



Newsletter September 2016



Welcome to the September edition of your LBRA newsletter.

Well yet another month has flown past and September is here and the children are all set to return to school. Having enjoyed a break during the month of August the LBRA team are now back at work refreshed and looking forward with excitement to the coming months. We have many plans and projects in progress and have a number of meetings planned for our members including another social coffee morning. We also hope that the autumn months will bring a definitive decision regarding the holiday rental situation, and we shall of course keep you updated. As always our members are our number one priority so if we can be of any help or assistance then please do not hesitate to contact us. Have a great month everyone.

Brexit

Some of you may remember meeting and listening to Bimal Melwani when he spoke at one of our meetings a few years ago. Bimal is a Senior Private Banker who has now written a very interesting article in respect of Brexit and has kindly agreed to share it with our members.

"To reach a port we must set sail –
Sail, not tie at anchor
Sail, not drift."
—[Franklin D. Roosevelt](#)

Prior to June 23rd the consequences of the UK leaving the EU were made to appear almost apocalyptic in nature, with mass chaos and financial consequences. 2 months down the road and it has been made apparent that the general public had received a copious amount of misinformation. As is usually the case the anticipation of reality is far worse than reality itself, but what can we expect over the next year? And how will Brexit affect a British national living in Spain?

What we know so far

At some point in 2017 Teresa May's government will invoke article 50, commencing the 2 year countdown to our departure as part of the EU.

Recently the National Institute of Economic and Social Research in London has released a report stating the UK now only has a 50% chance of entering into a recession. Last week the international credit rating agency Moodys also predicted that the UK's growth will slow down, but believes it will not enter into negative values next year. The current prognosis is that the UK will grow 1.7% in 2016 and but only 1% in 2017, growing less than 2% for the first time since 2012.

Accompanying the diminishing growth of the economy, unemployment levels are expected to rise by around 1% over the next 12 months reaching a high point of 5.75% by next year (Vs. 4.90% current).

Mark Carney, the appointed captain to steer the UK's disentangled financial situation through uncharted territory, has a monumental task ahead of him. He is expected to follow in the footsteps of other developed nations during the financial crisis, increasing their QE policy in the attempt to ease the hard landing expected for the British economy next year. The results of this action, to name a few, will provide additional incentives to aid large corporations during these perilous times, a sustained devaluation of the British Pound and a probable rise in indirect taxes (the cost of a pint of beer is expected a 5% tax increase).

As it is, the initial shock has already caused the GBP to drop over 10% against the US Dollar and the Euro on the 24th of June, although since then it has recovered some ground.

Yes, but what does it all mean?

With great uncertainty comes great volatility, and that is what we should expect over the next 18 months. Businesses will be hard pressed to make strategic decisions without knowing how the Brexit negotiations will affect them. The Financial district of London will look to retain its long standing position as the Financial Centre of Europe and we may find a cut in corporate tax to maintain the appeal of international investors.

The general expectation is that the pound will continue its current trend for the following year, however there may be opportunities in the daily rate depending on how the market foresees the success of the exit process. Potential house buyers and investors in Spain are advised to allow for greater time frames in exchanging their hard earned Pounds for Euros as volatility continues to reign the markets.

Keep in mind that the UK has been part of the EU since 1973 and there is now a lot of ground to cover in negotiating individual trade deals. The UK will push for a deal to be a member of the EEA (European Economic Area) like Norway or negotiate individual terms as a EFTA (European Free Trade Association) member like Switzerland.

How does it affect me as an Expat?

Lets start with the basics,

Living in Spain: The Vienna Convention of 1969, which supersedes the UK's entrance to the EU, states that existing residents in Spain may continue to enjoy the same living rights (property ownership and permanent residency) as they have done so far, even after the UK leaves the EU.

Healthcare & Education: If the UK negotiates a deal to enter the EEA, then healthcare and education rights should continue to be as they are now.

