

Money Laundering and Tax Havens:

The hidden Billions for Development

Conference Report
by

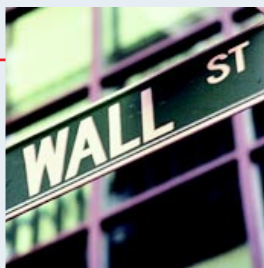
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Money Laundering and Tax Havens: The Hidden Billions for Development

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Dialogue on Globalization

Dialogue on Globalization contributes to the international debate on globalization – through conferences, workshops and publications – as part of the international work of the Friedrich-Ebert-Stiftung (FES). *Dialogue on Globalization* is based on the premise that globalization can be shaped into a direction that promotes peace, democracy and social justice. *Dialogue on Globalization* addresses “movers and shakers” both in developing countries and in the industrialized parts of the world, i.e. politicians, trade unionists, government officials, businesspeople, and journalists as well as representatives from NGOs, international organizations, and academia.

Dialogue on Globalization is co-ordinated by the head office of the Friedrich-Ebert-Stiftung in Berlin and by the FES offices in New York and Geneva. The programme intensively draws on the international network of the Friedrich-Ebert-Stiftung – a German non-profit institution committed to the principles of social democracy – with offices, programmes and partners in more than 100 countries.

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Table of Contents:

Chapter 1	A Development Analysis of Tax Havens and Money Laundering: New Directions for Poverty Reduction	5
Chapter 2	Different Perspectives of Poor and Rich Countries	7
	Developing Countries	7
	Lack of Development Alternatives	11
	Developed Countries	11
Chapter 3	Institutions and Legislation to End Bad Tax Practices	14
	The OECD's Project on Harmful Tax Practices	14
	United Nations Office on Drugs and Crime	15
	U.S.A. Patriot Act	15
	The Patriot Act Tax Dodge: Tobacco Companies Evade Taxation	16
Chapter 4	Reality Check: Increasing Corporate Use of Financial Havens	18
Chapter 5	The Way Forward: New Concepts for North-South Cooperation on Taxation and Money Laundering	20

Preface

The two day conference on tax havens and money laundering organized by the Friedrich-Ebert-Stiftung on July 8-9, 2002, provided a vivid illustration of how the routine exploitation of the international financial system leads to vast social costs by depriving governments of needed tax revenues for social, economic and infrastructure development. Private coffers are enriched at the expense of the social good. This dynamic applies to the United States and European countries as much as it does to less-developed countries. The following report illuminates the means by which such practices are engaged in on a routine basis by major multinational corporations and wealthy individuals, and the price paid to development strategies. Underlying the basic theme of the conference – and this report – is understanding the means by which tax evasion and money laundering help facilitate capital flight while denying desperately needed funds for development in the South, as well as shifting an increasing amount of the burden of financial responsibility from the private to the public sector in the North.

Governments around the world are concerned by the ever-growing share of global finance which has gone beyond the reach of national or international authorities. Markets have globalized, yet tax structures have remained largely national. Financial centers that are operating as tax havens have left all governments facing problems in revenue collection, while providing an attractive destination for money laundering. Financial losses are a global problem that reaches from the offshore activity of small island states to the onshore activity in developed countries.

The international discussion of development has generally neglected to include the destructive role financial centers play in holding back development and aggravating economic stability in developing countries, and thus exacerbating poverty. Tax havens serve as loopholes in the already troubled tax systems of middle-income and poor developing countries by allowing the elite of those countries to dodge paying their share of taxes. The capital flight associated with this tax evasion also robs developing countries of desperately needed capital to fund investments at home and provide vital social services. Moreover, tax havens allow financial institutions to outflank the regulation of financial markets in their home countries – which, after the rash of recent corporate scandals, has awakened the developed countries to the price paid at home from tax abuses offshore.

This is why the Friedrich-Ebert-Stiftung has taken the initiative to convene a group of development and finance experts together with representatives of developing countries to examine the impact of taxpayer abuse and money laundering on economic development strategies. The conference discussed various proposals to regulate tax evasion and money laundering with global initiatives and served to identify solutions for achieving a stronger North-South cooperation in solving this problem. Of particular interest for the organizers was the question of how the

United Nations (UN) might contribute to the international discussion, given the fact that governments decided at the UN conference on Financing for Development in Monterrey to negotiate and finalize a United Nations convention against corruption that includes actions against money laundering and the financing of terrorism.

The report was written by Mark Schapiro (Center for Investigative Reporting, New York) and Frank Schröder (Friedrich-Ebert-Stiftung, New York Office.)

We hope that this publication describing the findings and the lively areas of discussion at the conference will act as a starting point for further debate with the aim of achieving new policy solutions for the fight against tax evasion and money laundering.

New York, January 2003

Manfred Bardeleben

Director, New York Office

Friedrich-Ebert-Stiftung

1 A Development Analysis of Tax Havens and Money Laundering: New Directions for Poverty Reduction

Stories of illegal transfers of millions of dollars into Swiss bank accounts by corrupt regimes in developing countries, or investment funds run by drug barons or terrorists in the Caribbean, are the types of nefarious financial maneuvers that hit the headlines. But what is frequently neglected in these stories, and in our general understanding of the offshore universe, is the extent to which tax havens provide legitimate, “well-respected” companies and wealthy individuals a means of escaping tax and legal obligations in their home country. The share of these activities in financial markets is an important factor that limits the capacity of individual countries to raise revenue through taxation, both of their own residents and on foreign-owned capital. In particular, trans-national corporations (TNCs) which are prepared to make use of the loopholes in the international tax system are the main beneficiaries of the offshore financial refuges that have proliferated in the globalized economy. International tax avoidance imparts an unfair competitive advantage over domestic competitors and small and medium size enterprises that do not have the global reach of the TNC’s. And in poor countries, which are often both the source and ultimate destination of flight capital, the diversion of scarce resources undermines the ability of governments to make vital investments in social services and economic infrastructure upon which human welfare and sustainable economic development depends.

The offshore system has also contributed to the rising incidence of financial crises that destroy livelihoods in poor countries. Tax havens are now central to the functioning of global financial markets. Currency instability and the rapid surges and reversals of capital flows to developing countries have become defining features of global financial markets in recent years and have contributed to financial crises. The recent financial crises in East Asia, Russia, Turkey and Argentina are illustrative of what happens when middle-class livelihoods evaporate and huge numbers of people are added to the already significant portion of the population living in poverty.

However, developing country havens are unlikely to want to co-operate with current initiatives to tackle money laundering and tax evasion unless they are fully involved in the discussions and their particular concerns are addressed. Some small, poor and vulnerable economies have found that establishing themselves as tax havens is an attractive economic option partly because of the lack of economic alternatives open to them. Countries in the Caribbean, for example, have found it difficult to compete effectively in the world economy. They face certain obstacles in trading their agricultural products such as high transport costs, the small size of their economy and highly subsidized products in the developed countries. Strategies will be needed to help small, poor and vulnerable economies to diversify from reliance on harmful tax practices.

Tax havens provide legitimate, “well-respected” companies and wealthy individuals a means of escaping tax and legal obligations in their home country.

