

Mr. Chair,

Japan would like to begin by conveying our gratitude for your tireless efforts to draft the Terms of Reference for a United Nations Framework Convention on International Tax Cooperation through consulting members, steering the process and facilitating discussions among members with such tight timelines. Through the process, we also acknowledge the participation of all delegations in good faith.

Despite our constructive engagement to the work, Japan, is unfortunately unable to support this draft Terms of Reference. We believe that the following three points are truly crucial to achieve the effective and inclusive framework convention in the end: first, reaching broad consensus for promoting inclusive and effective international tax cooperation; second, prioritizing issues that are likely to reach consensus, and; third, focusing on enhancing domestic resource mobilization, or DRM, and capacity building. In this regard, it is unfortunate to evaluate that the draft TOR does not sufficiently reflect any of these, and therefore, Japan cannot support it. We would also like to point out that the G20 finance ministers, just one week before the 2nd substantial session, agreed on these points as their political call.

While broad consensus is vital to achieve inclusive and effective international tax cooperation, as Japan is a leading technical assistance provider, we would like to highlight here the DRM issue. It is regrettable that the draft TOR lacks focus on DRM as our common overarching agenda of the framework convention, although strengthening DRM is one of the explicit targets of the SDGs. Strengthening domestic tax systems and institutional capacity are essential elements for DRM. Japan is ready to support countries which make efforts for their own DRM. However, it is unfortunate that the draft ToR lacks the willingness of enhancing DRM.

Lastly, we surprisingly note that this committee did not accept idea to allow non-state jurisdictions to participate in the framework convention process. Non-state jurisdictions are active players in taxation area. As we are seeking truly inclusive and effective international tax cooperation, it is pivotal to open the door of the framework convention to all relevant parties including non-state jurisdictions.

Japan would like to make clear that we do not have any intention to deny the importance of promoting international tax cooperation. Rather, for the sake of achieving more inclusive and effective international tax cooperation, we must continue to have discussions regarding what common goal we are aiming for in this field. Japan will continue to constructively engage this process and anticipates further discussions to achieve a better future.

I Thank you.