

## Overturning a 100 year legacy: UN tax vote: the Taxcast, December 2023

Naomi: Hello and welcome to the Taxcast, the Tax Justice Network podcast. We're all about fixing our economies so they work for all of us. I'm Naomi Fowler. On the Taxcast this month:

Clip 1: "African people are tired of poverty, they do not request more assistance. They request every companies making profit should pay the right price, the fair and just percentage in terms of tax."

Clip 2: "The committee is now voting on draft resolution L18 Rev 1 entitled Promotion of Inclusive and Effective International Tax Cooperation at the United Nations."

Naomi: It may not sound like it, but this is a historic vote at the United Nations on where the power lies for global tax rulemaking.

Clip 3: "The voting has been completed. Please lock the voting machine. The result of the vote is as follows: in favour 125, against 48, abstentions 9. Draft resolution A/C2/78/L18 REV1 is adopted."

Naomi: Some nations tried their best to block it, but a landslide majority of nations voted to catapult the world into the next steps for fairer rulemaking on global tax. It's all about who gets to decide, and how, and where.

UN representative from Nigeria: For developing nations this resolution represents a beacon of hope.

Naomi: This is the UN representative from Nigeria introducing the draft resolution before the vote on behalf of the Africa Group.

UN Representative from Nigeria: By standing together today, we commit not only to fairer tax systems, but also to a collective future where economic justice are not mere aspirations but achievable realities. The path is clear and the benefits are manifold.

Naomi: And here's the South Africa representative.

UN representative from South Africa: For many Africans, fulfilling the UN Sustainable Development Goals is a matter of life and death. Unfortunately, their ability to meet these aims is hobbled by illicit and hidden movements of capital that amounts to vast billions each year. It is high time that the international community addresses this injustice in global taxing rights that is impoverishing millions, which goes back to the days of the League of Nations, when most member states were colonies and which has been perpetuated by the monopoly that rich country clubs have held over international tax rulemaking.

Naomi: We know that if we continue on our current trajectory where the 'Club of Rich Nations' at the OECD wields the power on tax rules in their own interests, countries are on course to lose 4.8 trillion US dollars to tax havens over the next decade. This vote aims to avoid those kind of astronomical losses by doing things differently through the United Nations and establishing a UN Tax Convention. Taxcast listeners will remember that in 2022 countries at the UN agreed by consensus to the preparations that have led up to this UN vote. So what have 125 nations just voted for? Alex Cobham of the Tax Justice Network:

Alex: So look, what's happened, you know, last year there was agreement to move forward with intergovernmental discussions, so the real thing that it required was this report from the Secretary General to look at the options and then a debate in the General Assembly this year.

Naomi: Yes, and I covered that in the Taxcast. It's the one called the day global power shifted. I'll put that in the show notes. So the report was done, yeah.

Alex: Right, so that's happened, and off the back of that a new resolution was brought forward by the Africa Group. And this resolution really does two things. So it sets the commitment to work towards a framework convention on tax. And in the immediate period, really from January to August, it says we will create, basically a committee of all of the UN member states in order to create the terms of reference for those negotiations. So it's all of the countries of the world agreeing the terms of reference for the negotiation on a framework convention. And the idea is that will then be brought back to the General Assembly in September, and then the negotiations would go forward. So last year was kind of creating the context, saying this is what we're looking at. And this year is, we're kind of into the hard and fast steps, this really concrete committee to take it forward, to create the terms of reference. So we're on the road, you know, we have a resolution now that commits absolutely and without equivocation to negotiating a framework convention, a legally binding outcome.

Naomi: Okay. We're going to look at the no voters and their motivations in a minute. But why did nations agree by consensus last year, but this time it went to a vote?

Alex: Yeah, so, this is sort of UN technicality, last time they didn't vote so it's UN consensus, so nobody objected hard enough to say, let's take this to the vote. So there were some objections, registered or reservations from some OECD countries but nobody wanted to resist enough to have a vote so it passes by consensus and that's effectively as close as you get to unanimity. This year they wanted to stop it. And they fought really, really hard all the way through trying to stop it and only the almost complete unanimity of the G77 countries made sure that we had such an overwhelming result in favour.

Naomi: Right, and the G77, that's a coalition of so-called 'developing' countries, so it was a landslide really, those 125 nations voting in favour of the resolution represent 80 percent of the world's population. It's a historic vote too, the last attempt to address global power imbalances through the United Nations was spearheaded by Jamaica in the 1970s, along with other newly decolonised nations. Back then, they passed the UN Declaration on the Establishment of a New International Economic Order, and the aim of that was to reinforce the rights of all national governments to control multinational capital and specifically exercise democratic power over multinational corporations. The backlash against it from the most powerful nations dissuaded any similar attempts for nearly 50 years, until now. Here's the representative from the Bahamas at the UN:

UN Representative from the Bahamas: This resolution is an important step towards an inclusive and equitable global tax system. For over six decades, the international tax policies formulated and dictated by the OECD neglected or failed to address the inherent challenges

and the differences in development dynamics faced by the global south. Throughout these decades, developing countries have grappled with the disequilibrium of the international financial architecture, coupled with inconsistent contradictory tax and financial services policies, which have stifled economic growth.