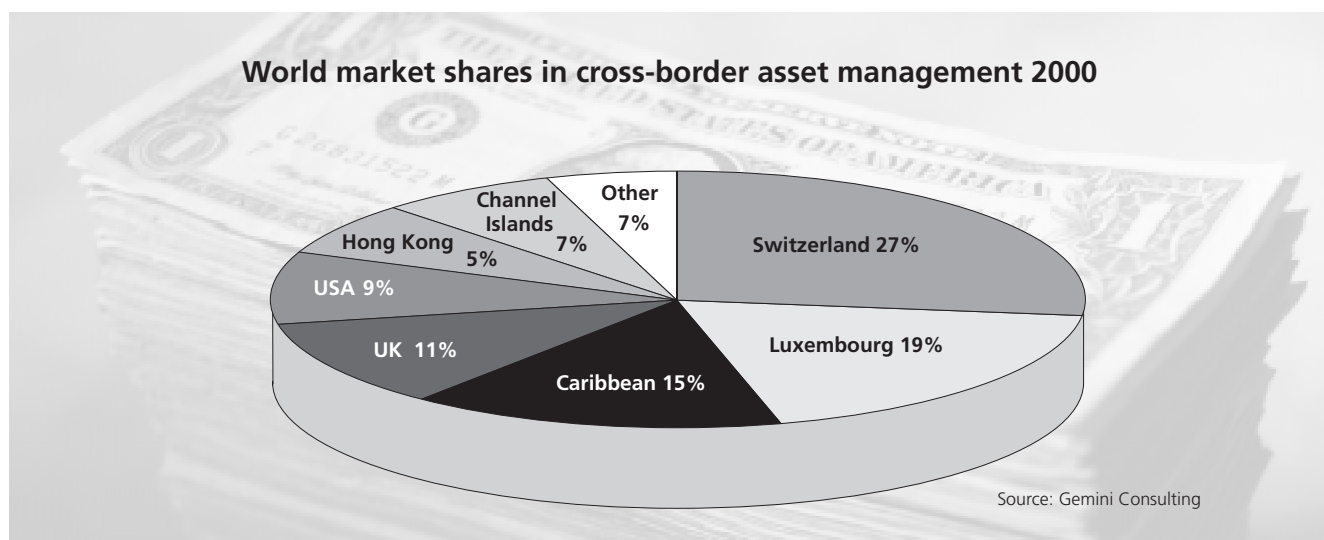
Small, poor and vulnerable economies have found that establishing themselves as tax havens is an attractive economic option partly because of the lack of economic alternatives.

Most of the world's tax havens are actually located in financial centers such as London, Frankfurt and New York, which are also home to a substantial portion of the world's offshore business.

A global approach must also address the fact that most of the world's tax havens are actually located in financial centers such as London, Frankfurt and New York, which are also home to a substantial portion of the world's offshore business activity. Table 1 below indicates the distribution of cross-border asset management in various countries. This is an important reality of the global economy that is often overlooked when the international community addresses the offshore problem. The favorable regulatory environment in Europe, for example, has ensured that international banks continue to carry out a large share of their international lending and deposit-gathering there, despite the rise of offshore financial centers. Recent collapses of corporations that outflanked regulation of financial markets in their home countries are a prominent reminder that financial abuses are not limited to offshore havens, but occur in the big financial centers of the North as well.

This report proceeds as follows. The problem of capital flight and corporate crime has been outlined from a development perspective here in chapter one. Chapter two illustrates the different problems faced by developing and developed countries. A case study of Ecuador examines this problem from a developing country perspective. Chapter three illuminates the agreement by poor and rich countries on the need to do something, but points out the power inequality that tends to bias reform towards developed country interests. Agencies depicted are the Organization of Economic Cooperation and Development's (OECD) Project on Harmful Tax Practices, the United Nations Office on Drugs and Crime, and as a special case of national legislation over financial issues, the U.S.A. Patriot Act. Practices of corporate accountability are examined in Chapter four, detailing the increases in the use of tax havens over the past two decades. The conclusions in Chapter five put forward policy recommendations, and suggest a way forward towards a more equitable international taxation system, and strategies for addressing inappropriate exploitation of the global financial system. The conference agenda and a participant list are provided in appendices.

Table 1: **Tax Havens Around the World** (Swiss Federal Dept. of Finance, 2002)



2. Different Perspectives of Poor and Rich Countries

The globalization of capital markets has massively increased the scope of tax evasion and money laundering. Developing countries lose important development revenues due to abuses of the global financial system and the flow of funds to major financial centers in rich countries and offshore centers, frequently small island states. However, even developed countries suffer from the erosion of their tax base through the extensive use of financial havens by firms and individuals. Although countries at all levels of wealth suffer tax losses, for developing countries tax havens represent an increasingly important obstacle to poverty reduction.

Oxfam estimates that tax havens and capital flight deny developing countries more than \$50 billion annually in lost revenues.

Developing Countries

The international NGO, Oxfam, estimates that tax havens and capital flight deny developing countries more than \$50 billion annually in lost revenues. That figure amounts to roughly the total amount allocated by the world's industrialized countries for development assistance to the South, and is six times the amount necessary to achieving universal primary education in developing countries. The UN itself drew the links between abuses of the global financial system and economic development, identifying reform of the system as a significant element toward reaching the commitments to reducing global poverty as enunciated in the Millennium Development Goals (MDGs).

Participants at the conference identified several particularly potent ways in which tax evasion and money laundering contribute to underdevelopment:

- 1) The *diversion of revenues* from countries of origin, thus shifting critical capital resources away from pressing social needs like education, health care and economic development;
- 2) The encouragement that such tax havens provide to *illegal economic activity*, such as organized crime and the drug trade, which undermine the authority of the state and create an atmosphere of corruption and violence;
- 3) The means by which offering beneficial tax relations to transnational *companies undermine the efforts of offshore centers to tax their own businesses* at an effective rate; thus providing diminished government revenues for social and economic development of their own citizenry;
- 4) The leverage that competitive tax rates offer to corporations to negotiate even *lower tax rates in a 'race to the bottom'*, thus exacerbating the above problems for developing countries.

The globalization of finance capital has led to a dramatic increase in the amount of money flowing from developing countries into tax havens and offshore jurisdictions. The Financial Action Task Force (FATF)¹ asserts that some three-hundred thousand shell companies are now registered in Caribbean jurisdictions alone, and that there has been a 1500 percent increase in the amount of money deposited offshore over the past fifteen years. Such offshore refuges continue to proliferate: the South African Central Bank, for example, has expressed concern that new regional offshore centers like Mauritius are offering a 1.5 percent corporate tax rate as against South Africa's 30 percent rate, and is concerned that neighboring Botswana is attempting to reengineer its economy with the same sort of financial lures.

Shifting resources overseas is often simply a matter of opening up an account and moving capital to an offshore bank. Services at offshore centers include personal and corporate banking, offshore fund management and administration, trust management and administration, as well as management of international shipping. Whatever the function, one of the lures of such services is that they operate according to different standards of transparency and tax liability than institutions performing similar functions in the 'onshore' country (i.e., where the capital originates). There is little administrative capacity in offshore center governments to oversee these massive financial shifts – assuming there was the desire to do so – or even to enforce existing minimal currency and financial regulations.

