**OECD pressure on region's banking sector**

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THE BITTER COMPLAINTS by some Organisation of Eastern Caribbean States (OECS) and Belize against France for unilaterally rushing ahead of the rest of the members of the Organisation for Economic Cooperation and Development (OECD) to have them "blacklisted" as offshore "tax havens" is quite understandable.

France's insensitivity to concerns of Caribbean nations is currently an issue of militant exchanges in relation, specifically, to its continuing contempt for discussion of even a modicum of restitution to earthquake-devastated Haiti of the estimated US$22 billion a government in Paris had demanded from the Haitian people to recognise their independence from the former coloniser.

The question is, why the haste to "blacklist" a handful of small, vulnerable economies in this region in the face of the prevailing international financial and economic crisis, and without completing good faith negotiations?

It cannot escape either France or any of the other OECD bloc of states, that for OECS countries and Belize to enter into 12 Tax Information Exchange Agreements (TIEAs) with them would prove a rather costly exercise, for the maintenance of such a commitment involving just a relatively few offshore banks in their respective jurisdictions.

In an angry salvo at the French administration of President Nicolas Sarkozy last week, newly re-elected Prime Minister of St Kitts and Nevis, Dr Denzil Douglas, declared:

"We think that France has acted out of turn and has acted prematurely against the commitment that was made with the OECD countries that March 10 this year would have been the deadline for any punitive action to be taken . . . ."

Worse, the Finance Minister of Grenada, Nazim Burke, openly ridiculed France's move by making it clear that it was simply false, and probably the result of a "bureaucratic error", for the Sarkozy government to include that spice island as an "uncooperative tax haven" when the administration in St George's had already reached an agreement, with the operational date to be shortly announced.

The concerned OECS governments need to collectively review the operations of their offshore banking sector with a view to arriving at a more relevant and efficient regulatory system as recently pointed out in an analysis by Sir Ronald Sanders, a former Eastern Caribbean diplomat and current business consultant with expertise in OECD operations.

Specifically, as Sanders has proposed, there needs to be a single regulatory mechanism, with the best available talents and experience, to efficiently supervise the functioning of both the onshore and offshore banking sectors in the subregion.

Having one central regulatory body responsible for both the onshore and offshore banking sectors in the subregion seems quite a plausible suggestion, particularly against the backdrop of the startling disclosures of "Ponzi"-type financial schemes linked with the once high-profile business transactions of the Texan, tycoon Allen Stanford.