in the Isle of Man to act as the representative between the ship and the Marine Administration.

Although the Yacht Register is only a year old, it has already gained some success with a number of very prestigious boats such as the super yacht Felicity WestStar choosing to fly the Manx Red Ensign.

### Reaching the Top

The Isle of Man's shipping industry now ranks among the world's best. Ship and yacht owners and operators around the world have recognized that the island is an economic and efficient centre for the ownership and management of their vessels. □



## A quality British flag for the discerning owner or manager

Located in an offshore AAA jurisdiction, the Isle of Man ship registry offers the best in standards, service and reputation allied with the advantages of a sound jurisdiction and a favourable tax regime.

Contact the Marine Administration at:  
registry@shipping.dti.gov.im

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**I**SLLE of Man Treasury Minister Allan Bell has welcomed a report from the International Monetary Fund confirming that the Island 'complies well' with international standards for the regulation and supervision of financial services.

The IMF study concludes that the Isle of Man has a 'high level of compliance' with international standards in such areas as banking, insurance, securities, anti-money laundering and combating the financing of terrorism. It commends 'the proactive approach of the regulators to achieve high standards in the financial services sector.'

Said Mr Bell: 'The report is a positive and welcome independent endorsement of the regulatory arrangements which we have in the Isle of Man. It is probably the most authoritative and comprehensive report which has ever been prepared on our regime and will therefore stand us in very good stead in attracting new business to the island.'

'This is another clean bill of health for the Isle of Man from a major global organisation. Combined with our planned move to a zero rate of income tax for companies in 2006, and our triple-A credit rating, it underlines the island's reputation as an internationally responsible, highly competitive and secure base for doing business.'

The IMF process began with a detailed, on-the-spot assessment in October 2002 and the final report was concluded in November 2003. The assessment was carried out at the invitation of the Isle of Man government.

A number of external and independent assessments have confirmed that the island co-operates fully in the pursuit of international crime, and that its laws against the laundering of criminal or terrorist funds comply with the highest international standards. The island's authorities have extensive information 'gateways' through which it can provide information to assist in cross-border investigations.

These assessments include a major Home Office review of financial regulation (the Edwards Review) in 1998, and a positive evaluation in 1999 by the G7 countries' Financial Action Task Force (FATF) on money laundering. □



Foreword by  
**ALLAN BELL**  
Treasury Minister for  
the Isle of Man

## FINANCIAL SERVICES

# The powerhouse of the economy

**D**escribed as the powerhouse of the Isle of Man economy, the international financial services sector has grown steadily over the last decade, and now accounts for some 41 percent of national income, employing 20% of the work force. The self-governing nature of the Isle of Man has allowed it to flourish as an international financial centre and this diverse sector now includes some 60 of the world's top banks and numerous fund management companies. It is a leading jurisdiction in the life & captive insurance,—pensions, fund management, trust and fiduciary business.

These activities are supported by a professional services sector that includes international accountancy practices and a wealth of experienced legal firms. In recent years, the Isle of Man government has made significant progress gaining international recognition as a world-class centre for offshore finance, and the development of the sector has been encouraged by the creation of a positive legislative framework and beneficial tax regime that lends dynamic impetus to the development of this sector.

### The Island's Attractions: Growth and Expansion

Some of the world's leading financial names control their international operations from Isle of Man headquarters. They are attracted to the island by the beneficial tax regimes and competitive operating infrastructure, as well as because the Isle of Man does not place restrictions upon companies wishing to expand. Another advantage lies in the fact that the Isle of Man is situated in the heart of the British Isles and within easy reach of major financial centres in the UK and Europe.

While many other offshore centres have become overcrowded, the Isle of Man's low population density and supply of development land means the island is in a better position than some other physically smaller offshore jurisdictions to sustain population and economic growth for years to come. There are no restrictions on new residents and the island has an open property market with no restrictions or qualifications limiting property acquisition. The island also benefits from a leading edge telecommunications system. High bandwidth international connections and a "self-healing ring" ensures that all traffic continues to flow, even in the event of a break at any point in the

network. The Isle of Man is one of the few island jurisdictions in the world that has this level of resilience and reliability.