When capital is transferred to a location other than where it is generated, national treasuries suffer from the loss of tax revenues that are critical to social services (for education, health care, housing or infrastructure development), while private profits that might be invested in the local economy are instead shuttled to another jurisdiction. The Brazilian Central Bank reports that out of the \$6.5 billion sent to the Bahamas in 2001, just \$3 billion was sent back to Brazil; in the same year, the country experienced a \$1 billion shortfall between monies sent to the Cayman Islands and sent back to Brazil – amounting to \$4 billion in lost flight capital from those two offshore centers alone.

The Brazilian example serves to illustrate a critical cost to development from the profusion of offshore tax havens: the discrepancies that result from an economic order that operates increasingly on a global level, and systems of taxation that remain firmly national in scope. In other words, while capital moves with increasing ease across national frontiers, taxation is based on earnings generated within or from national jurisdictions. The rate of movement of large amounts of capital is rapidly outpacing the ability of political systems to tax those funds – and thus the ability to provide the public services that are (generally speaking) financed with those funds. In the long run, this impacts both the economic foundation for social expenditures within nations that experience offshore capital flight – whether it is Brazil, the United States or European nations – and feeds the competition among Southern states by an ever-more rapid spiral toward lower and lower tax rates to

¹ The Financial Action Task Force on Money Laundering (FATF) is an inter-governmental body whose purpose is the development and promotion of policies, both at national and international levels, to combat money laundering. In response to mounting concern over money laundering, the FATF was established by the G-7 Summit that was held in Paris in 1989.

attract the foreign capital in South-South competition. The very existence of tax havens also undermines local businesses in favor of large multinationals, since the latter, with their already existing international structures, are able to more easily exploit the use of tax shelters than domestic small and medium-sized enterprises.

In addition to low tax rates, an important attraction of offshore financial centers is their promise of anonymity. Frequently, offshore centers serve a dual function as transit stations for laundered money and goods. Most offshore centers offer anonymous bank accounts to both individual and commercial enterprises, and traditionally refuse to cooperate with civil or criminal authorities of foreign nations in enforcing another country's tax or criminal laws. This increases the potential for criminal abuse of the offshore jurisdictions that have proliferated over the past decade – providing harbor to criminal activities emanating in both developed and developing countries.

The Brazilian government estimates that in 2001, some \$175 million of goods were exported to the tiny Caribbean island of Santa Lucia; \$123 million worth of goods were exported to the Cayman Islands and \$105 million of goods were exported to Panama. Those figures bear no relation to the actual size of these domestic markets, indicating the possible use of these offshore centers as way-stations along an international trail in which goods and cash that are the proceeds of criminal activity are laundered into the international trading system. The anonymity guaranteed in offshore jurisdictions offers confidential movement of money and goods that lend themselves to criminal enterprises. By their very existence, such non-transparent refuges, and the ease with which they interact with traditional, Northern financial channels, helps to facilitate the means by which criminals may utilize the international financial system to their advantage. Drug money laundering operations, for example, have been identified in offshore jurisdictions, where drug profits have been laundered through an illicit trade in cigarettes and other consumer products.

The anonymity guaranteed in offshore jurisdictions offers confidential movement of money and goods that lend themselves to criminal enterprises.

Box 1: Case Study Ecuador

ECUADOR

The search for favorable tax rates by the wealthy, and the inability of many countries to control capital flows, can have devastating consequences, as can be seen in the example of Ecuador. In the mid to late 1990's, this country instituted neo-liberal economic reforms which included the sudden dollarization of the economy and an encouragement of capital mobility. The result was flight capital and tax evasion on a massive scale. Four out of five Ecuadorian banks went bankrupt between 1998-1999, a time when fifteen percent of the nation's GDP was "lost to offshore deposits and loans," according to the Central Bank of Ecuador. This process has been mirrored throughout the developing world: offshore banking centers provide quick and easy access to the developed economies of the north, illustrating how closely intertwined are the economies of developing countries with the banking and financial systems of developed countries. The price of bailing out Ecuador's banks was borne in social expenditures, which dropped from 36 to 29 percent of the national budget in 1999, while the external debt service rose to nearly half of all national revenues. The number of people living in poverty-level conditions – making less than \$2 a day – nearly doubled from 1995 to 1999, according to the Central Bank.

Offshore financial institutions are directly dependent on relationships with “onshore” institutions.

Of course, not all ‘offshore’ banks are literally offshore. Capital from the developing world flows as easily into the offshore ‘brass plaque’ locations as it does into the world’s major financial centers, such as New York, Miami, London, Frankfurt, or Tokyo, where banks and investment houses provide a critical refuge for the billions that flow out of the reach of government, tax or regulatory authorities each year.

Offshore financial institutions are directly dependent on relationships with ‘onshore’ institutions, which facilitate the access to capital; without correspondent banking relationships, their effectiveness would be severely undermined. But while Northern financial institutions offer financial sanctuary to the wealthy citizens of Southern countries, the host governments in the North have not been treated to the same punitive approach as the small island states that harbor financial havens in the South. For example, numerous banks in Miami are chartered solely to do business with clients in Latin America – providing a mirror image of the numerous offshore banks in the Caribbean which are chartered for the sole purpose of doing business with foreign customers, and are prohibited from even taking on local clients.

But developing countries, said Southern participants, are being held to a higher performance standard than the developed countries, creating long term resentments against such multilateral initiatives as the Financial Action Task Force (FATF). Participants pointed to the large-scale abuse of offshore havens by transnational corporations, which face little or no resistance from their ‘home’ governments in establishing their corporate headquarters offshore to evade taxes. The European Union, for example, has yet to identify tax evasion as a serious crime. ‘How’, asked one participant, ‘can we expect developing countries to reform their system if the G-7 countries can’t stand up to their own corporations to end such practices?’ ‘Beware’, said another Southern participant, ‘of shifting responsibility for offshore abuses from the North to the South.’ As the U.S. and Europe attempt to pressure offshore financial centers used by their citizens, they may simply be shifting the problem to locales more easily accessible from Southern countries.

Northern financial institutions have played a significant role in abetting money-laundering and tax-evasion related corruption in Southern countries. Two notable examples involving New York-based banks were cited: the assistance provided by Citibank to Raul Salinas who, during the tenure of his brother Carlos as President of Mexico, shuttled hundreds of millions of dollars in illicit payoffs skimmed from government programs through the bank and into offshore accounts; and the Bank of New York’s laundering of hundreds of millions of dollars for Russian organized crime. The laundered monies represented a significant loss of funds to the public treasury of both Mexico and Russia. In both instances, individual bank officials were sanctioned, but following the public scandal there were few significant changes in the legal framework which permitted such transactions. In this way, systematic abuses of financial institutions in one country help to facilitate criminal activity in another – providing a channel for funds generated through organized crime, drugs and smuggling – while creating obstacles to establishing coherent controls over a nation’s financial or tax structure.

