

Key Financial Secrecy Indicators

14: International Transparency Commitments

What is being measured?

This indicator measures the extent to which a jurisdiction has entered into international transparency commitments. We have checked whether a jurisdiction is party to five different international conventions. A credit of 0.2 points is awarded for each of the specified conventions adhered to by a jurisdiction as at 31 December 2012¹. Thus, if a jurisdiction has ratified all five conventions it is awarded one full credit.

The five conventions are:

- 1) [Amended Council of Europe / OECD Convention on Mutual Administrative Assistance in Tax Matters](#)² (“Tax Convention”);
- 2) [2003 UN Convention against Corruption](#)³;
- 3) [1988 UN Drug Convention](#)⁴, full title: UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances;
- 4) [1999 UN International Convention for the Suppression of the Financing of Terrorism](#)⁵;
- 5) [2000 UN Convention against Transnational Organised Crime](#)⁶.

The Tax Convention aims to promote “administrative co-operation between states in the assessment and collection of taxes, in particular with a view to combating tax avoidance and evasion”⁷. Its amending protocol stipulates that bank secrecy cannot be deployed as grounds for denying the exchange of information upon request and opened the Convention up to countries which are not members of either the Council of Europe or the OECD. It allows for spontaneous and automatic information exchange, but requires the signatory parties only to implement upon request information exchange. A detailed analysis of this Tax Convention [can be found here](#)⁸.

The 2003 UN Convention against Corruption (UNCAC) aims to promote the prevention, detection and sanctioning of corruption, as well as cooperation between State Parties on these matters⁹. Relevant provisions include the prohibition of tax deductibility of bribe payments (Art. 14, Para. 4), a requirement to include bribery within the context of an effective anti-money laundering framework (Art. 23 and 52), and to rule out bank secrecy as a reason to object against investigations in relation to bribery (Art. 40).

The 1988 UN Drug Convention “provides comprehensive measures against drug trafficking, including provisions against money-laundering and the diversion of precursor chemicals. It

provides for international co-operation through, for example, extradition of drug traffickers, controlled deliveries and transfer of proceedings”¹⁰.

The 1999 UN Terrorist Financing Convention requires its parties to prevent and counteract financing of terrorists. The parties must identify, freeze and seize funds allocated to terrorist activities¹¹.

Finally, the UN Convention against Transnational Organised Crime seeks to prevent and combat transnational organised crime, notably by obliging the State Parties to adopt new frameworks for extradition, through mutual legal assistance and law enforcement cooperation, the promotion of training and technical assistance for building or upgrading the capacity of national authorities¹².

The United Nations Treaty Collection served as a source¹³ for all four UN conventions¹⁴. A chart of the signatures and ratifications of the Tax Convention can be found on the OECD website¹⁵.

Why is this important?

In today’s globalised world, organised crime, bribery, terrorism and large-scale tax evasion are essentially international problems that easily cross national borders. At the same time, some jurisdictions aim to attract substantial amounts of that criminal money by offering a thin fabric of weak national rules and regulations or an absence of cross-border cooperation. Against this background, it is important to verify to what extent a jurisdiction is committed to certain principles.

While the ratification of international conventions does not necessarily translate into commitment to take positive actions, it is certainly a step in the right direction. It signals to treaty partners as well as to offenders a willingness to cooperate internationally and a proactive stance with respect to national legislation and policing.

The Conventions will to varying degrees contribute to solving the problems they are intended to address. They have already or are likely to become means through which civil society within the countries concerned can begin to hold governments and others to account. Similarly, they are likely to improve the chances of government authorities, such as tax administrations, public prosecuting offices, financial crime investigative police, and counter terror agencies, to successfully request cooperation from a foreign counterpart.

