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PRESS STATEMENT
(FOR IMMEDIATE RELEASE)

Contact: Roger Joseph

After several meetings held in St. Lucia with representatives of the OECD from the year 2001, St. Lucia is pleased to announce that it will participate in the OECD's initiative on harmful tax practices.

The Government of St. Lucia is cognizant of the OECD position on harmful tax competition, in particular its concerns with respect to the key principles of transparency and effective exchange of information.

The Government of St. Lucia has already adopted a strong regulatory structure for the financial services sector. This includes licensing and regulation of service providers, approved Know Your Customer standards, anti money laundering legislation and cooperation with international bodies such as the International Monetary Fund (IMF) and the Financial Action Task Force (FATF). St. Lucia has also a tax information exchange agreement with the United States and stands ready to enter into similar agreements with other countries including OECD Members.

In discussions with the OECD held in February 2002 it became apparent that St. Lucia largely satisfies the elements sought by this OECD project. Its commitment will further strengthen St. Lucia's position as an emerging, well-regulated, financial centre.

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St. Lucia is publishing the attached annex and thereby re-affirms its existing commitment to the principles of transparency and effective exchange of information in tax matters and outlines how it will continue to implement that commitment.

Thursday, February 28, 2002**- ends -**

St. Lucia – Annex -

The Government of St. Lucia commits to the principles of Transparency and Effective Exchange of Information and will make the following phased changes to its laws and administrative practices to the extent such laws or practices are not currently in place. Details of these measures and a specific timetable will be developed together with the OECD.

1. Effective Exchange of Information

- The Government of St. Lucia will exchange all relevant information in civil and criminal tax matters when requested to do so by other tax authorities under tax information exchange agreements.
- The Government of St. Lucia will establish legal mechanisms that allow tax information to be exchanged on a reciprocal basis with other tax authorities upon request. To facilitate this end, the Government of St. Lucia is prepared to enter into tax information exchange agreements that require the timely and effective exchange of information for criminal tax matters by 31 December 2003 and for civil tax matters by 31 December 2005.
- This information will be provided without regard to whether or not there is a tax interest of St. Lucia in the case or in obtaining the information. The incidence of costs in providing such assistance shall be agreed in the context of the exchange of information agreements entered into by St. Lucia in satisfaction of its commitments. Flexibility is expected in determining the incidence of costs to take into account factors such as the likely flow of information requests between the two parties to the agreement, whether both parties have income tax administrations, the capacity of each party to obtain and provide information, and the volume of information involved.
- In the case of information required for the investigation and prosecution of criminal tax cases, the information will be provided without the requirement that the conduct being investigated would constitute a crime under the laws of St. Lucia if it occurred in St. Lucia.

2. Transparency

- St. Lucia will enact any further legislation necessary so as to ensure that information on beneficial ownership of companies, partnerships and other

entities, of managers and beneficiaries of collective investment funds, and of those setting up and benefiting from trusts, is available to its authorities. This will include companies and other entities operating from St. Lucia provided that the information is present within the territory, or in the possession or control of a person subject to the jurisdiction of St. Lucia. Beneficial ownership information will be subject to exchange under the tax information exchange agreements referred to in paragraph 1 above.

- St. Lucia agrees that its Commissioner of Inland Revenue or other regulatory authorities will have access to bank information of persons liable to tax in OECD countries to the extent necessary to perform obligations under a tax information exchange agreement concluded pursuant to paragraph 1.
- The Government of St. Lucia will require all companies, collective investment funds, managers, etc. carrying on business in St. Lucia, to maintain up-to-date accounts which must be independently audited by firms acceptable to the regulatory authorities or filed with the relevant tax or regulatory authorities (subject to possible exceptions, including a de minimis exception, to be developed together with the OECD, and enacted in St. Lucia by the appropriate authority). St. Lucia agrees that such information will be subject to exchange under the tax information exchange agreements referred to in paragraph 1.

3. Other

- Furthermore, the Government of St. Lucia will ensure that:
 - No new regime or practice is introduced that fails to comply with the principles of transparency and effective exchange of information.
 - No existing regime or practice is modified in such a way that after the modification it would not comply with the principles of transparency and effective exchange of information.
 - The existing practices regarding transparency and effective exchange of information are not reduced or curtailed.