Considerable unease was expressed by Southern participants that the rising criticism of offshore financial centers does not take into account the 'onshore' complicity with such operations: the desire of developed world corporations and individuals to evade their own nation's tax and legal structures is what makes such financial havens profitable in the first place. Participants challenged the EU and the United States to crackdown on the use of their own financial institutions for facilitating such flight capital and tax evasion.

Lack of Development Alternatives

What benefits ultimately accrue to offshore financial centers? Very little, according to the IMF, which estimates that financial services in offshore centers contribute, on average, just 1.7% of national revenues, and employ just 5-8% of the national workforce in those locales. Thus, benefits accrue to little more than a tiny slice of the elite financial community.

But many countries that offer themselves as offshore financial centers have few alternatives for economic development. In many small island nations, the economic options are between mono-crop agriculture and mono-crop tourism; offshore financial services are one way to attract foreign capital, though the benefits are thinly distributed. Northern countries offer little actual support for alternative development strategies.

Countries that offer offshore services are frequently laboring under trading rules which are obstacles to alternative means of development. These generally require open markets for the imports of U.S. and European imports, but include tariffs or other means of limiting imports from developing countries. Agricultural subsidies in both the United States and Europe serve to put Northern farmers at a competitive advantage to farmers in developing nations, providing a serious impediment to alternative development strategies for offshore financial centers.

Developed Countries

The basic trend of taxation in the developed countries has been a relatively rapid shift of responsibility from the private to the public sector, from corporations to individuals. Taxes on corporate profits and high incomes have dropped, while taxes on individuals – withholding taxes on salaries and social security contributions – have risen, as have the most regressive taxes of all, on consumption (value-added, or sales taxes).

This shift of financial responsibility is intensified by the competitive 'race to the bottom', among jurisdictions which are competing to attract foreign capital with ever-lower rates of taxation. As a result, the rates for taxes on profits paid by U.S. multinational corporations operating in developing countries dropped by nearly half, from 54% to 28%, between 1983 and 1996. Those figures make it evermore enticing to transnational companies to shift their headquarters offshore, thus shrinking the available tax revenues at home.

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The current international tax system, affording hugely varying rates of taxation for those wealthy enough to take advantage of them, leave individual taxpayers with the burden of supporting social services that benefit all of a nation's citizens. In the United States, over the past forty years the relative contribution of corporate taxes to total federal tax revenues has fallen by more than half. European countries have come close to abandoning capital gains taxes altogether. The U.S. Internal Revenue Service (IRS) estimates that the 'tax shortfall' – the amount of money that should, but is not, remitted to the Treasury from taxes – now comes to \$300 billion each year. Much of that shortfall is due to the exploitation of tax havens and other offshore financial shielding mechanisms utilized by U.S. corporations and wealthy individuals.

Worldwide, some \$6 trillion is now estimated to be 'parked' in offshore jurisdictions.

Worldwide, some \$6 trillion is now estimated to be 'parked' in offshore jurisdictions – representing one third of the gross domestic product of the entire world, most of the funds coming from the developed countries of the North. That money, often shrouded in anonymity, represents vast resources cut off from the public sector of both developed and developing economies. The use of such tax dodges has accelerated over the past decade, facilitated by the high-speed confidentiality of the Internet and the quick access obtained by offshore centers to international financial institutions. This is accomplished through correspondent banking and other means in which 'offshore' – under the table – financial institutions interact with so-called 'legitimate' financial institutions.

The result is an ever-increasing portion of the tax burden falling on individual taxpayers in the middle-class or below. The billions of dollars in unpaid corporate taxes represent funds drained from government-financed programs with the potential to benefit the common, as opposed to private, good – though all citizens, including the wealthiest CEO's, benefit from an infrastructure created with public funds. Middle-class citizens pay for the social benefits of offshore tax evaders.

Rising rates of tax evasion have contributed to a phenomenon seen in most developed countries of the North: rising inequality of incomes, which can have corrosive effects on the political and social fabric. In the long-run, the insulation of large quantities of capital from taxation undermines the development of a strong middle class – as well as the routes by which those in the lower classes can improve their financial status. Ironically, skepticism about the fairness of the tax system has become so widespread that obtaining a conviction on tax charges from an American jury poses particularly vexing problems for the IRS, which faces the problem of finding a preponderance of jury members who have themselves not engaged in some form of tax evasion.

While the developed countries suffer financially from large scale tax evasion, they also offer refuge to the flight and tax-evading capital from developing countries. Offshore havens are not limited to the small island states that have become infamous for these services. Participants from countries as far afield as South Africa, Panama and Indonesia were emphatic in pointing out that from their point of view, the United States and Europe serve as tax havens for their own wealthy citizens seeking to avoid paying taxes – or facing legal liability for laundering the profits from illegal activity – at home. The protection afforded by banks in Miami, New York, London, Singapore, Zurich and other major financial centers frequently offer a

similar kind of refuge for flight capital from the developing world as offshore centers provide for flight capital from the developed world. Caribbean accounts, for example, make up just fifteen percent of the worldwide total of cross-border fund deposits, according to the Swiss Coalition of Development Organizations. Switzerland and Luxembourg are host to twenty-seven and nineteen percent, respectively, of such 'offshore' managed assets, while the United Kingdom has eleven percent and the United States nine percent. This is an indication of how the definition of 'offshore' depends notably upon whose shoreline one's cash is stashed. 'Offshore' havens are primarily problems for rich countries; whereas locations with similar functions in Switzerland, Luxembourg, the UK, US or Singapore cause greater problems for the third world.

Today, the growth of offshore havens – wherever they are located – has helped sustain a sovereign universe of capital that is accountable to no national authority. Few governments are willing to enforce tax judgements against citizens of a foreign country, while in the United States, tax claims made on American multinationals by foreign governments have been repeatedly blocked by legal precedents establishing that no foreign country can file suit to collect delinquent taxes in an American court. A multilateral framework or institution is needed as recommended in chapter five of this paper.

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3. Institutions and Legislation to End Bad Tax Practices

Three principle institutional authorities which guide and follow taxation issues were discussed at the Friedrich Ebert Stiftung-Conference. The OECD's Project on Harmful Tax Practices, and the United Nations Office on Drugs and Crime were analyzed. Recent changes in US legislation related to financial crime contained in the U.S.A. Patriot Act were also approached.

The OECD's Project on Harmful Tax Practices

The OECD Project issues regular lists of 'abusing' countries, which are intended to discourage financial transactions between institutions in "listed" and "non-listed" countries.

At the forefront of global efforts to combat tax abuse is the OECD's Project on Harmful Tax Practices. The Project endeavors to eliminate what it terms 'harmful tax practices' by a carrot-and-stick approach. The 'carrot' includes dispatching technical advisers to nations that offer means of evading financial liabilities – through tax haven financial structures and confidentiality – to aid in reworking their statutes to reduce the possibility for abuse. On the stick end, the OECD Project issues regular lists of 'abusing' countries, which are intended to discourage financial transactions between institutions in 'listed' and 'non-listed' countries.

