Speaking notes for Secretary General Markus Biedermann

- On behalf of the Prime Minister and Minister of Finance in Liechtenstein

EFTA-ECOFIN Meeting 8 November 2019
SUSTAINABLE FINANCE

Mr. Chairman, Dear Colleagues,

Let me add a few remarks from a Liechtenstein perspective, beginning with a few general points on Liechtenstein's economy.

Liechtenstein benefits from a well-diversified economy, whose foundation rests upon stable and credible macroeconomic policies. Liechtenstein's triple A rating has again been confirmed this year by Standard & Poor's. Liechtenstein has no public debt and maintains financial reserves that exceed 25% of GDP. The unemployment rate was 1.5% in September 2019. The unemployment rate of persons under the age of 25 stands slightly higher at 1.7%.

Due to its small domestic market, Liechtenstein's economy is heavily reliant on exports. Around 60% of all direct exports of goods are destined to countries participating in the European Economic Area. Despite a slowdown in exports in the fourth quarter, the Liechtenstein economy continued its upswing last year. Also for 2019, several indicators signal a currently positive development.

Liechtenstein's economy relies predominantly on the industrial and banking sectors:

The industrial sector accounts for over 40% of GDP and contributes about 37% of the jobs. These are, in comparison with other European countries, extraordinarily high percentages. The sector is made up of a few relatively large industrial companies that are leaders in global niche markets and a number of small- and medium-sized companies.

The banking sector is experiencing a very demanding economic environment with low interest rates and high regulatory pressure. Nevertheless, our banks managed to generate net new money inflows last year while income remained stable.

Before turning to today's topic sustainable finance, let me briefly address the issue of international tax cooperation. As is well known – especially in this room – Liechtenstein is fully committed to the international standards of transparency and exchange of information in tax matters. In March 2019, the OECD Global Forum concluded that Liechtenstein remains rated overall "Largely Compliant" with the international standard of exchange of information on request – receiving the same grade as for example Austria and Germany. Let me also recall that the ECOFIN Council confirmed that Liechtenstein's corporate tax law is compliant with the EU's criteria, removing it from the so-called grey list in October 2018.

In this context, a number of EU Member States have in recent years abolished outdated tax obstacles against Liechtenstein economic operators. The European Commission has played a very helpful facilitating role in this regard. We would like to thank the Member States who have taken action, thereby honoring their obligations under the Agreement on the European Economic Area. And I would like to encourage those few that still have such obstacles in place to continue to work with us and the Commission toward a mutually acceptable solution.

I will now turn to the topic Sustainable Finance. Our flagship in this regard is the "Liechtenstein Initiative". An estimated 40.3 million people live in modern slavery, despite a global ban on such practices. To bring this figure close to zero by 2030 – to meet Target 8.7 of the UN Sustainable Development Goals– we would need to reduce that number by around 10,000 per day. This is where the financial sector comes into play. It is a lever that can move the entire global economy. It can invest in and foster business practices that help end modern slavery and human trafficking.

The Liechtenstein Initiative is a public-private partnership between the

Governments of Liechtenstein, Australia and the Netherlands, the United Nations University, and Liechtenstein private sector institutions and foundations.

In the first phase, launched in September 2018, a Financial Sector Commission was established. Its 25 members include survivors of human trafficking and child slavery, business leaders, regulators, UN experts and activists. In less than a year, the Commission examined what role the financial sector should play, looking at various areas: compliance and regulatory regimes, responsible lending and investment, remedy, financial inclusion, financial technology and international cooperation.

The result was presented at the UN High-level Week in New York this September: A Blueprint for Mobilizing Finance Against Slavery and Trafficking. The document sets out five goals towards which financial sector actors can work through individual and collective action. We have some copies of the Blueprint available in the room, and I also invite you to explore the Initiative's website fastinitiative.org. I hope that you all will participate in the implementation of the Blueprint.

Finally, I would like to highlight the activities of Liechtenstein's private sector in the area of sustainable finance:

The Liechtenstein Bankers Association is currently conducting a comprehensive sustainability review with all member banks across all business divisions and all corporate levels. The goal is to identify potential opportunities and risks in order to define a targeted action plan.

The Liechtenstein Bankers Association represents Liechtenstein in the international network 'Financial Centres for Sustainability' – or short FC4S. The FC4S network is structured as a partnership between financial centres and the United Nations Environment Programme. The objective of the network is to exchange experience and take common action on shared priorities to accelerate the expansion of green and sustainable finance.

Thank you.