

## **Customs and Currency Union with Switzerland**

Moreover, Liechtenstein has participated in an excellently functioning Customs and Currency Union with Switzerland since 1924. This makes Liechtenstein unique in Europe. The Liechtenstein currency is the Swiss franc. The Swiss National Bank is also responsible for Liechtenstein.

## **Extensive and sustainable reform process**

After the Batliner affair, however, and after the terrorist attacks against New York and Washington on 11 September 2001 that changed the world, Liechtenstein was elevated within a very short period of time to an internationally recognized standard with respect to supervision, due diligence, and suppression of terrorism. A reform process was initiated which has adjusted the financial center to the changed global circumstances and which continues today. Moreover, Liechtenstein began engaging in active and systematic communication, for the first time beyond the region, about the country, its business location, and its industrial, financial and tourism center. Since Liechtenstein, in light of its size, had always been forced to open up sales markets and adjust to changing global circumstances, Liechtenstein was and is deliberately committed to following a second track: By creating the appropriate legal prerequisites, the financial industry is given the opportunity to make greater use of opportunities in an integrated Europe, such as the EU passport for investment companies and as a location for pension insurance. A third track is the further development of the financial center by means of the FUTURO project, in order to sustain the profitability of the financial center for the long term. Ironically, this project – which had been prepared meticulously over the course of a year – was presented to the public on 14 February 2008, the same day the arrest of Klaus Zumwinkel triggered the tax affair. The announcement was completely drowned out by the events.

In comparison with larger countries, a small State like Liechtenstein has significantly weaker means at its disposal to assert its interests and, as such, attracts less public attention in the world. In light of its limited resources, the small State must internally always act flexibly and focus on what is essential. It is obvious that this flexibility exists to a higher degree in a small State than in a larger country.

Globalization – which is in essence nothing other than worldwide networking in economic and communication terms – represents an opportunity especially for a small State, since it networks the financial center and industry worldwide. 98% of the products manufactured in the country are exported. Liechtenstein's industry is internationally competitive and has always had to assert itself in an international environment. Many Liechtenstein companies are world market leaders in their niches. This is all the more astonishing in that Liechtenstein companies enjoy no State export promotion or other subsidies.

## **The reform steps within the European framework**

Implementation of the *First and Second Money Laundering Directives* (1991 and 2001) on the prevention of the use of the financial system for the purpose of money laundering was