Mr. Chair, this resolution envisions a future where services and trade benefit all countries fostering true inclusivity and cooperation. It will enable countries, particularly in the Global South, to actively participate in shaping international tax norms, while creating equity and development capacity where it did not exist before. It will also ensure the development of protocols to combat illicit tax related illicit financial flows, which cause the loss of hundreds of billions of dollars in tax revenue annually. By addressing this issue we are taking a significant step towards preserving the financial integrity of vulnerable countries while generating more revenue to finance development.

Mr. Chair, the overwhelming support for this resolution is a clarion call, indicating that the majority of the world recognises the inequalities of the current international tax regime and are victims of its arbitrary and inconsistent rules. In this vein, the Bahamas welcomes the passage of this resolution as an aspiration for equity, inclusivity, sustainable development and tax cooperation.

Naomi: The Bahamas co sponsored the draft resolution and we'll talk a bit about their position later, which is interesting. Before the main vote happened on the draft resolution, Promotion of Inclusive and Effective International Tax Cooperation at the United Nations, the United Kingdom proposed an amendment to that draft resolution. Here's the UK representative.

UN representative from the UK: During negotiations, the UK and others have sought to engage constructively to bridge the range of views and find a way forward that is in line with the ambition and which commands consensus. That is why we are now proposing an amendment to the resolution, which would change the text to just refer to a framework, rather than a framework convention.

Naomi: OK. So, what was the UK up to there? And why did they want to change the text to refer to a framework rather than a framework convention? What were they doing?

Alex: So, the UK brought forward this amendment. It's not quite clear why it was the UK who brought it forward, because it was really the European Union's position but I think just, you know, some OECD members trying to block things together. So the UK brought forward an amendment to strike out the word convention, basically from the resolution, in order to kind of get to a position where you have no legally binding outcome at all.

Naomi: Right, so in a way they were happy to talk shop, but not if it actually meant it was legally binding?!

Alex: I mean, that seems to have been the position, which is remarkable. Because bearing in mind, these are countries that sometimes complain that the UN is a talking shop, and they use that as an argument for why they shouldn't do things at the UN. And in this case, they were demanding that the UN be a talking shop and have no possibility of being anything else

so, yeah, it wasn't, it wasn't a very compelling position, I think, and certainly the Africa Group gave it very short shrift, and rightly so.

Naomi: Yeah, here's the Nigerian representative's response to that and there's not much doubt what he thought about the UK's intervention!

UN representative from Nigeria: Thank you very much, Chairman, and I would like to thank the UK delegation for its engagement and for its, uh, approach of trying to alter the resolution.

The position of the African Group is that the amendments being proposed by the UK delegation aim to, or would certainly preserve a restrictive status quo where developing countries remain marginalised in terms of international discourse. This approach denies us a voice in vital areas of agenda setting, norm creation, and decision making. The African Group, therefore, categorically rejects these amendments and strongly encourages all delegations to vote against them. We instead invite you to support and vote in favour of the draft resolution as it is, affirming our commitment to equity, inclusiveness and a global tax system where every member has an equal say.

Naomi: Well, that attempt by the UK to amend the draft resolution didn't work. It was heavily defeated. Listen here to the results of the vote on their amendment.

UN representative: Delegations are kindly requested to indicate their votes. Those in favour of the proposed amendment contained in document A/C2/78/CRP 7, please signify. Those against and abstentions. The committee is now voting on the proposed amendment to draft resolution L 18 REV 1, as contained in document A C2 78 CRP 7.

Will all delegations confirm that their votes are correctly reflected on the screen? The voting has been completed. Please lock the voting machine.

The result of the vote is as follows in favour 55 against 107 abstentions 16. The proposed amendment contained in document CRP 7 is not adopted.

Naomi: So, that amendment got nowhere. Next, the United Nations voted on the Africa Group's now unamended draft resolution. Just before that, the US representative gave a statement on why the US was going to vote against it. Let's listen to a bit of that.

UN Representative from the US: The United States regrets that it cannot join consensus on this resolution and wishes to explain the reasons for this decision before the vote. The content of the resolution and the process followed over the course of negotiations have resulted in outcomes that are likely to duplicate and undermine existing intergovernmental negotiations on international tax cooperation.

Naomi: Duplicate and duplication are words you hear a lot from the no voting countries.

