

Speeches

Address Delivered by the Hon. Billie Miller, Deputy Prime Minister and Minister of Foreign Affairs and Foreign Trade at the Official Opening of Victoria Bank

March 28th 2001

Mr. Chairman,
President and officers of Victoria Bank,
Distinguished guests,
Ladies and gentlemen.

It is with the greatest pleasure that I accept this opportunity to participate in the official opening of the Victoria Bank. This bank is the fifty-second Offshore Bank to be licenced to conduct business from Barbados. A rather modest number you may think, but it is government policy to adhere to the highest regulatory and supervisory standards for our financial institutions and to ensure that stringent acceptance procedures are followed.

This we believe to be not only in the best interest of Barbados, but also in the best interest of the financial institutions that choose to locate here. I am very pleased that the principals of Victoria Bank repose such confidence in our island that they should establish their operations here.

Barbados has always sought to adhere to international standards. However, within the current environment where the OECD would seek to "name and shame" us, it does cause one to pause and reflect.

I think it fitting that I take the opportunity to re-state the Barbados position on this matter. The confusion, that some think to be deliberate, which has been caused by the mixing of money laundering and harmful tax competition, has been rather troubling; especially when it arises not only in international circles and media but here at home as well.

These are two separate issues and two separate initiatives. Barbados' problems with the OECD do not lie in accusations of money laundering or substandard regulatory practices. Barbados has introduced anti-money laundering legislation and has established a fully functioning Financial Intelligence Unit.

And here I must commend the United Nations Drug Control and Crime Prevention Agency for assisting Barbados in this regard. Theirs is a rather more constructive approach, facilitating the implementation of international standards than those adopted by other organizations.

Indeed I should point out once again that Barbados has never appeared on any list of countries with questionable anti-money laundering legislation.

With the establishment of the Anti-Money Laundering Authority and the Financial Intelligence Unit, it is mandatory for all financial institutions to disclose information to the Authority. It is therefore expected that all financial institutions will exercise due diligence in monitoring business transactions and should therefore establish proper systems for keeping records.

Having defined ourselves as a reputable financial center, Barbados will continue to give support to the international community in its fight against money laundering. We are very jealous of our clean jurisdiction.

From the perspective of foreign affairs the actions of the OECD are most disconcerting. If the OECD succeeds it would have eroded certain principles and practices, and indeed rights normally attributed to states, within the context of international relations. These include:

- * The right of equality in law
- * The right to independence
- * The right to be respected as a sovereign nation

It is true that we are living in a constantly changing global environment. But let us not forget that globalisation is not new and that it has never meant the absolute surrender of sovereign rights.

We are all very well aware of the impact that telecommunications and information technology has had on financial and business transactions. Within the new global environment new rules must be established but these rules cannot make sense to the rest of the world if they are fashioned in the image of a group of countries, such as the OECD.

Rule making must as far as possible take into account diversity within the global economy. Barbados accepts that it must compete in order to survive. The Barbados government also believes that to offer its people anything less than prosperity would be failing in its mission and would be a sacrifice of its dreams and ambitions.

We have seen the evolution of the trade in services agenda that will make open markets in services inevitable. Long before the advent of the Uruguay Round, Barbados made itself competitive by providing an environment that is conducive to the financial services industry.

This is why the OECD threat looms large before us. It is a threat that seeks to exclude Barbados, not because it is a rogue nation, but because it is small.

It is a threat that targets all of our service industries, not only financial services. There is every indication that in time this initiative will be extended to other service sectors. These are the very sectors upon which we have pegged our thrust for our country in these early years of the twenty-first century.

If the OECD is allowed to engage in international rule making without the participation of countries such as Barbados we will be setting a new trend in international affairs that I fear will be difficult, if not impossible to reverse. The concepts of reciprocity and competition do not allow for non-participation of some and not others.

In all of this however I am pleased to report that Canada has taken a very common sense approach to the issue. It cannot sit well with any civilized nation that fundamental sovereign rights afforded countries under international law should be treated with so lightly. Canada respects these principles. Over the years the Ministry of Foreign Affairs and Foreign Trade has played quite an important role in facilitating international business through the negotiation of instruments such as Bi-lateral Investment Treaties and Double Taxation Agreements.

Like many of the international companies operating from Barbados, Victoria Bank is Canadian in origin. Barbados' infrastructure together with favourable Canadian tax legislation and the Canada: Barbados Double Taxation Agreement has created an attractive environment for Canadian companies.

It is our intention to maintain that attractive environment and I can assure you that the Barbados Government will work hard to ensure that we balance our concerns with the OECD against our economic prospects and your ability to do business in Barbados.

As you know we are engaged in negotiating a Protocol to the Double Taxation Agreement and I am

at liberty to say that those negotiations are going well. We hope that we can resolve this matter before the end of this year.

I should also take the opportunity to mention to you issues, which might be of more immediate concern to you. The government is in the process of introducing a new International Banking Act that aims at strengthening its supervisory and regulatory provisions.

While we are well advanced in terms of reviewing the draft legislation, we would still welcome any additional comments that you might have.

This is another aspect of conducting business in Barbados, which I would encourage you to embrace – that is the willingness of this government to interact with the business community. Indeed we have successfully created a tri-partite arrangement where the Government, the business community and labour meet frequently to exchange views - it is popularly known as the Social Partnership. With respect to the International Business sector in particular the Advisory Committee on International Business acts as an advisor to Government.

It is with this vision of continued cooperation between the government and the business community, the financial services sector and Victoria Bank that I am pleased and honoured to declare The Victoria Bank open.

I thank you.