### Supervision

The Isle of Man's legal system is based on the principles of English common law, which have been adapted to meet the island's special circumstances, particularly with regard to direct taxation, company law and financial supervision. Two bodies carry out regulation of the sector: the Financial Supervision Commission (FSC) and the Insurance and Pensions Authority (IPA). The FSC is responsible for the licensing, authorisation and supervision of banks, building societies, investment businesses, collective investment schemes, trust service providers and corporate service providers. The IPA holds responsibility for the Insurance industry and Retirement Benefits Schemes. The Isle of Man has earned a reputation for adopting international standards of regulation that at the same time avoids burdening companies with unnecessary red tape.

### Ombudsman and Compensation schemes

The independent Financial Services Ombudsman scheme was launched to assist individuals with an unresolved financial complaint against an Isle of Man company. If the complaint is upheld, the adjudicator has the power to make binding awards of up to £100,000 against the firm as well as instructing it to rectify the matter.

The Isle of Man is the only offshore finance centre providing compensation schemes in all three of the main areas of private finance – namely deposits, funds and life policies. The Manx Depositor Protection Scheme covers 75 per cent of the first £20,000 of a Sterling (or equivalent foreign currency) deposit with a banking institution based on the island. The Investor Protection Scheme covers up to £48,000 for each investor in authorised collective funds where a fund manager or trustee becomes insolvent. Finally, the Policyholder Protection Scheme covers up to 90 per cent of the liability of the insurer to the protected policyholder, irrespective of where they reside.

### Quality AAA Offshore Jurisdiction

Like all other offshore centres, the Isle of Man has been the focus of significant attention from

governments and international watchdogs, such as the OECD, concerned with financial regulation and money laundering. The increased scrutiny of offshore centres has been extremely beneficial for the Isle of Man. Classified as being top-tier, the Isle of Man has received a clean bill of health and an endorsement of its regulatory and taxation systems as well as its financial transparency. Unlike jurisdictions such as Luxembourg and Switzerland, there are no banking secrecy laws in the Isle of Man. However, the individual institutions on the island rigorously guard client confidentiality and information is only divulged if there is evidence of criminal activity

### Banking, Insurance, Fund Management, Pensions

The Isle of Man banking environment has evolved into a well regulated, dynamic and internationally competitive industry offering excellent services and security for its global client base. The island also has a growing fund management industry and a thriving life and captive insurance industry. A new addition to the centre is International Pensions, which aims to attract multi national or global businesses to

use the Isle of Man as a centre from which to manage retirement benefits schemes for their employees who may reside anywhere in the world. International corporate pensions are designed to ensure that members' benefits are adequately secured and properly administered with an emphasis on scheme flexibility to enable an employer to tailor schemes to suit diverse market situations in a tax-neutral environment.

### User-Friendly Environment

The Isle of Man offers a progressive, flexible and user-friendly environment that allows businesses to develop. A perfect example of this is Royal Skandia: in 1984 – Royal Skandia employed 2 people on the island. Today more than 360 people are employed at the company's new 57,000 square feet corporate offices. A further endorsement of the centre came with Barclays Bank relocating its international headquarters to the Isle of Man from Jersey. These companies, and many others, have found that the Isle of Man offers the ideal location for their businesses; the many advantages of operating from the island will ensure that the island maintains its significant leading edge over competitors. □

## From Bullet Train to Steam Train

**As a relative new boy to the Isle of Man from Tokyo, I have been surprised at the contrasts and similarities between the two seemingly incomparable locations when it comes to doing business.**

Although the physical environments couldn't be so dissimilar, especially in terms of building densities and hustle and bustle, the commercial attitudes towards generating business and profit are to be found in both jurisdictions. The Isle of Man may not seem at first to be as advanced as Tokyo, but it does have the systems in place that make it easier to attract and retain business – such as the zero rate tax to