UN Representative from the US: The resolution has failed to achieve the consensus necessary to strengthen international tax cooperation for the benefit of all countries. Without broad consensus among countries, any process is unlikely to strengthen international tax cooperation or achieve meaningful results.

Naomi: Hmm, well, the United States has often opted out of international agreements on tax rules as they're decided currently, so, yeah..! Next, the US representative went on to claim that tax rulemaking as it's done now is all just fine. Nothing to see here.

UN Representative from the US: Negotiations of the Inclusive Framework occur in a setting in which 145 jurisdictions provide input and decisions are made by consensus. This approach affords every member a real voice in negotiations and decision making, which allows for the development of solutions with broad consensus that have a better chance of standing the test of time

Naomi: So she's sort of saying 145 jurisdictions agree tax rules together and it's all great?!

Alex: So, you know, let me not call anyone a liar, you can only conclude from that that the U.S. delegate was exceptionally badly briefed, you know, the Inclusive Framework, and this is on the record by multiple participant countries, simply does not provide an effective voice to most of the Inclusive Framework members. In fact, a number of OECD country members, whatever that is, 38 or something members of the OECD, a number of them have expressed serious frustration at the failure of the process to be inclusive, even of their voices.

But apart from the practicalities, apart from all the people who've complained that this isn't inclusive and highlighted - as ATAF, the African Tax Administrators Forum has done - highlighted that the processes for consensus is quite close to coercion, that sometimes they would be delivered documents at 10 o'clock at night, being told that if they had not raised an objection by first thing in the morning they would be assumed to be joining the consensus, right? Now, even for countries with very high capacity in their tax authorities and finance ministries, that's a completely unreasonable ask and that doesn't generate any genuine consensus at all. For countries which in many cases are seriously capacity constrained and operating in different time zones, that's just outrageous, you know, and it's clearly not consensus by anyone's definition.

But look, even setting aside those questions about how the Inclusive Framework fails to work in practice, you only have to look at the governance to understand that what the US delegate said is completely wrong. There is no governance, no rules of procedure for the Inclusive Framework, so there is no basis on which the Secretariat legally is required or even can take the opinions and reflect them of the members of the inclusive framework. So if you look through the OECD's governance, what you come to is the position stated that legally the secretariat is bound by, which says that they must prioritise the views of OECD members over any other country and that has to be the determinant of all the work that they carry out. And that's equally true for the Inclusive Framework as for any other thing that the OECD does.

Now, if you wanted, you could think about changing the OECD's governance, you know, you could create structures and rules of procedure where they could have transparent voting, where there could be decision making by the members of the Inclusive Framework, not by OECD members. But by the time you've done all that, you'd effectively have created a United Nations parallel. So there's kind of a question, you know, why would you do that when we've

already got the United Nations?! We've got the UN. We just need to give it a space to deal with tax.

Naomi: Ok. So, next, nations at the United Nations voted on the Africa Group's unamended draft resolution. Here it is:

UN Representative and interpreter: The committee is now voting on draft resolution L18 Rev 1 entitled Promotion of Inclusive and Effective International Tax Cooperation at the United Nations.

The voting has been completed. Please lock the voting machine.

The result of the vote is as follows in favour, 125 against, 48 abstentions 9. Draft resolution A C2 78 L18 REV1 is adopted.

Naomi: Right, let's take a look at the politics and the power relations behind all this. Let's start with the nations which voted no, voted against the resolution. The first thing to say is that the 48 countries who voted no to the resolution are A) mainly OECD member countries, which represent only 15 percent of the global population and B) those no voting countries are responsible for three quarters of all countries' losses to tax havens. That puts things in a different light, doesn't it?! And that's complicated by the fact that the tax benefits from reform would be good for all nations, not just the world's poorest ones. And that's because the wealthiest countries in the world actually lose the most tax revenue each year as a result of the way international tax rules currently work under the OECD. Poorer nations lose the biggest proportion of their potential tax revenues, so they're hit very hard and they can weather that hit less than wealthier nations. So if wealthier nations also lose out, why did they vote no? Here's Alex:

Alex: Well, a cynic might say that those countries actually don't have an interest in fixing the problem. Although they are the biggest losers in terms of absolute revenues, they are also the home countries for the multinationals and professional services firms that are responsible for most of the cross border tax abuse in the world. I think that's probably not fair.

Somebody even more cynical might say, these countries do kind of want to fix the problem, but not that much. Not enough to actually give up the disproportionate power that they have at the OECD. So they'd rather have this process at the OECD continue to fail to solve the problem, but it being their process and their organisation rather than a globally inclusive one. And again, you know, I think, or at least I hope, that that's probably unfair to, at least for quite a few of those countries.

