Ad Hoc Committee - Meeting 2

26 April 2024

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[00:00:00] So, dear excellences, distinguished delegates, and colleagues,

[00:00:11] I declare the session is open now.

[00:00:25] So before resuming the general statements, I think we just delayed the adoption of one of the items related to the organization of work. due to a, a comment that we received from, uh, our colleagues from Russia, uh, about, uh, the, the formatting of the meeting, whether it should be formal or informal. During the lunch break, the payroll meeting convene and we discussed this issue and I [00:01:00] believe that we reach a compromise in this area.

[00:01:03] And the compromise would be as follow. That under each item in the agenda, we are gonna open the session in a formal format, receive all the general statements in this item, not in the sub items that it in the details, but in this item, we will convene as a formal meeting. After we finish these statements from the member states, we will convert the meeting to be informal.

[00:01:36] This will happen for the main items of the agenda, which will be the, which will be on Monday the 29th of, uh, April. And, I will, where is it? So this[00:02:00]

[00:02:01] will be the 29th of April. So the first session will start in a formal format, receiving general statements. Then we will convert to informal and continue the rest of the day. This also will happen when we convert to the second item, which is item three in the agenda, which is Thursday, the 2nd of May. So we are going to start in a formal format, receive all the statements in this topic.

[00:02:26] Then after that, we convert into informal format. Then in the item,

[00:02:35] in the item 2A, which will be on Thursday, Monday, the 6th of May, also it will be the same, so we are gonna convene in a formal format. Then after that, after we get all the statements from member states, we are gonna resume again in informal format. And of course, the 8th of May, which is Wednesday, the full day is formal.[00:03:00]

[00:03:00] And I think this was already indicated before in the, in the agenda. So, this is, was a compromise. As a middle ground that we received in our discussions. And now again, it's for the committee. If someone has any comments on this proposal and the compromise, the floor is opened,[00:04:00]

[00:04:07] the floor is to our, uh, colleague from France. Merci. Monsieur. The president, uh, shall be just in the particular question. The clarification. Can you confirm that during the informal sessions there will be a translation in the official languages? very much.

[00:04:42] Thank you very much, Mr Chair, and I have the honour to speak on behalf of Canada, Australia and New Zealand. Um, thank you so much and thank you to the Bureau for working hard on these considerations over the lunch period. For, for us, I think on this new proposal, um, we can go along with that for [00:05:00] this session.

[00:05:01] Um, but we do just wanted to note that we think we might need to just consider the question afresh for the next session when we expect that there will be text based negotiations. So we just, um, wanted to note that we're happy to go along with it for this session. We just need to consider for next session afresh what would be the most appropriate modalities for text based negotiations.

[00:05:21] And then secondly, um, we did just note that the organization of work for this session only included three hours for procedural matters. Again, we'll go along with that. We certainly don't want to stand in the way of our staff. getting this important work underway. But for the next session, we'd like to request that more time be allocated to procedural matters.

[00:05:42] Uh, they are very important questions that will require considered deliberations by the committee. Thank you. Thanks to the distinguished, uh, delegate of Australia.[00:06:00]

[00:06:05] So, uh, for the informal meetings interpretation is in all languages in, Webex, no, it's not available in the Webex. so. And, and the web TV also would be in all languages. But the, the participants are joining through the WebEx remotely, then the interpretation would not be available in all languages. Uh, for, uh, for our, our colleague from Australia, yes, we have only 3 hours for procedural because actually the first session is for the scoping of substantive elements, while the second session would be more focusing on procedural.

[00:06:40] Elements. So, so yes, of course it will be considered because this is will be the main scope for the second session. So be of course bigger room for the procedural part.

[00:06:54] As I don't see any other requests or objections, so may I take it that the committee wishes to adopt [00:07:00] the provisional organization of work of its first session, uh, as just, uh, orally introduced?

[00:07:13] I hear no objection. it is so decided. So now I think we are going to resume the, uh, general statements.

[00:07:35] So now the floor to, uh, the distinguished delegate from Poland.

[00:07:45] Thank you, Chair. Distinguished Delegates, Poland aligns itself with the statements delivered by the European Union and Belgium Presidency on behalf of EU Member States and reaffirms its support and dedication to [00:08:00] endeavours aimed at fostering fair, inclusive and efficient international tax cooperation.

[00:08:05] The forthcoming discussion concerning the terms of reference for the prospective framework convention on international tax cooperation alongside the endeavors of ad hoc committee and UN Secretariat, which serve as a pivotal factor in fostering dialogue pertaining to global tax cooperation. This objective can be attained through the promotion of a global dialogue grounded in impartial approach to international tax cooperation, coupled with the pursuit of consensus in the decision making process to enhance inclusivity and efficacy in the forecoming convention.

[00:08:45] Decision arrived at through mutual consensus constitute a pivotal aspect of inclusive proceedings. By upholding this guiding principle and underscoring the significance of substantive technical [00:09:00] analysis within an evidence driven framework, we might enhance the prospect of achieving our common objectives in the near future.

[00:09:08] Thank you very much. Thanks to the distinguished delegate from Poland. Now to the distinguished delegate from Italy to be followed by United Kingdom. Thank you, Mr. Chair. Italy aligns with the statement delivered by the European Union and by Belgium on behalf of the 27 EU member states and would like to have the following remarks in national capacity.

[00:09:36] Italy has a long standing record of supporting multilateral tax cooperation with a broad participation of developing and developed countries and is committed to continue to improve the international tax architecture And strengthen the international tax system through inclusive, effective and fair modalities building on the existing achievements.

[00:09:58] The proposed United Nations [00:10:00] Framework Convention on International Tax Cooperation should aim at promoting global dialogue and create policy synergies, gathering countries to exchange mobilizing domestic resources through both tax policy formulation and the strengthening of enforcement mechanisms.

[00:10:17] Thank you. Consistency with ongoing work and consensus achieved in other international fora should be a guiding principle for any tax related international cooperation undertaken at the United Nations. To be effective and efficient, the Framework Convention should be a valuable addition to the international tax environment, avoiding inconsistencies and competing lines of work.

