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## JACK'S CORNER

### WOULD YOU CONTRIBUTE MONEY TO THIS ORGANIZATION!?

A non-resident USA friend recently received a kind update ("Prepared especially for...") regarding her contributions to the USA Social Security Administration ("SSA"). I guess the SSA is desperate for more contributions as it is the first time she has heard from them in, well, a very, very long time!!! I thought some of the language was interesting and I have reproduced the same below.

"Social Security is a compact between generations. For decades, America has kept the promise of security for its workers and their families. Now, however, the Social Security system is facing serious financial problems....In 2017, we will begin paying more in benefits than we collect in taxes. Without changes, by 2041 the Social Security Trust Fund will be exhausted and there will be enough money to pay only about 78 cents for each dollar of scheduled benefits."

I applaud the people at the SSA for their honesty and good humor, albeit anyone who reads the newspaper would know the SSA is bankrupt! More importantly, I doubt my friend will be making any contributions to this organization in the near future. 78 cents on the \$...better than the performance of most funds performed in recent years, but not exactly what I would call a "good investment".

Anyone want to write a check? The SSA would no doubt thank you for flushing your money down their bureaucratic toilet ☹!!!

### FIFTEEN HOURS ON CATHAY PACIFIC IS A TREAT

The Hong Kong to New York non-stop on Cathay Pacific is no one's idea of a fun way to spend fifteen hours, particularly when you already have seen every movie and sitcom on offer. However, those fifteen hours are a very special treat when compared to the three grueling hours on American Airlines from New York to Miami. I often think I went to sleep one evening and woke up in a 3rd world country called the USA where people pay to fly in cramped and old planes with miserable entitlement-driven flight attendants serving plastic food to Yanks who probably think they are getting a good deal. Yucky-poo...perhaps the SSA should take over management of the airlines...at least they are honest and funny 😊

## GCSL NEWS

### THINKING OF OUR FRIENDS IN SAMOA

As many of our readers would know by know, Samoa was recently ravaged by an earthquake and tsunami. The Global Gals surfaced unharmed, but everyone knows someone who lost a loved one. One of our staff members lost her home, but her family managed to avoid harm. Many, many thanks to all of you who wrote to us expressing concern and support to the Global Gals. Even greater thanks to those of you who sent some money. Every little bit of concern and support of any kind is well-received and appreciated. Very sad time for Samoa. We know the Global Gals and all Samoans are made of strong stuff and will come back even stronger!!!

### CATHY COMPLIANCE IN BELIZE

As promised back in August, I would give a brief rundown of my trip to Belize where I conducted the annual compliance audit and staff training sessions from Head Office to staff in our various jurisdictions.

After a late arrival and the night at the glorious Miami International Airport Hotel (sarcasm), I was met by

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Carlo's smiling face at the airport and trekked back to our new much larger premises in New Road then on to Radisson Fort Burt where the menu has not changed in the three annual visits I have made. The highlight of the Radisson being the pirated movies on a channel whereby I watched the hilarious comedy "Bruno" before anyone else I knew!

This trip I picked up a new addition to my still rather limited culinary palate "Tastee" chicken patties. In New Zealand we would call it a chicken pie, but wrapped in carbolicious sweet bread and topped off with a cookie, Mrs. Mason had best get Carlo banned from the joint. As well as our young office assistance Shane's generosity in buying for me a coconut tart and young entrepreneurial Belizeans selling me banana chips on the roadside there was no way I was allowed to go hungry.

Carlo and I made the arduous journey of an hour in his pick-up truck to Belmopan to meet with Belize International Financial Services Commission Director -General Mr. Gian Gandhi for our annual chat. We also spent the morning in Belize City with Financial Intelligence Unit Director Marilyn Williams who provided us with a colorful and entertaining rundown of her job to date. Ms Williams in my personal opinion being one of the more impressive FIU heads I have met in my years in the offshore world. We wish her all the best, as we do Mr. Gandhi for the minimal resources they appear to be given by the Belize Government to do their jobs. Carlo and I visited several of our banking and legal contacts in Belize as well.

Another "only in Belize" moment was when Carlo spotted a security guard he knew standing waiting for the bus to get from Belmopan to Belize City and offered him a lift back which was gratefully accepted by the gentleman given the Belize bus services lack of air conditioning.