So I think maybe the fairer reflection would be to say there's two things going wrong here. So one is that these countries governments are not under sufficient public pressure from their own citizens demanding that they do more about the problems of tax abuse. And that's something that we, the tax justice movement should be thinking about and how do we, how do we change that dynamic when these losses are so huge and responsible for so much lost public services, so much excess inequality in these rich countries, as well as everywhere else? So that's one part.

I think the other part is countries are afraid of what they don't know. You know, it's not countries, it's people, it's individuals, it's, it's government officials and the ministers that they brief, and they're comfortable at the OECD, you know, they know it doesn't work, and they know that when the US and France, the biggest member and the host country have a bilateral negotiation, everybody else pretty much has to accept the results because it's the opposite of a democratic, uh, organisation, but they're comfortable in it, it's what they know. And they worry, particularly finance ministries who never engage at the United Nations, they worry that if they go somewhere else it might all be terribly different and scary. And so I think there is a process, you know, in the negotiations generally of people just getting kind of acclimatised, people from finance ministries and tax authorities who aren't normally in UN spaces actually understanding that this is a place that's got real possibilities, that the transparency isn't something to be afraid of, actually it can help them get much better outcomes, and hold each other accountable, and allow their citizens to see that they are taking the positions that they say, outside of the meeting that they're going to take. And I think, you know, genuinely, I think we're going to get on a road where a lot of OECD countries really embrace this process. And we can kind of move forward to something much, much more effective, as well as much more inclusive than we've had at the OECD.

Naomi: Okay. Let's look at the Yes voting countries. These efforts to move international tax rules setting to the United Nations have been led by the Africa Group and proposed by Nigeria. Co-sponsors of their draft resolution include Bahamas, Bolivia, Guyana, Russia, Thailand and Tonga. Russia's interesting. Why Russia? Here's the Russian Federation representative addressing the assembly before the vote:

UN Representative from the Russian Federation speaking through an interpreter: Mr. Chairman, dear colleagues, Russia is in favour of strengthening international cooperation in the area of tax matters and making it truly inclusive. We hear what the African Group is saying. The existing multilateral cooperation mechanisms within the OECD are neither inclusive nor effective. In this regard we support expanding the tax discussion in the UN and creating an intergovernmental platform with universal membership to discuss specific matters. The obstructive stance taken by most OECD countries, the position of developed countries is bewildering. Meeting the challenge of mobilising internal resources without establishing a fair and inclusive international tax system is not possible. Maintaining the status quo will not enable countries of the Global South to ensure self sufficiency or to decrease their dependency on external financial assistance.

Naomi: Here's Alex.

Alex: So, I mean, you would like to think that, you know, Russia being aware that it's very seriously exposed to financial secrecy that drives not just significant tax abuse, but also, you know, the very obvious problem of corruption, that it's seen the light. I don't think that's, certainly not what we've really heard, but it's a calculation that, you know, the G77 countries have really, felt so oppressed, and have been oppressed really, are currently being oppressed by the way the international tax rules operate by their exclusion from any effective voice in that process and the continuing extraction of profits by companies from OECD countries, so Russia sees an opportunity to align itself with the G77 and say, you know, we are much

better friends of yours than the United States or the European Union. And that's, you know, that's fairly cynical, but it's not surprising. And, you know, if you're on the other side of that, if you're the United States or the EU or the UK, you know, you should really think about whether, let's imagine that you actually think the OECD is delivering something good, even if you did, which, you know, nobody could, but let's say you did, you'd still have to think quite hard about where the G77 very clearly doesn't take seriously the claims of the West to be kind of defending human rights and to be on the good side you know, this is such an obvious opportunity to say, in effect, you know, you're right. And we can see that we've done this wrong and that we've acted unfairly for decades now. And it's time, you're right. It's time that you and everyone had a seat at the table and, you know, get on the right side of history, right? You know, this is a process that's going to happen anyway so it wouldn't actually have cost very much to say, you know what, we're going to champion it, instead of being the people who are trying to spoil it at every step. So just even on a kind of, you know, a very narrow political pragmatism basis, you think this was a bad decision by most of the OECD countries who opposed.

Naomi: Hmm. And looking at some of the, the other Yes voters, Colombia and Chile, they resisted a lot of pressure as OECD members wanting them to vote against or abstain and that's quite an interesting and quite a brave stand they took, I think.

Alex: Yeah, I think the support for this is really kind of quite telling. Thinking of Chile and Colombia, you know, what they've done is exceptionally brave and important. I've just been in Oslo, and you know, Norway abstained, right, as another OECD member. They were under enormous pressure to vote to vote against, and to stick with the OECD bloc, and so for them even to move to abstention, never mind voting in favour, you know, just to get to abstention was really politically, felt costly for them. And this is a country that's been, you know, an absolute champion of this kind of inclusive international tax cooperation and work on financial transparency for, you know, at least the last 20 years, so, you know, you can only imagine the pressure that the newer OECD members like Chile and Colombia were under so it's, you know, it's all the more admirable that they took this stand.