[00:10:42] Discussion in potential early protocols should focus on the least controversial topics. In particular, Italy emphasizes the importance of three aspects. First, consensus based decisions to support a stable international tax system and to promote an [00:11:00] inclusive and effective international tax cooperation.

[00:11:03] Second, prioritize issues that are more likely to achieve consensus over contentious one that would affect the effectiveness of the process and the shared outcome. Third, focusing on enhancing domestic resource mobilization and capacity building in tax matter for developing countries. We also reiterate that the work of the ad hoc committee must be underpinned by the recognition of the important contribution of inclusive and effective international and tax cooperation to the achievement of the SDGs and to the acceleration of the implementation of the 2030 Agenda.

[00:11:41] which is in line with the political declaration adopted yesterday at the end of the works of the financing for development forum. Indeed, international cooperation and tax matter is high on the agenda of several crucial processes that we are currently unfolding and that are, and that will be called to address this and related [00:12:00] issues.

[00:12:00] We must keep the comprehensive vision across all such processes and we stand ready to engage constructively in the spirit. Thank you, Mr. Chair. Thanks to the distinguished delegate of Italy. Now to the distinguished delegate of United Kingdom.

[00:12:25] Thanks, Chair. And let me add my thanks to you, the Bureau, and the Secretariat for all the work that has gone in ahead of today. The UK looks forward to these discussions as we continue to be committed to a stronger and fairer international tax system. Our recent International Development White Paper reinforced that commitment.

[00:12:43] And we will always work in partnership with others to achieve it. We see the terms of reference as a crucial stage in the process. An effective terms of reference must set out the guiding principles, structures and processes required to negotiate the Framework Convention. These sessions give [00:13:00] us the opportunity to clarify and agree those principles, structures and processes.

[00:13:04] We believe that our discussion should prioritize making progress on these matters before turning to specific areas of substance. That will mean we can have robust debates about the substance from a solid foundation. We request that conclusions on individual sections be viewed as provisional, with final agreement being reserved for when the entire document can be agreed, so there is an opportunity to consider how all the elements fit together as a whole.

[00:13:28] As we noted in our written statement, we think the terms of reference should emphasize some key principles. One, maximizing participation and coverage, reflecting the diverse views and interests of members, so the framework convention can attract the widest possible support for implementation. Two, comparative advantage, prioritizing areas where the framework convention can add the most value over and above effective work happening elsewhere.

[00:13:54] This will help us all to make best use of limited resources and avoid fragmentation of standards. [00:14:00] Three, subsidiarity, focusing on those things that cannot be effectively addressed at national level, maintaining national sovereignty to the greatest extent possible. We look forward to a discussion of these and other proposed principles for the terms of reference.

[00:14:14] Thanks

[00:14:19] to the Distinguished Delegate of the United Kingdom, now to the Distinguished Delegate of the Republic of Korea, followed by France. Thank you, Chair. In creating the terms of reference for the UN Framework Convention, we should consider the Resolutions 78 to 30, upon which the TOR is based. With that in mind, Korea would like to offer several observations on the major issues of the TOR.

[00:14:50] Regarding the objective In developing a new international tax framework to address the challenges, maintaining consistency with existing international rules [00:15:00] is just as important as respecting tax sovereignty of each member state. In this regard, we believe such a coherence should be stipulated in the objective of the TOR.

[00:15:11] With respect to the principles, The UN International Tax Convention needs to embody complementarity as one of its principles. While the Framework Convention alone cannot resolve all aspects of international tax issues, there are already a number of fully functioning international tax rules in place, including the OECD transfer pricing and the global minimum tax rules.

[00:15:37] Therefore, The convention should compliment the areas where these current existing international rules fall short or are lacking. On the subject matters to be addressed, given the time frame of TOR, which is the end of August, we need to avoid contentious issues. In this regard, the Republic of Korea hopes that [00:16:00] Ways to benefit developing countries from the exchange of tax information and build their capacity with respect to international tax corporations are to be included in the subject matter.

[00:16:12] With respect to decision making, if the TOR contains important matters such as allocation of taxing rights, the decision should be made based on unanimous consensus or supermajority. Korea strongly supports the inclusion of this decision making rule in the TOR in advance to elicit proactive engagement from as many countries as possible.

[00:16:37] Last but not least, with regard to the subject matters, identifying a gap within the current international rules should proceed before making clear where and what to be provided for by the UN TOR or convention. To that end, We think the secretary needs to work closely with the together with the [00:17:00] OECD that has ample experience in the area and which would in return in turn also greatly contribute to enhancing the inclusiveness of the discussion for the OECD.

[00:17:11] Thank you.

[00:17:15] Thanks to the distinguisher representative of Korea. Now to the distinguisher representative of France, followed by Australia.

[00:17:34] In addition, I would like to reaffirm, in the extension of the discussions initiated several months ago and which resulted in the adoption of Resolution 78 230, that France intends to participate constructively in the work of the Committee. France shares the objective of advancing international fiscal governance in a concern for inclusiveness, but also for coherence and complementarity in the work carried out within the framework of other [00:18:00] international bodies.

[00:18:00] More specifically, France supports the initiatives of international cooperation aiming to put taxation at the service of the reduction of inequalities and of the ecological transition, as it was able to demonstrate on the occasion of the Summit for a New World Financial Pact, which was held in Paris on June 22 and 23, 2023, and the launch of the new Task Force on International Taxation during the COP28.

[00:18:26] However, France wants to recall the need to avoid focusing on topics that pose controversy. Indeed, focusing on non consensual topics will only undermine the credibility of the work of the present committee, which will not be able to deliver. In addition, France recalls its commitment to seek a mode of operation that promotes consensus, a gauge of balance and respect for the interests of all States.

