



Secretary-General
Secrétaire général

2 April 2009

Dear Ambassador,

Please find enclosed a letter intended for Mr. Hans-Rudolf Merz, President of the Confederation of Switzerland.

I would be grateful if you could have this letter forwarded to him.

Yours sincerely,

Angel Gurría

His Excellency
Mr. Eric Martin
Head of the Delegation of Switzerland
to the OECD

Enclosure



Secretary-General
Secrétaire général

AG/2009.211.ad

2 April 2009

Dear President,

In recent public statements, some Swiss officials have characterised the OECD as not having been fair to the Swiss Government on the issue of international co-operation on tax matters. Thus, I would like to share with you some facts that prove the inaccuracy of such statements:

- In October 2008, Mr. Eric Woerth, Minister of Budget, Public Accounts and the Civil Service, France, and Mr. Peer Steinbrueck, Minister of Finance, Germany, called a meeting to discuss tax issues. Eleven countries attended. Switzerland chose not to attend. I informed your authorities that the international environment regarding the exchange of information for tax purposes was visibly hardening. In my exchanges with your Federal Councillor, Ms. Doris Leuthard, I suggested to her to consider how the Swiss Government could move to respond to this new reality. I also suggested that Switzerland should be present at these gatherings to speak for itself.
- Ms. Leuthard and I had a further exchange on this subject last January in Davos. I used the opportunity to again remind the Swiss authorities that time was running out and that Switzerland would be better served by making a pre-emptive move on this matter rather than being forced to do so.
- On 15 November 2008, the G20 Washington Declaration stated that "Tax authorities, drawing upon the work of relevant bodies such as the Organization for Economic Cooperation and Development (OECD), should continue efforts to promote tax information exchange. Lack of transparency and a failure to exchange tax information should be vigorously addressed". This could not have been otherwise, as the OECD has been the Organisation leading this work for the last 15 years. We have established internationally agreed standards for the exchange of information and we continuously review the progress made on this matter.
- The OECD standard on the exchange of information for tax purposes was approved by the G20 in 2004 and by the United Nations in 2008.

In this context, as a follow-up of this work, the OECD was requested to provide information about the applicable criteria and about which jurisdictions were meeting the OECD standard on the exchange of information for tax purposes. These requests were made at the highest political level from OECD Member countries. I duly informed the Swiss representative to the OECD, H.E. Eric Martin, about such requests and advised him to raise the issue with his authorities underlining that although the information involved was known and public, the context for jurisdictions that did not apply the OECD standard was now moving towards "defensive actions", meaning sanctions, and that these measures may be imminent.

Mr. Hans-Rudolf Merz
President
Confederation of Switzerland



- 2 -

At his request, I informed your Ambassador that there were no new criteria and that we were not reporting jointly with the Financial Action Task Force (FATF). The same information and the same criteria that we have been discussing for years, were simply taking a political dimension, given the tightening of the budgetary positions of many countries, caused by the crisis.

A few days later I invited representatives from your country, along with those of Austria, and Mr. Luc Frieden, Minister of Treasury and the Budget, Luxembourg, to a working lunch at my residence to inform, clarify and advise on how their countries could meet this additional pressure. The OECD acted in good faith and duly shared our information with officials from the countries concerned. I subsequently wrote to them to clarify the implications of adopting the international standard for tax co-operation. I also shared with you, Mr. President, in London, our updated message to the G20 reflecting the progress achieved, including Switzerland's newly announced position on Article 26 of the Model Tax Convention.

The information shared with the G20 was in response to their request of last November. It was factual in nature, and implied no judgment on the part of the OECD. The number of international agreements signed in accordance with the OECD standard on the exchange of information on tax matters is a matter of public record.

There are no "black lists", and the OECD did not include or "threaten to include" Switzerland on any black list. We only shared the criteria that have been approved by our Committees and the jurisdictions that were adopting or not the OECD standard. As you know very well, Switzerland does not yet have a single agreement on the exchange of tax information that conforms to the OECD standard.

I am aware that your recent decisions on the exchange of information in tax matters were difficult, but they were courageous and correct. They enable Switzerland to benefit fully from its role in the global economy. Please accept my assurances that, going forward, we will continue to be sensitive to any issues that may be of particular relevance to Switzerland and will do our best to keep the Swiss authorities informed on such issues in a timely manner.

Yours sincerely,

Angel Gurría