

TAX JUSTICE NETWORK

MINUTES OF THE TAX JUSTICE COUNCIL MEETING AT EDIFICIO BORSOI, PEDREIRA, BELEM, BRAZIL ON WEDNESDAY 28th JANUARY 2009

Participants: See Appendix 1

1. Apologies: Alex Cobham, Jo Marie Griesgraber, Richard Murphy, Eurico Dinis Santi, Nicholas Shaxson, Georg Stoll

2. The Agenda was agreed

3. Admission of new members and ratification of previously admitted members

The following new Members were admitted by the Council to **TJN-AISBL**:

Action of Economic Reforms, Philippines

Georg Stoll, Germany

The following existing Members admitted by the Board were ratified as Members by the Council:

Tax Justice Network - UK

Uniting Church in Australia

Bread for All - CH

War on Want - UK

Global Network for Good Governance - Cameroon

Attac Vlandereen

Noel Hodson - UK

Richard Murphy - UK

Carol Wilcox - UK

Victor Thuronyi – USA
Sol Picciotto – UK
Dries Lesage – Belgium
Arbeitsgruppe Alternative Wirtschaftspolitik – Germany
Action Aid International
Linda Hasch – UK
Lord Wallace of Saltaire – UK
ARC – UK
Linda Arch – UK
Comité catholique contre le faim et pour le développement – France
Action Aid – UK
Fastenopfer – Switzerland
Bruno Gurtner – Switzerland
Markus Meinzer – Germany
David Spencer – USA
Michael Nagler – Germany

4. Election of Chair for the Meeting

Bruno Gurtner was elected as Chair for the Meeting.

5. Election of Secretary for the Meeting

John Christensen was elected as Secretary for the Meeting.

6. Report for 2007/08 from the Board of Directors

Bruno Gurtner's report is attached – *see Appendix 2*

Bruno thanked the outgoing Board Members for their support and diligence. He particularly thanked **Jo Marie Griesgraber** (TJN-USA) and **Nicola Liebert** (TJN-DE) – neither of whom are standing for re-election to the Board - for their contributions over to the Network. Bruno also thanked **Michèle Christensen**, and **Nicolas** and **Elliott Christensen**, for their unflagging support for their father's work for tax justice.

7. Report for 2007/08 from the International Secretariat

John Christensen's report is attached – *see Appendix 3*

8. Election of Board Members

The following Board Members were elected by the Council:

François GOBBE, Kairos-Europe, Belgium

Ian GOLDMAN, TJN-Canada,

Bruno GURTNER, Switzerland

James HENRY, TJN-USA

David McNAIR, Christian Aid, UK

Rachel MOUSSIÉ, Action Aid International

Michel ROY, Secours Catholique, France

Georg STOLL, Germany

Attiya WARIS, TJ 4 Africa

Francis WEYZIG, SOMO

The following were accepted as Observers to the Board:

Filemeno STA. ANA, Action for Economic Reforms, Philippines

Fernando FAVACHO, Getulio Vargas Foundation, Brazil

Javier GOMEZ, CEDLA / Latindad, Bolivia

Following a proposal from **Peter Niggli (Alliance Sud, Switzerland)**, **IT WAS AGREED** that the Board would achieve a balanced regional representation of nominations for Board Members by the time of the 2011 Council Meeting.

9. Election of Board Chair, Vice Chair, Treasurer and Secretary

The following Board officials were elected by the Council

Chair – Bruno GURTNER

Vice-Chair – Attiya WARIS

Treasurer – François GOBBE

Secretary – Georg STOLL

10. Agreement of research, campaign, communications and advocacy priorities

Research priorities

John Christensen reported that the International Secretariat was 12 months into an 18 month research programme called **Mapping the Faultlines**, which will lead to the creation of a comprehensive online database about tax havens across the world. The database is expected to go live on a tailor-made website within the first half of 2009. The database will also provide a major part of the **Financial Transparency Index**, which is scheduled for publication in the fourth quarter of 2009.

The first phase of research for the Mapping the Faultlines programme, which complements the quantitative research being undertaken by our partners at **Global Financial Integrity** in Washington, D.C., will hopefully be followed by a second phase which focuses on policy recommendations for tackling illicit financial flows. If funding is secured for the second phase, the International Secretariat research team will be operating at capacity at least until end-2010.

In addition to the research at the international level, a diversity of research projects are underway at national and regional levels, for example into the use of tax havens by companies located in UK, France, Germany and the Netherlands.

