**UNGA79 2C Tax Cooperation resolution**

**Statement (explanation of vote) on behalf of the EU and its Member States**

Delivered by Hungary on behalf of the EU and its MS (check against delivery)

The Candidate Countries North Macedonia[[1]](#footnote-1)\*, Montenegro\*, Albania\*, Ukraine and the Republic of Moldova align themselves with this statement.

1. The **European Union and its Member Staes share the goals of inclusive and effective international tax cooperation**. We believe strongly in international tax cooperation. The EU has been a constant advocate for measures to strengthen this cooperation. Despite our disagreement over the process of drafting the ToRs, with deficiencies in terms of fairness and transparency as well as points of disagreement on the substance, the EU and its MS have maintained constructive good faith engagement in this process since the outset with this objective in mind. Our common goal is to build a good basis for a future Framework Convention on international tax cooperation that is inclusive and effective, as it is implemented by the broadest range of parties possible.
2. Our continued **engagement however must not be taken for granted** as we move towards the launch of the negotiating committee next February.
3. The EU has ABSTAINED in the vote called on this resolution but this is in spite of **serious outstanding reservations**, which we must recall here.
4. The EU’s principled Common position is well known, including our key concerns: we see the need for **consensus-based decision making to ensure the effectiveness of the future FWC and its implementation**. These modalities of decision making are the norm in other fora and are critical when discussing taxation, a topic of high importance linked closely to sovereign national competences and requiring national implementation. Indeed, this is the only way to ensure from the outset the effective development of such legally binding instruments, so that they are likely to be ratified in the end by the broadest number of countries possible. As we attach the utmost importance to international tax cooperation, we seek a framework that enables substantive results, especially if we are going to dedicate significant human and financial resources to this end.
5. The EU has made **significant compromises** in the negotiations on this resolution: we have agreed to discuss and agree on decision-making in February despite our principle that we should decide on this now. But decision in February should also be by consensus, to enable a success of the future convention.
6. We regret that our **good faith engagement thus far has been met with distrust**: EU did not table an amendment today but the threat of “retaliatory” amendments, undoing progress achieved during negotiations, is not conducive to building a common understanding on the way forward.
7. The EU has **called a vote on two paragraphs** in this draft resolution [separate EU EoVs prior to vote on these paras], based on strong principled objections:

* **OP2 “adopts” the ToR**, on which we did NOT all agree during the AHC in August this year (EU abstained on this). In any case, the future negotiators should be guided but not have their hands bound by the ToRs. In other conventional drafting processes, draft ToRs have been “forwarded”, “noted” or “taken into consideration”;
* **OP5** proposes that the organisational session of the new committee “address and conclude” on decision-making in February but **makes no reference to the imperative of consensus** for such a decision, or indeed the key principle that broad consensus-based decision making is needed for the success of this process as a whole. Knowing how decisions would be taken is paramount and the most simple prerequisite of every Committee to start drafting a legally binding instrument.

1. **On OP6:** The deletion of reference to balance among the five regional groups in representation on the Bureau is unwarranted and raises serious concerns about the inclusiveness of the future process.
2. Following the result of this vote, we note that these three paragraphs remain in the draft resolution but that they are NOT agreed by consensus**. The EU dissociates from paragraphs OP2, OP5 and OP6.**
3. The EU has ABSTAINED in the vote on the resolution as a whole as a gesture of our continued constructive posture and our strong belief in the utility of international cooperation on tax and related instruments. The EU is not against the establishment of a negotiating committee for the FWC.
4. But we **cannot simply disregard our key concerns**, as underlined throughout. If the upcoming process in the negotiating committee’s organisational session is not conducted in a fairer, transparent and more inclusive way and if this process does not safeguard a broad consensus-based decision-making process, ensuring that we work towards a convention that is effective (i.e. implemented by the most parties), EU Member States may have to choose to disengage from these negotiations. In particular the imposition of simple majority decision-making for the committee would be unacceptable and may leave EU Member States unable to participate in the future convention.

I thank you.

1. \* *North Macedonia, Montenegro, Serbia, Albania and Bosnia and Herzegovina continue to be part of the Stabilisation and Association Process.* [↑](#footnote-ref-1)