Foreword by  
**IAIN MESSENGER**  
General Manager, Royal Skandia Isle of Man

name just one. The financial services industry plays a significant role with both economies, and whereas in Tokyo it plays a lesser role, the Isle of Man has worked hard to generate an environment where financial business is attracted and thrives to continue to play a leading role. When asked if I have any regrets about leaving Tokyo, I can honestly reply that even though it takes a little longer on the steam train than Shinkansen (Japans bullet Train) at least in this environment I now know where I am heading! □



SKANDIA HOUSE

Royal Skandia, working in partnership with the Isle of Man

Skandia House, King Edward Road, Onchan, Isle of Man, IM3 1RS



### FACTS ABOUT ROYAL SKANDIA

Founded In Sweden in 1855, the Skandia group, of which Royal Skandia is part of, is operating in over 20 countries and has nearly 6000 employees. Royal Skandia's average return on managed funds over 25 years is 950% as quoted on the MSCI World Index.



## FILM

# “Hollywood in the Irish Sea”

**A** relative newcomer to the international film industry, in less than 9 years the Isle of Man (IOM) has established itself as one of the most important players in Europe's film industry. The meteoric rise of the IOM's film industry has led some commentators to refer to the island as the 'Hollywood in the Irish Sea'.

### Diversity of locations

Filmmakers seeking to recreate locations in the UK, Ireland, Boston, Sydney, or even the Caribbean are increasingly turning to the IOM to fulfill their requirements. Since the establishment of the Isle of Man Film Commission in 1995 more than 54 productions, including the smash hit “Waking Ned Devine”, have been attracted to the island's immense diversity of locations that range from coastal scenery, secluded mountain glens, medieval towns and the ultra urban architecture of the island's international financial centre. Apart from the wealth of locations, producers cite the positive reception they receive from the local community, the infrastructure, and the understanding of transport, production and location needs as reasons for selecting the Isle of Man. In addition, the small size of the island allows producers to save money and time by being able film at a number of locations in a single day.

### Lucrative financial incentives

Location is everything we are told, but in the movie business financial considerations are equally important in the decision-making process. To motivate producers, the Isle of Man Film Commission has put in place an attractive package of incentives. For every film that is approved for funding, the Film Commission will pay 25% of production cost in the form of an equity investment, as long as they spend 50% of the shooting time on the island, and spend not less than 20 percent of its below-the-line budget with local service providers.

### £25 million development fund

With an initial injection of £1 million in 1995, the Isle of Man Film Commission has managed to nurture the island into one of the most successful locations for film productions

in Europe by attracting international names like Warner Brothers, 20th Century Fox, the BBC and Channel 4.

Fifty-four productions later, worth well in excess of £220 million and accounting for over 100,000 bed nights on the island, the Manx government has committed £25m to a development fund for television and film production, in addition to the Film Commission's original allocation, which had been boosted to £15m.

The film friendly government's commitment to the industry is not only to attract producers to use the island's locations but to develop the island as a center of filming excellence. To this end a purpose built sound stage, studio facilities and a multi media training facility have been constructed to develop and encourage the expansion of the island's film infrastructure.



### Too good to be true

With over 40% of the island's economic activity being generated by the financial services sectors, the IOM government has sought to encourage greater diversity in the country's economic makeup. The film

industry has been identified as one of the key areas that can deliver that diversity in a way that provides employment opportunities for young Manx people and also generates significant revenue for the island's economy. According to Hilary Dugdale, Head of the Isle of Man Film Commission, everything shot here, whether it's a film or a TV production, spends at least half a million pounds, which is a great boost to the island economy.

While the Isle of Man might be a relative newcomer to the movie business compared to Hollywood, the island has certainly made its mark. With its abundance of unique locations, experienced film crews and a superb financial package, the Isle of Man really is the manifestation of any film producer's dreams.