The staff survived a full day of talking about compliance and trust and company legislative changes and due diligence collection procedures. I thank Delicia, Sophia, Raquel and Shane as well as Carlo for their usual hospitality and good humour about the whole exercise.

#### GCSL CLIENT ACKER MERRALL & CONDIT WINE AUCTION REALIZES HK\$50 MILLION

Congrats to John and his team for generating more than US\$6 million in September despite the hard economic times and achieving a world auction record for a single bottle case of DRC La Tache '90 and magnums of DRC Romanee Conti '05! Acker's auctions in Hong Kong achieved an impressive total of HK\$122.5 Million (US\$ 15.7 Million) in 2009! Go get 'em, fellas!!!

#### JACK VISITS GCSL COOK ISLANDS AND SAMOA

Many thanks to Puai, Tai, Foreman, Sarah and the liliputians for the useful and fu visit to the Cook Islands. Most excellent fish!!! Similar thanks to the Global Gals in Samoa led by Laura and spurred on by the warm smiles of Fono and Fou. I was pleased to see Erna back at the helm of the Samoa International Finance Authority...good on you, Erna!!! Photos, please...



#### JACK IN PERU WITH THE GOOD PEOPLE OF FY INTERNATIONAL

Jack represented GCSL at the annual gathering of FY International's senior executives in Lima and Cusco. Good people make for good events including:

- PISCO SOUR  
The national drink of Peru is not for the weak of stomach packing 42% proof into small cups that are meant to be sipped, but during the Summit managed to devolve into bottoms up conduct on, well, a nightly basis. Go Jorge, go!!! No pisco for Jack!!!
- LIGHT MY FIRE  
What a dance!!! Guys dancing with Gals dancing with Guys while trying to use a candle to light each others' bum. No one knew Jim could dance so well...must have been the motivation!
- MACHU PICCHU  
Breathtaking at the start, interesting throughout and exhausting by the end. The initial twenty minutes when the architectural marvels of Inca culture splash across your vision are worth the long bus and train ride and knee-back-aching hikes! Ann did not fall, Julio was cool as always and Miguel was wondering whether or not the dwarf's altar was used for other conduct of a toilet nature!
- PERU RAIL FASHION SHOW  
The good people of PeruRail know how to make a 1.5 hour train ride easy on the eyes as the attractive Peruvian lady serving drinks doubled as a catwalk model of some delightful ponchos.

Was it better than Machu Picchu...duh!!!??? And Juan's contribution was PHAT!

- THE WINE COMMITTEE

Carlito as Chairman, Alberto as Vice-Chairman, Julio as President and Jack as Vice-President as we made our way through a seven hour tour of many a Noble Grape from Argentina, Chile and Peru at the Plaza de Armas in Cusco. Well-done, Carlito!!!

Thanks to Jim, Julio, Renan, Ann, Fernando, Juan and all the good people of FYI for inviting Jack to attend and working with GCSL!



#### JACK'S MOM CELEBRATES HER SWEET 16TH IN STYLE

Three cheers to the Miami Mandarin Oriental and brother Jim for organizing a wonderful dinner for Mom's Sweet 16th...Jack just happened to be in the neighborhood for the evening 😊



#### ANOTHER YOUNG ONE, LARRY THE TAX ENTERTAINER, PARTIES ON

Clocking in for another year is our good friend Larry Lipsher. All is well in Larry's world as his engaging wife keeps him, well, engaged, and his lovely daughter keeps him smiling. Still the best dressed fella in Hong Kong!



#### AOA



THE AOA BEIJING CONFERENCE, MARCH 7-9, 2010, THE PENINSULA BEIJING  
After a fun opening cocktail/dinner sponsored by the good people of Guardian Trust Company, we will kick-off Monday morning with a presentation regarding international estate planning by our Keynote Speaker, Richard Duke, Partner, The Duke Law Firm, USA ([www.assetlaw.com](http://www.assetlaw.com)). Our Global Advisory Committee member, Nathan Kaiser, Partner, Eiger Law, Taipei ([www.eigerlaw.com](http://www.eigerlaw.com)), will turn our attention to recent changes in company and tax law in Taiwan. Rupert Hoogewerf, Huron Report, Shanghai ([www.hurun.net/indexen.aspx](http://www.hurun.net/indexen.aspx)) will provide us an insight into the always interesting world of wealth in China. Our Global Advisory Committee member, Hao Wang, Partner, Ray Yin Law Firm, Beijing ([www.rayyinlawyer.com](http://www.rayyinlawyer.com)) will round up the first day with a look at the future of trusts in China.