Campaign priorities

John Christensen reported that after discussions with network partners and associated networks, including **CIDSE, Eurodad, the Task Force on Financial Integrity and Economic Development**, and others, the following campaign priorities have been highlighted:

- promoting an international standard for country-by-country reporting by TNCs;
- strengthening the European Union Savings Tax Directive;
- calling for public disclosure of beneficial ownership details;
- categorising tax evasion as a predicate offence under anti money laundering laws;
- promoting the UN Code of Conduct on International Cooperation in Combating Tax Evasion.

Communication priorities

During the first five years of operations the International Secretariat focused its communications programme on targeted international media, in particular the *Financial Time, the Guardian / Observer, Le Monde, BBC, Wall Street Journal*, etc. This strategy has proved effective as a means of building relationships with the financial and economic journalists who are read by policy makers and opinion leaders. There is ample evidence that TJN has been successful in its initial aim to secure press coverage in this targeted media: for example, the *Guardian* series, launched in February 2009, is the largest investigation into corporate tax avoidance and the use of tax havens ever to be published in the international media.

This targeted media work will continue, but in future will be accompanied by an outreach programme targeted at a much broader public who do not necessarily read the financial / economic pages of the international media. This outreach programme will involve a multi-media package consisting of a feature film, a book, a bespoke website with accompanying blogs, YouTube videos, podcasts, etc, with a support package of speakers, panelists, interviewees, who will be made available to attend film festivals, film screenings, and associated radio programmes. The package will have a strong focus on illicit financial flows from the South into tax havens in the North. The International Secretariat is working closely with a film production company (**Speak-It Films**) and have negotiated a book contract with publishers **Random House** [the current working title of the book is *Treasure Islands*]

Nick Shaxson and **John Christensen** started work on the book in January 2009, and the expected publication date is mid-2010, which will hopefully coincide with the release of the film. It is expected that this multi-media package will serve the tax justice movement in a very similar way to how *An Inconvenient Truth* helped to alert the wider public about the threat of climate change.

Advocacy priorities

During 2009/2010 the International Secretariat expects to continue with its advocacy work on (i) the country-by-country reporting standard, (ii) promoting the UN Code of Conduct on International Cooperation in Combating Tax Evasion, (iii) strengthening the EU Savings Tax Directive. In addition, the Secretariat will be actively involved on the Coordinating Committee of the Global Task Force on Financial Integrity and Economic Development, and on the German Government's International Tax Compact.

After discussion, these priorities were agreed by the Council.

11. Any other business

World Social Forum focus on economic crisis

Jean Merckaert noted that the **World Social Forum** provides a unique opportunity to highlight the role of tax havens as catalysts of financial / economic crisis. A series of seminars have been organised on the subject of the current crisis and TJN members will be participating in these seminars to ensure that tax havens are given the appropriate degree of prominence in discussions.

Role of churches in promoting economic justice

Jean also noted the important role that churches can play in framing response to the crisis, and informed the Council that the **Plateforme Paradis Fiscaux et Judiciaires** will be encouraging the **Vatican** to develop the wording of its recent Reflection Paper on the Doha review conference into more concrete proposals.

Tax Justice Focus edition of religious and philosophical aspects of tax justice

Commenting on the ethical and social issues raised by the tax justice campaigns, **Jean Merckaert** suggested that it would be helpful to devote an edition of **Tax Justice Focus** to the theme of the religious and philosophical roots of tax justice. It was agreed that this suggestion will be discussed with TjF's editorial team.

2009 Tour de Paradis Fiscaux

It was noted that the **2009 Tour de France** will start in Monaco and visit Andorra and Switzerland. This provides a great opportunity for campaigners to 'get on their bikes' and make a point!

Things to do

Noting the transition from TJN's pioneer phase to the second phase in which the network deepens its agenda and widens its support base, **John Christensen** asked all existing Members and Supporters to set themselves a target of persuading two new organizations / individuals to join the network each year. This membership drive will reduce the network's dependence on external funding sources whilst also expanding our zone of influence.

