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**2015 Information Event for Ambassadors**

**Speech by Prime Minister Adrian Hasler  
"The Art of Governing a State"**

**Monday, 29 June 2015**

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Check against delivery!

Your Serene Highnesses  
Excellencies  
Ladies and Gentlemen  
Dear Guests

I would like to welcome you very warmly to the Ambassador Information Day here in Vaduz and thank you all for coming. I am very pleased that you have accepted our invitation to visit us in Liechtenstein.

The event today is an expression of the many different ties between Liechtenstein and its partner countries. These ties have proven their worth in many ways. Especially in these times of rapid change, we should be conscious of what has worked well.

Ladies and Gentlemen

As Winston Churchill said, "The price of greatness is responsibility." Applied to Liechtenstein, however, this doesn't mean that the price of being small is a lack of responsibility. On the contrary: especially as a small state, we are very well aware of our responsibility toward our citizens and also our partner countries.

Liechtenstein maintains a very vibrant partnership with its neighbouring and partner countries. For more than 90 years, for example, Switzerland and Liechtenstein have enjoyed especially close ties thanks to the Customs Treaty. But this Customs Treaty of 1923 has, over time, been adjusted again and again in the spirit of partnership between our two countries, most recently when Liechtenstein joined the EEA 20 years ago. Alongside its international legal effect, the Customs Treaty also has symbolic importance for the special relationships between Liechtenstein and Switzerland. It created the foundation for harmonization in the legal, economic, and social fields far beyond its scope of application.

This example shows that bilateral relationships continue to develop in line with the surrounding circumstances. New challenges continue to arise for us and our partners. It is a major concern for us to find solutions in the light of the special ties between our countries.

In addition to the Customs Treaty, the Currency Treaty is another important pillar of our historically evolved ties with our neighbour Switzerland. This partnership between our countries is certainly a location factor for Liechtenstein. But these ties also have consequences. The SNB decision on January 15th to abolish the minimum exchange rate between the Swiss franc and the euro gives rise to special challenges for our economy as well. Both the financial centre and the industrial and business location are affected significantly by this decision. The measures taken by companies range from cutting costs to increasing working hours, hiring freezes, wage freezes, and even wage cuts and payment of wages in euros. Small and medium-sized enterprises are being hit especially hard by the SNB decision. These SMEs are exposed to competition from the Eurozone and have all of a sudden lost their profit margins. Costs, however, are incurred in Swiss francs and can hardly be relocated abroad.

Ladies and Gentlemen

In light of current events, let's take a look at our relations with the European Union.

On May 1st, 2015, Liechtenstein celebrated 20 years of membership in the European Economic Area, the EEA. In popular votes in 1992 and 1994, about 56 % of Liechtenstein voters took a leap of faith and approved the country's accession to the EEA. On the occasion of the 20th anniversary of membership, the Government conducted a representative opinion survey of Liechtenstein voters. I was positively surprised by the results. An overwhelming majority of voters, namely 85 %, had a positive image of the EEA. About three quarters considered the EEA to be a success model. EEA membership, along with membership in the United Nations, has made a crucial contribution to the recognition of Liechtenstein's sovereignty in Europe and around the world. For a small state like Liechtenstein, this strengthening of independence is especially important.

Liechtenstein has consistently advanced the transformation of the financial centre into the 21st century. The Liechtenstein financial centre is an internationally recognized and reliable partner. As an example, I would like to mention implementation of the automatic exchange of information. Liechtenstein has followed this development very closely. The Government Declaration of November 2013 is an expression of this. And we want to continue to be actively involved in the discussions concerning uniform and effective application as well as review and further development of these global standards. We do this because we are convinced that we must accompany the development as directly as possible, in order to create the highest possible degree of legal and planning security for Liechtenstein companies and their clients.

That this development also entails setbacks is something we saw again the week before last, when the European Commission announced a list of so-called non-cooperative tax jurisdictions. In our view, this list of so-called non-cooperative tax jurisdictions published by the EU was compiled in an arbitrary manner and does not in any way take account of our commitment to the international standards of tax cooperation.

For the EU to call Liechtenstein a non-cooperative jurisdiction is unacceptable to us. I would therefore like to state unequivocally that we decisively reject the accusation of any lack of tax cooperation with the EU. I would like to cite our commitment to existing international standards, the very advanced status of negotiations with the EU on implementation of the automatic exchange of information, and the dialogue on issues relating to corporate taxation. Taking into account this existing close cooperation with the EU on tax matters, we consider the European Commission's designation of Liechtenstein as one of the jurisdictions that does not cooperate with the EU on tax avoidance to be completely unjustified.

We informed the ambassadors of all EU members of our position and asked for support. Not least of all thanks to your support, the European Commission issued a statement only two days later. In it, the Commission states that cooperation with Liechtenstein is very close, and it expressly recognizes Liechtenstein's role in tax transparency and the exchange of information for tax purposes. With this statement, the EU has downgraded the importance of the published list and has itself noted the weaknesses of this approach.

The damage to Liechtenstein's reputation has already been done, however. I would like to emphasize that we nevertheless are committed to our tax compliance strategy and will rigorously continue to pursue this path. As a sign of responsibility and partnership, however, I expect the

list published by the EU to be removed from the Internet. To all those countries that continue to include Liechtenstein on their lists for whatever reason, I appeal to you to engage in dialogue with us so that we can find a rapid solution for removing Liechtenstein from the national lists.

At the beginning of my remarks, I quoted Winston Churchill's words: "The price of greatness is responsibility." This responsibility must be borne by all.

Ladies and Gentlemen

On behalf of the entire Government of Liechtenstein, I would like to thank all of you warmly for this close cooperation between your countries and Liechtenstein. I wish you interesting and stimulating discussions.