

What the 'Panama Papers' reveal

Written by Taipei Times Editorial
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The first tantalizing tidbits from a year-long investigation by the International Consortium of Investigative Journalists (ICIJ), the Sueddeutsche Zeitung and more than 100 other media organizations, including CommonWealth Magazine, into a massive trove of leaked files from a Panamanian law firm were released on Sunday, shining a spotlight on the secretive world of offshore financial holdings.

The cache of 11.5 million files dating from 1977 through last year has been dubbed the "Panama Papers," and represents a treasure chest far more significant than WikiLeaks, former US National Security Agency contractor Edward Snowden's revelations about global surveillance, or the HSBC files last year.

More than 16,000 Taiwanese investors are among the list of people in more than 200 nations and territories whose 214,000 offshore shell companies are mentioned in the files of law firm Mossack Fonseca.

More information is to come in the days and weeks ahead, although the ICIJ said it would not release the full list of companies and people linked to the Panama Papers until early next month.

What is known now is that 143 politicians, including 12 current or former heads of state, their relatives and close associates apparently used Mossack Fonseca's services to help shield vast wealth. It is also clear that several prominent businesspeople and celebrities are likely to have a lot of explaining to do.

The Kremlin said that the details leaked about alleged connections to Russian President Vladimir Putin provide no new information. China is likely to block any leaks about the financial dealings of Chinese President Xi Jinping's (习近平) relatives the way it did a Bloomberg News expose in 2012.

While other public figures named have also denied any wrongdoing, several governments on Monday said they would be investigating potential wrongdoing, including money laundering, drug trafficking, sanctions busting and tax evasion.

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While sheltering assets in offshore tax havens is not illegal in a lot of nations, the very rich — just like many global corporations — have access to options that the average taxpayer or small business owner does not, and there has been growing evidence over the past few years that national treasuries the world over are losing out as a result — as is the global economy.

It is clear that governments, individually and collectively, will have to work much harder to ensure that reforms to the international financial system enacted in the wake of the 2008 financial crisis are enforced and transparency becomes the rule, not the exception.

This is a Herculean task, as authorities in nations big and small are often hampered by a lack of resources to track financial information and investigate investor identities, something CommonWeath recently highlighted with a cover story on the spread of “red wealth” in Taiwan.

The magazine's report said that despite all the national security ramifications involved in Chinese capital being invested in Taiwan, the monitoring systems in place barely scrape the surface, especially when Chinese investors use proxies and third-nation shell companies to invest in Taiwan. Chinese investors have made inroads in a multitude of Taiwanese businesses and projects, including wastewater treatment plants, well-known brands and property development in Taipei's Beitou District (北投), it said.

The abuse of laws regulating shell companies and offshore tax havens has become a cancer eating away at the global finance economy and threatening the national security of many nations, not just Taiwan.

The ICIJ, the Sueddeutsche Zeitung, CommonWealth, other media outlets and the more than 370 journalists in nearly 80 nations, including three from Taiwan, who have been involved in the probe into the Panama Papers are owed a huge thanks for their efforts. We eagerly await the next installments.

Source: [Taipei Times - Editorials 2016/04/06](#)