On Tuesday, we will hear from Jon Eichelberger, Partner, Baker & McKenzie, Beijing ([www.bakernet.com](http://www.bakernet.com)) and Patrice Marceau, Partner, DLA Piper, Hong Kong ([www.dlapiper.com](http://www.dlapiper.com)) regarding cutting-edge Greater China tax issues. Henry Liao, Partner, Schindlers Law Firm, Beijing ([www.schinderslaw.com](http://www.schinderslaw.com)), will offer delegates his real life experience regarding corporate finance challenges in China. We will finish the day with a presentation regarding international tax matters and offshore centers by Anuj Sharma, Director, Abacus Seychelles Limited, Seychelles ([www.abacus-offshore.com](http://www.abacus-offshore.com)).

Please join us at China's political and cultural capital – Beijing - at The Peninsula.

## GREATER CHINA UPDATE



### DANONE EXITS; WAHAHA PAYS...A LOT LESS THAN DANONE REQUESTED

The Danone vs Wahaha legal battle was recently "amicably" settled after two years and more than 30 lawsuits in several countries.

The Chinese and French governments apparently were actively involved in this David slewing Goliath cultural battle pitting a one-time curbside milk salesman from Hangzhou against a squillion € multinational beverage company. Danone's accumulated investment of approximately US\$200 million over the years finally yielded a €300 million payment in consideration for a transfer to Wahaha of Danone's 51% interest in the joint venture. Rumors were that Danone was seeking upwards of €1.7 billion for its joint venture interest in what has become one of China's largest beverage companies.

Simply stated, Danone has walked away with some chump change and a whole lot of experience as to why foreigners should, unless absolutely necessary, always avoid joint ventures in China!!!

### FDI DOWN

Since last October, China has recorded consistent decreasing foreign direct investment ("FDI"). Many foreign investors even filed extensions of the commitments to make their investments.

### TAX CIRCULAR ON DTA ROYALTIES

On September 14, 2009, the China State Administration of Taxation issued a circular to clarify tax collection questions regarding royalties under double tax agreements ("DTA"). The following is a summary:

- If the foreign entity is registered in a jurisdiction that has a DTA with China and the Chinese entity is engaged in industrial, commercial or scientific industries, the royalty withholding tax rate in the DTA shall apply. However, this rule does not apply to income derived from tangible assets, which should be followed by the rules of tangible / fixed assets in the DTA.
- Experience, knowledge, intelligence, reports or analysis involved in the manufacturing process and which has not been published will be considered a "specific skill". For a specific skill transferred or permitted to be used by a foreign entity to a Chinese entity, the fee (regardless if it is a service fee, after service fee or installation fee) will be considered a royalty charge. However, the catch is if the foreign entity has an office in China and has sent its employee to the Chinese entity or the contract is signed in China, then the DTA royalty rate will NOT apply to the China enterprise income rate – 25%.
- For a domestic Chinese company that sets up an office or company in a DTA jurisdiction, the foreign company will not be considered as a foreign resident and the DTA will not apply.
- The effective date was October 1, 2009.

*Contributed by Johnson Chien, Managing Director, GCSL Shanghai.  
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## SINGAPORE UPDATE



### AS THE STOMACH TURNS FOR TEMASEK

In hindsight, chief executive officer Ho Ching said Temasek could have read the market better. It has been a tumultuous year for Temasek.

With the many investments that have gone awry, the score sheet does not look pretty. As at March 2009, Temasek's portfolio stood at US\$130 billion, down 30% from the US\$185 billion recorded a year ago. A whopping US\$55 billion loss in value!

In addition, as the financial crisis continued its rampage late last year and early this year, Temasek Holdings' profit fell 66% to US\$6 billion for the year ended March 2009, from US\$18 billion a year earlier, due to lower contributions from its portfolio companies and its own investments. This is the smallest profit recorded for the sovereign wealth fund since it began publishing its annual performance in 2004.

According to the latest Temasek Review, its portfolio value has retracted back to 2006 levels. Its total shareholder return by market value was a negative 30 percent, compared to a positive 7% a year earlier. The last time its market value shrank was in 2003.