Taxation: The Spain-UK Double Taxation convention of 2013 states that the transmission of physical assets in a foreign country, be it due to sale, inheritance or donation, shall abide by the laws of the country the property is located in. This is generally expected to continue being the case, however both the UK and Spain are expected to make some tax increases for the next financial year to help balance their country's deficit. As the EEA does not govern direct and indirect taxation, this will be a hot topic for Brits with investments in Spain.

Banking in Spain: Your UK pension or salary can continue to be received in Spain. As has been the case until now, funds sent in GBP, via SWIFT, may continue to have a bank charge, although it will be of interest to see if Euro transfers sent from the UK will be allowed under the SEPA directive which offers drastically lower international transfer fees.

As the pound stays historically weak against its counterparts it is advisable to plan ahead and search for the best rates on offer. It is worth noting that as long as interest rates are kept at historical minimums, banking fees are expected a modest increase as financial institutions look for ways to generate commissions to satisfy their shareholders.

Travel Costs: International travel costs are expected to rise. The weaker pound will contribute to an increase in package holiday fares, and the possibility of additional airport taxes being implemented has caused some concerns with low cost travel companies as these increases will invariably be passed on to the end consumer.

Import/Export of Goods and Services: Again, this will depend on the EU's acceptance of the UK into the EEA or EFTA (European free trade zone) although we already know that with this condition comes the requirement of free movement of people between borders which may cause political disputes amongst the pro-Brexit members.

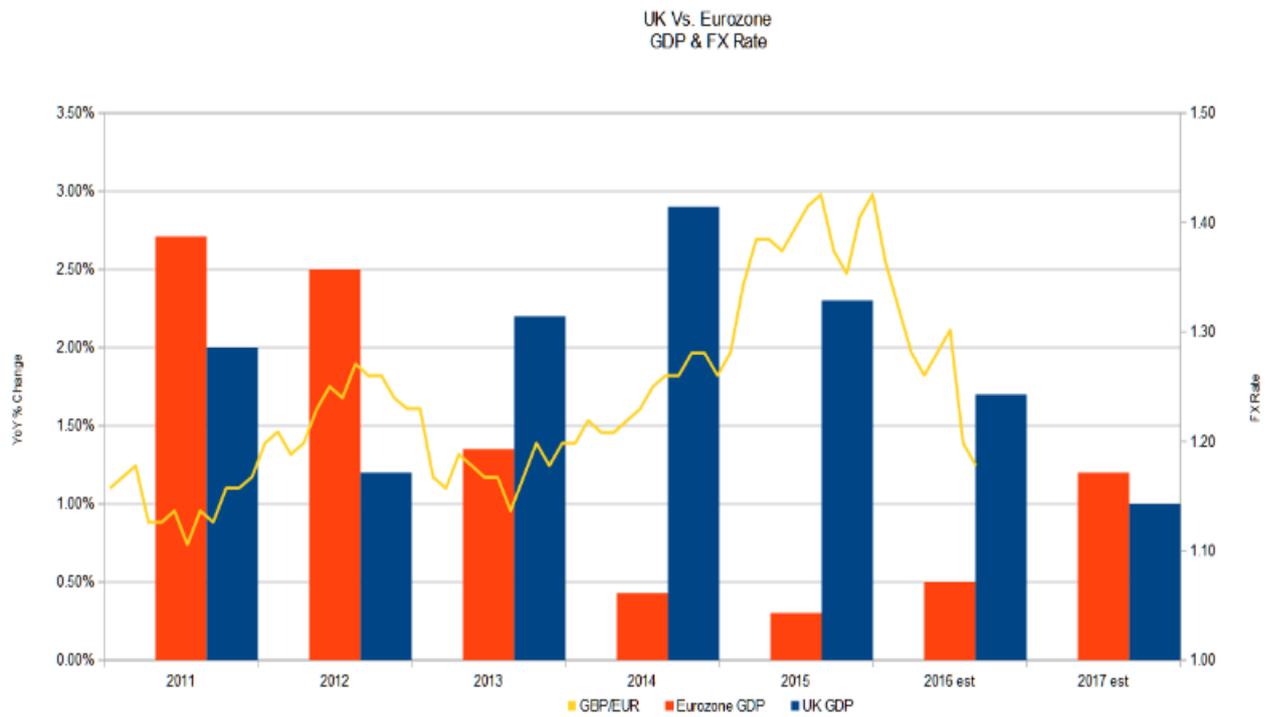
The Big Question: How long will the pound stay weak?

