

For a just transition for all

Change is coming to tax havens in 2009. The financial sector will be more regulated. The question is no longer if, but when. The momentum for change has been created by a global banking crisis the like of which has never been seen before. Tax havens and the people who benefit from them – banks and financial speculators - were at the centre of that crisis.

As Gordon Brown said to the US Congress last week, “how much safer would everybody's savings be if the whole world finally came together to outlaw shadow banking systems and outlaw offshore tax havens?”

We're here to say three things about the coming changes. The first is that greater regulation will mean more transparency, improved coordination, and more international cooperation. We recognise that this could have consequences for economies like Jersey's – it could reduce the size of their financial sectors. Jersey needs to be prepared.

The second is that this should not just be about Jersey, or a handful of states on a blacklist. It should be about a systemic change. Bilateral agreements, such as those Jersey has just signed with the UK and France, are not enough. We need a global agreement that treats all countries and territories equally, and establishes a minimum standard for international tax cooperation.

Many of us here today represent development organisations. We believe that this global agreement must be one that finally allows developing countries to get hold of the information they need from other jurisdictions, so they can stop the tax evasion that costs them hundreds of billions of dollars each year, money which could be spent on schools, hospitals and poverty relief.

The third thing we want to say is to encourage Jersey to recognise the changed position and begin to engage with the transition to a new, changed economy that it requires. We're willing to help you with that. We want to engage with authorities in Jersey and elsewhere to discuss how the inevitable transition to a new economic structure might take place.

The big challenge for tax havens is whether they embrace the opportunities that change will create, and use them in a way that benefits all their populations, or whether they resist it, to the detriment of everybody.

If this process of change is managed for everyone, that means the transition will be more than just a transition from one level of regulation to another: it will be a transformative change to the structure of Jersey's economy.