During the last financial year, Temasek divested US\$16 billion of its assets compared to investments of US\$9 billion as it adopted a cautious stance. It sold its stake in Bank of America, Barclays, and also Singapore power companies Senoko Power and Power Seraya.

When asked if Temasek had made a mistake selling its 3.8% stake in Bank of America for an undisclosed sum just before global equity markets began to recover, Temasek's spokesperson said, "We have the flexibility to hold, increase or reduce our stakes in any investments and (go) back into the investments that we have exited. Whether we should have exited or held on or whether we should go back in and reinvest, I think these are questions that we don't address as a one-point decision but within the context of our entire portfolio, we are comfortable."

It has also been disclosed that Temasek's portfolio value rose by US\$42 billion (32%), to US\$172 billion between end-March and end-July as markets stabilized and it participated in a number of rights issues, which includes DBS and CapitaLand.

*Contributed by Lawrence Fong, Managing Director, GCSL Singapore  
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## INTERNATIONAL UPDATE



### A GLANCE AT COMMERCIAL ARBITRATION IN VIETNAM

In recent years, along with the integration of Vietnam into the world market, commercial arbitration in the country has rapidly developed as an effective and flexible method of business dispute resolution. With the enactment of the 2003 Ordinance on Commercial Arbitration (the "Ordinance"), the legal framework for arbitration in Vietnam has come closer to international standards.

#### Scope of application

The Ordinance applies to arbitration of "commercial disputes", which are defined as those arising out of such activities as sales and purchase of goods, provisions of services, distribution, commercial representation and agency, consignment, renting, leasing, hire purchase, consultancy, licensing, investment, banking and finance, insurance, investment, exploration and exploitation, transport of goods and passengers by air, sea, land and rail; and other activities as prescribed by laws.

#### Major principles

Arbitration agreement must be made in writing. Once a dispute is agreed to be resolved by way of arbitration, no court shall have the power to hear the case unless the arbitration agreement is declared invalid.

Parties may choose to have their dispute settled by an Arbitral Tribunal under the administration of an arbitration center (institutional arbitration), or set up an arbitral tribunal by themselves (ad hoc arbitration). Arbitrators to be appointed may be Vietnamese or foreigners. Arbitrators being Vietnamese must satisfy conditions set out in the Ordinance. Arbitrators being foreigners shall be subject to the law of his home country.

Arbitration hearings will be held in camera.

Vietnamese laws shall be applicable to disputes between Vietnamese parties. With respect of disputes with a foreign element, the applicable law shall be agreed by the parties. The arbitration award is final and shall not be reviewed, unless canceled by a competent court.

#### Court assistance and intervention

Competent courts shall, at the request of the parties, intervene in arbitration proceedings by:-

1. reviewing the arbitral tribunal's decision on its own jurisdiction, the existence and validity of arbitration agreements;
2. applying, altering or removing interim urgent measures;
3. appointing an arbitrator on behalf of the parties;
4. Canceling an award due to procedural violations or if it goes against the public interest of Vietnam.

#### Enforcement of arbitral awards

Awards shall be enforced in Vietnam pursuant to the 2008 Law on Enforcement of Court's civil judgments. Awards made by Vietnam arbitrators shall also be enforced internationally due to the Vietnam's membership of the 1958 New York Convention on Recognition and Enforcement of Arbitral Awards.

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## CHINA, IMMIGRANTS AND TAX

For most of the last decade Mainland China has been the leading source country of wealthy immigrants to the major immigrant recipient jurisdictions such as HK, Singapore, Canada and the United States. Anecdotal evidence suggests that, sooner or later, most of the HNWI's in China will seek to obtain foreign status of some kind, a phenomenon that is at odds with optimistic predictions concerning China's trajectory as the stable economic superpower of the future. Do these people know something we don't? That is a topic is for another day.

A more immediate issue, and one of greater interest to professional advisors, is how these wealthy immigrants adjust to the fiscal regimes of the recipient countries. In the cases of HK and Singapore, with simple taxation structures, low rates and comprehensible rules, compliance is usually no problem. In the cases of Canada and the US, on the other hand, the situation is much more difficult and many of the wealthy Chinese immigrants are at best, marginally compliant or, more frequently, completely offside.