The OECD's priorities are to eliminate what it considers the sure signs of 'harmful tax practices':

- low or non existent rates of taxation;
- separate taxation systems for domestic and international markets;
- lack of transparency in the local tax regime;
- unwillingness to share or exchange information with other national taxation or law enforcement authorities.

In April 2002, the Project on Harmful Tax Practices issued its most recent 'List of Uncooperative Tax Havens', which includes seven jurisdictions: Andorra, Liechtenstein, Liberia, Monaco, the Marshall Islands, Nauru and Vanuatu. These countries, it said, have indicated an unwillingness to institute the reforms proposed by the OECD, primary among them a higher degree of transparency and a willingness to exchange financial information with other jurisdictions. By contrast, in June 2000 the OECD issued a similar list that identified thirty-five jurisdictions that met the 'tax haven criteria'. The decline in the number of nations on the OECD's list of Uncooperative Tax Havens is an indication, claims the OECD, that efforts at working with financial authorities is showing some success in ending the most harmful tax practices.

Participants from Southern countries, however, questioned what real impact such measures would have when financial institutions in the North are not put under similar pressure. Many countries feel that the OECD's punitive approach unfairly singles out developing countries, while some of the worst financial abuses are conducted in developed countries. Participants pointed out that there is a double standard between the OECD's treatment of the richest and poorest countries, while the OECD itself – all of whose members are developed countries – has few mechanisms for involving Southern countries in establishing policy priorities. Participants argue that if strong sanctions are not put in place in the Northern countries, simply providing better regulated or more smoothly functioning, or even transparent, offshore financial centers may only help legitimize their use for other means – such as money laundering.

United Nations Office on Drugs and Crime

The United Nations Office on Drugs and Crime (formerly the UN Office for Drug Control and Crime Prevention) has taken the lead in the United Nations effort to combat money laundering and criminality associated with the worldwide trade in illegal drugs. The UN Office's aim is to help tighten financial regulations worldwide in order to prevent the emergence of safe havens for criminally-linked capital and to strengthen the ability of countries and international organizations to combat money laundering more effectively. In doing so, the Office has played a major role in disseminating the principles of financial transparency recommended by the Financial Action Task Force (FATF) and in facilitating information exchanges by international law enforcement. The Office also offers guidelines for anti-money laundering regulations; shares international financial intelligence with law enforcement authority; provides technical assistance and advice on matters like the legal procedures related to asset confiscation; and consults directly with international bank authorities on implementation of money laundering prevention measures.

The UN Office draws the links between bank secrecy and criminality. In a 2002 report, *Financial Havens, Banking Secrecy and Money Laundering*, the Office describes the current system of offshore banking secrecy as, 'an enormous hole in the international and fiscal system' that is 'at the heart of the money laundering problem'. The current system, according to UN Office, enables criminal enterprises to utilize offshore centers as safe havens from which to launder funds through offshore trusts, bank accounts and real-estate transactions – all of which are critical to providing entry points into the 'legitimate' financial circles, or for repatriating proceeds of criminal and/or illegal drug enterprises back home.

U.S.A. Patriot Act

By far, the most significant development in terms of tightening U.S. government regulations over international financial transactions was contained in the USA Patriot Act, Congress' response to the terrorist attack of September 11th. Prompted by an effort to attack the channels through which international terrorist organizations have exploited the financial system to sustain their operations, the bill contained numerous provisions long sought by U.S. law enforcement to combat financial crime.

The UN Office's aim is to help tighten financial regulations worldwide.

The bill contained numerous provisions long sought by U.S. law enforcement to combat financial crime.

The Patriot Act provides U.S. law enforcement with new legal means to pursue the financial sources of terrorism – a direct response to the use by al Qaeda and other terrorist groups of offshore banking centers and financial transactions hidden behind bank secrecy laws. Among its many new legal mechanisms, the Patriot Act strengthens the ability of U.S. regulators to examine the books of financial institutions; requires a greater degree of screening of potential clients by those institutions in the form of ‘know-your-customer’ regulations; prohibits U.S. banks from establishing or maintaining relationships with offshore correspondent shell banks; requires an accessible paper trail for significant financial transactions; and mandates a greater degree of information sharing between U.S. and foreign law enforcement.

The Patriot Act has been the most singularly important piece of recent legislation when it comes to financial crime, adding to the arsenal of legal means by which U.S. law enforcement can pursue financial criminals. For banks, it requires an unprecedented degree of financial transparency, and prohibits certain financial institutions from providing correspondent accounts to foreign shell banks. For law enforcement, the Patriot Act tightens and clarifies the definitions of money laundering and financial fraud – which previously had been defined so vaguely as to be an obstacle to successful prosecutions. The impact of the Patriot Act has been to make it far more difficult for terrorists, or criminals of any sort, to maintain the relatively easy, and confidential, banking relationships to which they had grown accustomed, and which the government alleges helped finance the al Qaeda terrorist networks.

The Patriot Act Tax Dodge: Tobacco Companies Evade Taxation

There was, however, an enormous loophole in the Patriot Act, illustrating how reform of the international financial order threatens the interests of some of the world’s largest commercial enterprises. In this instance, a loophole initiated by the tobacco industry, and supported by the U.S. Chamber of Commerce (representing many of the largest corporations in the country) illustrates the considerable lengths businesses will go to evade accountability on tax matters. When the Patriot Act was introduced to the House of Representatives on October 3 2001, among the many new definitions of financial criminality was a provision requested by the Justice Department to expand the definition of money laundering to include, ‘fraud or any scheme to defraud against a foreign government or foreign government entity, if such conduct would constitute a violation of this title if it were committed in interstate commerce in the United States.’ That provision – Section 107(B) – was intended to address the significant role played by American companies in facilitating global money laundering: In 2001, a U.S. congressional investigation concluded that at least half of the estimated \$1 trillion in criminal proceeds laundered through the global financial system each year has been handled by U.S. banks.

But before the bill was presented formally to the House Financial Services Committee for consideration, Section 107(B) was removed by the Republican chairman of the Committee, at the request of the tobacco industry and the U.S. Chamber of Commerce. The section was not part of the final version of the U.S.A. Patriot Act when it was signed by President Bush on October 17th. Had it been included, the section would have rendered major tobacco companies – accused of

organizing the smuggling of cigarettes to evade international tax laws – extremely vulnerable to legal challenge.

The tobacco companies had developed a system for smuggling cigarettes into new international markets without paying foreign customs tariffs or any other import duties. For more than a decade, this enabled them to compete head to head with domestic manufacturers in Europe, Colombia and elsewhere in Latin America – driving many local producers out of business in the process. Through the 1990's, this illegal trade translated into hundreds of millions of dollars in profits for the tobacco companies, and no tax revenues for the recipient countries. Much of the money used to purchase those smuggled cigarettes were, according to European and Colombian law enforcement officials, laundered funds generated initially through criminal activity – whether drugs or organized crime.

