The South Centre strongly welcomes the adoption on 22 November 2023 of the historic resolution in the Second Committee of the UN General Assembly on the “Promotion of inclusive and effective international tax cooperation at the United Nations”. The resolution calls for establishing a “Member State-led, open-ended ad hoc intergovernmental committee for the purpose of drafting terms of reference for a United Nations framework convention on international tax cooperation” and is arguably the most significant development in international taxation in the modern era. The South Centre has been actively engaged in supporting these negotiations, in partnership with various institutions from the Global South and allies from the Global North, and commends the African Group in the UN in New York for their leadership of the developing world in steering through this momentous resolution.

A UN Framework Convention on international tax cooperation can, as rightly referred to by the African Union, “ensure that for the first time in history, all developing countries can participate in agenda-setting and the development of norms of international tax cooperation.” The South Centre had also put forward a proposal for a UN Framework Convention on international tax cooperation in November 2021 and warmly welcomes its adoption in the UN.

Such a Convention can bring a badly needed stability, coherence and equity to the international tax system by solving the governance deficits in the existing system, largely designed by the OECD through opaque and non-inclusive procedures which have produced over-complex rules of the lowest common denominator that primarily serve to benefit large multinational companies that exploit the gaps and complexity of the rules, rather than the people in developed or developing countries.

Such a Convention can ensure that international tax rules are formulated by an intergovernmental body with participation of all UN members on a genuinely equal footing; a body that has a multilateral statutory basis, functions on the basis of clear and transparent rules of procedure, incorporates the principle of democratic decision-making and is accountable to all countries (and not just a few). The Convention can produce equitable international tax rules that provide all countries with additional resources and contribute to the achievement of the Sustainable Development Goals.
As stated by developing country delegates in the negotiations of the Resolution, the Convention could build on existing work, and find ways to boost synergies, reducing rather than increasing duplication and bring greater coherence to the international tax system. For this reason, the developed countries should see the Convention as an opportunity rather than a threat, and engage constructively to improve the governance of the international tax architecture to make it more stable, equitable and sustainable.

Going forward, the South Centre will continue to actively support the developing countries in the negotiations ahead with a view to bringing about the UN Framework Convention on International Tax Cooperation to a successful fruition at the earliest.

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