The reasons include the following:

Firstly the immigration business in China is regulated. Immigration advisors must be licensed. As a matter of practical reality, if not law, all licensees are Mainland Chinese companies wholly-owned by local Chinese entrepreneurs or institutions. There are around 800 licensed consultants spread throughout this vast country. Of these, around 50 process large numbers of applications, treating the enterprise as a scalable volume business, not a professional advisory service. The main revenue is not professional fees from processing applications but referral fees ("kickbacks" to be more precise) linked to investments in government approved immigration funds. For example the referral fee for one Canadian investor immigrant can exceed CAD 50,000. Under such circumstances the consultants, even if they are aware of the nature of Canada's fiscal regime (and most are not), are incentivized only to discuss Canada's many virtues (almost free medical coverage, big social safety net, free schooling, low university tuition, etc.) and avoid mention of its fiscal vices (taxation of global income, foreign asset disclosure, huge penalties for non-compliance, etc.). Same with the US. And with the US there are even bigger issues because, unlike Canada, US immigrants become tax residents immediately upon receipt of the "Green Card".

Secondly the goal of most wealthy business immigrants from China is not the same as the "huddled masses" of yore. Typically they do not want to live or work full-time in N. America. For them the Green Card is more like an insurance policy where the benefit is a "status" bomb shelter they can jump into if things get rough back home (and, of course, a place they can temporarily park spouses and children). When you are buying insurance protection as a commodity it's kind of like buying a Ulysses Nardin watch – you don't really think about the liabilities.

So we have an interesting situation where thousands, perhaps tens of thousands, of rich Mainland Chinese acquire US and Canadian status every year without giving a moment's thought to tax exposure. The upshot is that now the US alone has a large and growing inventory comprising tens of thousands of wealthy and completely non-compliant immigrants from Mainland Chinese, many of them utterly oblivious to the notions of foreign asset disclosure and taxation of global income. Sooner or later tax lawyers in the US should have a field day. May be time to start taking those Mandarin classes.

*Contributed by Peter Scarrow, Larlee & Associates  
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## PERU AND THAILAND FREE TRADE AGREEMENT ("FTA")

Peru's and Thailand are expected to sign a FTA at the meeting of the Asia-Pacific Economic Cooperation on 13th November in Singapore.

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## LOOKING AT THE FINANCIAL FUTURE

Much attention in the last few months was focused on the major economies GDP figure, which showed that at the global level, recession had ended during that period, joining an already established upturn in the emerging markets. Although the timing of the exit from recession varies across countries and regions, our current view is laggards such as US and UK should join the leaders in Q3, resulting in a synchronized global recovery.

Regarding the pace and durability of the economic recovery, a decisive surge in the global manufacturing purchasing managers index, above the 50 break-even marks in August, suggests that in its initial phase at least, the economic upturn will be V-shaped. Whether this is sustainable will very much depend on the labour market conditions in the US, which continued to improve in August. There is a great possibility that job growth will turn positive by year-end, giving a boost to consumer spending in 2010.

From an equity markets perspective, the rally since March has been driven by a combination of increased confidence about the state of the economic and huge amount of liquidity in the system.

Going forward corporate earnings are likely to be the driver of market gains. Earning expectations, this in the case of the US had started to improve in June, and we expect it to continue their upward trajectory. Along with estimated global growth of 2.5% in 2010 (IMF), reasonable valuations and the weight of cash still on the sidelines, equity markets can look to continue it's ascend over coming months.

China and Brazil remain two of our favourite country plays. Chinese H shares should continue to benefit from strong domestic growth, policy stimulus and reasonable valuations. Brazil, meanwhile, should do well as a result of further gains in commodity prices, a pick up in domestic demand and its relatively cheap valuation.

The recent decline in U.S. 10 years yields has cast some doubt over the sustainability of the equity rally which has been fuelled by growing confidence in a recovery in the global economy. However, we believe in reality the two are consistent. Rather than being driven by expectations that the economic upturn will be short-lived, the drop in yields more likely just reflects reduced inflation worries.

To conclude, we remain constructive on risk assets from a medium-term standpoint, and see any such downward correction as an opportunity to build up risk exposure further.