[00:18:56] Speaking of the ambition of the works and the calendar, France [00:19:00] wishes that the works focus in the first place on the elaboration of the terms of reference of the Framework Convention in accordance with the resolution adopted by the General Assembly of the United Nations. At this stage, we estimate that it is too early to address the discussions that would preempt the content of the Framework Convention or on the parallel development of the preliminary protocols.

[00:19:23] Finally, on the basis of the working themes that could irrigate this, that could irrigate this instance, we invite the Committee to work on the identification of new resources for the financing of the ecological transition of developing countries in connection with the recent initiative launched by Kenya and France by the new Task Force on International Taxation, such as the Taxation on Air and Maritime Transport Activities, which presents synergies with the work carried out by the UN system.

[00:19:58] Distinguished [00:20:00] Delegate of France, now to the Distinguished Delegate of Austria, followed by Norway.

[00:20:12] Thank you, Chair. So, Austria would like to align itself with the intervention by the European Union and of the Belgian Presidency on behalf of the European Union Member States. In addition, in our national capacity, we would like to reiterate some of the aspects that were already mentioned in those statements.

[00:20:29] Austria has always supported multilateralism in the area of international taxation to the extent of global tax matters require multilateral solutions. Um, therefore, we would like to engage sincerely and constructively in the discussions here at the United Nations with the aim of finding a way forward in international tax cooperation, which all UN member states feel comfortable with.

[00:20:53] For this purpose, we think that first, We need to analyze properly what exact measures [00:21:00] could serve the goal of more effective and fair international tax cooperation. This requires looking at the international tax corporation instruments that are already in place and in effect and making best use of the tools which we already have.

[00:21:14] Tools which have Um, a very large number of UN member states already apply. These instruments and tools could then be supplemented by further measures based on the outcome of thorough analysis undertaken by all of us here together. Inclusiveness is key and has been advocated by everyone around the table.

[00:21:35] And this means with respect to participation, agenda setting and decision making. Therefore, we would like to underscore the importance of working together right from the start, finding a common denominator of issues that we can agree on and focusing on these, uh, less contentious issues. We look forward, um, in this spirit to fruitful discussions over the next couple of weeks.[00:22:00]

[00:22:00] Thank you, Chair. Thanks, Distinguished, uh, uh, Representative of Austria. Now to the Distinguished Representative of Norway, uh, followed by the United States of America.

[00:22:15] Thank you, Chair. Distinguished colleagues. First, let me extend gratitude to the wide range of stakeholders that have contributed with written inputs to this process. As we begin the substantive session, we want to highlight three aspects. First, it is imperative to have a shared understanding of these issues we want to resolve.

[00:22:38] We should utilize the written inputs in pursuit of an outcome that enjoys broad support. We are encouraged to see wide support for domestic resource mobilization, more effective tax cooperation for SDG attainment, as well as capacity building. Second, the terms of reference should require that the [00:23:00] upcoming negotiations of the Framework Convention are based on an analysis of the existing framework for international tax cooperation, which not only identifies gaps, but also includes an evaluation on how the UN instrument can effectively close gaps and address new issues.

[00:23:20] Third, we should explore how to leverage the expertise of other multilateral organizations. in the tax area to carry out analytical work, for example, by making use of interagency structures in the space of financing for development. Chair, the terms of reference are also to set out the procedural aspects of the negotiations, such as governance and time frame.

[00:23:48] In our view, the process for the framework convention will have the best prospects of being inclusive and effective if it's based on broad consensus or a super majority vote. And we [00:24:00] recommend a consensus based decision making structure. We hope to build on the precedence of UN instruments with similar modalities for substantive matters to achieve an outcome that can take wide effects.

[00:24:15] It is also important that we allow for a sufficient time for the negotiations and ensure that member States are not prevented from participating in the negotiations. Furthermore, We hope to move forward with a sequenced approach through three different or following steps. First, focus on drafting the TORs.

[00:24:36] Second, obtain an analysis to identify substantive issues that could be addressed in the Framework Convention. Third, move to negotiate the Framework Convention and protocols on specific issues. We believe this may lead to wider implementation. of the instrument. Chair, Norway has, in its written submission, suggested specific [00:25:00] matters for consideration, such as more effective taxation on high net worth individuals, strengthened value added taxation systems, and taxes related to climate change and the environment.

[00:25:15] Finally, we look forward to listen to, reflect on, and engage on suggestions by others. And let me end by assuring you that you can count on Norway as a constructive partner in this process. I thank you. Thanks to the distinguished delegate of Norway. Now to the distinguished delegate of United States of America, followed by Bolivia.

[00:25:41] Thank you, Chair, for the opportunity to speak today. At the outset of the session, the United States would like to acknowledge the importance of international tax cooperation and our hope to engage in constructive discussions that consider the views of all member states. First, We continue to hope that the work [00:26:00] undertaken by the Committee will be built from the ground up, and with an emphasis on reasonable negotiation, compromise, and consideration of many inputs.

[00:26:08] We urge this Committee to consider seriously the ultimate goal of this effort. If it is to make meaningful and durable changes to international tax cooperation, the only way to do so is by achieving consensus support. Turning to the immediate work of this session, we expect this Committee to adhere to its mandate, which is to draft terms of reference.

[00:26:28] We reiterate that our view, our view that a primary focus of the terms of reference should be the procedures for negotiating the Framework Convention, not the substance of the Framework Convention. A crucial procedural matter is how the structure and content of any Framework Convention will be determined.

[00:26:44] Similarly, it is important to respect the staged process necessary for meaningful work product. We expect the terms of reference to be consistent with its mandate from the 2C Resolution 78 230 and would be concerned with the simultaneous negotiation of early protocols. [00:27:00] The tax resolution states that they, quote, may be considered, and the terms of reference should not prejudge a position beyond that statement.

[00:27:09] Moreover, it would be premature to negotiate protocols before the general objectives and principles have been agreed in the Framework Convention. In addition, all efforts should be made by this committee to avoid competing lines of work. It would not be productive to focus on topics that are being extensively discussed in other forms.