I think if you then look at some of the other supporters, even the co-sponsors, you see some unusual names when you're thinking about kind of international tax cooperation. So one of the co-sponsors was the Bahamas, and the Bahamas is a country that's been you know, frequently on the non-cooperative jurisdiction lists of the European Union or other kind of tax haven blacklists, and they're always painted as an opponent of progress by those institutions. It is true that, you know, from our perspective, the Bahamas isn't sort of perfect, you know, it's got some work to do to become a bit more transparent and make sure it's not kind of facilitating profit shifting, but it's far from alone in that, and of course the Bahamas role is much, much smaller than that of some of the big OECD members, whether that's the Netherlands or Ireland on profit shifting or the United States on financial secrecy. And yet the Bahamas ends up on these lists when no OECD member ever does. So for them to co-sponsor this is a signal that I'm sure they can imagine this process will lead to some further constraints on how they can operate, but clearly they've decided it's much better to be part of a global process in which their voice can be heard, even if the outcomes in some cases



may be to require them to meet certain standards than to be outside of a process forever at the OECD or the European Union, wherever, where they're only ever going to be painted as criminals, you know, and if you look across the Caribbean, actually, the support was really comprehensive, I mean, it was kind of impressive given that that's a region that's often felt like international tax co-operation is just another word for coming to attack us, right?

So I think you can see a shift in dynamics here. Countries at different income levels from different regions of the world coming together because genuinely there is a central demand in this which is for everyone's voice to be heard, not just this this group of OECD members.

Naomi: And the countries that chose to abstain, again, interesting. There's nine of them, so I'll run through them quickly. Norway, Alex has talked about, then there's Armenia, Costa Rica, El Salvador, Iceland, Mexico, Peru, Turkiye, and the United Arab Emirates.

Let's talk about some of the no voting countries, all of the EU countries voted as one block against the resolution. Here's Spain's representative at the UN speaking on behalf of the 27 EU countries after the vote. It's that duplication word again, but they also seem to think that all that's needed is to tweak the OECD rich countries club to make it more democratic. Have a listen. what you're hearing is the UN interpreter interpreting from Spanish to English.

UN Representative from Spain, speaking through a UN interpreter: The EU and its member states recognise the important role played by the UN, including, but not limited to, its efforts to support developing countries in mobilising domestic revenues and to increase their ability to finance their development strategies. The EU and its member states are also committed to the ongoing work of the OECD and G20 inclusive framework, which strives to establish ambitious reforms to the international tax order, and its increasing number of members. We consider it is important to continue developing these global tax standards and avoid duplication of work or inconsistent outcomes, including agreements that have been built over the course of many years and that have global benefits, however imperfect they may seem.

However, we recognise that many UN member states have noted a lack of inclusivity in the existing international agreements, both in terms of their process and also in terms of establishing the agenda. We are resolute in terms of committing to improvements in this regard, both in terms of consultations and with member states and also respective international organisations, the EU and its member states support the efforts of the global framework to improve the inclusiveness of its membership.

Naomi: You've talked a bit about the EU already, voting as one bloc against the resolution. And you can see that there is some sympathy for the objections of many nations that they're not getting a fair say in the making of global tax rules. So, they acknowledge there's a lack of inclusivity, but still voted against as a bloc. It's in theory, somebody is able to break out of that bloc and say, no, I'm going to vote for it? Or I'm not quite sure how the EU works in the UN for this kind of vote?

Alex: Yeah, so it doesn't always, but it very often operates as a bloc, and, you know, at the second committee where this resolution came, that's typically how it operates. What was

different this time though is that the EU finance ministers had met in, I think, September and gave a recommendation that EU members should support option three, this non-binding framework without a convention. That was then interpreted by the lead EU member in the negotiations of this as an absolute outright position that couldn't be changed. Now that EU member that led the negotiations was France, which of course is the host country of the OECD and always the most aggressive defender of the OECD. So I think the EU got themselves stuck into a position that they didn't actually necessarily mean to take, but under a combination of pressure from the OECD itself and then from France, ended up tying everyone's hands. I think there's quite a bit of anger at France about that. And delegations understand how much geopolitically it's kind of cost them to be on the wrong side of this and to fail to stop it anyway. So we're already hearing that EU members will be actively participating in the, in the committee stage that will begin in January and February.

We'll see if that's an EU bloc position or if it's much more open and positive members will be able to engage more positively. My guess is they'll try and keep a bloc position, but there's no way it's going to be dictated by France next time, that's the message that's coming.