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## OFFSHORE UPDATE



### ANGUILLA: CFATF CONDUCTS MUTUAL EVALUATION OF ANGUILLA

So much has been happening in terms of regulation of the offshore industry in light of the changing landscape, that I overlooked the recently conducted mutual evaluation of Anguilla's anti-money laundering regime. To rectify that omission, and to allow someone else to speak, I have set-out below an article from the local newspaper, The Anguillian, to speak on my behalf. I hope that you find it a better read than anything that I might have written myself.

#### "Caribbean Financial Action Task Force Complete Evaluation

Five members of the Mutual Evaluation Mission from the Caribbean Financial Action Task Force (CFATF) have completed a two week evaluation of Anguilla's financial services risk management structure and capacity and compliance. Head of the Mission and team leader, Dawne Spicer from Trinidad & Tobago, spoke to members of the press about the visit.

Ms Spicer, who is the Deputy Executive Director of the CFATF, said that there were five persons in the group from Jamaica, St Kitts and Nevis, the Bahamas, Trinidad and Tobago and the USA. They were acting on behalf of the 30 member countries of the Task Force that has as its main objective to combat money laundering and terrorist financing.

She reported that the group has consulted with the Financial Services Commission, the Ministry of Finance, the Governor's Office, Immigration officials, Customs Officials, the Attorney General's Chambers, and the Financial Intelligence Unit of the Royal Anguilla Police Force as well as many in the private sector including lawyers, financial service companies, real estate and insurance agents. She said that the legislative framework in Anguilla is strong and the persons they met with are very aware of the legislation and the requirements. She noted a high level of willingness to comply.

The draft report and recommendations will be available to the Government of Anguilla in October this year and the final findings will be on the website by April 2010. Countries that do not meet the requirements will have special follow up sessions and recommendations will be monitored. The aim of the CFATF is to make everyone of the thirty countries compliant.

Mutual evaluations take place every five years and Spicer said that they aim to cover six countries each year. The CFATF was established following the Kingston Declaration in 1992.

Asked about recent legislation and the Proceeds of Crime Act, Attorney General Wilhelm Bourne, said that the community has to get used to the new legislation as the Proceeds of Crime Act is a complex one. He believes that people are willing to conform and the public will accept it and be willing to comply in the interests of the well being of the country.

Governor Alistair Harrison spoke of the CFATF visit as significant. He also referred to the new legislation and noted that more and more business will flow to the better regulated jurisdictions. He said that the Act (Proceeds of Crime) will improve Anguilla's reputation."

*Contributed by Carlyle Rogers, Managing Director, GCSL Anguilla  
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## BELIZE: INDEPENDENCE...FREEDOM

On September 21, Belize celebrated 28 years of independence from British colonial rule. She celebrated the right and ability to make her own decisions on her future, financially, politically, administratively, etc. I have considered the ramifications of such a position, especially for a country such as Belize, where arguably not much had been done infrastructurally during colonial years for the country.

Since independence, there have been strides towards forward progress. Much progress has been made. Belize can still boast of being the only country in Central America that to date has never had a civil war. But that is not why I am writing this article. A simple look at the laws of Belize, with respect to its offshore offerings, reveals one simple fact: Belize law gives you potential freedom. Freedom from stress, for example, in that any person who has been there can tell you that there is a burden lifted from you when you consider that putting your money in a structure that provides protection from greedy (sometimes blood-sucking) creditors gives a peace that passes all understanding, to use a biblical phrase. Belize law allows for a trust, once it is not settled by way of fraud, duress or mistake, to be settled, and once that trust property passes from Settlor to Trustee, the trust is "settled", established, fully existent. Immediately, there is protection from the ex-wife or greedy husband, and also from any petulant self-centered spend-thrifty children, or creditors who still want their pound of flesh in the case of an insolvency. Those folks, by virtue of the laws of Belize, are not even entitled to bring an action before the Court.

Let us also remember that such an action would have to be successful in a court of law within the jurisdiction of Belize, for it to be actually enforceable against the trust. The Supreme Court of Belize is the only court which is recognized by Belize law to have inherent jurisdiction over a trust settled under the laws of Belize, or a trust whose law of administration is Belize law. That means finding local counsel who is willing to embark on the crusade of finding the holy grail of success in a court of law against the trust.