[00:27:27] Simultaneous discussions in multiple fora will result in the fragmentation of efforts to strengthen international tax cooperation and lead to resource challenges for member states. Third, the process by which this committee conducts its business should be open and transparent to all member states so there can be full participation and consideration of views.

[00:27:48] The U. S. Mission and tax experts from our Treasury Department are here to participate in an inclusive process for the express purpose of drafting terms of reference These are integrated with current states of affairs transaction tax returns for the [00:28:00] State of California. And these tax returns are deposited in the dollar.

[00:28:03] There is an accompanying form you will see related to this, which contains the DAL and Western State tax return, pieces of US relative financial responsibilties paid in both fees and every day. revenues needed by developing countries to achieve the SDGs. There is considerable scope and opportunity to expand capacity building and other efforts in this forum, and the UN is uniquely qualified to do so.

[00:28:34] In conclusion, we look forward to the constructive dialogues in the coming days. Overall, we believe the terms of reference should likewise set a constructive tone and should request member states to endeavor to reach consensus outcomes to the fullest extent possible. Again, non consensus decisions will be of limited usefulness and, worse still, may encourage international fragmentation, not international cooperation.

[00:28:54] Thank you.

[00:28:58] Thanks to the [00:29:00] distinguished delegate of United States now to the distinguished delegate of P.

[00:29:31] In the current context, developing countries require fiscal policies that allow us to reduce inequalities and attract investments. And this debate is an opportunity to promote an equitable, efficient, and pertinent international tax cooperation that allows everyone to participate in the decision making processes But I mean, I'd love to start Cionis [00:30:00] breachs in a cistema tributary international in reference to those elements who stars Cialis Bolivia consider a killer convention Marco David proponer second market people from the mental proponent cistema attribute that you schools equity that do most progress equals transparent this year because it's a secret moccana the most fluid most financiers and easy to us relacionados con impuestos.

[00:30:55] Principles common and best practices to establish [00:31:00] coherence in international taxation, facilitating the assignment of tax rights and the resolution of disputes. Prevention of evasion and tax evasion through stricter rules, greater transparency and exchange of information between tax authorities.

[00:31:18] Illicit financial flows. Mediante el combate al blanqueo de capitales y la mejora de la transparencia en el sistema financiero mundial. Asignación equitativa de los derechos de tributación en un contexto de economías digitalizadas y globalizadas, ajustando normas para reflejar mejor el valor generado por empresas multinacionales.

[00:31:39] Señor Presidente, para finalizar, quiero reiterar el compromiso de mi delegación y la asignación equitativa de los derechos de tributación en el sistema financiero mundial.[00:32:00]

[00:32:02] Thanks to the distinguished delegate of, uh, poli now to the Distinguished delegate of Ireland to be followed by Saudi Arabia.

[00:32:14] Thank you very much, Chair, for the opportunity to contribute to this important discussion. Ireland is fully aligned with the statements provided by the, both the EU and the Belgian Presidency. On behalf of EU member states, let me add the following remarks. Ireland is fully committed to the objectives of inclusive, fair and effective international tax cooperation and recognize the benefits of a well functioning multilateral system which meets the needs of our countries.

[00:32:39] Ireland believes that the Framework Convention should aim to promote and enhance global dialogue on these important issues and create policy synergies which can provide complementarity and improve inclusiveness and effectiveness of international cooperation for all. Consistency and complementarity with ongoing work and progress achieved in other international fora must form part of the commitments [00:33:00] of the parties to the Convention in order to ensure a holistic approach to global tax challenges.

[00:33:06] In order to have a positive and lasting impact, the Convention should recognize the significant progress that's been achieved through improvements in tax transparency, capacity building, and the work of the Inclusive Framework and the Global Forum over the last decade. To be effective and efficient, the Convention should be a valuable addition to the international tax environment, avoiding inconsistent and competing lines of work.

[00:33:27] Our work must consider these issues and aim to build on these strengths and continue to collaborate broadly while working towards addressing the legitimate concerns raised by many member states. We fully support the comments from others recognizing that potential early protocols must focus on those least controversial topics.

[00:33:43] This call is an attempt to ensure that the broadest support for this work and that more sensitive matters may progress. With the benefit of inclusive participation under the convention and through appropriate technical analysis and discussion by all member states in the first instance. Meaningful [00:34:00] progress must be built on consensus.

[00:34:01] To that end, we fully support the thorough analysis of issues that can serve to strengthen the inclusiveness and effectiveness of international tax cooperation. Through this work, we can better support countries in building strong and resilient fiscal systems, improve domestic resource mobilization, and make further progress towards the achievement of the Sustainable Development Goals.

[00:34:20] We look forward to the discussion and participation over the coming days. Thank you. Thanks to the distinguished delegate of Ireland. Now to the distinguished delegate of Saudi Arabia.

[00:34:33] Chair, for giving me the floor. Saudi Arabia views establishing the United Nations Framework Convention on International Tax Cooperation as a pivotal opportunity for enhancing international tax cooperation. This effort reflects a collective commitment to addressing the tax challenges posed by the evolving global economy.

[00:34:53] We believe that through collaborative dialogue and shared objectives, we can construct a framework that not only navigates these [00:35:00] complexities, but also promotes equitable growth across nations. Saudi Arabia is prepared to contribute to this process, advocating for a process that respects the diverse needs and circumstances of all countries, particularly those in development and transition.

[00:35:14] Recognizing the significant contributions of various international forums to international taxation, we encourage to seek alignment and synergy with these efforts by integrating the work already achieved by other international organizations. The convention could. Ensure a unified approach to addressing the complexities of international taxation.

[00:35:34] This collaboration would help to streamline global tax practices, reducing redundancies and fostering a more coherent tax environment. In responding to the call for input, uh, inputs to terms of reference for the international tax cooperation, we have highlighted a number of substantive elements, including emphasizing the need for a holistic approach to tax governance.

[00:35:56] Emphasizing the issue of digital economy and advocating [00:36:00] for exploring innovative tax solutions that reflect the unique nature of digital economic activities, the need for a balanced approach to address international taxation challenges, reinforcing our work against tax evasion and profit shifting importance of advancing support for developing countries, encouraging responsible tax competition, Additionally, having more efficient tax dispute resolution mechanisms.

