The amplified noises being made by the OECD regarding Harmful Tax Competition and its request to restructure the Global Forum on transparency and exchange of information, coupled with the G20 countries’ concerns that offshore financial centers might have contributed to the recent financial crisis and instability in financial markets, remains a daunting challenge for small international financial centres like ours.

My most honest response to this latest fiasco in the OECD, led predominantly by the French and the Germans but implicitly sanctioned by others in the G20, (some of whom are among our longest standing partners), together with less talked about but no less intrusive tax jurisdiction examination processes of the Financial Stability Board, is that they are a part of a campaign to shut Barbados’ off-shore tax centre down.

Let us not romanticize ourselves; there are people, countries if you will, in the international community who want to shut Barbados down as an international tax jurisdiction.
The constant changing of the goal post in relation to standards on transparency and the exchange of information with respect to the OECD is as unwarranted as is the criteria and justification for the selection of Barbados from among hundreds of countries to be on a list of about 62 tax jurisdictions with the “potential to disrupt” the international financial system.

It goes against the grain of the facts and certainly of the practice which has grown up in Barbados as an open and responsible tax jurisdiction in the international community.

That even in spite of our participation on the OECD Peer Review Committee, and as a leading advocate in the quest to promote transparency in tax matters, we could find ourselves in this position, leaves one to reflect on the real motive for the actions taken by the OECD and others.

What is even more troubling is the premature and entirely unnecessary rush to judgment by the British Tax Authorities to place Barbados in the so-called
Category 3 group of countries which includes none less than some of the world’s most uncooperative tax havens. And this irrespective of the fact that we were engaged in talks with the British Government to set dates for the re-negotiation of our long standing Double Taxation Treaty. Those negotiations I understand are set to begin in May.

As a government, our response to these issues has been measured and assured. Our certain conviction is that at a technical level Barbados remains a well regulated, very transparent and highly flexible jurisdiction that allows for cooperation at all levels with the international community. Our view is that we believe that the best standard in terms of tax information exchange and transparency is the one that binds countries legally to provisions which they agree to. And the highest form of such a commitment is still through enshrined provisions of a legally binding Double Taxation Treaty.

At a political level we hold fast to the belief that there must not only be transparency in tax regulation and the information, but there must be similar
levels of transparency and credibility in the process which leads to the monitoring and categorization of off-shore tax jurisdictions.

In other words while we strive to achieve the highest and most transparent levels of tax regulation the end result of this will only have meaningful outcomes if the process by which we obtain it are clear, balanced and fair.

And to this extent Barbados will continue to fight this process in an integrated and comprehensive manner. Our response has been and will continue to be one which leverages all of our legislative, political, diplomatic, and strategic resources to put the country’s case and push back these most recent attempts to damage our international reputation.

At a legal/administrative level, I recently signed off on amendments to the Income Tax Act (Regulations), to allow for unilateral exchange of tax information. I also approved recommendations to amend the Act itself to provide for better and
stricter requirements and penalties for tax record keeping and tracking of taxpayers.

Equally, as you all know, we have recently passed the Act which gives birth to the Financial Services Commission and have installed the FSC Board headed by Sir Neville Nicholls. Our expectation is that this Act will be proclaimed on the 1st of April and the FSC will become effectively functional from the very next day.

The creation of this new entity will allow for more careful and effective supervision and regulate the international and financial services activity in Barbados, and constitutes a critical element of government’s policy for the development and expansion of the sector. Together with the Central Bank of Barbados the Financial Services Commission would encourage prudent corporate principles, while putting in place a supervisory and regulatory regime that is efficient and effective and which comports with the highest international standards.
At the political end, our response will be swift and assured. I have already composed a letter to be sent to my counterpart in the United Kingdom outlining Barbados’ disappointment with the stance of both the British Government and OECD on these matters. I have also taken the opportunity to highlight what Barbados has and continues to do to meet international obligations on tax matters while seeking a reversal of the categorization of the country at the nearest opportunity. My understanding is that a similar styled letter is to reach the Prime Minister of Great Britain shortly from his counterpart in Barbados, The Hon Freundel Stuart.

These will be followed up by face to face meetings between ministers from our Barbados and their opposite number from several jurisdictions including members of the G7 and the G20 in the next weeks.

At a diplomatic level we have pressed the Ministry of Foreign Affairs into service and under the leadership of the Hon. Foreign Minister, Ms. Maxine McClean, a concerted diplomatic effort will shortly begin with the issuance of diplomatic notes to strategic countries which are sympathetic to Barbados’ cause in these
matters as we seek to build a coalition of states to resist these latest efforts of the OECD to challenge the good name of countries that are otherwise cooperating on international tax issues.

Then at a technical level our officials in the International Business Unit and the Ministry of International Business generally, are working behind the scenes to prepare Barbados’ full response to these challenges at the Peer Review level specifically and in the Global Forum as a whole.