

# KEY FINANCIAL SECRECY INDICATORS

## Key Financial Secrecy Indicator 14: International Transparency Commitments

### What is being measured?

KFSI-14 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 18 June 2015<sup>1</sup>. 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](#)<sup>2</sup> (“Tax Convention”);
- 2) [2003 UN Convention against Corruption](#)<sup>3</sup>;
- 3) [1988 UN Drug Convention](#)<sup>4</sup>, 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](#)<sup>5</sup>;
- 5) [2000 UN Convention against Transnational Organised Crime](#)<sup>6</sup>.

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”<sup>7</sup>. 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](#)<sup>8</sup>.

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 matters<sup>9</sup>. 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”<sup>10</sup>.

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 activities<sup>11</sup>.

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 authorities<sup>12</sup>.

The United Nations Treaty Collection served as a source<sup>13</sup> for all four UN conventions<sup>14</sup>. A chart of the signatures and ratifications of the Tax Convention can be found on the OECD website<sup>15</sup>.

### 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. 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 contribute to varying degrees 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.

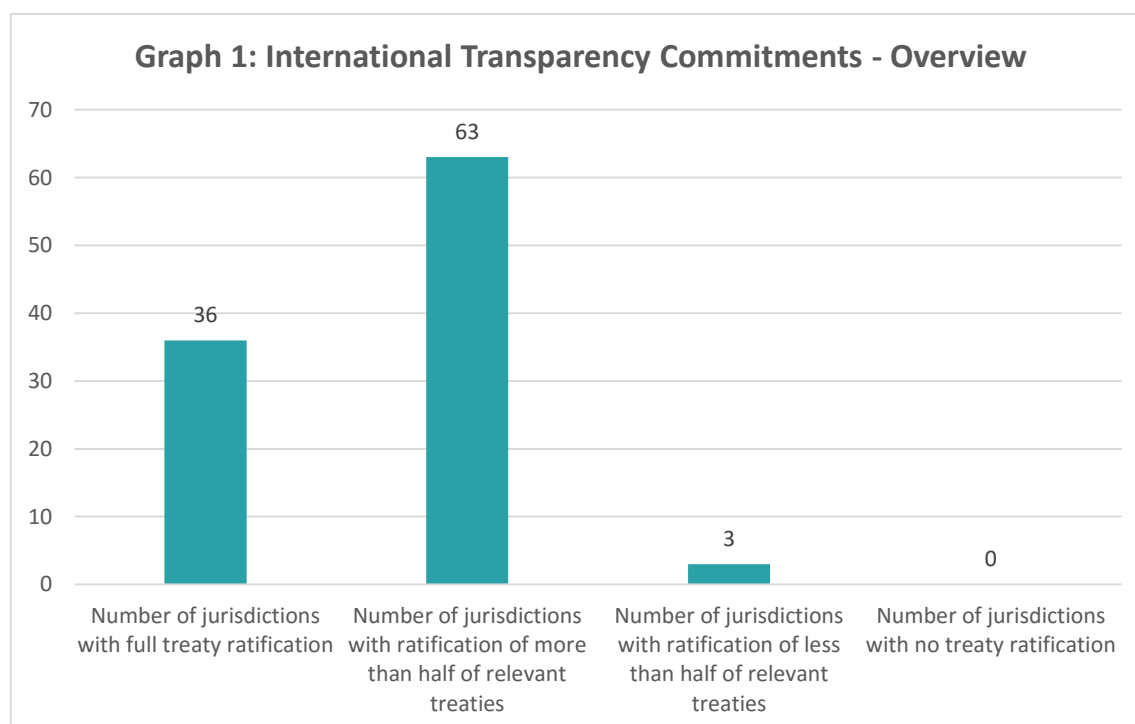
As with all commitments, however, implementation is what ultimately matters. Out of the five international Conventions, only one (UNCAC) has started implementing a systematic and partly transparent review process of adherence to commitments made under UNCAC<sup>16</sup>.

