

## Black/ White and Grey Lists:

### **Update on St Vincent and the Grenadines' Progress on its OECD Grey Listed Status:**

St Vincent and the Grenadines (SVG) was 'grey listed' in April 2009 by the Organization for Economic Cooperation and Development (OECD), signifying that it is a jurisdiction which has '*committed to the internationally agreed tax standard but has not yet substantially implemented*' its commitment. Numerous other Caribbean countries including all the countries of the Organization of Eastern Caribbean States (OECS), were also grey listed. At the time, Barbados was the only Caribbean country 'white-listed' by the OECD as Barbados had been involved in establishing tax treaties with other countries for the past several years.

SVG is presently described as a 'tax haven,' as a direct result of its present OECD grey- listed status and this is clearly a matter of concern for the jurisdiction. SVG objects to such negative labeling as past experience has illustrated that the stigma of such nomenclature is difficult to eradicate. An example of this is that in 2003, SVG was removed from the 'black lists' of the Financial Action Task Force and the OECD, however the injury to SVG's reputation arising out of these listings, lingers to date in certain international financial circles, making it difficult or in some cases impossible for SVG licensed entities to conduct business with some international entities.

SVG has therefore been making arduous efforts to become delisted and in doing must abide with OECD stipulations for delisting.

The OECD has indicated that grey-listed countries, such as SVG, can demonstrate their commitment to implement the internationally agreed tax standards with respect to the exchange of tax information, by establishing tax information exchange agreements ('TIEAs'), with other countries. A minimum number of twelve (12) TIEAs with other countries may enable SVG to be removed from this grey list. The OECD has however emphasized that each of these 12 agreements must be qualitative, so that merely having 12 agreements numerically would not be

sufficient for de-listing purposes, if in substance each does not accord with the OECD suggested template for such agreements.

By March 31<sup>st</sup> 2010, countries on the grey list which have made no progress or insubstantial progress will be dropped to the 'black list' and are likely to be subjected to the imposition of sanctions by the OECD. With this virtual Sword of Damocles looming over the reputation of SVG, it is no wonder that for the past several months, SVG has been involved in extensive bilateral negotiations with OECD and other countries in order to obtain TIEAs.

These negotiations are involved and time consuming due to the 'queue' of other grey and black listed countries also pursuing the establishment of TIEAs, and due also to the lengthy bureaucratic steps involved before the larger OECD countries can complete the execution of a TIEA.

To date, SVG has made significant progress in establishing TIEAs and is presently in a strong position to be removed from the grey list, according to Sharda Sinanan- Bollers, Executive Director of the International Financial Services Authority of SVG.

**As at January 20<sup>th</sup> 2010, SVG has already established nine (9) TIEAs with the following countries:**

- Aruba;
- Austria;
- Belgium;
- Denmark;
- Ireland;
- Liechtenstein;
- the Kingdom of the Netherlands;
- the Netherlands Antilles; and
- the United Kingdom of Great Britain and Northern Ireland.

**SVG is also involved in negotiations for the establishment of TIEAs with:**

- Australia;
- Germany;
- New Zealand;
- Sweden;
- Norway;
- Finland;
- Iceland;
- the Faroes; and
- Greenland.

Seven (7) TIEAs in relation to the above countries have already been initialled as accepted by the respective countries and SVG. SVG is also pursuing a TIEA with France through an offer from the World Bank to assist the OECS countries in pursuing TIEAs. Dates for the completion of these TIEAs have not yet been decided however all are targeted for completion on or before March 31<sup>st</sup> 2010.

Since September 2009, SVG has been utilizing its Ambassadors and key contacts stationed abroad to sign these agreements on its behalf, so as to curtail the costs of the Minister of Finance's attendance for such signing. A TIEA was signed with Belgium in Brussels, by OECS Ambassador H.E. Shirley Skerritt- Andrew, and the services of SVG Ambassador to the United States, H.E. La Celia Prince were also utilized to sign TIEAs with the Netherlands, Aruba and Denmark, on the country's behalf. SVG's Honorary Consul to Austria, H.E. Dr. Walter Schoen signed a TIEA with Austria, and Mr. Bryan Jeeves, C.M.G, O.B. E. signed with Liechtenstein on SVG's behalf. A recent TIEA was also concluded with Ireland on December 15<sup>th</sup> 2009 via courier service, and the latest TIEA was signed in London on January 18th 2010 by H.E. Mr. Cenio E. Lewis, High Commissioner for SVG, with the United Kingdom of Great Britain and Northern Ireland, on behalf of SVG.

Based on the results of SVG's efforts thus far with TIEAs which have been established and are presently being pursued bilaterally, there is now a clear and legitimate expectation on SVG's part that it would be removed from the Grey List by the OECD's stipulated deadline of March 2010.

The country's removal from the OECD grey list would be welcomed by all players in its local and international financial industry, and such removal would undoubtedly be in the best interests of the reputation of the jurisdiction.

***Encl: Photographs:***

1. *Signing of the UK/SVG TIEA by High Commissioner Cenio. E. Lewis on behalf of SVG and the Rt. Hon. Stephen Timms, MP, Financial Secretary to the UK Treasury on behalf of the UK/N. Ireland.*



2. *Signing of the Liechtenstein /SVG TIEA by Mr. Bryan Jeeves, CMG, OBE on behalf of SVG and Liechtenstein Government Coordinator for International Affaris, Ms. Katja Gey.*



3. *Signing of the Belgium TIEA by OECS Ambassador Shirley Skerrit Andrew on behalf of SVG and Hon. Minister of Finance, H.E. Didier Reynders, on behalf of Belgium.*



*Submitted by:*

*The International Financial Services Authority on behalf of the Ministry of Finance.*