[00:36:27] In conclusion, we reiterate our strong support for multilateral work, especially when it comes to international taxation. This framework convention should embody the principles of inclusivity, fairness, and efficiency. We strongly recommend collaboration between international organizations that are working on this important topic.

[00:36:45] And we've seen successful initiatives of collaborative work in taxation, such as the Tax Inspectors Without Borders and the Platform for Collaboration Tax Initiative. Finally, we are committed to engage actively in the drafting process, sharing our insights and working collaboratively with international [00:37:00] partners.

[00:37:00] Thank you.

[00:37:14] Thanks to the distinguished delegate of Saudi Arabia.

[00:37:20] And now we are done with the list of registered delegations. Uh, so I would, uh, ask if any other member state would like to take the floor? The floor to the distinguished delegate of Switzerland to be followed by China. Thank you, Chairman. Uh, a short opening statement from our side. Honorable Chairman, distinguished delegates, at first Switzerland would like to thank you for the the Bureau of the Ad Hoc Committee and its members for all the hard work.

[00:37:55] Um, secondly, Switzerland would like to express that it shares the goal to [00:38:00] strengthen inclusiveness and effectiveness of international cooperation in tax matters. While being aware of the complexity of that mandate, Switzerland would like to point out two basic requirements that must be met in order to achieve that goal.

[00:38:16] The first is consensus and the second is transparency. Translated to the upcoming work, uh, Switzerland suggests to focus in the first place on basic principles, rules and procedures for the cooperation in tax matters and to prior prioritize matters that are likely to achieve a consensus over controversial issues.

[00:38:41] We are looking forward to constructive discussions with all of you.

[00:38:48] Thanks to the distinguished delegate of Switzerland. Now to the distinguished delegate of China. Thank you, Mr. Chair. To start with, we'd like to thank you and the Secretary [00:39:00] for the preparation and the convening of the first substantive section and for the leadership of the whole process. China supports the initiative of strengthening international cooperation on tax matters to make it more inclusive.

[00:39:16] more effective and more sustainable. We welcome and support the United Nations efforts in this aspect. During the development of the Framework Convention, we believe that the positions of all member states, especially those of the developing countries, shall be fully and appropriately considered. The principle of fairness and transparency shall be adhered to, and the test of sovereignty of each member state.

[00:39:45] should be fully respected. The inclusiveness of the framework convention shall be considered to make it more adaptable or applicable as a kind of a platform for extensive cooperation,[00:40:00]

[00:40:01] excuse me, for extensive cooperation among member states. The framework convention shall consider the different requests and policy positions of the member states. The framework convention should be flexible enough to allow for option on adoption. Mr. Chair, the international cooperation within the framework convention could be extensive and may cover multiples of substantive areas, but the timeframe is so pressing.

[00:40:32] So priority shall be given to those more urgent, less controversial and very important issues to ensure. the necessary, substantive and real progress and results. China will continually cooperate and coordinate its efforts with all parties to promote a more inclusive and effective international cooperation.

[00:40:56] And we will look forward to working with you and other colleagues in the coming [00:41:00] weeks. I thank you. Thanks to the distinguished delegate of China. Yeah, and any other member state would like to take the floor. Okay. Now to the distinguished delegate of United Arab Emirates.

[00:41:20] Uh, thank you, chair. Um, thank you all the delegation. Um, so the United Arab Emirates wants to fully support the efforts to build on inclusivity and is looking forward to working with the committee. The UAE will ensure it strives for inclusive taxation solutions that meet global priorities. while minimizing the implementation and compliance burden on all stakeholders, including developing countries and businesses respectively.

[00:41:46] Tax administrations and businesses face increased complexities in understanding and complying with different international tax standards. Therefore, investing in capacity building becomes imperative to equip stakeholders with the necessary knowledge and skills [00:42:00] to navigate evolving tax landscapes and effectively achieve the intended policy outcomes.

[00:42:06] The committee should take into consideration the work of other relevant forums, which could be mutually beneficial on building more inclusive and fair taxation measures for which this committee has been established. Thank you. Thanks to the distinguished delegate of United Arab Emirates.

[00:42:31] So if there are no other member states would like to take the floor, so I would like to invite the intergovernmental organizations, if they would like to have any statements.

[00:42:55] Okay, so we're inviting the civil society [00:43:00] organizations, if any of them would like to take the floor to give any statement.

[00:43:32] So we have a request from IGO nine, so please identify yourself and the floor is yours.

[00:43:49] Okay, uh, thank you chair for giving me the floor. My name is Emmanuel Eze. I work for African Tax Administration Forum. I have a, a coalition [00:44:00] of 42 African countries who want to thank the chairman and the committee for its swift accreditation. Mr. Chair, we move to support the statement made by Angola on behalf of the African group.

[00:44:12] In addition to that, Mr. Chair, we are joining you, your good self and the distinguished representative of Canada to call for members. So this negotiation to come to the table with open mind. We say that Mr. Che, bearing in mind that more often than not, two parties could have differing views about an issues and they both be right.

[00:44:35] Looking at the written statement, Mr. Che, we observed that there are two broad parties majorly to this negotiation. One party believes that the existing platform works so perfectly that need little or no changes. While the other parties believe that the existing platform possibly works too perfectly for the first group that leaves nothing, little or nothing on the table for them.

[00:44:57] Mr. Chair, bulk of ATAF members [00:45:00] belong to the second group, and having participated in the existing platform ourselves, we cannot agree more with their position. We do that, Mr. Chair, referring for instance to the, the processes in negotiation of Pillar 1 A. The ATAF members and developing countries in their numbers participated and invested a lot of human and material resources in that negotiation across several years, Mr.

[00:45:25] Chair, in search for solutions for taxation of the digital economy. Agreements have been reached on key technical aspects of that rule, but as we sit here, Mr. Chair, ATAF and its members and other developing countries I just come into the painful realization that the rules as developed lies squarely on the shoulders of a few high income countries who are benefiting from the current ineffective rule for taxation of digital economy.

