



# The FfD Chronicle

The CS FfD Mechanism is an open civil society platform including several hundreds of organizations and networks from diverse regions and constituencies around the world. CS FfD Mechanism's core principle is ensuring that civil society can speak with one collective voice.

## MISSING – HAVE YOU SEEN THESE ARTICLES?

Last week's discussion unfortunately left little doubt that in the UN Tax Convention process, there is now "hidden text" which the public is not allowed to see. This includes the by-now-very-well-known "6 January draft" and the draft Article on Definitions, which has apparently been typed up and then classified as "top secret" (out of interest – does your secret draft include definitions of the terms "inclusivity", "transparency" and "legitimacy"?). For our opinion on this issue – turn the page.

The new practice of hiding text makes it difficult for us to know whether the key Articles that are currently missing in the UN Tax Convention text are missing for real – or simply "hidden." But in any case, we want to issue a strong call for them to be added to the (public) negotiating text as a matter of urgency, since it is extremely important that they don't fall off the negotiating table.

These include:

- A proper Article on Sustainable Development, which ensures a strong link between taxation, fiscal policies and existing UN goals, commitments, obligations, including a standard and review process under the Convention. This should also incorporate progressive environmental taxation, including a global mechanism to introduce a polluter pays tax on environmentally destructive businesses, as well as tax and gender equality - in line with the commitment from the 4th Financing for Development Conference in Sevilla, July 2025.
- An Article on Equitable Taxation of Multinational Enterprises,

- An Article on Taxation of Extractive Industries;
- The concept of *automatic* information exchange, beneficial ownership transparency and a Global Asset Register;
- An Article on Public Country by Country Reporting;
- Article 15 – which should stress that existing agreements that conflict with the Convention must be renegotiated or terminated;
- Solid and effective compliance mechanisms, as well as strong and coordinated response to non-cooperative jurisdictions (incl. non-signatories to the Convention).

We call on all Member States to propose adding these Articles to the negotiating text as a matter of urgency. The reward for your effort will come in the form of reduced illicit financial flows and increasing tax income.



# TIME TO “FOCUS” ON PROPER PROCESS!

We really hate to say this again, but Point of Order! On Friday afternoon, it was announced that all the regional groups of Member States should elect 3 representatives for a “Focus Group” that would start working on Article 5 – Fair Allocation of Taxing Rights.

We find this highly concerning. At the UN, the regional groups elect representatives for Bureaus, which work on process, but not on substance. The idea that UN Member States would elect other Member States to negotiate the Article on taxing rights on their behalf does not seem to be in line with the usual UN procedure, and such an approach would also ignore the politics that surrounds this issue. When it comes to taxing rights, countries are currently locked in very harmful tax competition, and they definitely don’t represent the same interests. Within the regions, tax havens have often specialized in siphoning profits and wealth from their neighbors, making a “regional representation approach” the most inappropriate of all.

Some might argue that the new “Focus Group” will only develop text that will subsequently be discussed by the wider group of Member States. However, as any negotiator knows, drafts are highly sensitive and important documents, and any Member State that manages to get its position reflected in the text that forms the whole basis for the negotiations will have an important head start.

Rather than creating small groups that exclude the vast majority of Member States, we call for a transparent, text-based, Member State-led negotiation, which would allow us to make real progress and ensure true ownership.

## How can this be solved?

There also seems to be a general confusion about who is responsible for process matters (something we have witnessed very clearly when we raised concerns about civil society being excluded from the secret Zoom meetings). Let’s be clear: While Chairs, Co-Leads and Secretariat generally steer the process, the fact of the matter is that in a Member State-led process, the responsibility for proper process ultimately lies with the Member States, including those that are elected to the Bureau. Therefore, dear delegates, we are not asking you to express your sympathy for our perspectives - we’re asking you to solve these problems!



## No hidden text - No secret negotiations

For those who are less versed in the history of intergovernmental UN processes, we would like to point out that negotiations where some Member States were excluded have – in the past – been a cause of major problems. For example, opacity and non-inclusive closed door negotiations were major factors when the Climate Negotiations broke down at COP 15 in Copenhagen in 2009. In 2010 – when Mexico hosted COP 16 in Cancun – the Mexican Foreign Minister took on the challenging task of rebuilding trust under the famous slogan: “there is no hidden text and no secret negotiations”. With that promise, the Mexican hosts spoke directly to the problems that had caused the negotiations to collapse – also known as the “ghost from Copenhagen.” As we all know, this story ended well – with the adoption of the Paris Agreement in 2015. However, the lesson should still be learned. A transparent and inclusive process is not simply “nice to have” – it is a fundamental precondition for a successful outcome. One very challenging problem that faced the delegates at COP 15 in Copenhagen was that time was running out and everything became chaotic. Here at INC4, we do not have the same problem – there is ample time for you to address the process problems.

And while we’re on the topic of process, we would like to call on you, dear Member States, to resolve all the problems at once. In case you forgot, we want to underline – once more – that we are highly concerned about the problematic practice of negotiating the UN Tax Convention in secret Zoom meetings from which observers are excluded. So far, you have all remained oddly quiet on that front.

The UN General Assembly has asked the INC - under the leadership of the UN Member States - to develop an “inclusive, fair, transparent, efficient, equitable and effective international tax system.” That system starts now – including by ensuring that the INC itself follows proper process.



## SIDE EVENT: Stocktaking and Outlook of the UN Tax Convention Negotiations

*Take part in a side event organized by civil society presenting an analysis of the state of play during the 4th session of negotiations and the road ahead.*

**13:15 - 14:30 NY  
Tuesday, February 10th  
CR-8, UN Headquarters**