*Manx made films include. The Brylcreem Boys (1995) Relative Values (1997) Waking Ned Devine Thomas and the Magic Railroad (1998) The Martins (2001) Me Without You (2001) Blackball (2003), You don't have to say you love me (2003), Trauma (2003).* □

TOURISM

www.visitisleofman.com

Floating half way between England and Ireland, the Isle of Man is said to have been formed as the result of a fight between two giants. Irish giant Finn MacCool hurled a clod of earth at a fleeing Scottish rival but the missile fell short – becoming the Isle of Man. Whatever its origins, the island today is a blend of spectacular coastline and undulating hills. Much of the island is open countryside presenting unlimited opportunities for walking and wildlife watching.

With terrain varying from rugged coast and hills to wetland and moorland, the island boasts a wide variety of birds and other wildlife. Ballaugh in the north west of the island is home to the largest hen harrier roost in Europe while around the coast, you'll find Manx Shearwaters and choughs. Offshore, basking sharks are regular summer visitors and the sea around the island has the clearest water to be found around Britain.

Explore with a gentle stroll through any of the 17 national glens or take a more challenging hike. Long distance walkers can attempt the 100-mile coastal path or the 28-mile Millennium Way stretching across the hills from Ramsey to Castletown. The wealth of walking possibilities on the island are celebrated in the first Isle of Man Walking Festival which will be held from June 27-July 2, 2004.

For those who prefer to let the train take the strain the Isle of Man has over 40 miles of vintage railways. In summer, the clip clop of horse trams is a familiar sound on Douglas

promenade while the steam railway winds south from the capital Douglas to the beautiful beach resort of Port Erin. Alternatively, there's nearly 18 miles of cliff-hugging electric tram heading north to Ramsey via Laxey. And at Laxey there's a branch line – the Snaefell Mountain Railway which is the only electric mountain railway in Britain. It's also worth stopping off at Laxey to see the Great Laxey Wheel. Built in 1854 to pump water out of the Laxey lead mines, the wheel is celebrating its 150<sup>th</sup> anniversary in 2004. That's just one of many award-winning heritage attractions which dot the Island. At Castletown is the former home of the kings and lords of Mann, Castle Rushen – one of the best-preserved medieval fortresses you'll find anywhere. The town was formerly the capital of the island and its newest attraction is the Old House of Keys where visitors can attempt to influence the course of political history in the parliament chamber. Also at Castletown is the Nautical Museum which reveals the town's fascinating past of smuggling – complete with secret passages!

For children, there's a Wildlife Park where you can travel round the animal world in 80 minutes, while golfers can choose from nine different courses.

The Isle of Man is a unique blend of its Celtic and Viking past. It's not part of the UK but is less than an hour by plane from England, Ireland or Scotland. Despite its proximity to the UK, it's blessed with a temperate climate, and is truly a Man for all seasons. □



## KEY CONTACTS

## key government ministries and departments

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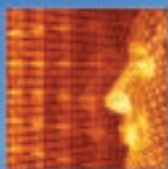
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## ISLE OF MAN

## The world's best-kept commercial secret?

## TARGET SECTORS



Engineering  
Optics  
Power electronics  
Regional ITC

E-Business  
Disaster recovery  
PC games software development  
Intellectual Property development

The world has so far overlooked a minor but impressive economic success story, that of the Isle of Man.

The Isle of Man boasts a flexible, dynamic economy that has achieved 8% pa real GDP growth over last 10 years with less than 1% unemployment.

The government's sound budgetary practices and high level of financial regulation has seen S&P and Moody's each return an AAA

rating. This was supported in a recent MORI survey that showed that nearly 80% of the population were happy with the way the Island is run.

Active government participation has been the cornerstone of this sound business growth with a range of innovative taxation strategies proving attractive to businesses from all sectors. The DTI's capital equipment grants make an already attractive proposition even more enticing.

These commercial benefits, the Island's excellent infrastructure and communications and its desire for sustainable, diverse business growth would alone put the Isle of Man on a par with the financial centres elsewhere.

Add MORI's recent finding, that 83% of residents were satisfied with the island as a place to live, and the Isle of Man rises head and shoulders above the rest.

## Truly the world's best-kept commercial secret!

For more information contact the DTI Development Managers:

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