Session Title: Overcoming the Shadow Economy  
Date & Time: Friday, 2 December 2016  
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Moderated by: Giannina Segnini  
Experts:  
Giannina Segnini, Graduate School of Journalism, Columbia University  
May Miller-Dawkins, Director, Governance and Transparency, The B Team  
Frederik Obermaier, Süddeutsche Zeitung  
Mark Pieth, University of Basel / Basel Institute on Governance  
Nick Shaxson, Tax Justice Network  

What were the aims of the session and corruption risks?  

The session aimed to identify and address the risks posed by offshore financial centres. The ‘Panama Papers’ and other offshore leaks have shown the numerous ways how money originating from crime is laundered through offshore financial centres and how individuals and corporations evade taxes. Offshore financial centres are used to establish slush funds and to channel bribe payments to recipients whose identity remains unknown. The risks posed by offshore financial centres and intransparency are considerable. While there may be legitimate uses for offshore companies, they will frequently serve an illicit purpose.
Summary of panellists’ contributions & discussion points

**Mark Pieth**

- Panama is only the starting point – the shadow economy is a global issue.
- While the crimes happen elsewhere, the illicit funds may be channelled through companies set up by Panamanian law firms.
- Concerted action is needed worldwide – the US is part of the problem.
- The beneficial owners of companies and of accounts must be known.
- Lawyers need to be adequately supervised.
- Publicly accessible company registers are needed.
- The challenge with the report of the remaining Panama Committee is to get things done.
- Blacklisting is an option in cases of persistent refusal.
- Is the bilateral automatic exchange of information effective?

**Frederik Obermaier**

- If company registers are only available for the authorities, they are useless because the authorities have too much work to do.
- Offshore leaks have shown that cases take a long time to get to court.
- Media can pick things up much faster.
- Would a public registry put people in danger? If you drive e.g. through Panama City, you already see who is rich.
- It is already good to know the beneficial owners. Financial information is not compulsory.
- Public registers should not bee too expensive to use, as this is also a type of access restriction.

**Nick Shaxson**

- Tax havens are a geopolitical phenomenon since the 1970ies.
- They are a product of competition and of a race to the bottom.
- Tackling this phenomenon is an attack on neoliberalism. There is a large field of allies that are yet unconnected.
- If countries stop competing in this way, it will be beneficial for
them.

• In order to overcome tax competition, we must appeal to the selfish national self-interest.
• Capital is mobile, workers are not. Income is taken from below and passed up.
• The solution is to kill the competitiveness agenda – the ideology engine of much of the neoliberal project.

May Miller-Dawkins

• Ending anonymous companies.
• The allies in this work are expanding.
• Better markets on e.g. public procurement.
• Reducing impunity for corruption.
• Manage a range of risks (e.g. fraud).
• Domestic support is important.
• Disclosure of beneficial ownership information.

Main outcomes of session (include the highlights and interesting questions from the floor)

Issues of tax evasion and of organised crime and money laundering merge in the discussion about offshore financial centres.

It is necessary to persuade countries that it is in their own selfish self-interest to put an end to any cheating on taxes.

Are there legitimate reasons for intransparency, e.g. if a country imposes punitive taxes on its citizens? A person’s wealth is usually visible from the lifestyle.

Key recommendations and concrete follow-up actions

Secrecy havens are a global issue. The beneficial owners behind companies and accounts must be identified and known. There need to be publicly accessible company registers. It is not sufficient if they are only open to the authorities, as court cases are very complex and time-consuming to run. No fees for using the registers may be charged that
would again restrict access.

Regarding the legal industry, it is important to implement the global standard: if lawyers perform the services of financial intermediaries, fiduciaries or company incorporators outside the traditional field of legal work, they cannot benefit from legal privilege.

Regarding tax, it is important to overcome the competitiveness agenda. Countries need to understand that it is in their own selfish self-interest to put an end to any cheating on taxes.

What can be done to create opportunities for scaling up the solutions discussed in the session? And by whom?

The call for publicly accessible company registers needs to be taken forward in relevant political fora.

Key Insights for the future of the anti-corruption agenda

Offshore leaks are an important source of information in the fight against corruption, money laundering, and tax evasion.

Rapporteur’s name and date submitted
Kathrin Betz, 17 December 2016

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