## What crimes and abuses might be hidden 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 support for transnational organised crime.

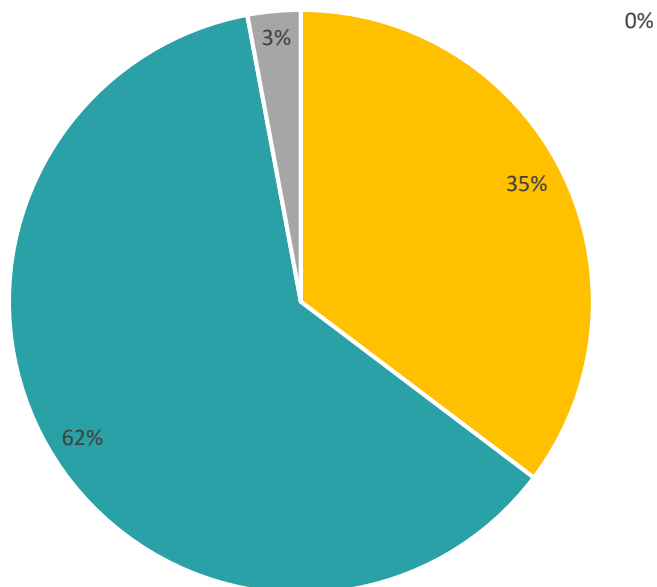
## Results Overview

Number of jurisdictions with full treaty ratification	36
Number of jurisdictions with ratification of more than half of relevant treaties	63
Number of jurisdictions with ratification of less than half of relevant treaties	3
Number of jurisdictions with no treaty ratification	0