[00:45:51] Mr. Chair, these are the reasons why our members see these things differently, and we are now saying that the existing platform works, but it works [00:46:00] only for a few. Going further, Mr. Chair, we are fortunate that this This resolution 78 to 30 have given us opportunity to develop a platform that is inclusive and that could respond to the needs of all members.

[00:46:13] And we are saying, Mr. Chair, that the argument as to whether the scope will be narrow or broad has been taken care of by the resolution itself. Any platform that will be inclusive and effective must necessarily be broad enough to deal with all issues that are relevant to the members of that platform.

[00:46:31] And for that reason, Mr. Chair, we are calling for the members of this committee, uh, to, to focus on the mandate that they have clearly been given by UN General Assembly in delivering a platform that works for all. I have committed to work constructively. With the committee and, uh, and and relevant members and organization in achieving the objective of resolution 78 to 30.

[00:46:56] I thank you, Mr Chair.[00:47:00]

[00:47:25] Thanks to the distinguished delegate of ETAF. Now we are turning to the civil society organizations. So, uh, the floor is to civil society two, which is a European network on debt and development. The floor is yours.

[00:47:45] Thank you so much, Mr Chair. As it is the first time that we, as civil society, take the floor, we first want to congratulate you on your elections and assure you that we are here to [00:48:00] do everything in our power to make sure that this process becomes the success that we so urgently need. And we are delighted about the progress that we have seen on this issue over the last years.

[00:48:14] We are also deeply aware of the historical nature of this process and of this moment in time. At the same time, we are deeply conscious of the vital and urgent and comprehensive tasks that we have ahead of us. We need to deliver draft terms of reference for a UN Framework Convention on International Tax Cooperation by the end of August this year.

[00:48:40] We have 24. Working days at our disposal or should I say 23 and a half time is of the essence and it is abundantly clear that we have a crisis in the global tax system that translates into a crisis of [00:49:00] national tax systems in every country of the world. This is a truly global problem. And for the first time in history, we have a truly global body to address it.

[00:49:12] The best estimates say that international tax abuse is costing governments over 1 billion in lost tax income every day. We cannot afford further delays. But the good news is that tax is not rocket science. We do have solutions. As civil society, we have presented a full proposal for what a UN framework convention on tax could look like.

[00:49:41] The only thing we need is political will to deliver. We want to stress that the purpose of an intergovernmental negotiation It's not to avoid controversial topics. It is to resolve them. If these issues were easy, and if we already had consensus, it [00:50:00] would have been solved a long time ago. We still have a long way to go to reach the point where we have truly inclusive, effective international tax cooperation.

[00:50:12] And the way forward is to head towards a fair, ambitious, and efficient and ambitious. Framework Convention on International Tax Cooperation. We need tax resources to deliver on development and international climate effort. And the world cannot afford to see us fail. We thank you very much.

[00:50:40] Thanks to the distinguished delegates. And now to the civil society, uh, three. Save the children.

[00:50:51] Thank you, Chair, distinguished delegates. The fiscal space for low and lower middle income countries to finance sustainable [00:51:00] development and invest in children in line with the 2030 agenda and international child rights obligations is seriously constrained. As we heard in the FFD forum this week, levels of bilateral official development assistance to the poorest and most vulnerable countries are insufficient to meet the needs.

[00:51:21] Rates of borrowing have soared. And more than half of all developing countries are now at high risk of or are in debt distress. At the same time, over 483 billion is lost annually due to cross border tax abuse globally, including 312 billion as a result of corporate profit shifting. This scenario has disproportionately impacted lower income countries.

[00:51:53] hampering their ability to invest in public services. There are essential for Children's [00:52:00] lives, welfare and development like health, education, child protection and social protection for Children. Given this situation, we urge immediate action from the global community to reform the global financial system, prioritizing the rights of Children and families.

[00:52:20] affected by poverty and inequality. This requires a shift in power and finance to lower income countries in line with the letter and spirit of goal 17, the Addis Ababa action agenda, including the commitment to scale up international tax cooperation through universal approaches to taking fully into account the different needs and capacities of countries, particularly those in special situations.

[00:52:50] Therefore, We welcome the establishment of this committee to negotiate the terms of reference for you and framework convention on international tax cooperation [00:53:00] and call on all member states to engage constructively with the aim of creating a truly inclusive and fair framework for international tax cooperation in the U.

[00:53:09] N. Where all countries can participate on an equal footing. In this process, we strongly encourage the state to to uphold their obligation to proactively corporate globally towards collectively realizing rights based development priorities universally. Finding inclusive and sustainable solutions to fix the broken international financial system will contribute to generate the necessary financing to invest in and accelerate sustainable development and SDG progress.

[00:53:40] If coupled with transparency and accountability, Ensuring that countries keep more of their due tax revenue provides a stronger foundation for them to invest in children. This is the interest of all countries, and all populations, and crucially, of children. Thank you.[00:54:00]

[00:54:02] Thanks to the distinguished delegate. Now to the civil society one, with Tax Justice Network Africa. Thank you very much, Mr Chair. Um, we wish to reiterate the sentiments of our previous colleagues. Congratulations on your election. And as civil society, we are committed to supporting this process to ensure that it delivers on the success that we so urgently need.

[00:54:29] Following the work of developing countries for the past few decades to push for the establishment of an intergovernmental tax process, we are delighted to be participating in this historic event. First and foremost, we wish to applaud the work of developing countries under the leadership of the African group in bringing us to this moment.

[00:54:49] Domestic resource mobilization is essential to the structural transformation agenda of many developing countries. In Africa's development blueprint to achieve inclusive [00:55:00] and sustainable socioeconomic development, Agenda 2063. The document outlines the importance of domestic resource mobilization and notes that to attain our developmental objectives, 70 percent of our financing must be from domestically mobilized resources.

