

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 2010¹. Thus, if a jurisdiction participates in all five conventions it is awarded one full point.

The five conventions are:

- 1) [1988 Council of Europe / OECD Convention on Mutual Administrative Assistance in Tax Matters](#)¹ (“1988 CoE/OECD Convention”);
- 2) [2003 UN Convention against Corruption](#);
- 3) [1988 UN Drug Convention](#), 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) [2000 UN Convention against Transnational Organised Crime](#).

The 1988 CoE/OECD 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”². 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 member of either the Council of Europe or the OECD³. It allows for spontaneous and automatic information exchange, but requires the signatory parties only to implement upon request information exchange.

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 matters⁴. Relevant provisions include prohibition of tax deductibility of bribe payments (Art. 14, Para. 4), 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 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”⁵.

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 activities⁶.

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 authorities⁷.

The United Nations Treaty Collection served as a source for all four UN conventions⁸. A chart of the signatures and ratifications of the 1988 CoE/OECD Convention can be found on the OECD website⁹.

Why is this important?

In today’s globalised world, organised crime, 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.

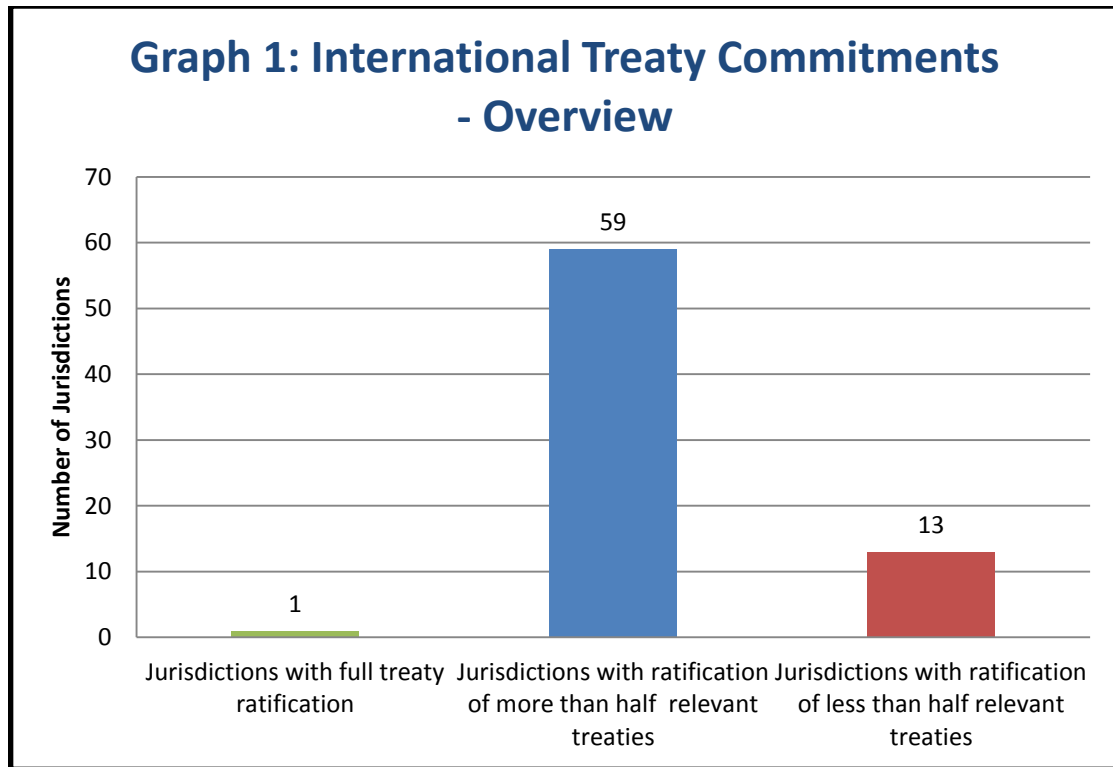
As with all commitments, however, implementation is what ultimately matters. Out of the five international Conventions, only one (UNCAC) has started implementing a systematic review process of adherence to commitments made under UNCAC¹⁰.

