

Summary of the regional consultation in Latin America and the Caribbean

Co-hosted by the High-level Panel on International Financial Accountability, Transparency and Integrity for Achieving the 2030 Agenda and the UN Economic Commission for Latin America and the Caribbean via Interprefy (in Spanish and English)

24 November 2020, 18:00 - 19:30 (UTC)

On 24 November 2020, the High-level Panel on International Financial Accountability, Transparency and Integrity for Achieving the 2030 Agenda (FACTI Panel), together with the United Nations Economic Commission for Latin America and the Caribbean, co-hosted a high-level regional consultation for Latin America and the Caribbean. It brought together high-level representatives from Member States and regional institutions, along with leaders from civil society and private sector in the Americas region. The consultation, held virtually due to COVID-19 related restrictions around the world, offered an opportunity for the FACTI Panel to hear from the region's leaders on their preferred means to address the shortcomings in the existing frameworks for financial integrity that were identified in the FACTI Panel [interim report](#) released in September. It was part of a series of regional consultations that take place throughout November and including Europe, Africa and Asia-Pacific. At least 50 people participated in the consultation, and 10 made statements.

Opening

The meeting was chaired by **H.E. Dr Dalia Grybauskaitė**, former President of Lithuania and co-chair of the FACTI Panel. In her opening remarks, **Dr. Grybauskaitė** recalled the importance of the work of the Panel, considering the current economic downturn and financial turmoil due to the pandemic. She also provided the participants with highlights of the Panel's interim report, stressing that there are still gaps in the implementation of existing instruments, important loopholes in the international architecture and inadequacies in the global economic governance. She reflected on the need for political will to address the challenges, reach a shared understanding of the best ways to resolve them, and the participation of all stakeholders in these efforts. She then passed the floor to **Mr. Daniel Titelman**, director of economic development for the United Nations Economic Commission for Latin America and the Caribbean, who delivered remarks on behalf of Ms. Alicia Barcena, the Executive Secretary of ECLAC. He reflected on the challenges to development brought by the COVID-19 pandemic, and suggested that the region needed to recover by building a system that protects the environment, is not overly reliant on extractive industries, and guarantees basic services for all. He mentioned the large loss in revenue in the region from tax avoidance and evasion and said reducing these tax abuses is essential to building a better, more dignifying societies for people. He welcomed the contribution of the FACTI Panel interim report and indicated that more progress on tax avoidance and evasion are particularly important for the region. He concluded by saying the UN can play an important role in the debate on combatting tax evasion and tax avoidance.

Keynote speakers

H.E. Dr. Paul Oquist Kelley, Minister of National Policies of Nicaragua, stated that the world now faces an unprecedented crisis which has caused devastating losses. Hunger, poverty, lack of healthcare, inequality, wealth concentration and other problems have rapidly worsened. The minister blamed a neocolonial system, which he called inherently predatory and unfair. He stated that the financial system is plagued with deficiencies of integrity and transparency, and that the home countries of large multinational corporations allow abuses to happen. The minister also called for an end to unilateral coercive economic and financial measures, characterizing these measures as crimes against humanity because they contribute to the violation of universal rights, such as access to healthcare. The minister concluded by saying that if the international community wants a fair rules-based order, we need to replace unilateralist policies with multilateral mechanisms that meaningfully include the nations that have been harmed by the status quo.

Mr. Christian Hernandez, Vice Minister of Finance of Venezuela, emphasized that the country is trying to improve tax mechanisms to root out corruption but the efforts are hampered by unilateral coercive measures that undermine Venezuela's ability to achieve development. He characterized the restrictions that have been placed on the government's access to national assets held overseas as a misuse of financial frameworks and sanctions which are neocolonialist policies that undermine sovereignty and self-determination. The vice minister said these policies impact the ability of Venezuela to access international financial markets to raise money, which means the state is unable to buy sufficient food and deliver healthcare. The vice minister concluded that these sanctions cannot continue like this in a fairer world.

