



Her Majesty The Queen
Buckingham Palace
London SW1A 1AA

5th November 2013

Madam,

I write as director of the global Tax Justice Network and as former Economic Adviser to the States of Jersey.

On 7th November the Tax Justice Network will publish the 2013 Financial Secrecy Index, a world ranking of jurisdictions offering financial secrecy. The index will show that Britain, taken together with its Overseas Territories and Crown Dependencies, is by far the most important part of the global offshore system of tax havens or secrecy jurisdictions.

At the G8 meeting in Loch Erne this June your Prime Minister undertook to tackle the global problem of offshore financial secrecy and signed up to a pact that *"has the potential to rewrite the rules on tax and transparency for the benefit of countries right across the world, including the poorest"*. By September he was claiming success in persuading the Overseas Territories and Crown Dependencies to commit to better standards on financial transparency.

But our findings show that these jurisdictions still fall woefully short of acceptable standards of transparency, having made only modest reforms since 2009, when the G20 led by your government committed itself *"to take action against non-cooperative jurisdictions, including tax havens."*

For example, none of the Overseas Territories or Crown Dependencies operate a properly transparent public register of offshore companies, trusts and foundations. None obtain and

reply to:

JOHN CHRISTENSEN

DIRECTOR, TAX JUSTICE NETWORK LIMITED, COMPANY NUMBER 05327824
38 STANLEY AVENUE, CHESHAM, BUCKS HP5 2JG

Telephone +44 (0) 79 79 868 302 Skype jchristensen3153

Email john@taxjustice.net website www.taxjustice.net

maintain information on beneficial ownership and make this information publicly available. Not one requires that all company financial accounts are made publicly available.

We are not alone in feeling that the secrecy facilities provided by these jurisdictions stains the good name of Britain in the international arena. The victims of this secrecy include, among others, two billion Commonwealth citizens.

A recent study of 33 African countries found that they lost over US\$ 1 trillion (£650 billion) in capital flight since the 1970s, of which \$640 billion came from 16 Commonwealth countries. These losses dwarf the external debts of 'just' \$190 billion for the 33 countries, meaning that Africa is a major net creditor to the world, contrary to what is widely believed. But the assets are in the hands of a relatively few wealthy Africans, protected by offshore secrecy, while the debts are shouldered by entire African populations. Worldwide, up to US\$32 trillion is estimated to be sitting offshore in conditions of secrecy.

In 2008 you asked why economists had failed to foresee the financial crisis that was then engulfing the globe. Many good explanations have been offered, but few economists have addressed the profound structural faultlines created by tax havens or secrecy jurisdictions. Financial secrecy and endemic tax evasion contributed to the crisis and continue to threaten the integrity of the global economy, to undermine public finances, to undermine respect for the rule of law, and to widen inequality across the world. I enclose a copy of Nicholas Shaxson's book *Treasure Islands*, which exposes the issues that so many economists have ignored.

I urge you, as Head of State of all these territories, to exert all possible influence to address one of the most harmful faultlines in the global economy. While constitutional propriety militates against direct public intervention in the politics of the United Kingdom, longstanding convention preserves your right to advise, encourage, and warn your Prime Ministers.

I sincerely hope that the next set of Financial Secrecy Index results, which we will publish in November 2015, show that genuine progress has been made.

With best wishes

John Christensen

cc Prime Minister David Cameron

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