But one thing to say, you know, for the EU, I think what needs to happen really is a shift in understanding. You know, I heard the head of tax at the European Commission the other day saying he just didn't know what the UN convention would include and that's why it was difficult for them to take a position. I think, again, that suggests he simply hasn't been briefed because there's a lot of material out there on what could be included.

Actually, you know, the case you can make to the EU is very clear. Going back at least to 2000, the EU has been a leader in a whole set of areas, you know, it was the EU that took forward multilateral automatic exchange of information. The EU has really led on beneficial ownership, at least up to the European court ruling that's put that in a bit of jeopardy. It's leading now on public country by country reporting from July this year. That will be a requirement, not perfect, but you know, a big step on the road. And the European Union has led in efforts to try to get a type of unitary taxation with formulary apportionment within the European Union itself and that's still something they're still trying.

All of their work across each of those areas has been held up when they've tried to make it fully multilateral at the OECD or the related institutions, the Financial Action Task Force and the Global Forum. All of those things have been blocked by the biggest OECD member, the United States, and they've only ever moved when the United States moves, so when Obama requires automatic information provision to the US, it allows the EU to get the OECD to deliver a multilateral standard for automatic information exchange. When the US refuses to have public registers of beneficial ownership, then FATF the Financial Action Task Force can't do it either and everybody else is stuck waiting for the international standard to approve.

If you're the EU, you ask yourself, am I okay to get blocked every time by the United States, always and only ever able to go at the speed that whichever US administration is in power is willing to go? And you can see it in the current tax reform negotiations too, when, you know, under Trump one thing was possible, under Biden, another thing was possible, and it was almost irrelevant what the rest of the world thought. So everyone has spent all of this time

doing what the U.S. has wanted them to do, with the net result that we will have nothing because the U.S. ultimately is going to say we can't do it, and so no one else is doing it. The EU has to at some point think, is it possible that in a different setting, perhaps a more transparent and democratic one, we might actually be able to support the progressive things that we want to happen, happening multilaterally, that the US opposition could be set aside or overcome in that context in a way that it can't be at the OECD? Because the OECD is so completely dominated by the US, you know, to the extent that the OECD cannot even say the United States is non-compliant with the Common Reporting Standard for automatic information exchange, even though the United States position is explicitly that they have not signed and will not sign ever, nor provide automatic information exchange, the OECD still can't actually say that they're non-compliant because that would be too controversial. Is this the institution for the European Union to set tax rules, to look for multilateral progress? I mean, I think a kind of a cold analytical view of things would suggest that this really is not the future for the EU's hopes. And the UN convention creates exactly a space in which they could really move forward that agenda. The European Union has a lot to gain from this. It will be a way of opening the doors to the agenda that they've had for a very long time, but they need to get comfortable with it and stop feeling quite as afraid of the risks, as they would see it, of allowing countries in the G77 to have a voice as well.

Naomi: When it comes to the United Nations current role in tax governance at the moment I think it's limited to an expert committee of 25 people who are nominated by member states, but they conduct business in their own capacity, I think. So what do you hope could happen now as a result of this vote to expand and develop its capacity?

Alex: I think it's worth saying, actually there is quite a lot of tax capacity in the UN system. So the UN Tax Committee that you've mentioned, that's one piece. And yeah, it's an expert committee, so the experts are nominated by countries, but they are not supposed to be national representatives. Although very often when you see the OECD people blocking things, it feels very much that their role is representative. But you know, that committee, even as it stands, and even with relatively little resources, has actually done some really impressive work, particularly in the last few years.

You know, they've come up with treaty articles that really address the problems of digitalisation in a much quicker and more elegant way than anything that the OECD process is going to deliver. They're working on things like wealth taxes now, so they're kind of pushing the horizons of where things can go, so we shouldn't downplay what they've already delivered, even with the constraints that have been put on them.

But then you have, you know, UNDP does a lot of work as part of Tax Inspectors Without Borders, collaborates with other institutions, supports national governments in their tax work. UNCTAD does a lot of work on the tax abuse of multinational companies. The UN regional economic commissions, especially the economic commission for Africa have really been, you know, among the biggest champions of tax work. And so they're all these parts of the UN system where actually there is significant capacity and expertise.

And one, one possibility is just that you could bring together a lot of that into one place and, you know, and really without even any additional resources, you'd have a very powerful group, ready to go.