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 through this jurisdiction include tax fraud and evasion, bribery, drug trafficking, terror financing and the support of transnational organised crime.

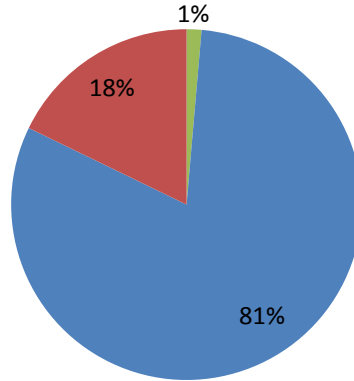
Results Overview

Number of jurisdictions with full treaty ratification	1
Number of jurisdictions with ratification of more than half relevant treaties	59
Number of jurisdictions with ratification of less than half relevant treaties	13



Results Detail

**Graph 2: International Treaty Commitments
- Details**



- Jurisdictions with full treaty ratification: DK
- Jurisdictions with ratification of more than half relevant treaties: AD AW BZ BW CK DM DE GH GD GG IN IE IM JE KR LB MV MC AN SM KN VC VU AG AT BS BH BE BN CA CR CY FR GT HK HU IL IT LV LR LI LU MO MY MT MU NL PA PH PT SC SG ES CH AE GB UY USV US BB VG JP MH WS
- Jurisdictions with ratification of less than half relevant treaties: AI BM KY GI MS NR LC TC

