To the Honorable Agus Widjojo, Ambassador of Indonesia to the Philippines,

We are the Asian Peoples’ Movement on Debt and Development (APMDD), an Asia-wide network of peoples’ movements and civil society organizations committed to advancing a just, sustainable, and equitable framework for development by amplifying the calls of Global South movements for changes, among other areas, in the national and international tax systems.

In line with our advocacies, we have long argued against the OECD/G20 Base Erosion and Profit-Shifting (BEPS) framework, a tax reform project spearheaded by the world’s wealthiest economies which, while making use of the language of inclusivity, is, in fact, fundamentally biased towards the economic interests of the Global North. This is not to mention the questionable legitimacy of the BEPS project to begin with, given that it emerges from, and is championed by, a small club of countries under the OECD and the G20.

Our alternative for international tax reform is for the immediate adoption of a UN Tax Convention that, unlike the BEPS project, can be truly representative of the interests of all UN member states. A UN Tax Convention is urgently needed to prevent the exploitation on a global scale of national tax systems by multinational corporations (MNCs), including in the form of illicit financial flows (IFFs). Our call is not novel, and has found support most recently from African finance ministers, the G77, the People’s Republic of China, and from UN Secretary-General Antonio Guterres.

The two pillars of the OECD/G20 BEPS framework threaten to drain developing countries of crucial tax revenue that is much needed now to finance critical public services, fund people’s recovery from the COVID-19 pandemic, and address the risks, vulnerabilities, impacts, damage and losses that the climate crisis brings to our communities, economies, and the planet as a whole.

Pillar One of the BEPS framework hands the right of taxation on the excess and non-routine profits of large MNCs to countries where these corporations are headquartered, rather than where their assets are located. This will rob developing countries of their just share of tax revenue, while solely benefitting the Global North countries where MNCs are based. Furthermore, this will exacerbate IFFs by MNCs, who can simply declare a larger share of their profits as non-routine.

Pillar Two aims to advance a global minimum corporate tax rate of 15%, a drop from the 25% average corporate tax rate of developing countries. This will not only shrink tax
revenues for developing countries, but will precipitate a race to the bottom that will further gut such countries of their domestic resource mobilization capabilities.

This so-called "Two-Pillar Solution" will not fix the fundamental flaws of the current international tax system and will only serve to exacerbate inequalities within and between countries.

As a member of both the G20 and the G77, and as incumbent holder of the G20 Presidency, your government is in a unique position to reject the OECD/G20 BEPS framework, which amounts to nothing less than a Tax Deal for the Rich, and instead support the growing calls for a UN Tax Convention that are rising from Global South countries and peoples' movements. This is not just a matter of justice, but also of practical policy: shrinking tax bases will prevent countries from financing sustainable development, let alone for recovery from the devastating impacts of the still-ongoing COVID-19 pandemic.

Attached alongside this cover letter are other documents from civil society organizations and networks calling for the immediate adoption of a UN Tax Convention. We hope that your office and government receives this letter and its attached documents well.

Thank you.

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