[00:55:17] While there are efforts that must indeed be taken at the national level, there still remains significant work that needs to be taken at the international level to combat illicit financial flows, tackle tax avoidance, and so on. and tax evasion. While we flag the importance of this work to developing countries, we cannot overemphasize that inclusive and effective tax cooperation is important work that has benefits for our global community.

[00:55:43] The international community as a whole is better off when we have more countries that have the resources and capacity to provide their citizens with essential services. We embrace the opportunity for all member states to take part in negotiations on an equal footing and call for the [00:56:00] wide participation of least developed countries, particularly developing countries who have previously not had the capabilities and capacities to effectively take part in international tax negotiations.

[00:56:13] We emphasize that inclusivity in international tax decision making is key. increases the effectiveness of international tax cooperation. While indeed special consideration should be provided to the technical and capacity needs of developing countries. We caution against the role of the UN being limited to only addressing the capacity building concerns of developing countries.

[00:56:38] As we address the inadequate technical capacities, we must also endeavor to address the systemic issues that have led to the historic imbalance of taxing rights between developed and developing countries that no amount of capacity building can rectify. We applaud the work of this committee to contribute to the reform of the global financial architecture in a way [00:57:00] that corrects the structural flaws that are present in our global tax system.

[00:57:05] Thank you Chair.

[00:57:12] Thanks to the Distinguished Delegate now to Civil Society. Uh, four Latin.

[00:57:35] Um, I'm very grateful for the opportunity to be here and to be part of this generation and this group of representatives who, through our diversity of approaches, origins, motivations, we have found in this space of reconfiguration of the global a common objective. In addition [00:58:00] to collecting taxes, they must guide the actions of societies.

[00:58:04] Dando incentivos y desincentivos para que las realidades que construimos juntos sean más humanas, más justas, más responsables, sobre todo con el sostenimiento de la vida. Los términos de referencia que surjan de este proceso deben ser coherentes en estos tres elementos, no solo en términos de recaudación, sino también de las señales que estamos dando al resto de la sociedad.

[00:58:32] In this sense,[00:59:00]

[00:59:28] for successive generations of women and local communities, small, invisible. I bring to the table the regional experience of generating a fiscal pact that aligns in principle with this global space of which we are part. We all want a global system to be fair, inclusive, sustainable. But this represents challenges, many, differences, too.

[00:59:56] This is one of the few [01:00:00] real opportunities that we will have to change things. Let's do it with clear measures, with resounding decisions, without beating around the bush, without hesitation, which the status quo has been for too long. very much. Thanks to the

[01:00:21] distinguished delegate. And now to the Civil Society Five Tax Justice Network. Thank you, Chairman. Esteemed delegates, uh, we stand at a pivotal moment in history, one that demands our decisive collective action. The numbers from our State of Tax Justice report from last year reveal a shocking reality.

[01:00:45] Without a change of course, countries are on track to lose nearly five trillion in U. S. dollars in tax revenue over the next decade due to the tax abuse by multinational corporations and wealthy individuals. Today, the tax losses amount to [01:01:00] 480 billion U. S. dollars per year, over 1 billion a day. Just imagine what that money could do if it was invested in education, climate mitigation, health care, and social welfare programs.

[01:01:13] Imagine the lives it could save, the futures it could secure, and the communities it could uplift. But instead, it is being siphoned away, hidden in offshore accounts, and funneled into the pockets of the privileged few. This isn't just about lost revenue. It's about lost opportunities, lost potential, and lost hope for billions of people around the globe.

[01:01:35] What makes this situation even more alarming is the disproportionate impact it has on lower income countries, which have historically had little to no say in global tax rules. While the annual tax losses for higher income countries are staggering, lower income countries are losing a far higher share of their budgets.

[01:01:54] The losses amount to 49 percent of health budgets. It's clear that those losses represent [01:02:00] the direct assault on their ability to provide essential services for their citizens. But here's the thing. This isn't some inevitable force of nature. It's a man made crisis perpetuated by deliberate policies and systemic injustices that benefit the few at the expense of the many.

[01:02:17] And the good news is, you are not here to fight over a sli over slicing up. Global tax reform is not a zero sum game between countries. That the citizens of every country stand to gain from tax rules that enable reducing inequalities between and within countries. That is why we are here today. Because you have listened, because politicians around the world cannot and do not want to explain any longer to their citizens that there is no alternative.

[01:02:51] Instead, you have come together, united in your commitment to inclusive, just, effective, and progressive tax rules. The [01:03:00] United Nations Tax Convention is the missing tool to turn this into a reality. For tax to work for the many, leadership on global tax governance belongs to the United Nations, at the United Nations, where transparency, inclusivity, accountability, and human rights are enshrined in the very fabric of the institution.

[01:03:19] We thank Nigeria and the African group for their leadership to have reached thus far. We appreciate that the negotiation road ahead is long and will be bumpy at times, but in the face of the past decades of insufficient progress on these matters, it deserves every effort. It is high time for a democratic revolution in tax.

[01:03:39] You are all it's beginning. Please make it happen. Thank you. Thanks to the distinguished delegate. Now to civil society six global alliance for tax justice and society for international development. Thank you. [01:04:00] Thank you, Chair. I share the views and optimism expressed by my predecessor. Just to highlight some of the points, maybe, uh, we are at the beginning of a historical process.

[01:04:12] There are some four areas, I think, which we should. into consideration at the beginning. The first is the recognition that the international tax system is broken, not fit for purpose, purpose, and it cannot be fixed. It has to be overhauled. The second one is the urgency of the reform. Uh, it was, it was 10 years ago, almost 10 years ago.

[01:04:40] Now the, at this, uh, financing for development conference. There was, there was an intention declared to reduce illicit financial flows. But what have we seen? Illicit financial flows are on the rise. Countries are losing risk resources at the time when they are needing them [01:05:00] highest. So urgency is one of the principles that should underlie this process.

