

JOINT CIVIL SOCIETY STATEMENT

19 SEPTEMBER 2022

CALL TO CHILE AND COLOMBIA TO PROMOTE A NEW FISCAL PACT FOR LATIN AMERICA AND THE CARIBBEAN

We, the undersigned organizations, urgently call on the governments of Chile and Colombia to lead the efforts towards regional cooperation regarding a new fiscal pact for Latin America and the Caribbean. The region needs it and there is no time to wait. Building a just economic and social recovery agenda after the COVID-19 pandemic that reduces inequalities, guarantees rights and ensures a green and just transition cannot be done without progressive fiscal policies and a coordinated vision among all our countries.

Latin America and the Caribbean is the most unequal region in the world and the most exposed to climate disasters. In this context, the vast amount of public resources lost due to tax abuses by large corporations and the wealthiest individuals is particularly alarming. Tax evasion in Latin America and the Caribbean is close to US\$300 billion in tax revenues, equivalent to 6.1% of regional GDP. The latest studies estimate that 27% of Latin America's wealth is located in tax havens.

Abusive tax practices by companies and individuals at the global level also deprive our States of sufficient resources to invest in public services and guarantee human rights, face the climate crisis and global inequalities. In the context of commodity and food price crises, these leakages of public resources become even more unacceptable and unsustainable.

Moreover, taxing the extreme concentration of wealth is an essential starting point for our States to eradicate poverty, reduce inequalities, protect human rights, build back better after the pandemic and invest in better futures. It is also key to addressing mitigation, adaptation and reparation measures for loss and damages resulting from the climate crisis, as well as for moving towards a low-carbon economy.

These efforts cannot be undertaken on the basis of the isolated will of some governments. This must be an historic moment in which a turnaround is made in the face of decades of weakness and injustice in the fiscal policies of our countries, and a vacuum in the articulation of standards with neighboring countries. Different Latin American countries have begun to adopt progressive fiscal policies at the national level. Now it is also time to take a step towards regional coordination.

The undersigned organizations call on the governments of Chile and Colombia to seize the United Nations General Assembly to convene a regional summit to combat tax havens, and to require concrete commitments by the majority of governments of the region.

Let us show the world that Latin America is ready to fight extreme inequalities and that it will do so by building a fiscal pact and progressive taxation.

In the context of the opening of the 77th session of the United Nations General Assembly and in particular of the high-level general debate to be held on September 20, 2022, the undersigned organizations:

1. *Considering* the United Nations General Assembly resolution 70/1, of 25 September 2015, “Transforming our world: the 2030 Agenda for Sustainable Development”, in which it adopted a broad set of global goals aimed at, among other issues, eradicating poverty, tackling inequality, combating the climate emergency, and addressing illicit financial flows, tax evasion and avoidance.

2. *Considering* the United Nations General Assembly resolution 69/313, of 27 July 2015 regarding the “Addis Ababa Action Agenda” on financing for development, which sets out the importance of using the maximum available resources, broadening the tax base and combating tax abuses at the transnational level.

3. *Considering* the United Nations General Assembly resolution 73/222, of 10 January 2019 on promoting international cooperation to combat illicit financial flows and strengthening good practices in asset recovery with a view to fostering sustainable development.

4. *Considering* the United Nations General Assembly resolution A/77/226, of 26 July 2022, of the report of the Special Rapporteur on the promotion and protection of human rights in the context of climate change and his recommendation to tackle tax havens in order to finance loss and damage resulting from the adverse effects of climate change.

5. *Considering* the recommendations of the Report of the High-Level Panel on Financial Accountability, Transparency and Integrity International Panel on Achieving the 2030 Agenda (FACTI panel) and the calls of the UN Secretary General to address tax havens. Taking into account the efforts of other regions, such as the African Union, which since 2015 established a High-Level Panel on Illicit Financial Flows from Africa.

6. *Noting* with concern the adverse effects of the COVID-19 pandemic and the climate emergency on the human rights of people globally, especially the most disadvantaged communities in the Global South, who suffer disproportionately from economic and social crises, as well as the consequences of water scarcity, floods, declining biodiversity, and other types of climate catastrophes.

7. *Noting* with concern that between 1985 and 2018 the average global corporate tax rate fell from 49% to 24% due to tax competition (race to the bottom) and that, also globally, 36% of multinationals’ profits are shifted to tax havens; with the most recent data showing that close to \$500 billion a year is lost due to tax abuses by multinational corporations and wealthy individuals.

8. *Concerned* about the lack of political coordination from the countries of the Global South to adopt common positions on issues related to the reform of the international financial and tax system and considering that developing countries cannot afford to stand by and wait for rich economies to solve their own challenges, while tax base erosion and profit shifting by multinationals continue unabated.

9. *Convinced* that promoting these measures through a common position of Latin America and the Caribbean is key to moving towards a rights-based economy, environmental sustainability and fiscal justice to reduce poverty and inequality.

10. We, the undersigned organizations, call for a Fiscal Pact for Latin America and the Caribbean that entails:

- Assuming a global leadership role to protect our own interests and those of other developing countries to advance in a reform of the international tax system that reduces

the inordinate benefits currently received by the most advanced economies.

- Increase efforts to achieve a regional dialogue at a high political level and with the participation of civil society to agree on a roadmap for the region. In this regard, we urge governments to consider convening a regional summit against international tax evasion and avoidance and for the eradication of tax havens, as well as to build permanent spaces for regional coordination and integration in this area.
- Address wealth taxation with both solidarity and recurrent taxes, to curb the hyper-concentration of wealth and the extraordinary and disproportionate profits of economically concentrated sectors.
- Tackle opacity in wealth and capital through the implementation of a Regional Asset Registry that links all assets to the people who actually own, control and/or benefit from the wealth (beneficial owners).
- Support a Tax Convention within the framework of the United Nations to deepen multilateral reforms that seek greater equity in the final design of the global tax system, to effectively stop the erosion of tax bases and profit shifting.

Signatories:



Oxfam
International



The Global Initiative for Economic, Social and Cultural Rights (GI-ESCR)
International



Centro de Análisis e Investigación

FUNDAR - Centro de Análisis e Investigación
Mexico



Centro por los Derechos Económicos y Sociales (CESR)
International



Tax Justice Network
International



Centro de Estudios de Derecho, Justicia y Sociedad, Dejusticia
Colombia



Observatorio fiscal de la Universidad Javeriana
Colombia

Observatorio fiscal
de la Pontificia Universidad Javeriana



Internacional de Servicios Públicos (PSI)
International



Asociación Civil por la Igualdad y la Justicia (ACIJ)
Argentina



Centro de Estudios Legales y Sociales (CELS)
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