

## **Statement by**

**His Serene Highness Hereditary Prince Alois of Liechtenstein**

**on the occasion of the press conference of 19 February 2008**

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### **Liechtenstein calls for respect as a sovereign State**

In connection with the investigations by the German tax authorities, critical reports have been published concerning the Principality of Liechtenstein and the LGT Bank. Upon evaluating the information from Germany as well as our own research, I would like to state the following:

We decisively reject the methods used by the German government and its authorities. If the media reports are correct, then the German Minister of Finance and other public officials have paid several million euros to a convicted criminal in return for stolen data. As Deputy Prime Minister Dr. Klaus Tschüscher will explain in his function as Minister of Justice, such methods would be legally completely unthinkable in Liechtenstein. In Liechtenstein, fiscal interests cannot trump the rule of law.

Liechtenstein builds its philosophy of State on the trust it places in its citizens. The Liechtenstein Constitution places great value on the protection of privacy. One aspect of this is bank secrecy. In principle, we assume that our citizens comply with the laws in force. This trust in our citizens has not proven to be misplaced in the past. In principle, we also place this trust in our foreign clients.

At the same time, we in Liechtenstein have taken numerous measures in recent years to keep the Liechtenstein financial center clean and to implement the corresponding international standards.

- We have strengthened the police, the Office of the Public Prosecutor, and the courts by appointing internationally respected specialists
- We have created an integrated Financial Market Authority
- Before Germany, we introduced a Financial Intelligence Unit, which even served as the patron of the German Financial Intelligence Unit upon its introduction
- As a member of the European Economic Area, we have adopted the European regulatory standards
- Since 2007, we grant mutual legal assistance in the case of VAT fraud
- Our negotiations on signature of the EU Anti-Fraud Agreement have been very constructive so far.

We cannot and will not build up an overregulated system of control, however. Spying on citizens is unthinkable in Liechtenstein, and certainly not across national borders. Let me quote the spokesman of the German Ministry of Finance: “The problem is not primarily the possibilities in Liechtenstein; the problem is the criminal energy of German tax evaders.” We share this analysis.

We are also disappointed that the German government is apparently launching an excessive media campaign against Liechtenstein precisely at the time when we are in the last phase of negotiations on the Anti-Fraud Agreement. Obviously, the German government has still not understood how to deal with countries that have direct democracy. Even a good negotiation result will now be much more difficult to implement in Liechtenstein.

In connection with the methods described in the media, we ask ourselves the following questions:

1. May a friendly State violate the laws of another friendly State and probably also its own laws in order to obtain data?
2. May a State publically accuse its citizens and destroy their reputation before a suspicion has been confirmed by the courts?
3. Since when have German citizens been prohibited from paying their assets into foundations? No such provisions exist under German law.
4. We are a small country dependent on friendly neighborly relations. But we are also a sovereign State and – we hope – do not live in an era when might makes right, rather than international law and international agreements. Germany would like to play a leading role again in a Europe that stands for the basic principles of the democratic rule of law. Are these methods employed against one of the smallest European states really compatible with the basic principles of the democratic rule of law?

Despite or perhaps precisely because of the questionable methods employed by Germany, Liechtenstein and the LGT Bank are likely to experience a wave of solidarity.

In conclusion, I would like to remark that Germany will be unable to solve the problem it has with its taxpayers simply by attacking Liechtenstein. As the German media reported yesterday, an international study has ranked the German tax system as the worst in the world – even behind Haiti. Germany would do better to use its tax revenues for the improvement of its own tax system, rather than spending millions on stolen data, the legal use of which is in doubt. Another study has shown: the more citizen-friendly and democratic a State is, the fewer problems it has with its taxpayers.

As Head of State of the Principality of Liechtenstein, I am deeply concerned about the recent developments. We will consider additional legal steps to protect our citizens as well as the investors who put their trust in us from such investigation methods, which are illegal in Liechtenstein. We will inform you of our next steps in the coming days.

I would now like to give the floor to the Deputy Prime Minister.