

## **FOR IMMEDIATE RELEASE**

### **The Bahamas Reaches An Agreement With The OECD**

**NASSAU, Bahamas – March 18, 2002:** The Bahamas has emerged from its OECD discussions on international financial services with a unilateral commitment premised on the establishment of a level playing field for all centers conducting international financial services activities. The Bahamas has agreed to keep pace with developments adopted by OECD and non-OECD centres, so ensuring preservation of the competitive status of The Bahamas. No changes are proposed to the longstanding tax-free environment for international business, including no income tax, no corporation tax, no capital taxes and no withholding taxes.

As one of the world's leading centres for international financial services, The Bahamas recognizes the value of a robust and constructive relationship with the US and other OECD member countries. The Agreement outlines the measures that The Bahamas is prepared to take in steps with OECD member and other competitor countries to achieve transparency and exchange of information. "It has been our position throughout that we wish to adhere to standards and timelines which are applied evenly and without exception," said Bahamas Prime Minister Hubert Ingraham. He added that, "The Bahamas would not be bound by obligations which are more onerous or burdensome than corresponding obligations assumed by all other competitor jurisdictions, including OECD-member countries."

Noting that the credibility of OECD actions turns on fair demands, US Treasury Secretary Paul O'Neill stated in Senate testimony last year that, "OECD member countries should hold themselves to standards and timelines at least as rigorous as those to which they hold jurisdictions that are not part of the OECD."

Secretary O'Neill's remarks recognize that OECD member states must not be permitted to evade responsibilities to the international community, which the OECD seeks to impose on non-member states. Four OECD members, including Switzerland and Luxembourg, abstained from the OECD's 2001 Progress Report on Harmful Tax Practices. The OECD will need to ensure that its own membership backs its proposals before pressing others to adopt onerous obligations.

The call for parity in the standards applicable to the regulation of financial services centres has recently been endorsed by a number of other senior statesmen in OECD member countries. The Commonwealth Heads of Government Meeting in Coolom Australia ended on March 5, 2002 with a communiqué calling for "standards and timelines for non-OECD jurisdictions no more onerous than those for OECD members". The Prime Ministers of a number of OECD states including Canada, the United Kingdom, Australia and New Zealand provided support for this principle.

The Bahamas' commitment is also based on:

1. Participation by The Bahamas on an equal basis in any discussions in the Global Forum on the design of internationally accepted standards for the implementation of these and any similar commitment;
2. Co-ordinated defensive measures being taken against those jurisdictions including OECD member countries and non-member jurisdictions with which The Bahamas competes materially in the provision of cross border financial services, that fail to make equivalent commitment to satisfy the standards of the 1998 Harmful Tax Competition Report;
3. The detailed implementation of any commitments not already provided for under Bahamas law being subject to the approval of the Parliament of The Bahamas.

The Minister of Finance of The Bahamas notes that the Government “believes strongly that the success of this OECD initiative rests on the adherence to the principle of parity in the obligations assumed by all jurisdictions, OECD and non-OECD member countries, in relation to standards and timelines in the move to greater transparency and information exchange.”

The Agreement concluded today shows The Bahamas’ desire to work with OECD to achieve improved transparency for the conduct of international financial services, on the basis of a level playing field with equivalent standards and timelines applicable to all. The issue of a level playing among international financial centres is critical to The Bahamas since the country is determined to protect its economic interests.

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