



# Presentation in the ECOSOC Special Meeting on International Cooperation in Tax Matters



Statement by José Antonio  
Ocampo, Minister of  
Finance of Colombia

March 31, 2023



I am pleased to participate in this ECOSOC panel on the role of the UN in international tax cooperation. As a global citizen, a Minister of Finance of my country, Colombia, and a former USG, I recognize the UN as the embodiment of the principles of inclusion and democracy, which are fundamental elements to achieve an equitable and sustainable international tax order. This is a priority for Latin America, as it should be for all countries committed to achieving the Sustainable Development Goals.

The battle against the global pandemic has left many governments vulnerable, saddling them with massive debts they took on as tax revenues fell, health needs soared, and as they strived to soften the economic blow. Now developing countries confront spiraling energy and food prices, higher interest rates, and volatile capital flows.

The need for greater public resources to invest in the recovery and the urgent need

to restore trust in national and international governance is clearer than ever.

It is evident at this point that unilateral action is not enough to curb tax evasion and illicit flows, which reduce fiscal space along with the availability of valuable resources for development financing. This is why worldwide cooperation and coordination are more necessary than ever.

It is also clear that the efforts we have put into the BEPS Project and the Inclusive Framework 2-pillar solution have shown that a large group of countries can cooperate, but we must acknowledge that we have not yet achieved an inclusive, equitable and sustainable international tax order or a comprehensive solution.

The OECD Pillar 1 solution acknowledged this urgency and proposed allowing market countries to tax a minimal portion of excess corporate profits. It covers less than 100 companies, leaving out most of

the digital actors doing business in developing countries. Furthermore, Pillar 2 fell short in addressing the need of developing countries to obtain new revenues while deploying reasonable strategies to attract foreign investment.

According to IMF estimates, which are optimistic, Pillar 1 will have an impact equivalent to less than 1% of the current corporate income tax collections in low income and emerging countries. This is simply insufficient given the current needs of financing for development. The same is true for Pillar 2, which will raise 5,7% of corporate income tax revenues. The problem is that, according to all existing estimates, the share of developing countries in these additional revenues will be very small. Furthermore, a basic question is whether it will offset the effects of eliminating the incentives that have been effective for attracting investment, as is the case for hotels in Colombia.



The Pillar One and Pillar Two global deal should therefore not to be seen as the end of the road, but rather as a first step. We need to start thinking about solutions that go beyond the current deal but with a completely different approach for the Global South. Such new dialogue should start now, and the UN is definitely an adequate setting to undertake this important

endeavor, obviously in cooperation with the OECD Inclusive Framework. In turn, the latter should improve its transparency and accountability in setting up the agenda and workstreams and in the way it interprets that consensus has been reached for each decision.

There are several issues that require global universal coordination and solutions, including those countries that are not a part of the BEPS Inclusive Framework, but indeed participate in the UN. An adequate list should include taxation of services, of mobile workers, minimum taxation of high-net-worth individuals, the highly redistributive wealth taxes, and exploring simplification of transfer pricing through formulaic methods. Hence, it is evident that there are many issues that remain unresolved in the global tax arena and are better discussed in a forum that includes *all* countries.

A multilateral convention that establishes a process in which all countries can discuss and vote on proposed tax solutions to the challenges posed by mobility, new technologies, and globalization, is certainly a necessary step towards achieving the desired goal of an equitable and sustainable international tax order. This is not a novel idea: Secretary General Kofi Annan called for the adoption of the proposal I made in 2004 in my capacity as USG of DESA, when it was already obvious that acting together would make us stronger. This included a call for a UN intergovernmental tax cooperation committee, a call that was also made by the G77 in the 2015 Addis Ababa Conference on Financing for Development.

Almost 20 years after the initial proposals for the UN Secretary General, I am still convinced that sustainability in the international tax rules requires a type of coordination that can effectively reflect the different needs and capacities of countries in a democratic, bottom-up process that effectively involves all countries –including the participation of the Global South in

setting up the agenda and speaking with a common voice in global negotiations. I am hopeful that the Resolution for the “Promotion of inclusive and effective international tax cooperation at the United Nations” will pave the way to implement such a process.



The principles that the UN Convention that this resolution calls for should match those requested by the G24 contribution submitted to Secretary Guterres in the call for input in preparation for his report on international tax cooperation in the UN. Regarding governance, it should be guided by the principles of inclusiveness, effectiveness, transparency, bottom-up participation in the decision-making process, strong capacity building, and full resourcing. Regarding the substantive issues to be discussed, it should be guided by simplicity and administrability of proposed solutions, coordination, the inclusion of differential tax issues for developing countries, and progressive and redistributive

tax policies. It should also recommend the creation of an intergovernmental body where tax experts representing participating jurisdictions may vote on a new agenda for an equitable and sustainable international tax order.

We applaud the effort of the African Group and of the African Union to bring this issue to the fore. Colombia is leading with Chile a Latin American and Caribbean initiative to implement a similar process at a regional level, in order to reach regional positions on international tax policy issues being discussed at the global level. The agenda itself will be decided in a bottom-up process that will also include the input from academia, civil society, and the private sector.

We are confident that strengthening regional tax coordination will also contribute to making commonalities visible so that we can agree on simple and practical solutions that can be equally implemented throughout the globe.

Collaborating with regional bodies is one of the key aspects that can contribute to strengthening the effectiveness of tax cooperation decisions reached through this new bottom-up process. Furthermore, coordinating with the OECD Inclusive Framework in a cooperative fashion is essential to achieving the ultimate goal of stability, equality, and sustainability in the international tax order. There is plenty of room for collaboration, and exploring further issues that build up on the already important agreements should be the starting point.

I therefore believe that it is in the interest of all nations to support the creation of this new process through a multilateral convention, which is consistent with many of the recommendations sent to Secretary General Guterres, including the G24 submission.