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## Introduction

The publication by the Organisation for Economic Cooperation and Development of a baseline survey of legal and administrative mechanisms available for tax information exchange in 82 OECD and non-OECD countries (the 2006 Assessment) marks a significant milestone.<sup>1</sup> The cooperative efforts required to produce this document highlight the evolution of a constructive approach to a complex problem. The 2006 Assessment was designed to examine administrative cooperation in the form of tax information exchange and the potential limits to such cooperation. However, the economic development and competition issues facing small and developing countries in the context of tax information exchange were not addressed.

The competition between states for the control of economic resources is at least as old as the concept of the nation state itself. Traditionally there have been few rules, other than those related to limitations on the use of armed force, to guide such competition. States compete individually and may also form multilateral alliances for the purposes of competition. There are no rules in international law against the use of cartels or similar strategies, which have long been banned under competition law within developed national economies.<sup>2</sup> Yet stable systems of cooperation, whether in the form of governments of individual nation states or coordinated international cooperation, arguably require the common recognition of rules and standards based on shared concepts of fairness – a ‘level playing field’ for participants in the system of cooperation.

This report seeks to identify existing areas of ‘unevenness’ in the playing field, which may have adverse effects on small and developing Commonwealth countries, and to suggest steps which can be taken to address the issues of the ‘level playing field’ in this context. It builds on previous work done by the Commonwealth Secretariat, the International Trade and Investment Organisation,<sup>3</sup> the OECD and academics working in this area.