When the Patriot Act was proposed, the tobacco companies were facing several legal challenges, all of which revolved around non-payment of foreign taxes on the smuggled cigarettes. At the U.S. Federal Appeals Court in New York City was a lawsuit filed by the government of Canada against RJReynolds; the Canadians were appealing a lower court dismissal of their claim against RJReynolds, which they alleged had engaged in cigarette smuggling and money laundering that cost the government more than a billion dollars in lost tax revenues. Also on the docket at a Federal District Court in New York were two cases being argued in parallel: Twenty-two Colombian states and the city of Bogotá, and ten European governments – including France, Germany, Italy, Spain and Greece – had accused Philip Morris, RJReynolds and Brown & Williamson (the U.S. subsidiary of British American Tobacco), of defrauding their governments of hundreds of millions of dollars in tax revenues. (In Europe, Colombia and Canada, the bulk of cigarette taxes are used to fund education and health programs, many of which deal with the health effects of smoking).

Tobacco industry lawyers argued that these cases have no jurisdictional standing in a U.S. court, asserting that the suits should be dismissed on the grounds of a legal precedent dating back to the 18th century known as the 'revenue rule', which states that US courts have no jurisdiction over matters related to the collection of foreign taxes. In its original form, the Patriot Act provision would have trumped the revenue rule and provided clear legal standing to the plaintiffs in those lawsuits. But the lobbying effort by the tobacco industry, with the support of the U.S. Chamber of Commerce (concerned at the potential liability of other major industries) ensured that Section 107(B) would not make it onto the House floor, leaving the tobacco companies insulated from legal accountability for their alleged smuggling activities. Had it been included in the Patriot Act, Section 107(B) would have given clear standing to pursue the case through legal channels.

Participants at the July meeting suggested that such reforms as that represented by Section 107(B) were critical to ending abuses of the global tax system. While the Patriot Act has in fact added a powerful weapon to the U.S. legal arsenal to combat financial crime, it's legacy also provides some insight into how potent the question of tax liability can be for transnational corporations – which are accustomed to operating with high degrees of impunity across international tax jurisdictions.

The tobacco companies had developed a system for smuggling cigarettes into new international markets without paying foreign customs tariffs.

4. Reality Check: Increasing Corporate Use of Financial Havens

Offshore havens are used routinely to detour around financial disclosure requirements, taxes and currency controls by corporations.

Participants described how over the past decade, the use of offshore havens have become integral to financial planning and strategies of the world's major transnational enterprises – as has been demonstrated dramatically over the course of the year 2002, in which one major U.S.-based company after another was revealed to have abused both the tax system and the stock market. Offshore havens are used routinely to detour around financial disclosure requirements, taxes and currency controls by corporations. The last year of financial scandals have demonstrated how offshore havens remain a weak point of the global financial architecture, creating instability and unpredictability when the house-of-cards begins to collapse, as occurred with the meltdown of corporations like Enron, WorldCom, Tyco and other major global enterprises, all of which made extensive use of offshore shell-companies for undercover 'parking' of assets.

Almost every American bank has a branch office or a relationship with a correspondent bank in the Caribbean or other financial havens; the same is true for most European banks, which often have relationships dating back to the colonial era.

In the financial sector, almost every American bank has a branch office or a relationship with a correspondent bank in the Caribbean or other offshore havens; the same is true for most European banks, which often have relationships dating back to the colonial era. The widespread use of offshore havens as a shroud to obscure transactions have been a critical accompaniment to the rapid globalization of the world economy. This has made it increasingly difficult for the IRS and European revenue authorities to obtain the evidence necessary to bring tax system abusers to justice.

The proliferation of these centers of secrecy have created obstacles to tracing the sources and destinations of enormous amounts of offshore corporate capital, making it a serious challenge for authorities to monitor the financial movements that are frequently not recorded – or difficult to identify – in annual reports. In the tobacco industry, for example, both Philip Morris and RJReynolds shifted their international headquarters in the mid-1990's from the United States to Switzerland to take advantage of that country's secrecy laws.

At the same time, the phenomena of offshore incorporation has become increasingly common as corporations seek to establish their headquarters in locales where financial, environmental and labor regulations are more lax than in their home country, giving rise to what has become known as the "dislocated corporation." This practice has come into high relief with recent debates over the efforts of corporations to shift their headquarters into more amenable tax zones.

Though the trend toward offshore headquarters has been at work for some time, in the U.S. the issue hit the public radar practically overnight in the spring of 2002 when Stanley Works, a Connecticut-based tool-maker, announced its intention to shift its corporate headquarters to Bermuda. The company claimed that the move would cut its tax bill by a third. The Stanley Works announcement provoked protests

by an unlikely alliance of shareholders and union leaders – who, in a rare display of unity on questions of corporate integrity and transparency, argued that the primary benefits of the move would be to increase the salaries of top executives of the company. Shareholders also felt that it would drastically reduce the transparency of corporate accounting, and feared that the most likely result would be to fuel large raises for a small number of executives while providing little benefit for either workers or shareholders, and depriving the U.S. Treasury of some \$20 million in annual taxes. The attempted move prompted Congress to begin debating a measure that would outlaw such maneuvers in the future.

The Stanley Works controversy served as an example of the issues raised by offshore incorporation – evoking the symmetry of trading social benefit (in the form of employee salaries, broad shareholder benefits and taxes paid to support the public functions of the United States government) for private gain (in the form of executive compensation). Stanley Works is, in fact, a relatively small company – tiny in comparison to the huge multinational enterprises, such as Tyco International, Ingersoll Rand and Accenture, which have announced similar intentions to relocate offshore. Many other companies have long taken advantage of a loophole in the tax code, which protects any corporate entity – or individual – from ‘double taxation’. Thus, a company that incorporates overseas can shift assets offshore, where they are taxed at a dramatically lower rate than they would be in the U.S.

The proliferation of offshore centers is also contributing to an erosion in the power of municipalities and labor unions to negotiate with employers on behalf of their constituents: sixty-eight percent of U.S. and foreign multinationals, according to a study by Cornell University, have used the threat of shifting their operations to a tax haven for a chilling effect on labor negotiations.

Among the numerous financial mechanisms used to exploit the benefits of offshore banking are hedge funds – which rely heavily on derivative trading and represent an almost wholly unregulated sector of the financial markets. Hedge funds have grown dramatically over the past decade: from 880 in 1991 to some 6,000 today, with assets of more than \$600 billion. Due to their unregulated nature, several conference participants noted that hedge funds are easily abused, with inadequate accounting rules, inadequate financial reporting rules, and the frequent use of offshore tax havens. There is no regulatory body that provides sustained oversight of hedge funds, despite their considerable potential for abuse. It is no accident that derivative trading and the investment activities of hedge funds are two of the areas causing most concern about instability in the international financial architecture.

The Stanley Works announcement provoked protests by an unlikely alliance of shareholders and union leaders – who, in a rare display of unity on questions of corporate integrity and transparency, argued that the primary benefits of a corporate relocation to Bermuda would be to increase the salaries of top executives.

Derivative trading and the investment activities of hedge funds are two of the areas causing most concern about instability.

