

World Markets Analysis

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HEADLINE: New Government to Reconsider Offshore Banking Legislation

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BODY:

The new government of the Bahamas is to reconsider fresh legislation tightening the regulation of offshore banks to reduce costs and red tape. The Progressive Liberal Party government, which was elected in a landslide on Thursday 2 May has said that it 'recognizes the need for the Bahamas to meet international standards', but that it still intends to revise the legislation in response to complaints from the country's offshore banking industry. The new laws were brought in to get the Bahamas off the Organization for Economic Co-operation and Development's (OECD) international blacklist of money laundering and tax havens. The Bahamian government will now examine the laws to see if they conform with the country's constitution, after several businesses had complained that complying with the new standards was a costly and cumbersome process. Some have already challenged the legislation's constitutionality in ongoing court cases. Whilst some form of backtracking on the laws would be welcomed by many in the Bahamas, it would no doubt irk the OECD, who could put the Bahamas back on its watchlist of money laundering and tax havens, with the corollary possibility of the imposition of sanctions some time in the future.