

On the right path

By *Otmar Hasler*

Prime Minister of Liechtenstein

The Liechtenstein financial center has been in the headlines over the past few weeks. We have been facing grave accusations, which we take very seriously.

It is overlooked in this regard that the financial center is integrated in the European Economic Area and that we have incorporated all relevant EU directives. At the political level, we will not let the discussions in recent weeks divert us from our course of European integration and cooperation.

What does this mean for our financial center? We are sticking to our political goal of cooperation and integration, since this is the only solution for our financial center in an increasingly globalized and integrated financial industry.

I believe that the discussions in recent weeks are also an indication of a political process of adjusting to the new challenges of the internationally integrated financial market.

This adjustment process extends far beyond Liechtenstein. Not least of all for this reason, the resulting challenges can, I believe, only be overcome together and through international cooperation.

International cooperation is a realistic – and therefore sensible – policy that we have pursued in the past through our accession to the European Economic Area in 1995 and the resulting implementation of the European standard in our country. We will continue to pursue this policy.

Of the more than 5000 EU legal acts that we have adopted, I would like to mention the first and second EU money laundering directives in particular. We are currently working on full implementation of the third EU money laundering directive. We also signed the EU savings tax agreement at the end of 2004. This was accompanied by the creation of a Financial Intelligence Unit (2001) and the establishment of an independent, integrated financial market authority (2005).

Liechtenstein's cooperation can also be demonstrated in raw numbers. In 2007 alone, the Principality of Liechtenstein submitted 407 requests for legal assistance to foreign countries. In return, 252 foreign requests for legal assistance were submitted to Liechtenstein justice authorities. These include requests for le-

gal assistance in cases of suspected fraud (77), money laundering (62), misappropriation (36) and so on. About 90% of the requests could be concluded in a period of less than 6 months.

On 28 February 2008 we signed the Schengen-Dublin agreements. These agreements have far-reaching consequences for our cooperation in the European context.

Success has proven us right. Thanks to the legal adjustments and changes resulting from this path, but also the reinforcement of our supervisory authorities, we have substantially strengthened our financial center over the last few years.

The financial center needs stability and political constancy in the creation of legal framework conditions. In addition to a prudent tax policy, which we will continue to pursue in the context of our reform project presented on 12 March, we will also make progress with respect to cooperation on tax matters.

Particularly now it is important to continue the already advanced negotiations with the EU and its member states on an anti-fraud agreement, employing the proper care and sense of proportion. A prerequisite for the negotiations must be that Liechtenstein cannot be asked to enter into a higher degree of obligations than the EU states themselves have assumed. We must insist on a level playing field. It also appears only reasonable for Liechtenstein to enjoy the same double-taxation rules as the EU states if we are to assume the same degree of obligations.

We have made many steps and we have achieved and initiated a lot so far. We have therefore always responded to questions raised by policymakers and the international public with the greatest possible transparency and openness. It has been important for us to demonstrate our successes in this regard, and it will continue to be so.

Last month we presented the "Futuro" project in Liechtenstein. With this project, we aim to set the course for the future of our financial center. This future lies in our consistent process of opening and integration, while maintaining the uniqueness of our location. This is not an easy goal, but we believe that we are on the right path.

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