



## Central Bank of Barbados

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### Comment from Central Bank of Barbados on OECD (2013) Report Addressing Base Erosion and Profit Shifting, OECD Publishing

Barbados notes the ongoing work of the OECD to explore the issue of Base Erosion and Profit Shifting (BEPS) and the interest in related matters including the source and residence of taxation, and intra group financial transactions. The BEPS report raises many difficult issues not least of which is the need for an international coordinated approach on the rights to tax. The exercise should be of interest to everyone given the implications for investments, growth and employment. It is therefore important that the background information on which analysis is based be factual.

The report notes that *"in 2010 Barbados, Bermuda and the British Virgin Islands received more FDIs (combined 5.11% of global FDIs) than Germany (4.77%) or Japan (3.76%). During the same year, these three jurisdictions made more investments into the world (combined 4.54%) than Germany (4.28%)."* In fact, Barbados' contribution is 0.11%, the same as Malta, Kuwait, Gibraltar and Panama, none of whom are mentioned in the report. Barbados ranks at no. 48 in the FDI table, and no other country with such a small contribution is mentioned in the report. The list of all countries with inward direct investment higher than for Barbados is shown in Table 1.

Table 1: Inward Direct Investment

Partner Country	US Dollars	% of World Total	Country Rank out of 247
	2010		
United States	2,872,229,006,812	12.62	1
Netherlands	2,569,679,977,269	11.29	2
United Kingdom	2,365,373,943,298	10.39	3
Luxembourg	1,794,020,127,966	7.88	4
France	1,142,823,053,543	5.02	5
Germany	1,058,135,255,757	4.65	6
Japan	845,533,545,370	3.72	7
Switzerland	840,711,642,329	3.69	8

Partner Country	US Dollars	% of World Total	Country Rank out of 247
	2010		
China, P.R.: Hong Kong	820,396,429,191	3.61	9
Other Countries			
Confidential	725,910,860,056	3.19	10
Virgin Islands, British	693,824,017,313	3.05	11
Other Countries, not specified	539,995,264,920	2.37	12
Belgium	511,798,946,329	2.25	13
China, P.R.: Mainland	460,489,739,577	2.02	14
Canada	442,212,856,527	1.94	15
Bermuda	432,204,174,089	1.90	16
Spain	417,457,872,845	1.83	17
Italy	386,754,295,342	1.70	18
Ireland	314,769,555,987	1.38	19
Sweden	300,143,977,061	1.32	20
Cyprus	282,759,837,202	1.24	21
Singapore	274,709,714,506	1.21	22
Cayman Islands	264,189,060,232	1.16	23
Austria	258,852,142,306	1.14	24
Australia	169,095,333,933	0.74	25
Finland	136,180,674,586	0.60	26
Denmark	130,392,192,529	0.57	27
Mauritius	107,872,415,606	0.47	28
Norway	107,429,327,055	0.47	29
Korea, Republic of	101,823,288,647	0.45	30
Russian Federation	93,723,956,259	0.41	31
Netherlands Antilles	89,498,885,520	0.39	32
Malaysia	71,103,305,370	0.31	33
Hungary	67,791,737,626	0.30	34
Brazil	67,299,895,204	0.30	35
Bahamas, The	63,996,598,877	0.28	36
United Arab Emirates	62,467,265,167	0.27	37
Mexico	60,209,188,788	0.26	38
Jersey	58,102,904,510	0.26	39
Portugal	52,499,014,077	0.23	40
Taiwan Province of China	49,097,589,742	0.22	41
India	49,093,079,417	0.22	42
Israel	47,996,730,686	0.21	43
Greece	27,121,614,967	0.12	44
Malta	26,004,009,792	0.11	45
Gibraltar	25,958,828,781	0.11	46
Kuwait	24,792,248,212	0.11	47
<b>Barbados</b>	<b>24,679,283,408</b>	<b>0.11</b>	<b>48</b>
Panama	23,974,044,302	0.11	49

(Source: IMF Co-ordinated Direct Investment Survey)

BEPS is receiving the attention of global leaders particularly at this time when fiscal deficits prevail. It features on the agenda of the G20 Finance Ministers, and the Financial Stability Board. Barbados also recognizes that the work of the Global Forum on Transparency and Exchange of Information for Tax Purposes is an important element in the dialogue. In this regard, Barbados continues to fully participate in the peer review process and recently concluded its phase 2 onsite review.

We acknowledge the need for an Action Plan which we hope will fully and carefully consider the BEPS initiative. In this regard, the data gaps mentioned in the report should be addressed and more insightful studies conducted that would better inform specifically on Multinational Enterprises (MNEs) and allow for firm conclusions presumably from which changes in tax standards could be contemplated. In the interim while the Action Plan is being finalized for the July 2013 G20 meeting, we wish to dissuade the use of premature inferences and conclusions about Barbados. Further, the absence of reference to country-by-country data, as is available for some jurisdictions mentioned in the report, reinforces our view that it is misleading to in any way highlight Barbados in the limited analysis on foreign direct investment.

From a wider perspective, the added danger of employing statistics as presented may paint a distorted picture of international financial centres in the region.

We hope that the OECD Secretariat and focus groups working on the Action Plan will heed to this call and Barbados will remain vigilant in an effort to make a meaningful contribution to deliberations.

May 23, 2013