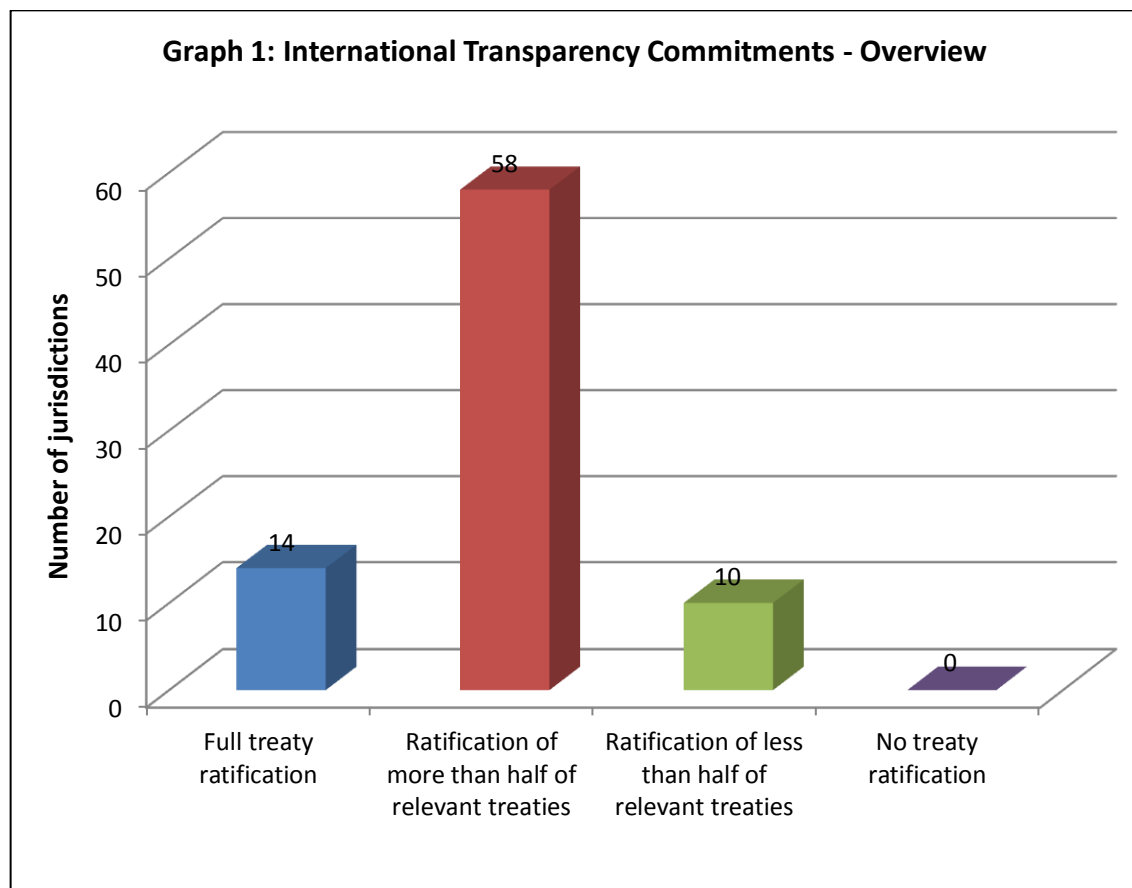
As with all commitments, however, implementation is what ultimately matters. Out of the five international Conventions, only one (UNCAC) has started implementing a systematic and partly transparent review process of adherence to commitments made under UNCAC¹⁶.

What are the crimes and abuses that might hide behind a few or no international transparency commitments?

If a country has a poor record in ratifying these conventions, the crimes hidden or covered by lacking transparency commitments could include tax fraud and evasion, bribery, drug trafficking, terror financing and the support of transnational organised crime.

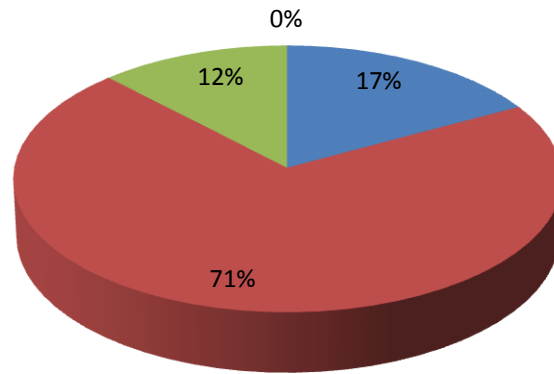
Results Overview

Table 1: International Transparency Commitments - Overview	
Number of jurisdictions with full treaty ratification	14
Number of jurisdictions with ratification of more than half of relevant treaties	58
Number of jurisdictions with ratification of less than half of relevant treaties	10
Number of jurisdictions with no treaty ratification	0



Results Detail

Graph 2: International Transparency Commitments - Details



- Full treaty ratification: AU; CR; DK; ES; FR; GB; GH; IE; IN; IT; MT; NL; NO; SE
- Ratification of more than half of relevant treaties: All other jurisdictions
- Ratification of less than half of relevant treaties: AI; BB; BM; CW; GI; JP; KY; MS; TC; WS
- No treaty ratification: No jurisdictions