Mr. Ricardo Peidró, General Secretary of Central de Trabajadores de la Argentina (CTA Autónoma), a trade union confederation from Argentina, argued that austerity policies implemented by the previous administration of Argentina left the country ill-prepared to confront the COVID-19 crisis. He suggested the world needs to find a system that ends tax avoidance and tax evasion, as well as other toxic practices that plague the financial world. This would be the only route to reducing the deep distributive, productive, and financial asymmetries in Latin America, while helping economic development and achieving social justice with fair contributions by all parties. He recommended that the Panel look at wealth taxation, a policy which is currently being developed in Argentina.

The chair then passed the floor to **Mr. José Antonio Ocampo**, **Ms. Manorma Soeknandan** and **Ms. Magdalena Sepulveda**, FACTI Panel Members, who provided brief remarks. After all these initial interventions, the chair then opened the floor to other speakers.

Open discussion

A further seven statements were provided by regional Member States, civil society and the private sector. All speakers thanked the Panel for engaging with stakeholders in an inclusive and transparent manner. Participants emphasized the vital importance of the Panel's interim report and ongoing work which they said would contribute to the efforts of countries in the region to recover from the current economic and financial turmoil. The interventions were substantive in nature, focusing on areas/issues where the Panel could make recommendations.

Most speakers agreed in the importance of international cooperation and many expressed that there is no one unique solution to the problems, as every country has a specific context. They recognized the important role of the existing international frameworks, and raised the need to enforce information exchange. Some speakers stated that the **UN should have a role**, not in replicating the existing rules and arrangements, but in coordinating international efforts. This would build on existing frameworks them but make more inclusive to take into account the various needs, constraints and expectations of all countries, as well as to consider the existing imbalances. Some

speakers consider that there should be a **UN intergovernmental body to coordinate international tax cooperation**.

There were also suggestions that the Panel needs to focus on the objective of just and sustainable development, with **the realization of human rights and gender equality at its core**. Member States must take the necessary steps to create an ecosystem of financial norms and institutions that allows for human development and refrain from taking actions that could harm this objective.

Some speakers emphasized that the current system facilitates tax abuses and ultimately prevent states from accessing funds they need. It is necessary to work towards a **more consistent implementation of global tax standards** and the reconsideration of the existing arrangements for compliance monitoring and sanctions. In particular, they underlined the undue influence and abuse of big corporations and multinationals that should be taxed where economic activity occurs.

Several participants expressed their support for a **global registry of beneficial ownership**. One of the speakers added that increasing taxes is not the solution to the current economic crisis due to the fact that it could harm economic growth and dynamism, which are needed at this time. The participant said that a **better approach is transparency** and a ranking of countries that contribute to sharing of information.

One speaker stated that most tax avoidance happens through **abusive trade and transfer pricing** and the use of different standards by some countries. The speaker stated that while the law makes it clear that transfer mis-pricing is a criminal offense, the current United States administration does not yet adequately enforce the law.

For **combating grand corruption**, one speaker recognized the need of close collaboration between law enforcement agencies in international cases. Transnational networks of corruption require the support of all countries involved. She proposed strengthening the framework for international cooperation in order to bring together investigators and prosecutors in different countries, including to speed the recovery and return of assets. In her intervention, she also told the Panel about cases of corruption where officials from international organizations were implicated and emphasized the need for developing a mechanism that allows the **lifting of immunity** when these officials are concerned.

Additional topics raised by speakers included a member of the business community recommending public-private partnerships on the financial integrity issues, and that the question of regulating enablers in Latin America must include stronger rules for notaries

Closing

Dr. Grybauskaite thanked all participants for their valuable inputs and invited **Mr. José Antonio Ocampo, Ms. Manorma Soeknandan** and **Ms. Magdalena Sepulveda** to make some concluding observations. **Dr. Grybauskaite** concluded the meeting by recalling how critical it is to be ambitious to ultimately enable the global economic and financial systems to work better for everyone. She welcomed all participants to continue to engage in the Panel's future activities reminding them that the Panel is accepting written submissions from all stakeholders until the end of November.