Look, what the convention offers the possibility of is really going to another level. So you'd have this, this real core of expertise sitting in one place now, rather than spread around the system with all of the data ideally coming in there and, you know, being responsible for generating public analysis of the scale of the problems. You'd have the UN saying, this is how bad the problems are, we're tracking this, and this is where the real issues are and we need to deal with this and this and this, and doing it in such a way that, you know, instead of the OECD having all the information and publishing little bits of it for people like us to pick up and do what we can with, you could make all of the information at least at the national level, public through that process, so everyone has a common basis of knowledge to work from and to take into negotiations, you know, all of that. Again, it wouldn't take a huge amount of resources, but having it centralised around this framework body would change the whole dynamic, and in particular for lower income countries outside the OECD who really lack access to information so much of the time, which just layers on top of the capacity constraints they have too, you know, creating a central resource would be extremely progressive because the benefits would be much bigger for the countries that are currently denied, denied information and currently lack capacity most.

Naomi: Right. And in terms of what they should focus on most, should it be a place that enables states with common cause to kind of form blocs together to resist the pressure more effectively than they can at the moment from the most powerful countries and that would help them implement region-wide things or even unilaterally, it gives them more power to implement things domestically that they want to enforce when it comes to multinationals? Or should it be taking an OECD type approach where they try to push tax rules as widely as possible everywhere, according to what they've agreed?

Alex: In a sense, this is the set of questions for the governments of the world, you know, and, and for the first time they will be able together to consider them. But we can say, look, here are kind of the relatively quick wins, things that we can, you know, really deliver within a couple of years of negotiations. And here is some more complicated stuff, which effectively will be the agenda for the framework body going forward.

What you can really do in the convention itself in the immediate protocols is more around transparency. You know, so you can take the OECD instrument for automatic information exchange and make it genuinely globally inclusive and address some of its significant shortcomings in terms of how easy it is to design income stream asset classes that are outside the reporting requirement, so you make it much better. And you make sure everyone's included, and in particular, you allow lower income countries to receive information without immediately having to reciprocate, because you recognise, as the UN process, UN in general always does, that you have common but differentiated responsibilities, and you don't expect everyone to do everything from moment zero. So it's kind of, you know, significant wins there that will really generate additional revenues from

the following year. We've also seen the injustice of, of cutting out most of the countries of the world from it so making that global and making it better will really deliver. So that's A.

You know, B, you can imagine setting a beneficial ownership standard, which the United States might not like, but more or less everyone else would be happy to aim for of transparency of the ownership of companies, trusts, legal vehicles or other sorts. You know, you could really make significant progress quite quickly on that. Similarly, I think the tipping point is probably about on us getting to public country by country reporting. And if you did that in a multilateral convention, you solve the problem that we currently have that any government like the Australian one this year that tries to move ahead comes under enormous pressure because it's only one government. You put that in a convention and you really kind of make it politically possible to do without countries getting picked off by the lobbyists. So that's your ABC of transparency, potentially all there in the convention.

Then the question is on corporate tax, you know, we know what the ambitions are really, and this is true for OECD countries as well as others, we want multinationals profits to be declared and taxed in the places where their real economic activity takes place. So you could actually, even within the immediate convention, you could agree a shift to unitary taxation. There is a broad majority, I would say, in favour of a much more ambitious global minimum tax than this very complex and limited version that is the OECD's pillar 2 version. So I think, we could move to a much broader and fairly shared global minimum tax at a rate of let's say 25% rather than 15%. Now again, do you want to try and do that within the convention or you say that's for the framework body to begin its work in a few years?

And then lastly, there's a set of kind of governance and structure questions. How would the framework body work? What kind of regular are the meetings? What kind of rules for decision making? What kind of data will it collect? What will it publish? So, you know, this is a moment, a real possibility where things are going to start becoming clear literally within the next few months as the terms of reference for the negotiations are drafted. It's exciting times, you know.

Naomi: Yeah, it is exciting. And what kind of timescale are we looking at to the day where we're all celebrating because we've got a UN tax convention?

Alex: What the resolution has agreed is the creation of a committee of all UN members that will meet, probably four times for maybe five days a time in New York. It has to deliver a draft terms of reference in August. A key point within that is there's a bureau to be created, which will be 20 members, 20 member states, and that'll be divided four from each of the five UN regions. So at the moment, those regional blocks are working out who will be their members of the Bureau. And the Bureau will really steer the process and be, I think, responsible for a lot of the direction and the drafting, so that's a key thing that will become clear in February, who's going to be in there.

Then look, you know, that report in August goes to the General Assembly, there will be a debate in September, and then the next resolution will agree to take a final version of the terms of reference as the basis for negotiations to begin in 2025.

Naomi: And would it be, can it ever be legally binding because I've seen many UN conventions which are very commendable, and, you know, that are used for all sorts of research and reports to demonstrate where countries are not upholding their obligations, legal obligations under these conventions, but it doesn't seem to go anywhere in terms of legal consequences, so to what extent are we talking legally binding with this convention?

