

22 June 2017

**António Guterres**

Secretary-General  
United Nations  
UN Headquarters  
New York  
NY 10017  
USA

Dear Mr. Secretary-General,

**A threat to the Sustainable Development Goals**

Over many years, our organisations have led the global fight against the scourges of tax abuse and other forms of corruption that do so much to undermine human development and accountable governance in countries at all income levels and in all regions of the world. At the heart of the progress made has been a major shift in the public narrative: from an anachronistic, often racist perspective that corruption was a problem endemic to lower-income countries, to the recognition that corruption can thrive everywhere, and at the international level is driven by the financial secrecy perpetuated by major economies and ‘offshore’ financial centres.

The threat that such financial secrecy poses to human rights is increasingly well understood. Major public scandals such as the Panama Papers and LuxLeaks have laid bare the sheer scale of malfeasance by individual members of elite groups and by multinational companies - and the professionals who make these practices systemic, including accountants, bankers and lawyers.

A significant milestone was reached with the global agreement on target 16.4 of the UN Sustainable Development Goals, which commits all governments for the first time to reduce illicit financial flows. This target is crucial not only for the first SDG ‘means of implementation’ - tax revenues - but also to achieve effective political representation and meaningful redistribution.

Tax justice and the curtailment of illicit flows are deeply interlinked, and core to the progressive realisation of human rights through the SDGs.<sup>i</sup> But SDG 16.4 is one of the last for which measureable indicators are to be defined - and it is with great dismay that we note in this process a concerted effort to reverse the global commitment.<sup>ii</sup>

*Specifically, it appears that some UN members and some actors within the UN system are attempting to redefine the term ‘illicit financial flows’ in order to exclude the component relating to tax avoidance by multinational companies.*

On a technical basis, this is simply wrong;<sup>iii</sup> and on a practical basis, the problem is far too large to ignore.<sup>iv</sup> But much more importantly, in political terms it would represent a comprehensive betrayal of the globally agreed target which was reached under your predecessor, Dr Ban Ki Moon.

The major document underpinning the Sustainable Development Goals is the [Report of the High-Level Panel of Eminent Persons on the Post-2015 Development Agenda](#). In dealing with the entire development agenda in just 80 pages, it nonetheless refers to the need to challenge tax *avoidance* no less than four times. In the much broader, public consultations run by the UN we find references to tax avoidance (both in the context of illicit financial flows and elsewhere) [across the whole range](#) of thematic areas.

Finally, in the [Report of the High Level Panel on Illicit Financial Flows from Africa](#) - the single most important UN document underpinning the adoption of target 16.4 in particular - the actions of multinational companies and the component of tax avoidance are explicitly and repeatedly referred to as a central element of the problem:

“The various means by which IFFs take place in Africa include abusive transfer pricing, trade mispricing, misinvoicing of services and intangibles and using unequal contracts, all for purposes of tax evasion, aggressive tax avoidance and illegal export of foreign exchange.” (p.24)

The global agreement reached in the Sustainable Development Goals to seek to reduce illicit financial flows is an agreement that clearly covers tax avoidance by multinational companies. No amount of reinterpretation or redefinition can raise any legitimate question over this point. But the effort now to exclude tax avoidance retrospectively is well underway.

*We write to you today in the hope that it is not too late to prevent what would amount to the reversal of a global political agreement, at the behest of corporate interests. We ask you to act now to preserve the good faith of the Sustainable Development Goals, and one of the most powerful commitments to progress.*

Sincerely,



Dereje Alemayehu  
for Global Alliance for Tax Justice



Alex Cobham  
for Tax Justice Network

*Endorsed by GATJ members: Tax Justice Network Africa (TJNA), Asian Fiscal & Tax Justice Alliance (AFTJA), Tax Justice -Europe (TJ-E), Canadians for Tax Fairness, Red de Justicia Fiscal de América Latina y el Caribe (RJF)*

**Cc:**

Ms. Amina Mohamed, Deputy Secretary-General, UN

Mr. Wu Hongbo, United Nations Under-Secretary for Economic and Social Affairs

Mr. Yury Fedotov, Executive Director, United Nations Office on Drugs and Crime

Ms. Alicia Bárcena, Executive Secretary, Economic Commission for Latin America and the Caribbean

Dr. Mukhisa Kituyi, Secretary-General, United Nations Conference on Trade and Development

Dr. Shamshad Akhtar, Executive Secretary, Economic and Social Commission for Asia and the Pacific

Dr Abdallah Hamdok, Executive Secretary, United Nations Economic Commission for Africa

Mr. Mohamed Ali Alhakim, Executive Secretary, Economic and Social Commission for Western Asia

Mr. Christian Friis Bach, Executive Secretary, United Nations Economic Commission for Europe Palais des Nations

Mr. Enrique Ordaz, Chair, Inter-Agency and Expert Group on the Sustainable Development Goal Indicators

Mr. Stefan Schweinfest, Director, UN Statistics Division

Ms. Francesca Perucci, Chief, Statistical Services Branch

Mr. Enrico Bisogno, Chief, Statistics and Surveys Section, UNODC

Ms. Brigitte Strobel-Shaw, Chief, Conference Support Section, Corruption and Economic Crime Branch, UNODC

Ms. Melissa Tullis, Senior Policy Support at the Office of the Director for Division of Policy Analysis and Public Affairs, UNODC

**Notes**

---

<sup>i</sup> These relationships have been laid out powerfully at the United Nations, not least through the work of the Special Rapporteurs on extreme poverty and human rights, Magdalena Sepúlveda Carmona and Philip Alston; and of the Independent Expert on foreign debt and human rights, Juan Pablo Bohoslavsky. The Independent Commission for the Reform of International Corporate Taxation (ICRICT) has also written to you raising this important issue.

<sup>ii</sup> Further detail can be found can be found in Alex Cobham's address to the ECOSOC Financing for Development Forum 2017: <http://www.taxjustice.net/2017/06/01/subversion-sdg-16-4/>.

<sup>iii</sup> Illicit financial flows are, by definition, not only those which are strictly illegal. 'Illicit' is defined by the [Oxford English Dictionary](#) as 'forbidden by law, rules or custom' and so captures not only the illegal (e.g. tax evasion and money-laundering) but also the socially unacceptable (e.g. aggressive tax avoidance by multinationals).

<sup>iv</sup> Researchers from such disparate organisations as the [International Monetary Fund](#) and the [Tax Justice Network](#) find that developing countries suffer losses in the region of \$200 billion annually.