There is also the other mainstay of the Belize offshore industry: the International Business Company. This entity is like any other legal entity, but one thing is true: it has been tried tested and proven, repeatedly, to be a worthy addition to any structure or even a stand-alone arrangement for whomever. It is totally tax free under Belizean law, without the beneficial owner having to pay so much as stamp duty. Depending on the type of activity the company will be engaging in, it is very possible that there is little or no tax to pay...oh wait, that is not something the present US administration likes to hear, maybe I should rephrase. There is legitimately no tax liability, for any of these companies, prior to engaging in any business activity.

So again I say freedom. One can have it, to some extent, at least. Come talk to us and let us see if we can help you to, in the words of my fellow countryman, Bob Marley, "emancipate yourself from mental slavery."

*Contributed by Carlo Mason, Managing Director, GCSL Belize  
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## COOK ISLANDS: THE SOUTH KOREA "QOOKIE" PROMOTION

The month of September marked a new relationship between the Cook Islands and the Republic of Korea when a local delegation attended the launch of Korea Telecom's (KT) new product marketing for its 'Qook' services. This historic launch in Seoul is believed to be the first in the world where a commercial brand will co-market with a destination.

Certainly the Cook Islands stand to capitalise on the joint marketing campaign for enormous benefits in different areas such as tourism, and the countries financial services sector. KT is one of Korea's top integrated wired/wireless communications service providers and has already launched the world's first wireless broadband service called WiBro.

Continuing this world first it launched a new brand for its telephone and broadband internet services in March named in Korean Qook and pronounced 'Cook'. KT already has a reputation for using English words in new ways as part of its corporate identity – it recently adopted 'Olleh' – hello spelt backwards with each letter standing for some aspect of its business (in this case the 'h' stands for happy customers).

Deputy Prime Minister Sir Terepai Maoate attended the launch of the KT Qook/Cook Islands promotion on September 3. Sir Terepai addressed the gathering extending thanks to KT chief executive Lee Fuk-Chae for the new partnership. "KT Telecom must be congratulated for such an innovative marketing strategy. It is certainly a bold strategy because I believe it is the first time a commercial brand will enter into a marketing partnership with a country.

"I like bold ideas and back home, this innovative thinking has certainly raised a lot of interest," Sir Terepai said.

The slogan for the day was declared as 'Discover the amazing Qook Islands today.'

KT has a competition in Korea for QOOK customers in which they can win a trip to the Cook Islands. Because of KT's reputation in Korea, the promotion will reach about 90 percent of the population of South Korea which will give the partnership great exposure and build more interest in the Cook Islands.

Back on the home front; watch this space for further developments as Government looks to shake the shackles of predatorial practices by its own service provider Telecom Cook Islands, with its stated intention of ending the monopoly in favour of Telecom. Who knows, we may even see KT taking an interest in operating out of the Cook Islands so that it can really say that it is Qook-ing.

*Contributed by Puai Wichman, Managing Director, GCSL Cook Islands  
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#### SAMOA: JACK AND TIEAS...WHAT A MONTH!

GCSL (Samoa) were with Jack on his regular short visits just after the ROAD SWITCH took place. Suffice to say all went well and Jack was able to experience first hand this momentous change on our little island that made headlines worldwide. Jack I am certain will be expanding on this experience and his visit with the Registrar's office on "Jack's Corner".

An important update on the Tax Information Exchange Agreements (TIEA) that was discussed with the Registrar has seen the following countries working with Samoa towards complying with OECD standards of transparency and the exchange of tax information. SIFA was able to negotiate agreements with 17 countries listed below which will eventually become effective once the International Financial Services Cooperation Bill 2009/2010 is enacted.

PROGRESS REPORT ON TAX INFORMATION EXCHANGE AGREEMENTS (as at 09 September 2009) BETWEEN SAMOA AND:						
	COUNTRY	Text Approved /Not Approved	To be initialled	To be signed	INITIALLED	SIGNED
1	Mexico	Approved			✓	
2	Korea	Approved			✓	
3	Ireland	Approved			✓	
4	Netherlands	Approved				✓
5	Sweden	Approved	✓			
6	Italy	Approved	✓			
7	Greece (Hellenic Republic)	Approved	✓			
8	Finland	Approved			✓	
9	Greenland	Approved	✓			
10	Iceland	Approved	✓			
11	Norway	Approved	✓			
12	Faroese	Approved	✓			
13	Denmark	Approved			✓	
14	Australia			✓	✓	
15	New Zealand	Awaiting Text				
16	San Marino	Approved				✓
17	Monaco	Approved			✓	

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#### TIDBITS



#### OUR MONTHLY QUOTE THAT MADE US SMILE

"From the moment I could talk, I was ordered to listen." - Cat Stevens.