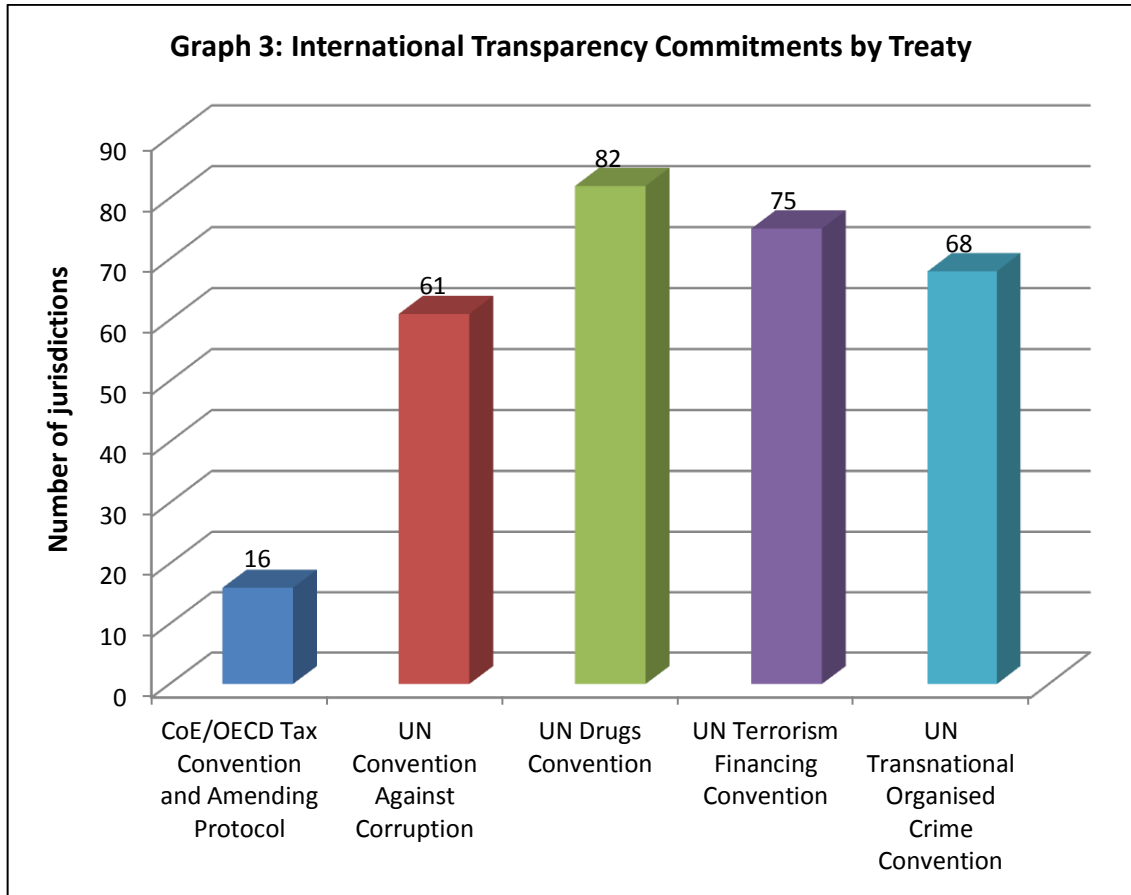


Table 2: International Transparency Commitments - Transparency Credits							
ID	Country	ISO	Credits	ID	Country	ISO	Credits
1	Andorra	AD	0.6	42	Korea	KR	0.8
2	Anguilla	AI	0.2	43	Latvia	LV	0.8
3	Antigua & Barbuda	AG	0.8	44	Lebanon	LB	0.6
4	Aruba	AW	0.6	45	Liberia	LR	0.8
5	Australia	AU	1	46	Liechtenstein	LI	0.8
6	Austria	AT	0.8	47	Luxembourg	LU	0.8
7	Bahamas	BS	0.8	48	Macau	MO	0.8
8	Bahrain	BH	0.8	49	Malaysia (Labuan)	MY	0.8
9	Barbados	BB	0.4	50	Maldives	MV	0.6
10	Belgium	BE	0.8	51	Malta	MT	1
11	Belize	BZ	0.8	52	Marshall Islands	MH	0.8
12	Bermuda	BM	0.2	53	Mauritius	MU	0.8
13	Botswana	BW	0.8	54	Monaco	MC	0.6
14	Brazil	BR	0.8	55	Montserrat	MS	0.2
15	British Virgin Islands	VG	0.8	56	Nauru	NR	0.8
16	Brunei	BN	0.8	57	Netherlands	NL	1
17	Canada	CA	0.8	58	New Zealand	NZ	0.6
18	Cayman Islands	KY	0.4	59	Norway	NO	1
19	Cook Islands	CK	0.8	60	Panama	PA	0.8
20	Costa Rica	CR	1	61	Philippines	PH	0.8
21	Curacao	CW	0.4	62	Portugal (Madeira)	PT	0.8
22	Cyprus	CY	0.8	63	Russia	RU	0.8
23	Denmark	DK	1	64	Samoa	WS	0.4
24	Dominica	DM	0.6	65	San Marino	SM	0.6
25	Dominican Republic	DO	0.8	66	Saudi Arabia	SA	0.6
26	France	FR	1	67	Seychelles	SC	0.8
27	Germany	DE	0.6	68	Singapore	SG	0.8
28	Ghana	GH	1	69	South Africa	ZA	0.8
29	Gibraltar	GI	0.4	70	Spain	ES	1
30	Grenada	GD	0.6	71	St Kitts and Nevis	KN	0.6
31	Guatemala	GT	0.8	72	St Lucia	LC	0.6
32	Guernsey	GG	0.6	73	St Vincent & Grenadines	VC	0.6
33	Hong Kong	HK	0.8	74	Sweden	SE	1
34	Hungary	HU	0.8	75	Switzerland	CH	0.8
35	India	IN	1	76	Turks & Caicos Islands	TC	0.2
36	Ireland	IE	1	77	United Arab Emirates (Dubai)	AE	0.8
37	Isle of Man	IM	0.8	78	United Kingdom	GB	1
38	Israel	IL	0.8	79	Uruguay	UY	0.8
39	Italy	IT	1	80	US Virgin Islands	VI	0.8
40	Japan	JP	0.4	81	USA	US	0.8
41	Jersey	JE	0.6	82	Vanuatu	VU	0.8

¹ Adherence means ratification. Signature alone is not enough.

² [http://www.oecd.org/tax/exchange-of-tax-](http://www.oecd.org/tax/exchange-of-tax-information/conventiononmutualadministrativeassistanceintaxmatters.htm)