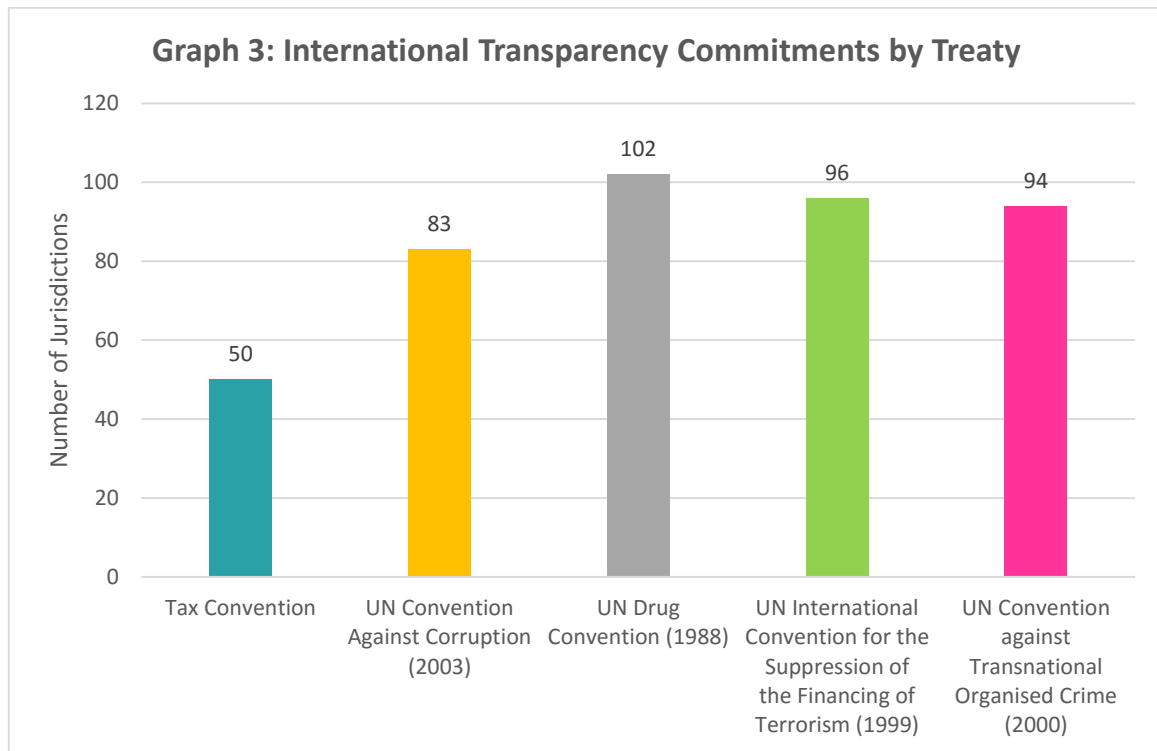


## Results Detail

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



- Number of jurisdictions with full treaty ratification: AU, AT, BE, VG, CA, CR, CY, CZ, DK, EE, FI, FR, GH, GR, HU, IS, IN, IE, IM, IT, LV, LU, MT, MX, NL, NO, PL, PT, RU, SC, SK, SI, ZA, ES, SE, GB
- Number of jurisdictions with ratification of more than half of relevant treaties: All other jurisdictions
- Number of jurisdictions with ratification of less than half of relevant treaties: GM, MS, TC
- Number of jurisdictions with no treaty ratification: No jurisdiction



# KFSI 14: INTERNATIONAL TRANSPARENCY COMMITMENTS

Table 2: International Transparency Commitments - Transparency Credits

ID	Country	ISO	Credits	ID	Country	ISO	Credits
1	Andorra	AD	0.6	52	Latvia	LV	1
2	Anguilla	AI	0.6	53	Lebanon	LB	0.6
3	Antigua & Barbuda	AG	0.8	54	Liberia	LR	0.8
4	Aruba	AW	0.8	55	Liechtenstein	LI	0.8
5	Australia	AU	1	56	Luxembourg	LU	1
6	Austria	AT	1	57	Macao	MO	0.8
7	Bahamas	BS	0.8	58	Macedonia	MK	0.8
8	Bahrain	BH	0.8	59	Malaysia (Labuan)	MY	0.8
9	Barbados	BB	0.6	60	Maldives	MV	0.8
10	Belgium	BE	1	61	Malta	MT	1
11	Belize	BZ	0.8	62	Marshall Islands	MH	0.8
12	Bermuda	BM	0.8	63	Mauritius	MU	0.8
13	Bolivia	BO	0.8	64	Mexico	MX	1
14	Botswana	BW	0.8	65	Monaco	MC	0.6
15	Brazil	BR	0.8	66	Montenegro	ME	0.8
16	British Virgin Islands	VG	1	67	Montserrat	MS	0.4
17	Brunei	BN	0.8	68	Nauru	NR	0.8
18	Canada	CA	1	69	Netherlands	NL	1
19	Cayman Islands	KY	0.6	70	New Zealand	NZ	0.8
20	Chile	CL	0.8	71	Norway	NO	1
21	China	CN	0.8	72	Panama	PA	0.8
22	Cook Islands	CK	0.8	73	Paraguay	PY	0.8
23	Costa Rica	CR	1	74	Philippines	PH	0.8
24	Curacao	CW	0.6	75	Poland	PL	1
25	Cyprus	CY	1	76	Portugal (Madeira)	PT	1
26	Czech Republic	CZ	1	77	Russia	RU	1
27	Denmark	DK	1	78	Samoa	WS	0.6
28	Dominica	DM	0.8	79	San Marino	SM	0.6
29	Dominican Republic	DO	0.8	80	Saudi Arabia	SA	0.8
30	Estonia	EE	1	81	Seychelles	SC	1
31	Finland	FI	1	82	Singapore	SG	0.8
32	France	FR	1	83	Slovakia	SK	1
33	Gambia	GM	0.4	84	Slovenia	SI	1
34	Germany	DE	0.8	85	South Africa	ZA	1
35	Ghana	GH	1	86	Spain	ES	1
36	Gibraltar	GI	0.6	87	St Kitts and Nevis	KN	0.6
37	Greece	GR	1	88	St Lucia	LC	0.8
38	Grenada	GD	0.8	89	St Vincent & Grenadines	VC	0.6
39	Guatemala	GT	0.8	90	Sweden	SE	1
40	Guernsey	GG	0.8	91	Switzerland	CH	0.8
41	Hong Kong	HK	0.8	92	Taiwan	TW	0.8
42	Hungary	HU	1	93	Tanzania	TZ	0.8
43	Iceland	IS	1	94	Turkey	TR	0.8
44	India	IN	1	95	Turks & Caicos Islands	TC	0.4
45	Ireland	IE	1	96	United Arab Emirates (Dubai)	AE	0.8
46	Isle of Man	IM	1	97	United Kingdom	GB	1
47	Israel	IL	0.8	98	Uruguay	UY	0.8
48	Italy	IT	1	99	US Virgin Islands	VI	0.8
49	Japan	JP	0.6	100	USA	US	0.8
50	Jersey	JE	0.8	101	Vanuatu	VU	0.8
51	Korea	KR	0.8	102	Venezuela	VE	0.8