BOOK LAUNCH

Appendix 1: Participants at the TJN Council Meeting in Belém, Brazil

Dereje Alemayehu	Christian Aid	East Africa
Federico Arenoso	Poder Ciudadano	Argentina
Filemeno Sta Ana II	Action for Economic Reforms	Philippines
Miges Baumann	Bread for all	Switzerland
Markus Brun	Fastenopfer	Switzerland
John Christensen	TJN-IS	UK
Fernando Favacho	Getulio Vargas Foundation	Brazil
François Gobbe	TJN-AISBL	Belgium
Javier Gomez	CEDLA / Latindad	Bolivia
Bruno Gurtner	TJN-AISBL	Switzerland
Martin Hearson	Action Aid UK	UK
Matti Kohonen	TJN-IS	Finland
Maaïke Kokke	SOMO	Nederland
Steve Manteaw	ISODEC	Ghana
Jens Martens	Global Policy Forum	Germany
Jean Mballa Mballa	CRADEC	Cameroon
Jean Merckaert	CCFD	France
Andreas Missbach	Berne Declaration	Switzerland
Alvin Mosioma	TJN Africa	Kenya
Peter Niggli	Alliance Sud	Switzerland
Jack Ranguma	TJN Africa	Kenya
Michel Roy	Secours Catholique	France
Klaus Schilder	Terres des Hommes	Germany
Oscar Ugarteche	TJN Lat Am	Mexico
Juan Luis Vedia	CEDLA / Latindad	Bolivia
Attiya Waris	TJN Africa	Kenya
Francis Weyzig	SOMO	Nederland

Appendix 2: Report for 2007/08 from the Board of Directors

Bruno Gurtner submitted the following report:

TJN Council Meeting 2009, Belém

Annual Report 2007/2008

Submitted by the Chair of the Global Board of Directors

TJN is a success story! When I started to write this report I had just read the latest edition of our *Tax Justice Focus* with the excellent editorial by our specialist on communication, Nick Shaxson. It's really worth reading this piece! Nick enumerates a strong series of facts, development and issues where TJN has successfully influenced people and organisations. Here are just a few of the instances on this list:

- Taxation is at the heart of the development discourse now. The Doha Conference itself but also the long preparation phase fixed the idea that development without taxation can't be successful. And national tax systems must be protected from a harmful international environment. TJN has contributed strongly to this change;
- This is recognized by important international and regional institutions as well as by more and more governments in the South and in the North. TJN is accepted and appreciated as a highly valuable voice by these international institutions;
- Some years ago development NGOs didn't care about taxation. Now TJN is recognised as one of the most important specialists in this field and we have won the support of many development NGOs;
- International and national medias have intensified their reporting about tax, tax evasion, harmful tax practices, unregulated tax competition and capital flight. TJN is quoted in many of these reports, often at the start of the article;
- TJN has broadened its cooperation with distinguished academic milieus which makes our work more credible and reputable;
- As a result TJN is better able to win funding for our different projects.

The report of John Christensen, the Director of the International Secretariats will highlight in a more detailed manner the different aspects of our work.

But let me also mention some elements of progress we have reached inside our network. After our last Council meeting in Nairobi in 2007 we launched TJN Africa. Even though our African friends face many difficulties and barriers we can see meaningful progress. TJN Africa is well "en route".

We have restructured TJN Europe. We have held some promising joint actions and are ready to follow on with other important steps. We hope that these days here in Belém will make possible similar steps for Latin America and the Caribbean.

Different national coalitions have strengthened their capacities and some have formalised their existence, including in the USA, in Canada, France, Germany, Netherlands, Scandinavia, and Ireland. Other countries and regions will follow.

Since Nairobi we have intensified our media work, with direct contacts to important journalists and filmmakers. We now regularly publish our *Tax Justice Focus*, we update regularly our website which reach now a high information level. Our tax justice blog brings nearly every day comments and news. This is only possible thanks the enormous commitment of Nick Shaxson.

We have streamlined our internal mail-list-system. We have the broad Intertax-list, freely accessible to everyone interested in our subject, even adversaries. Internally we spread our information through the

activist-list which can also be used for internal discussions. Regional and national list exist as well and some also maintain websites.

Major research and communication projects are under way (John will report in details). They have been made possible through funding by foundations, NGOs and governments. This has enabled us to engage researchers. The staff of our International Secretariat has grown. In the next days even an Administrator will start her job. The activity of our International Secretariat is definitely no longer a one-man-show. We have in the meantime a strong team carrying forward our work. We can also count on a strong team of Senior Advisers supporting us in different fields and activities and bringing us fresh impetus for new themes. Some ad-hoc working groups are dealing with special questions.

This brings me to another important point. I'm convinced that we have reached the end of the pioneer phase of our network. Our organization structure is more complex. We must seek new ways of mutual cooperation between all levels. We will be confronted with new challenges. We have to make us fit for these future challenges. We have raised expectations of different institutions which we must fulfil. We have to be accountable to our funders. I hope that our strategy discussion today will be fruitful and this may be a starting point for this new phase in which we will consolidate our existing work and maybe start some new initiatives.