Many Expats moved to Spain when the GBP/Eur rate was close to 1.50€ to the Pound. The drop to below 1.20€/1GBP has meant a very significant 20% drop in acquisitive power and will be a hard hit for many retired pensioners. However since 2009 we have actually hit these levels several times now, albeit with short lived recoveries. The question is how will this time be different, and if so, for how long?

The determining factor is the uncertainty in charting a course in these new waters at a time of stagnant global economy growth and weak forecasts.

The increase in the GBP/Eur rate that lasted from 2015 until January 2016 (see graph below) was caused by two main macro economical factors: a continued growth in the UK compared to the lacklustre Euro zone, and the commencement of an aggressive QE facility implemented by the Central Bank of Europe (BCE) that started in March 2015. Mario Draghi, President of the BCE, expects the European QE to continue well into 2017, which could mean that both economies will continue to devalue their respective currencies in an attempt to bolster their international competitiveness.

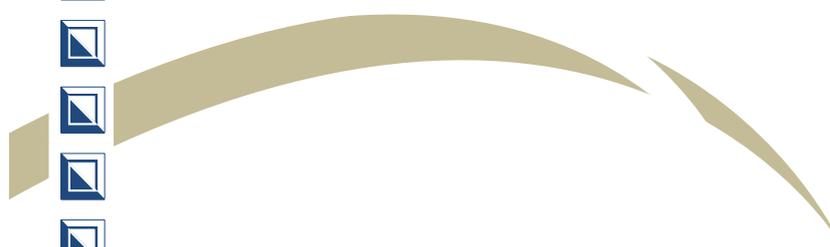
As long as the UK's growth subsides and uncertainty prevails, we can expect a volatile ride for the British Pound over the upcoming months.



There will be ample press coverage as the world awaits the results of the exit process. It is important to be patient until agreements are actually confirmed as misinformation and speculation continues to thrive in the media. There will be political power struggles, currency volatility and a range of 'what if' arguments expressed everywhere from newspaper's to your local pub. This is all part of the 'new normal,' but once Article 50 is invoked the British public will have 2 years to prepare for any changes, it may be best to wait for the path to be cleared first before we venture into the deep end.

One thing is for certain, as the UK sets sail next year it has to prove that the 6th largest economy in the world has a captain on board, and they know their way to port.

Thank you to Bimal for writing and sharing this informative article with us.





Tourism Meeting

In August we had a meeting with Echedey Eugenio Felipe who is the Minister for Tourism at the Cabildo. There were a number of topics discussed including the continuation of our contract to promote Lanzarote in conjunction with the Cabildo.

Helping the community

We are delighted to announce that as from September we will be working with the Asociación Mararía offering assistance with English/Spanish translations and interpretations. Asociación Mararía is a social and cultural women's association who offer help and support to women and run a number of courses and workshops aimed at creating awareness against violence to women and domestic abuse and well as promoting women's rights.





Are you looking for new business or office space? Relocating from your present location then why not consider Puerto Calero. We recently checked out office space for a member who is moving to Lanzarote from the UK and found him the perfect new office. If you would like further details then please contact us and we will happily provide details and contacts. Have a look at our vlog.

<http://lanzarotebusinessassociation.com/2016/08/27/come-work-beautiful-puerto-calero/>

New promenade

The plans to add to the current promenade will when finished make it the longest in the world covering a distance of some 26 kilometres. It is reported that only two stages now remain to be completed. The promenade will run from Costa Teguisse to Puerto del Carmen and is only for cyclists and walkers. There will also be accessibility to the port and airport. This will be a wonderful feature for Lanzarote so let's hope the work is finalised soon.

Costa Teguisse

We recently informed you that a new contract had been agreed to provide gardening and maintenance services around Costa Teguisse, we can confirm that many gardeners have now been seen working around the resort so hopefully in a short time we should see many improvements.