[information/conventiononmutualadministrativeassistanceintaxmatters.htm](http://www.oecd.org/tax/exchange-of-tax-information/conventiononmutualadministrativeassistanceintaxmatters.htm); 01.08.2013.

³ <http://www.unodc.org/unodc/en/treaties/CAC/index.html>; 22.07.2013.

⁴ <http://www.unodc.org/unodc/en/treaties/illicit-trafficking.html>; 22.07.2013.

⁵ <http://www.un.org/law/cod/finterr.htm>; 01.08.2013.

⁶ http://polis.osce.org/portals/orgcrime/index/details?doc_id=3210&lang_tag=&q&s; 22.07.2013.

⁷ http://www.oecd.org/document/14/0,3746,en_2649_33767_2489998_1_1_1_1,00.html;

22.07.2011.

⁸ www.taxjustice.net/cms/upload/CoE-OECD-Convention-TJN-Briefing.pdf; 01.08.2013.

⁹ The official site of the convention is here: <http://www.unodc.org/unodc/en/treaties/CAC/index.html>;

22.07.2011. A succinct summary of the convention's measures can be found here:

<http://www.uncaccoalition.org/about-the-uncac>; 22.07.2013.

¹⁰ <http://www.unodc.org/unodc/en/treaties/illicit-trafficking.html>; 22.07.2013.

¹¹ <http://www.un.org/law/cod/finterr.htm>; 01.08.2013.

¹² http://polis.osce.org/portals/orgcrime/index/details?doc_id=3210&lang_tag=&q&s; 22.07.2013.

¹³ To see the sources we are using for particular jurisdictions please check out the assessment logic

table in Annex C here <http://www.financialsecrecyindex.com/PDF/FSI-Methodology.pdf> and the

corresponding information for individual countries in our database, available at

www.financialsecrecyindex.com/database/menu.xml.

¹⁴ <http://treaties.un.org/home.aspx>; 22.07.2013. The specific source for each jurisdiction and

convention can be found in the corresponding database report of each country, here:

<http://www.financialsecrecyindex.com/database/menu.xml>.

¹⁵ www.oecd.org/ctp/exchangeofinformation/Status_of_convention.pdf; 22.07.2013.

¹⁶ <http://www.uncaccoalition.org/uncac-review/uncac-review-mechanism>; 22.07.2013.