#### MC LOVING IT

We were pleased to learn that the Federal Court of Malaysia – the highest court in the country – ruled in favor of McCurry, which is a small curry shop catering to blue collar workers in Kuala Lumpur, after 8 years of fighting McDonald's in a trademark dispute. Although McDonald's said it would accept the decision, we think the peddler of fake burgers and greasy potato sticks should be ashamed and offer free food to all people in Malaysia at their 185 restaurants for one calendar year. On reflection, perhaps we simply should have McDonald's agree that McCurry can change its slogan from "Tasty and so Good" to Mc Loving It!!!

#### PURE GENIUS

We recently read that a man tried to rob a pharmacy in the USA by pretending his finger was a gun. The pharmacist wrestled with the masked man, unmasked him and noticed it was a fella who had earlier allegedly tried to fill forged prescriptions that anyone other than the robber would know were bogus as last time we checked "Smart Pills" have yet to be invented...pure genius!!!

#### CHINESE TIRES VS USA CHICKEN FEET

We were amused with the recent trade dispute between China and the USA where the USA announced plans to levy tariffs on Chinese tires and the Chinese threatened to impose import taxes on auto products and chicken meat. We think the world really will see the power of the consumer as the Yanks will suffer more expensive USA tires, but there is no way the Chinese will do without their chicken feet... at any price. Round One to our Comrades, who have the money (little debt like the Yankee counterparts) and will pay for their delicacies!

#### GO COMMANDO!

We were confused when reading that UK-based Hom will be launching in Debenhams a range of underpants for left-handed men. First, the vertical slit accessed from the right-hand side has lasted the test of time with more than 75 years of happy men – both lefties and righties. Second, why bother with underpants when you can go commando and always be ready for, well, any eventuality!!!

#### TRUE SPEAKING

'Welcome to heaven,' says St. Peter. 'Before you settle in, it seems there is a problem. We seldom see a high official around these parts, you see, so we're not sure what to do with you.'

'No problem, just let me in,' says the man.

'Well, I'd like to, but I have orders from higher up. What we'll do is have you spend one day in hell and one in heaven. Then you can choose where to spend eternity.'

'Really, I've made up my mind. I want to be in heaven,' says the MP.

'I'm sorry, but we have our rules.'

And with that, St. Peter escorts him to the elevator and he goes down, down, down to hell. The doors open and he finds himself in the middle of a green golf course. In the distance is a clubhouse and standing in front of it are all his friends and other politicians who had worked with him.

Everyone is very happy and in evening dress. They run to greet him, shake his hand, and reminisce about the good times they had while getting rich at the expense of the people.

They play a friendly game of golf and then dine on lobster, caviar and champagne.

Also present is the devil, who really is a very friendly & nice guy who has a good time dancing and telling jokes. They are having such a good time that before he realizes it, it is time to go.

Everyone gives him a hearty farewell and waves while the elevator rises...

The elevator goes up, up, up and the door reopens on heaven where St. Peter is waiting for him.

'Now it's time to visit heaven.'

So, 24 hours pass with the MP joining a group of contented souls moving from cloud to cloud, playing the harp and singing. They have a good time and, before he realizes it, the 24 hours have gone by and St. Peter returns.

'Well, then, you've spent a day in hell and another in heaven. Now choose your eternity.'

The MP reflects for a minute, then he answers: 'Well, I would never have said it before, I mean heaven has been delightful, but I think I would be better off in hell.'

So St. Peter escorts him to the elevator and he goes down, down, down to hell.

Now the doors of the elevator open and he's in the middle of a barren land covered with waste and garbage.

He sees all his friends, dressed in rags, picking up the trash and putting it in black bags as more trash falls from above.

The devil comes over to him and puts his arm around his shoulder. 'I don't understand,' stammers the MP. 'Yesterday I was here and there was a golf course and clubhouse, and we ate lobster and caviar, drank champagne, and danced and had a great time. Now there's just a wasteland full of garbage and my friends look miserable.

What happened?'

The devil looks at him, smiles and says, 'Yesterday we were campaigning.

Today you voted.'