And it is reported in diario de lanzarote that in a few weeks time work will once again start on repairs to the Paseo Maritimo running along the seafront in Costa Teguisse.

Language course

Camera Lanzarote have created a course for business people that have some knowledge of Spanish. You can find more information at the following link.

<http://www.camaralanzarote.org/formacion-y-empleo/escuela-cameral-de-idiomasy-espanol-negocios/>

Minimax campaign



Air Europa are offering special flight prices for flights booked before September 11th and flights taken between 12th September and 15th June. They will cover most European destinations with prices from €39 each way and worldwide flights with special rates; see the link below for full details. <http://diariodeavisos.elespanol.com/2016/09/air-europa-lanza-la-campana-minimax-vuelos-desde-27-euros-trayecto-desde-canarias/>

Training in Lanzarote

ISO in the Sun: Courses on Risk, Information Security, Business Continuity and more in Lanzarote

Individual as well as Integrated Management Systems addressing Risk, Information Security, Business Continuity, (IT) Service and other areas are getting ever more important for ever more organisations. As conformity with the respective ISO standards increasingly becomes a requirement to do business, management and their staff wonder how to get there.

SoftQualM is pleased to announce that we will host the following courses in the beautiful surroundings of Lanzarote in the Canary Islands, Spain - the ideal opportunity to combine your continuing professional education with a holiday in the sun: Please see the link for full details [#ISOintheSun](http://softqualm.com/training/isointhesun/) Spring 2017 schedule [#IMS](#), [@PECB](#) and [#PRINCE2](#) courses now at <http://softqualm.com/training/isointhesun/>

Help in Emergency Situations



A new App that's easy to download and use in all situations.

Now you can feel safer, thanks to FRESS112, a **new app for your smartphone that allows you to interact with the emergency services** closest to where you are, improving the service provided by the well known 112 service. With its **geopositioning system**, FRESS will send complementary data about your position direct to 112.

The main advantage of **FRESS 112** is that it uses the latest technologies to connect you quickly and efficiently with emergency services. You'll be able to provide, in real time, all the details necessary, whether through a normal telephone conversation, using instant messaging, or chat, or by sending photos and videos, at the same time as sending your position on a map as well as all your relevant health data.

Now, with FRESS 112 you'll feel much safer, wherever you are...

INTERACT WITH THE EMERGENCY SERVICES

With FRESS, you'll be able to describe your situation in detail, including how you are physically, if you are being attacked, etc, using text messages, or photos, or video.

And and you don't know the local language, don't worry, FRESS 112 will automatically translate your text messages, as well as your profile details to the local language. You can also act as a witness to an accident or incident, helping the emergency services to optimize their response.

Now with FRESS 112 you'll feel safer, wherever you are.

Arrecife re opens

The main Avenida in Arrecife that has been closed for road repairs has at long last reopened. This will come as great relief for many business owners whose trade has suffered considerably and of course for those that need to use it for travel and work.

Underwater News



Jason deCaires Taylor's Four Horsemen titled "The rising tide" which were situated in the Thames will now reside in Puerto Naos in Arrecife. Article courtesy of Lancelot press

<http://www.lancelotdigital.com/sociedad/los-cuatro-jinetes-del-tamesis-a-los-pies-del-miac>

New Venue for Arrecife

The former cultural centre "El Almacén" is due to reopen its doors after more than 7 years. Previously it was a very popular venue boasting a restaurant, bar and cinema. The venue is due to reopen on the 29th September. Please see the link for more details.

<http://www.lavozdelanzarote.com/articulo/politica/centro-cultural-almacen-reabrir-puertas-proximo-29-septiembre/20160907113953109955.html>

We hope you have enjoyed this edition and as always would welcome your comments and suggestions. Have a great month.

Best wishes

Danny, Silvia, Rita and the LBRA Team



Address: Local 63/64, Centro Atlantico,

Puerto del Carmen, Tias, 35510, Lanzarote, Las Palmas, Spain

Email: lanzaroteba@gmail.com