5. The Way Forward: New Concepts for North-South Cooperation on Taxation and Money Laundering

The current system of taxation – and the lack of accountability for abuses of the system – undermines the very concept of free trade. A number of measures were proposed to ensure that corporations be accountable for their actions around the world, and thus to ensure a level playing field in international commerce. Primary among these is adapting the American and European legal systems to ensure that corporate practices emanating from headquarters in the North not be executed with impunity in the South. That would involve a willingness to impose common standards for corporate behavior – codes of conduct would be a first step in that direction.

Provoked by the rash of corporate scandals that cascaded to the public's attention through 2002, the U.S. Congress has initiated a number of new laws intended to attack the abuse of improper use of corporate tax havens. One provision added to the Homeland Security Act would deny U.S. government contracts to any corporation which chooses to incorporate overseas. There has also been a bipartisan effort in Congress to ban the rush toward offshore incorporation by leading U.S. corporations.

Establishing a minimum tax rate on corporate profits; a World Tax Authority was proposed at the conference.

Participants presented a number of proposals to ensure a more equitable international taxation system, and a means for addressing improper exploitation of the global financial system. One of the challenges is that while multinational corporations generate profits around the world, taxes are applied on a national basis. One proposed solution would be establishing a minimum tax rate on corporate profits; a World Tax Authority was proposed at the conference, which would be empowered to conduct the financial assessments and research necessary to determining actual value levels of economic activity. Such an institution could help national jurisdictions establish minimum tax rates. How this would function, and from where it would draw political legitimacy, remains unclear. Another proposal strongly supported by many non-governmental organizations is for a minimum tax on trans-national dividend and interest payments, which would generate funds that could be devoted to economic development in the South. The effects of such a shift could be profound, even if only a fraction of the \$50 billion that Oxfam claims developing countries lose every year through tax havens and capital flight is reclaimed by national authorities. Participants also issued a strong call for a dramatic reduction in the use of correspondent banking relationships, which offer an easy ticket of access from offshore to 'legitimate' financial institutions.

Participants issued a strong call for a dramatic reduction in the use of correspondent banking relationships.

Central to the debate is providing new economic strategies for small island states and other nations that, due to a lack of alternatives, have found establishing themselves as tax havens an attractive option. Northern countries must commit to providing assistance that would aid in finding other sources of economic development. In this way, North-South cooperation on these issues must be increased in both directions: from South to North in loosening bank secrecy restrictions and facilitating the exchange of important financial information, and from North to South in providing aid and technical assistance to encourage offshore centers to make the shift into other forms of economic development.

Cooperation may also be impelled by the cold financial realities of the current system: the fifty billion dollar ‘tax gap’ for the developing world identified by Oxfam, and the three hundred billion dollar ‘tax gap’ for the United States identified by the IRS, suggests there may be a common interest between North and South in devising a more equitable system for the collection and distribution of taxes.

Conference participants indicated that in order to truly create a ‘level playing field’ and prevent abuses of the offshore system, the developed countries need, first, to put their own system on a more equitable track. There was great resistance among participants from Latin America, the Caribbean, Asia and southern Africa to being singled out as targets of the international OECD campaign, at a time when developed countries are serving as ‘offshore’ repositories for flight capital from their own countries. A more equitable approach, participants suggested, would start with acknowledging several important realities:

- **Financial deregulation is risky**

Financial deregulation and neo-liberal policies that require the dismantling of domestic economic controls help make developing countries more vulnerable to flight capital and tax evasion, and less able to protect and direct their own economic potential from fluctuations in the international economy;

- **Development alternatives for tax haven countries are required**

New approaches to sustainable development need to offer an alternative to providing a protective refuge to the world’s underground money flows;

- **Legal systems of rich countries must hold TNC global operations accountable**

The legal system in developed countries must adapt to the new global reality to ensure that transnational enterprises can be held accountable for abuses of the international financial system;

- **A corporate code of conduct must cover moves of capital resources**

At minimum, a corporate code of conduct should be developed and agreed upon that holds trans-national corporations to a minimal level of accountability in how and where they move their capital resources.

6. Appendix 1: Conference Agenda

Money Laundering and Tax Havens – The Hidden Billions for Development

The Helmsley Hotel
212 East 42nd Street
New York, NY 10017
July 8-9, 2002

Monday, July 8

9.00 a.m. Coffee and Registration

9.15 a.m. Welcome Address

Manfred Bardeleben, Director, Friedrich Ebert Foundation, New York Office

9.30 a.m. *1st Morning Panel*

The impact of Financial Havens on developing countries

Offshore Financial Centers have contributed to revenue losses for developing countries of at least 50 billion US\$ a year, which corresponds to almost 100% of Official Development Assistance (ODA). This drains developing countries and their governments of resources to finance economic development and provide vital social services. The panel will discuss the negative impact of Financial Havens on development with particular country references.

Speakers: **Edgar Balsells**, former President, National Credit and Mortgage Agency, Guatemala

Faisal Basri, Commissioner of the Supervisory Commission for Business Competition of the Republic of Indonesia

Janet Love, Senior Manager of the Currency Protection and Services Department, South African Reserve Bank

Chair: **Anwarul K. Chowdhury**, Undersecretary General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States

11.15 a.m. COFFEE BREAK

11.30 a.m. *2nd Morning Panel*

International Initiatives to tackle offshore activities and money laundering

There are several international initiatives aiming to tackle various aspects of the offshore problem. The Organization for Economic Co-operation and Development (OECD), the European Union (EU) and the G7 have been leading efforts to tackle money laundering and offshore banking. While some experts view these initiatives as a step into the right direction, others criticize them for addressing the problem only from a Northern perspective. The panel will describe the different international proposals and discuss how the

United Nations might contribute to the multilateral discussion, given the fact that governments decided at the UN conference on Financing for Development (FFD) to negotiate and finalize a United Nations convention against corruption.

Speakers: **Ricardo M. Alba**, President, Agrica/Lex Corp., Panama
Jeffrey Owens, Head, Center for Tax Policy and Administration, OECD
Timothy Lemay, Global Program against Money Laundering,
 UN Office for Drug Control and Crime Prevention, Vienna

Chair: **Ian Kinniburgh**, Director, Development Policy Analysis Division, DESA
 United Nations

1.15 p.m. **Luncheon and Keynote Address**
The Evolution of Inequality in the Age of Globalization

Speaker: **James K. Galbraith**
 Professor of Public Affairs and Government, University of Texas at Austin,
 Chair of Economist Allied for Arms Reduction (ECAAR)

Chair: **Frank Schröder**, Friedrich Ebert Foundation, New York

3.00 p.m. *Afternoon Panel*

Tackling the problem of Financial Havens from a Southern perspective

Financial havens are part of a much wider problem that extends beyond the offshore activity of small island states to 'onshore' activity in developed countries such as Switzerland or Luxembourg. International proposals should therefore involve all developing countries into the international discussion and go beyond a crackdown on small state financial havens.

Most of the Tax Haven countries are themselves developing countries and depend heavily on government revenue and national income from OFC fees and services. The international proposals for dealing with OFCs should therefore include a poverty perspective and help small, poor and vulnerable economies to diversify from reliance on harmful tax practices.

