

Economic Transparency Request to the G20

The Task Force on Financial Integrity and Economic Development promotes greater transparency in the global financial system, as a key measure required to alleviate poverty and maximize growth in developing countries.

We may be at a rare moment when the interests of rich and poor countries are synonymous. At the heart of the current worldwide economic crisis is a lack of transparency in the global financial system. This is the end product of a half century of creating and expanding a shadow financial structure comprising tax havens, secrecy jurisdictions, disguised corporations, anonymous trust accounts, and fake foundations. Also included in this system are trade mispricing mechanisms, money laundering techniques, and gaps left in national laws that facilitate movement of the proceeds of bribery and theft, criminal activity, and commercial tax evasion across borders.

The consequences of this murky structure and the money it moves are now clear:

- In developed countries, credit collapsed in large part due to the difficulty of appraising the quality of assets held by financial institutions that operate partially or wholly within this opaque system.
- In developing countries, an estimated US\$1 trillion a year of illicitly generated money is shifted abroad through this system, constituting the most damaging economic condition hurting the poor, undermining poverty alleviation, delaying sustainable growth, and weakening democracy and the rule of law.

The Task Force on Financial Integrity and Economic Development urges the G20 to focus on substantially improving transparency in the global financial system. Thus far in communiqués, discussions, and commentaries, greater emphasis has been given to strengthening regulation within the existing structure. While regulatory improvements are clearly needed, we believe that such steps alone are incomplete. If “the era of bank secrecy is over,” then more effective progress toward this goal can be accomplished by significantly curtailing the shadow financial system.

Accordingly, we ask that the G20 give careful consideration to the following steps:

- **Beneficial Ownership** Agree that the beneficial ownership, control, and accounts of companies, trusts, and foundations must be readily available on public records, and set a date for achievement of this goal.
- **Automatic Exchange of Information** Agree that automatic exchange of tax information is the end toward which tax information exchange agreements should be directed, and set a date for achievement of this goal.
- **Trade Pricing** Agree that pricing of imports and exports of goods and services by all trading parties should conform to considerably strengthened transfer pricing guidelines, and set a date for achievement of this goal.
- **Country-by-Country Reporting** Agree that multinational corporations and financial institutions should report sales, profits, and taxes paid in all jurisdictions where they are established or active, and set a date for achievement of this goal.
- **Anti-Money Laundering** Agree that predicate offenses for money laundering charges should be harmonized at the most restrictive level and codified, and set a date for achievement of this goal.

These measures will accelerate the movement toward economic transparency in the global financial system, benefiting both developing and developed countries.

The Task Force on Financial Integrity and Economic Development

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The Task Force on Financial Integrity and Economic Development is a consortium of governments, NGOs and foundations. The Task Force is guided by a Coordinating Committee which consists of the following entities: Global Financial Integrity, Christian Aid, Global Witness, Tax Justice Network, Transparency International and the Secretariat of the Leading Group on Innovative Financing for Development with Government members from Algeria, Bangladesh, Belgium, Benin, Brazil, Burkina Faso, Cambodia, Cameroon, Cape Verde, Central African Republic, Chile, Congo, Cote d'Ivoire, Cyprus, Djibouti, Ethiopia, Finland, France, Gabon, Germany, Great Britain, Guatemala, Guinea, Haiti, India, Italy, Japan, Jordan, Lebanon, Liberia, Luxembourg, Madagascar, Mali, Mauritania, Mauritius, Mexico, Morocco, Mozambique, Namibia, Nicaragua, Niger, Nigeria, Poland, Sao Tome and Principe, Saudi Arabia, Senegal, Sierra Leone, South Africa, South Korea, Spain, Togo, and Uruguay. The Task Force's Partnership Panel comprising governments and foundations includes the Governments of Norway, Germany, Denmark, France, Spain, Chile, the Ministry of Foreign Affairs of the Netherlands, and the Ford Foundation.