

ECOSOC Special Meeting on International Cooperation in Tax Matters

Panel 2: Taxation and the Environment

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

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29 April 2021

Thank you Chair,

As we discuss international tax cooperation in relation to environmental protection and health, I would like to highlight some very noticeable differences in the global approach to these issues.

When it comes to both health and environmental issues, it is broadly recognized that the place to negotiate global rules is the United Nations, where all countries can participate in an equal footing.

But when it comes to taxation, there are still countries, and in particular OECD countries, that argue that it is ok for global rules to be decided in bodies where other countries, and in particular developing countries, are not able to participate on an equal footing.

We have heard about the new global tax rules, which are now being decided in the OECD-led negotiations under the so-called Inclusive Framework. In this context, it is very important to be aware that one third of the world's countries are not at the table in the Inclusive Framework.

Furthermore, it is clear that when it comes to developing countries, many of those who are at the table have difficulties influencing the agenda. For example, we have heard one commentator from a developing country talk about feeling like "collateral damage" in the negotiations.

The meeting we're having today was supposed to be about international tax cooperation. But to our surprise, we noticed that most of the agenda is not focused on that, but rather on what seems to be domestic tax matters.

This is despite of the fact that there are some important and relevant issues to discuss.

In his opening remarks, the President of ECOSOC mentioned the report of the FACTI Panel. In this report, a high-level panel has highlighted serious shortcomings of the OECD-led negotiations, and recommended that the international community sets up an intergovernmental UN tax body and negotiate a new UN Tax Convention.

While I thank the President of ECOSOC for highlighting these important recommendations in his remarks, I want to stress that this issue should have been the most central part of today's agenda. But clearly – for reasons which I fail to understand – it is not.

Instead of a UN initiative, we now once again have the OECD trying to lead a negotiation on global tax rules, and once again, the proposed rules have very clear biases against developing countries.

This is what has been going on for the last 50 years, and the result has been conflicts, uncertainty and a deeply inherent and broken international tax system.

Currently international tax dodging and tax havens are costing both developed and developing countries billions of dollars in lost tax income every year.

Stopping that problem is the most important thing governments can do to find new resources for health care, environmental protection and not least for fighting the Covid-19 crisis, which we are still in the midst of.

In conclusion, we need a fair, balanced and effective global peace agreement on tax, and the United Nations is the only place that can deliver that. This meeting was a missed opportunity, but we call on the UN to urgently organize an intergovernmental meeting where international tax cooperation and the related recommendations of the FACTI panel are really on the agenda.

I thank you.