This panel will discuss problems and solutions from a developing country perspective.

Speaker: **Pio Guerrero**, Senior Consultant of the Central Bank Governor, Philippines
Bruno Gurtner, Senior Economist, Swiss Coalition of Development
 Organizations
Pedro Paez, Economist, Central Bank of Ecuador

Chair: **June Yvonne Clarke**, Ambassador and Permanent Representative of Barbados
 to the UN

Tuesday, July 99.30 a.m. *1st Morning Panel***Corporate Responsibility and Codes of Conduct against Tax Evasion and Capital Flight**

Tax havens not only provide wealthy individuals with a way to escape their tax obligations. They also give corporations an opportunity to use international tax avoidance to gain an unfair competitive advantage over domestic competitors. This tax advantage is especially a problem for small and medium size enterprises. International banking activities are also tightly interlinked with the world of offshore finance. OFCs allow financial institutions to outflank the regulation of financial markets in their home countries. The panel will address the impact of the practices of large corporations and discuss the responsibilities of the private sector to contribute to the fight against tax evasion and money laundering.

Speaker: **Roy Jones**, Trade Union Advisory Committee, OECD**Mark Matthews**, Deutsche Bank Group New York**Sebnem Kavcar**, Vice President, Credit Lyonnais, New York**Mark Schapiro**, Center for Investigative ReportingChair: **Randall Dodd**, Director, Derivatives Study Center, Washington DC

11.00 a.m. COFFEE BREAK

11.15 a.m. *2nd Morning Panel***Looking Ahead –
New national initiatives and legislative measures after 9/11**

Recent events have enforced new initiatives and legislative measures to curtail the destructive impact of Money Laundering and Tax Havens. In the aftermath of the terrorist attacks of September 11 on the United States and the collapse of Enron new policy proposals were implemented on the national level. Policy makers of different countries will discuss in this panel the relative merits of the new initiatives and explore ideas for improving them.

Speaker: **Jack Blum**, former Special Council to the US Senate Foreign Relations Committee, Partner in Lobel, Novins & Lamont**Hesham Fathi Regab**, Department of Legislation, Ministry of Justice, Egypt**Jorge Chavez Presa**, MP, Secretary of the Financial Commission, National Congress of Mexico**Juri Tschekotschichin**, MP, Deputy Chair of the Security Committee of the Duma, RussiaChair: **John Langmore**, Director, ILO Office, New York

1.15 p.m. Luncheon

Closing Remarks**Jürgen Stetten**, Head, Globalization Project, Friedrich Ebert Foundation, Berlin

6

Appendix 2: Conference Participant List

Ricardo Alba	Pres. Of Agrica/Lex Corp., Inc., Panama; Member Editorial Board of Advisors, “Money Laundering Alert”, Miami
Edgar Balsells	Former President, National Credit and Mortgage Agency, Guatemala
Manfred Bardeleben	Director, New York Office, Friedrich Ebert Foundation
Faisal Basri	Commissioner of the Supervisory Commission for Business Competition of the Republic of Indonesia
Meritzell Regue Blasi	Delegation of the European Commission to the UN
Jack Blum	Former Special Council to the US Senate Foreign Relations Committee, Partner in Lobel, Novins & Lamont
Henk-Jan Brinkmann	Executive Office of the Secretary General, UN
Kai Burmeister	Intern, Friedrich Ebert Foundation, New York
H.E. Anwarul K. Chowdury	Undersecretary General, UN
H.E. Joseph Christmas	Ambassador Extraordinary and Plenipotentiary, Permanent Mission of Saint Kitts and Nevis
H.E. June Yvonne Clarke	Ambassador Extraordinary and Plenipotentiary, Mission of Barbados
Randall Dodd	Derivatives Study Center, Washington DC
Abdoul Fatah El-Gibali	Al Ahram Research Center, Cairo
Ashraf El-Rabley	Minister Extraordinary and Plenipotentiary, Permanent Mission of Egypt
Georges Faber	Consul General of Luxembourg
Hazem Fahmy	Counselor, Permanent Mission of Egypt
Seamus P. Finn	Missionary Oblates of Mary Immaculate
Claudia Fritsche	Ambassador Extraordinary and Plenipotentiary, Permanent Mission of Liechtenstein

James K. Galbraith	Professor of Public Affairs & Government, U. Texas Austin Chair of Economist Allied for Arms Reduction (ECAAR)
Pio Guerrero	Senior Consultant of the Central Bank Governor, Philippines
Bruno Gurtner	Senior Economist, Swiss Coalition of Development Organizations
Eva Hanfstaengl	CIDSE, Brussels
Barbara Hegedüs	Administration, Friedrich Ebert Foundation, New York Office
Etsuro Honda	Chief Representative & Deputy Consul General, Ministry of Finance, Government of Japan
Roy Jones	Trade Union Advisory Committee, OECD
Sebnem Kavcar	Vice President, Credit Lyonnais, New York
Ian Kinniburgh	Director, Development Policy Analysis Division, DESA, UN
Sarah Koch-Schulte	Program Officer, Friedrich Ebert Foundation, New York Office
John Langmore	Director, ILO New York Office
Timothy Lemay	Global Program against Money Laundering, UN Office for Drug Control and Crime Prevention, Vienna
Janet Love	Senior Manager of the Currency Protection and Services Department, South African Reserve Bank
Joerg-Werner Marquardt	First Counselor, Permanent Mission of Germany
Petr Martinek	Permanent Mission of the Czech Republic
Mark Matthews	Deutsche Bank Group New York
Ronald U. Mendoza	Policy Analyst, International Finance and Trade, UNDP, ODS
H.E. Daudi Ngelautwa Mwakawago	Ambassador Extraordinary and Plenipotentiary Permanent Mission of the United Republic of Tanzania
Annick Oestreicher	Permanent Mission of Luxembourg
Jeffrey Owens	Head, Center for Tax Policy and Administration, OECD
Pedro Paez	Economist, Central Bank of Ecuador

Nikolay Pashchenko	Consulate General of Russia, New York
Jorge Chavez Presa	MP, Secretary of the Financial Commission, National Congress of Mexico
Hesham Fathi Regab	Department of Legislation, Ministry of Justice, Egypt
H.E. Anthony Charles Rolle	Ambassador Extraordinary and Plenipotentiary Permanent Mission of Bahamas
Mark Schapiro	Center for Investigative Reporting, New York
Christian Schleithoff	Counselor, Permanent Mission of Germany
Frank Schroeder	Program Officer, Friedrich Ebert Foundation, NY Office
Linda Shongwe	First Secretary, Permanent Mission of the Republic of South Africa
Balkissa Sidikou	Quaker UN Office
Jürgen Stetten	Friedrich Ebert Foundation, Globalization Program, Berlin
Roma Stibravy	Representative of the International Chamber of Commerce (ICC)
Juri Tschekotschichin	MP, Deputy Chair of the Security Committee of the Duma, Russia
Lucy Webster	Economist Allied for Arms Reduction (ECAAR)
Sharifah Zarah	Minister Counselor, Permanent Mission of Malaysia



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