[01:05:06] The second one is ambition. The third one is ambition. Uh, If it is not, if it is not ambitious, if it cannot be compatible with the problems we are, we are trying to solve. The fourth one is it has to be comprehensive. Patchy work in such broken system will not deliver. Uh, actually, we are starting late. Uh, had this process begun, I would not be here.

[01:05:34] When the G77 countries were demanding a UN tax body at this conference, maybe we could have advanced it a lot, we would have reached another point at this time. At that time, some countries blocked this process, but to make OECD responsible for the reform of international tax rules without any legitimacy, without any mandate.

[01:05:59] But, [01:06:00] OECD has not delivered. Nobody would say if, if OECD had delivered and to say here it is, we would have gone to it and made the benefit from it. But even its own members, for example, the U. S. has not signed the minimum standards. The, the, the agreement on multilateral convention is being postponed permanently.

[01:06:21] So it is not, we are not requiring something. Uh, when this process came to the U. N., the U. N., that is why we are saying. It can now be a forum which, uh, can negotiate a lasting solution to these problems. Just imagine one single principle if it could be underlying this, this process. No country should have tax policies and tax practices that will undermine human rights.

[01:06:49] The revenue off another country. If the international taxes there was to be to be based on this principle, it will not be taxed. Dodging will not be incentive incentivized. [01:07:00] Illicit financial flows will not be perpetrated with impunity. So have ambition based on principle off doing no harm to another country.

[01:07:12] So your own tax policies. If countries can agree on this, we can put an end to the scourge of illicit financial flows and we can have a fair international tax system. As we have been insisting, we call on, we have been calling developing countries, build your houses on your own pillars. The UN is your house.

[01:07:31] Here is the opportunity now to build your solid tax foundation. Thank you very much.

[01:07:39] Thanks to the distinguished delegate. So, any more requests for the floor?

[01:07:59] So I think [01:08:00] now we are done with the general statements. So, we are now left with one item, or just delayed from the first session in the morning, which is, uh, the approval of one of the organi international organizations, which is the Arabian Economic and Social Committee Eco section, and this was pending on an inquiry from um, Uh, our, uh, colleagues in Russia about whether it, uh, this is not the organization, but it's just section of it.

[01:08:29] So whether the rules and procedures, procedures allow this to, uh, to take place, to, to approve it. So now the floor to the secretariat to clarify this point.

[01:08:46] Thank you very much, Chair. The secretariat has reviewed this and found the application was included. through a technical oversight. The organization will be informed accordingly, [01:09:00] and this particular application will not appear in the final list. Thank you.

[01:09:24] So I, I see a request from the European Union, so the floor to our colleagues from European Union. Hello. Thank you to the Secretary for the clarification. We would just, uh, I'm recalling our support for broad multi stakeholder participation as a principle. Uh, we would question the exclusion of an organization based on technical grounds that the request came from the part of an organization.

[01:09:49] Uh, we would see this as an internal organization issue for the organization in question. And surely a certain part of an institution or body can request participation on behalf of an organization. the broader [01:10:00] institution or body. So we'd be grateful for further clarification on the grounds for exclusion of this body.

[01:10:04] Thank you.

[01:10:15] So the secretariat will reply to this inquiry.

[01:10:29] Thank you for the inquiry. The requests come from the organizations, not the subunits. So requests from organization can be considered. So for this technical reason, the request from subunit is not included in the final list. Thank you.[01:11:00]

[01:11:01] The floor to the European Union. And for the clarification, does that mean that the EESC as a body has been excluded because the request came from a section of the EESC or that the EESC is included and the separate request from the section of the EESC has been excluded?

[01:11:29] The application is not included in the final list. as applications come from organization, not the subunit. Application from organization can be considered and windows for accreditation will open again for the second session.

[01:11:49] Thank you.[01:12:00]

[01:12:02] So, uh, any other, uh, inquiries or questions or comments on the accreditation of the stakeholders?

[01:12:15] There's a floor to camera. I would like to Mr. President, for giving me the floor. Cameroon would like to know if it would be possible to circulate information regarding the second window of accreditations that will be opened.[01:13:00]

[01:13:02] This first session has concluded the full information will be available on the committee website after the conclusion of this first session. Thank you.

[01:13:26] The floor to Argentina. Muchas

[01:13:34] gracias, Presidente. Eh, en primer lugar, permítame agradecerle All the efforts and work to carry out this meeting is due to the support of our delegation. Um, I think we have to reflect regarding the second session, what [01:14:00] has happened today in relation to the accreditation process and the debates we have had.

[01:14:08] Um, my delegation, uh, fully shares the participation of civil society. We consider that it is very important and that it has a lot to say, but it is also very careful about the processes within the United Nations. And I think that the procedural part must be as precise and clear as possible. How the debates, uh, that may be of merit or not, of some organization.

[01:14:45] Uh, said this, uh, in the first place for the second session, we believe that all the list of organizations interested in participating must be circulated to all the membership, directly, and not through the representatives [01:15:00] of the regional groups, because it is not the function of the members of the Bureau

[01:15:10] from our perspective, to do the work of the secretariat in the sense of circulating information that must be directly submitted by the secretariat. And then, if there are comments or objections, that list should have also been circulated to the membership and that the delegations are not surprised. and, uh, the reason for the objection, or because it wasn't there, in the meeting room, is, uh, I think it's a fact that, it's a topic that, that is important in, in the organization for which we ask that, for the next session, there be, uh,[01:16:00]

[01:16:01] Thanks to the of Argentina.

[01:16:12] So thanks for for, for the notes and we will make sure that it's more clear and well circulated, uh, for the second session. So we're gonna review the procedure and we will let everyone know about it. And, uh, and sure it'll be more clear next, uh, for the next section.

[01:16:37] So as I, I don't see any other requests for the floor. Uh, so. So, I think I would like to thank the member states and observers for their statements and for all your participation today. And the committee has just concluded its program of work for this [01:17:00] meeting. The committee will reconvene on Monday at 10 a.

[01:17:04] m. in this conference room. Thank you for your participation and wish you all a pleasant weekend. The meeting is adjourned. BANG