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<sup>1</sup> Adherence means ratification. Signature alone is not enough.

<sup>2</sup> <http://www.oecd.org/tax/exchange-of-tax-information/conventiononmutualadministrativeassistanceintaxmatters.htm>; 21.07.2015.

<sup>3</sup> <http://www.unodc.org/unodc/en/treaties/CAC/index.html>; 21.07.2015.

<sup>4</sup> <http://www.unodc.org/unodc/en/treaties/illicit-trafficking.html>; 21.07.2015.

<sup>5</sup> <http://www.un.org/law/cod/finterr.htm>; 21.07.2015.

<sup>6</sup> [http://polis.osce.org/portals/orgcrime/index/details?doc\\_id=3210&lang\\_tag=&q](http://polis.osce.org/portals/orgcrime/index/details?doc_id=3210&lang_tag=&q); 22.07.2015.

<sup>7</sup> <http://www.oecd.org/ctp/exchange-of-tax-information/conventiononmutualadministrativeassistanceintaxmatters.htm>; 21.07.2015.

<sup>8</sup> [www.taxjustice.net/cms/upload/CoE-OECD-Convention-TJN-Briefing.pdf](http://www.taxjustice.net/cms/upload/CoE-OECD-Convention-TJN-Briefing.pdf); 21.07.2015.

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

21.07.2015. A succinct summary of the convention's measures can be found here:

<http://www.uncaccoalition.org/about-the-uncac>; 22.07.2015.

<sup>10</sup> <http://www.unodc.org/unodc/en/treaties/illicit-trafficking.html>; 22.07.2015.

<sup>11</sup> <http://www.un.org/law/cod/finterr.htm>; 21.07.2015.

<sup>12</sup> [http://polis.osce.org/portals/orgcrime/index/details?doc\\_id=3210&lang\\_tag=&q](http://polis.osce.org/portals/orgcrime/index/details?doc_id=3210&lang_tag=&q); 22.07.2015.

<sup>13</sup> To see the sources we are using for particular jurisdictions please check out the corresponding information in our database, available at [www.financialsecrecyindex.com/database/menu.xml](http://www.financialsecrecyindex.com/database/menu.xml).

<sup>14</sup> <http://treaties.un.org/home.aspx>; 22.07.2015. 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>.

<sup>15</sup> [www.oecd.org/ctp/exchangeofinformation/Status\\_of\\_convention.pdf](http://www.oecd.org/ctp/exchangeofinformation/Status_of_convention.pdf); 22.07.2015.

<sup>16</sup> <http://www.uncaccoalition.org/uncac-review/uncac-review-mechanism>; 22.07.2015.