



REGIERUNG  
DES FÜRSTENTUMS LIECHTENSTEIN

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**Ambassador Information Day**  
**Speech by Prime Minister Adrian Hasler**

**Monday, 16 June 2014**  
**Neutrik AG Schaan**

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***Only those who appreciate where they come from are able to stay truly connected with the world.***

Globalization has dissolved many borders and created prosperity. But we should still never forget our own values. Only then will these new connections continue to be sustainable and mutually enriching.

Fellow Ministers,  
Your Serene Highnesses, Excellencies, dear Guests,

I would like to warmly welcome all of you to this Ambassador Information Day, and I am very pleased that so many of you have accepted our invitation again this year. For once, we are not in a simple auditorium or a venerable old hall, but instead we are the guests of a successful Liechtenstein company. Maybe the tour of the company site has given you an idea of the secret of this company's success – and of why the products made here are exported throughout the world.

Interfaces and connectors are a crucial element in the functioning of the whole device – not only in entertainment electronics and industry. Also in the global financial industry, interfaces are becoming increasingly important as they become more numerous. Especially for a financial centre of Liechtenstein's size, these cross-border interfaces are a challenge – but also an opportunity.

Ladies and Gentlemen,

The challenges facing a small State and its financial centre are multifaceted. We are currently dealing with the topics of regulation and reputation. I would like to illuminate both challenges briefly from the perspective of policy, but I would also like to draw attention to the opportunities afforded by these challenges.

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The most important interface for the Liechtenstein financial centre is Europe. Thanks to Liechtenstein's EEA membership, the country's financial market participants enjoy the same framework conditions as EU countries. Rapid and market-appropriate implementation of the numerous EU directives promotes the competitiveness and attractiveness of the financial centre. But this can happen only if all EU countries implement the new requirements consistently and in the same way.

Beyond this, Liechtenstein implements the internationally recognized standards that govern supervision and the fight against money laundering and terrorist financing – another interface, so to speak. The country is represented in the relevant international organizations and bodies.

Moreover, Liechtenstein offers a stable legal and social order in the heart of Europe. The solid budgetary policy of the public administrations as well as transparent and reliable tax and legal frameworks also contribute to the attractiveness of the business location. Liechtenstein's AAA rating awarded by Standard & Poor's underscores this reliability.

In 2014, Liechtenstein has a specialized and stable financial centre with strong international

links. After industry and manufacturing, financial services are the second largest sector of Liechtenstein's national economy. Banks are the most significant component. They work mainly in private wealth management and currently manage client assets in the amount of approximately 120 billion Swiss francs in Liechtenstein. Liechtenstein is also an attractive location for insurance undertakings, asset managers, professional trustees, and the fund industry. About 5,000 people work in the financial sector. This amounts to a share of about 14% of the people employed in our country.

Financial service providers are facing an increasing number of new rules and requirements for their business with foreign clients. The maxim of "comply or die" applies to all cross-border financial service providers in Europe. But one difference between Liechtenstein and Frankfurt, Luxembourg, or London is the absolute size of our financial centre and our very small home market.

Liechtenstein is a niche player specializing in wealth management. It depends on the trust of its largely foreign clients. This is sustainable only if legal certainty is guaranteed. But this legal certainty is regularly being put to the test by new rules and regulations. The development over the past years has shown that we have largely passed this test. The volume of assets under management is growing slowly but steadily. This is due not only to the professionalism and innovation of the services, but also to the reliable framework conditions. And these framework conditions are the responsibility of policy.

In recent years, the standards for the international financial markets have advanced rapidly. The development process is not yet over, and the associated changes are continuing at full speed. This dynamic of the regulatory framework conditions leads to uncertainty among both clients and service providers of the international financial centres. Especially clients have a justified interest in legal and planning certainty. And business locations themselves require clarity and legal certainty in order to be competitive. The reputation of a business location – and of an entire country – plays a very important role in this regard. That reputation is determined largely by how a country is able to structure its framework conditions and business models according to the current international standards, and how it is able to help shape those standards.

An important new framework condition of the Liechtenstein financial centre is tax compliance. With the Government declaration published in November 2013, Liechtenstein has renewed and confirmed its commitment to the current OECD standards on tax cooperation.

Creating legal and planning certainty is one of the core responsibilities of every politician. In times like these, security and stability are an extremely important good for everyone. They can be preserved and strengthened only by carefully thinking and acting in advance. This has always been and continues to be one of the key strengths of Liechtenstein and one of our most important guiding principles: actively incorporating developments, finding balanced and forward-looking solutions, and implementing them as part of a broadly based consensus.

The Government declaration mentioned above is a good example of this. By including all the important public authorities and business associations, we were able to jointly develop the positioning of our financial centre. This inclusive approach was the key to success.

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From today's perspective, it is clear that automatic information exchange in tax matters will be the international standard of the future. Especially the OECD, the G20, and the EU are working toward this goal. We have decided to actively participate in the development of these future

standards for financial service providers. For this reason, we have offered to contribute actively to the discussion on the best possible implementation at the level of the OECD and the Global Forum. We are not doing this as an end in itself. What matters to us is an efficient and practicable approach to the development and application of a uniform international standard. It must be built on clear rules, predictability, and equal treatment.

Liechtenstein is consistently pursuing the strategy of tax compliance it has been putting into practice for a long time now. The results are impressive. The international bodies now perceive us as a reliable, stable, and trustworthy partner. The reputation of the financial centre has changed for the better. That reputation is now stronger and firmly rooted. Change has become an opportunity for us.

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There are different paths into the future. Liechtenstein is following its own path. We have decided in favour of active and rapid positioning, taking account of the new standards in the field of tax cooperation. This path gives us the necessary freedom to act, as well as the time we need to adjust to the changes in the international and commercial environment and to position ourselves competitively.

The past months have shown that we are on the right path. Liechtenstein has done its homework, and we are now perceived as a reliable partner.

Thank you for your attention.