
The IFD Chronicle

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GOOD, NOW WE ARE TALKING



YESTERDAY, WE WITNESSED THE FIRST REAL intergovernmental negotiation in the new UN Tax Convention Committee. As it should be, it happened in a transparent, inclusive and open fashion, with the web cameras on, civil society in the room and with all governments participating on an equal footing. While this is anything but unusual within the conference rooms of the United Nations, it is nothing short of a revolution within the world of global tax governance.

In a positive tone, carried by the many governments from both the Global South and North who stressed their commitment to working together to promote truly global tax cooperation, the atmosphere in the room went from timid and slightly tense to positive, open and constructive. Credit should be given to the newly elected Chair of the Committee, the Permanent Representative from Egypt, Ramy Youssef, who led the way, initiating and facilitating a very helpful and solutions-oriented negotiation.

We now call on all governments to maintain this spirit of cooperation and ensure that this week results in the adoption of the procedural outcomes needed to allow this Committee to get on the road. The UN General Assembly has given it a very urgent and important task – namely to produce Terms of Reference for a new UN Framework Convention on International Tax Cooperation. We look forward to being a part of this journey, and also want to echo the calls from several developing country delegations, who stressed the importance of ensuring that resources and finance is available to allow all countries to send representatives from capitals to participate in this important process.

WE ARE READY TO JOIN THE CONVERSATION

RESOLUTION 78/230 UNDERLINES THE IMPORTANCE of civil society contributions as an integral part of the new inclusive UN tax process, and of course, we couldn't agree more. We were also happy to hear several delegations reiterating the importance of civil society participation in their opening statements, and to learn that there seems to be broad agreement on Annex 2 of the Annotated Agenda, namely the modalities for stakeholder engagement.

We are here, and we are ready to join the conversation! However, to those who might be wondering why you have not yet heard from us in the plenary debate, we want to point out that since Annex 2 has still not been formally adopted, we are not yet permitted to speak. Therefore, we would like to stress to all governments: we are keen to make our contribution to this process – please adopt the modalities to allow us to do so!

Here is why this UN process will never amount to duplication

IN THE OPENING STATEMENTS, SOME DELEGATIONS mentioned the importance of ensuring that the intergovernmental UN tax process will not result in duplication of other processes. To those delegations we want to say – rest assured, what is happening here is quite unique. With its inclusive and transparent process, and with all countries participating on an equal footing, this UN process is finally starting to deliver on the commitment from the Addis Ababa Action Agenda to ensure that “efforts in international tax cooperation should be universal in approach and scope.”

Despite the name, the OECD’s Inclusive Framework has never been inclusive. A third of UN Member States are not represented at that process, and among least developed countries, the number of countries that are not members is well over two thirds. Furthermore, in order to join the Inclusive Framework, countries are required to sign on to the OECD/G20 decision on Base Erosion and Profit Shifting. This package – which amounts to almost 2000 pages – was negotiated from 2013-2015 in a process where over 100 developing countries were never invited to join. When it comes to the OECD’s Global Forum on Transparency, over 20 per cent of UN Member States are not at the table. Furthermore, it is worth noting that only 44 countries and the EU were involved when the 2014 “global” standard on automatic information exchange was agreed.

Until this point, we have not had a truly global framework for international tax cooperation, and it is in the interest of all countries to fill that void. The new UN Framework Convention on Tax will be a great leap forward towards inclusive and effective international tax cooperation, as well as a fair and coherent international tax system.



The Carousel Bureau

AS CIVIL SOCIETY, WE STRONGLY WELCOME THE overwhelming interest that governments have shown when it comes to engaging in the new UN Tax Convention Committee. So overwhelming, in fact, that the twenty seats in the Bureau proved to be no match for the number of interested Member States. This resulted in a creative (and somewhat peculiar) solution of “rotating” Bureau-memberships – with members from the Asian and Latin American regional groups taking turns to sit on the popular seats for a limited amount of time, and then resigning and handing over to the next.

We appreciate the great willingness that governments are showing in terms of investing time and resources in bringing this process forward, but as we saw in yesterday’s plenary negotiation, it is important to remember that while the Bureau plays an important role in facilitating progress, it is for all Member States to deliver the outcomes of this Committee through a transparent and fully inclusive process.

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