Alex: You know, countries can always do what they want. Governments, governments can choose to break the law. I mean, you and I have lived through Brexit in the UK, we've seen our government repeatedly choose to break international agreements and laws that they are subject to. I suppose in the same way that individuals can break laws, you know, the fact that law is there doesn't mean that nobody commits murder, but it does mean there is some accountability. And I think that's the key thing, you know, if you look at the kind of human rights instruments that we're often working on, you can feel frustrated that governments continually breach their human rights commitments, but there is at least a process when they've signed an instrument, there's a process to hold them accountable for it. And some sense that this does over time strengthen behaviour. It reduces the degrees of violations. I think in the case of tax that the dynamic is probably significantly stronger than that. It's more like, sort of two elements, you know. So one is things like the UN Convention Against Corruption, you know, another one in this kind of area, gives the basis for countries actually to pass a lot of domestic law and those are then held to, and perhaps held to much more clearly than, sadly, respecting the rights of people with disabilities, say, which, although people sign conventions, it's very often breached day in day out, whereas on the corruption side you can see very specific legal changes put through by governments and then stuck to, so I think this is the kind of the immediate elements in the tax convention are of that sort. What matters, you know, yes, that it's agreed and ratified, but actually the government then put it into domestic legislation as they do when there are successful OECD processes, though in this case everyone will have had a say, so this is already better.

And the other piece is, you know, as with the UN Framework Convention on Climate Change, it creates this framework body, and that creates the space for further negotiations and for governments to commit and deliver on further actions in years to come. You can say the climate case, you know, actually a lot of what you see is, if not backsliding, at least trying not to be ambitious, but think about, you know, if you want to see the glass half full, if there wasn't a UN framework convention on climate change we probably wouldn't even have that process of regular meetings where governments are at least called out for their opposition for their failure to be sufficiently ambitious. So, you know, having a tax convention doesn't mean that everyone's going to do the right thing on tax at all. But it creates the possibility that simply isn't there at the OECD, that we can move forward on a whole set of things and that a group of the willing can really go further and faster than if they're on their own and kind of exposed to being picked off by lobbyists and by the pressure of one or two powerful countries who don't want progress. So it's the basis for really sustained and significant progress, but it's not a guarantee. That guarantee will only come from civil society, from people in the street and people like us demanding that once it's in place, it's really used by our governments and making sure our governments take ambitious positions and stick to what they end up agreeing.

Naomi: Ok, so 2025 is the year to be really hopeful about that we're actually less than, well, what, two years away, less than two years away, possibly from a historic UN tax convention?

Alex: I think there's a question over how quickly you can negotiate it. So, you know, the most ambitious possibility if you start the formal negotiations with a really good terms of reference in January 25, Spain will host the fourth Financing for Development Summit in 2025. Could you race to a convention text in time for the Financing for Development Summit and have global signatures then? I think it's just about within the bounds of possibility, and more realistic I think it's a staging point and you're probably looking at signatures in 2026. So, you know, it's not a matter of months, it's definitely years, but it's such a big shift. You know, it's a century waiting to have a globally inclusive body to set these rules to throw over the decisions made by the League of Nations in the 1920s and 30s that we're all stuck with the consequences of today, you know, to say, we don't actually need tax rules that were set by the imperial powers, honestly, we can do better. So I want to be impatient, I want this today, but you know, if it takes a couple of years to get us past the legacy of the last hundred, we should probably be willing to take our time just a little bit.

Naomi: Yes, indeed. And you can really hear the desire for change from the representative from Cameroon who spoke after the vote to adopt the resolution. Again, what you can hear is the UN interpreter interpreting from French to English.

UN Representative from Cameroon: We are in crisis and the planet is in danger. At the current pace, we will be in an even more dramatic situation than currently. Although we are on the edge of the abyss, there is still time, it's still possible to save the planet, to eradicate poverty, to ensure prosperity for all in a peaceful world.

If the time of crisis imposes the time of change, then it's time for cooperation to take precedence over competition. It's time for international solidarity to take precedence over particular and selfish interest in the short term. We must stand united with a very strong message to make sure there is no longer room for tax evasion, tax avoidance, money laundering, illicit financial flows.

We count on the support of every member state because one country is not in position to combat those cancers depriving developing countries from critical resources for sustainable development.

Mr. Chair, African people are tired of poverty, misery, hunger, tired of suffering from dramatic consequences of conflicts, natural disaster, tired of the narrative of corruption and that of local governance and corruption to explain the problem they are facing. African people are tired of numbers about assistance, assistance for development. They do not request more assistance. They request every partner running business, the physical or digital, individuals and companies making profit should pay the right price, the right price, the fair and just percentage in terms of tax. Then we could keep our promise to transforming our world, to ensuring the world we want, the future we want is a reality. Je vous remercie.

Naomi: That's it for this month. Thanks for listening. Bye for now.