**Graph 3: International Transparency
Commitments by Instrument**

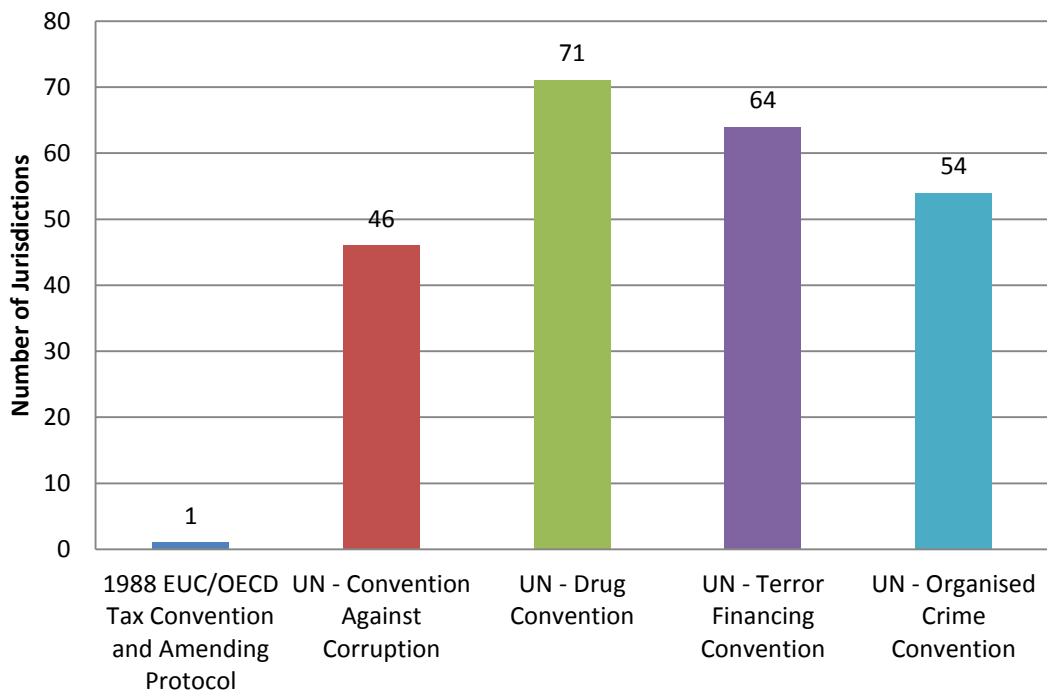


Table 2: Transparency Credits for international treaty commitments

ID	Jurisdiction	ISO		ID	Jurisdiction	ISO	
1	Andorra	AD	0,6	38	Korea	KR	0,6
2	Anguilla	AI	0,2	39	Latvia	LV	0,8
3	Antigua & Barbuda	AG	0,8	40	Lebanon	LB	0,6
4	Aruba	AW	0,6	41	Liberia	LR	0,8
5	Austria	AT	0,8	42	Liechtenstein	LI	0,8
6	Bahamas	BS	0,8	43	Luxembourg	LU	0,8
7	Bahrain	BH	0,8	44	Macau	MO	0,8
8	Barbados	BB	0,4	45	Malaysia (Labuan)	MY	0,8
9	Belgium	BE	0,8	46	Maldives	MV	0,6
10	Belize	BZ	0,6	47	Malta	MT	0,8
11	Bermuda	BM	0,2	48	Marshall Islands	MH	0,4
12	Botswana	BW	0,6	49	Mauritius	MU	0,8
13	British Virgin Islands	VG	0,4	50	Monaco	MC	0,6
14	Brunei	BN	0,8	51	Montserrat	MS	0,2
15	Canada	CA	0,8	52	Nauru	NR	0,2
16	Cayman Islands	KY	0,2	53	Netherlands	NL	0,8
17	Cook Islands	CK	0,6	54	Netherlands Antilles	AN	0,6
18	Costa Rica	CR	0,8	55	Panama	PA	0,8
19	Cyprus	CY	0,8	56	Philippines	PH	0,8
20	Denmark	DK	1	57	Portugal (Madeira)	PT	0,8
21	Dominica	DM	0,6	58	Samoa	WS	0,4
22	France	FR	0,8	59	San Marino	SM	0,6
23	Germany	DE	0,6	60	Seychelles	SC	0,8
24	Ghana	GH	0,6	61	Singapore	SG	0,8
25	Gibraltar	GI	0,2	62	Spain	ES	0,8
26	Grenada	GD	0,6	63	St Kitts and Nevis	KN	0,6
27	Guatemala	GT	0,8	64	St Lucia	LC	0,2
28	Guernsey	GG	0,6	65	St Vincent & Grenadines	VC	0,6
29	Hong Kong	HK	0,8	66	Switzerland	CH	0,8
30	Hungary	HU	0,8	67	Turks & Caicos Islands	TC	0,2
31	India	IN	0,6	68	United Arab Emirates (Dubai)	AE	0,8
32	Ireland	IE	0,6	69	United Kingdom	GB	0,8
33	Isle of Man	IM	0,6	70	Uruguay	UY	0,8
34	Israel	IL	0,8	71	US Virgin Islands	USV	0,8
35	Italy	IT	0,8	72	USA	US	0,8
36	Japan	JP	0,4	73	Vanuatu	VU	0,6
37	Jersey	JE	0,6				

¹ An exception applies to the [1988 Council of Europe / OECD Convention on Mutual Administrative Assistance in Tax Matters](#) where a cut-off-date 31.3.2011 for ratification applies in order to cover all first-movers who effectuated the amending protocol of the Convention to enter into force on June 1, 2011.

² http://www.oecd.org/document/14/0,3746,en_2649_33767_2489998_1_1_1_1,00.html;
23.05.2011.

³ http://www.oecd.org/document/19/0,3746,en_2649_33767_43772307_1_1_1_1,00.html;
23.05.2011.

⁴ The official site of the convention is here: <http://www.unodc.org/unodc/en/treaties/CAC/index.html>;
21.6.2011. A succinct summary of the convention's measures can be found here:
http://www.transparency.org/global_priorities/international_conventions/conventions_instruments/uncac; 23.05.2011.

⁵ <http://www.unodc.org/unodc/en/treaties/illicit-trafficking.html>; 23.05.2011.

⁶ <http://www.un.org/terrorism/instruments.shtml>; 23.05.2011.

⁷ http://polis.osce.org/portals/orgcrime/index/details?doc_id=3210&lang_tag=&q; 23.05.2011.

⁸ <http://treaties.un.org/home.aspx>; 23.05.2011.

⁹ http://www.oecd.org/document/57/0,3746,en_2649_33767_2489998_1_1_1_1,00.html;
23.05.2011.

¹⁰ <http://www.uncaccoalition.org/en/home/166.html>; 21.6.2011.