

ECOSOC Special Meeting on International Cooperation in Tax Matters

Panel I: Taxation and Inequality

Statement by Civil Society FfD Group (including the Women's Working Group on FfD)

Delivered by Dereje Alemayehu, Global Alliance for Tax Justice (GATJ)

29 April 2021

(Note: This statement was not delivered at the meeting)

I had a chance to speak at a similar meeting two years ago so let me start by quoting my two conclusions from this speech:

- a) To expect developing countries to enhance domestic resource mobilisation without stopping resource leakages in their economy is like expecting them to collect water with a sieve;
- b) My second conclusion: To expect Developing countries to make substantial progress in designing and implementing adequate national tax policies without creating an enabling international environment; that is without easing external constraints that shrink their finance policy space is like expecting them to run fast with their hands tied

Looking at the agenda of this conference, the emphasis is on domestic level measures and problems. It looks like a preparatory framework for Article IV negotiations of the IMF with national governments. This is not to suggest that domestic issues are not important or relevant. But the UN is primarily the space where global challenges should be prioritised for collective efforts to be negotiated and global solutions developed.

The weakening of the UN and, more broadly the crisis of multilateralism are raised frequently. One manifestation of this crisis is the effort to marginalise the UN as the space where global challenges are addressed. It is with great disappointment that we note that the UN is not doing enough to claim its legitimate role and space. Those working to weaken the UN have managed to keep it out of global tax governance and allocation of taxing rights issues to solve international challenges through a legitimate and inclusive intergovernmental process. As a result of this, the UN has not managed to put the issue of global tax governance and the allocation of taxing rights on its agenda, to set in motion a process that could lead to setting up an intergovernmental tax commission within its auspices and thereby agree a UN tax convention to enhance international tax cooperation to end IFF including tax avoidance.

The FFD process is not created as a fundraising exercise to finance SDG implementation. It was set up mainly to address structural and systemic impediments that shrink the policy space for developing nations to finance their development in a sustainable and adequate manner. One of the means to create this policy space is to enhance international tax cooperation to curb illicit financial flows including tax avoidance. This should have been the priority issue to be discussed at this meeting. Even the recommendations of the FACTI Panel, which reiterates the demands of the G77 for UN tax body and a UN tax convention, has not made it to the agenda!

For us in the Civil Society, the UN should be and remain the only legitimate institution to discuss and resolve global challenges of domestic resource mobilisation. This cannot be done by any other institution with a limited number of members. For such clubs to claim to be an international convenor to set universal rules and standards in a closed process without transparency and accountability systems is hegemonial usurpation. Taking rights of developing countries cannot be addressed within the logic of development aid policy. 70 years after the end of colonialism, old colonial powers cannot determine what fraction of global profit could be claimed by developing countries.