The Global Board held nine phone conferences in 2007 and eleven last year. The Board treats its business in an open and frank way. Invitations, Agendas and the Minutes are always published by e-mail to the activist-list and are downloadable on our file system for all activists. On several occasions we have invited non-members to join our discussion and contribute in their specialised fields.

Unfortunately not all elected Board members have been able to follow the work of the Board during these two years. Some have had to be replaced by others of the same region. We will have to re-elect a new Board later today and we hope to have representation from new regions.

I would like to thank to all my colleagues of the Board for their strong cooperation and enormous engagement. Especially I would like to mention those who have not stood for re-election: Jo Marie Griesgraber from TJN-USA and Nicola Liebert from TJN-De

Last but not least I would like to give thanks to John Christensen and everybody in the International Secretariat for their enormous commitment and the splendid work they do. It is far more than what can be expected in a normal job. I enjoy highly working with you. I enjoyed also to work with all of you in the Global Board, in regional boards, in your function as Senior Adviser or in other roles. I thank all institutions which supported us financially or with other means.

And I hope we will keep on this pace in our work for a better taxation system in a better world.

Bruno Gurtner
Chair of the Board for 2007 and 2008

Appendix 3: Report for 2007/08 from the International Secretariat

John Christensen submitted the following report:

Overview of progress since January 2007

Over the past two years tax justice has shifted from the sidelines of the development debate to the centre stage. This was clearly demonstrated at the Monterrey review conference in November 2008, when tax related issues were a predominant theme for both the negotiation processes and at side events. TJN has played a role in making this happen.

Since the 2007 Council Meeting in Nairobi, the International Secretariat has concentrated its efforts on (i) increasing its research effort; (ii) network development in Africa and Latin America; (iii) working with member organisations to agree campaign priorities and prepare for campaigning effort; (iv) strengthening communications within the network and in the international media; and (v) coordinating advocacy effort around the Monterrey review conference in Doha and promoting the creation of an Task Force on Financial Integrity and Economic Development.

For the greater part we have achieved the goals agreed by the global Board of Directors.

Research activities

In 2007 we secured funding from the Ford Foundation to carry out a research programme called 'Mapping the Faultlines', which will create the largest known online database of secrecy jurisdictions. The first stage of this research is nearing completion and the online website to host this data is under construction. We expect to make a proposal for a second research phase involving policy recommendations in late 2009.

Allied to this programme is our research leading to the construction of a Financial Transparency Index, which is scheduled to be published for the first time in September 2009. This index will rank secrecy jurisdictions according to the degree of secrecy they provide to financial intermediaries and their clients, weighted according to the size of the overall offshore financial services activity that they host.

Our annual research workshop in 2008 was held at Essex University under the theme of *Tax Justice, Transparency and Accountability*. The papers from that workshop are available online on the Association for Accountancy and Business Affairs 'Offshore Watch' website. The 2009 workshop is to be held in Mexico in September under the theme of *Erosion of Public Finances in Developing Countries: Illicit flows and commercial corruption*.

Network development

The Network has strengthened in most European countries, with new networks under formation in Austria, Ireland, Isle of Man and Sweden. The networks in North America remain relatively under-developed, though our colleagues in the USA have been actively involved at the International level, for example through the South-South Sharing of Successful Tax Practices Initiative and through our work in the context of the UN Tax Committee (including the promotion and development of the UN Code of Conduct on International Cooperation in Combating Tax Evasion).

Tax Justice 4 Africa has organised a series of national and regional workshops over the past 24 months, and these are expected to increase in frequency as the EU and DfID programmes gain momentum. The OECD-DAC is promoting a tax agenda for African development, which we generally approve of, but it is important that civil society in Africa and other developing countries reacts to this initiative by strengthening its own capacity to monitor the progressivity of tax policies and promote regional cooperation to tackle tax evasion and tax competition.

Our priority since the start of 2008 has been to work towards the launch of a Tax Justice Network for Latin America, and the activities at the 2009 World Social Forum, plus the workshop in Sao Paulo in February

2009, followed by our annual research workshop scheduled to be held at the Autonomous National University of Mexico in September 2009, are all part of a process of bringing together researchers, practitioners, advocacy specialists and NGO campaigners to create an integrated network.

Campaign activities

Campaign activities are progressing at national, regional and global levels. At the international level our campaign priorities are currently –

- promoting an international standard for country-by-country reporting by TNCs;
- strengthening the European Union Savings Tax Directive;
- calling for public disclosure of beneficial ownership details;
- categorising tax evasion as a predicate offence under anti money laundering laws;
- promoting the UN Code of Conduct (mentioned above).

International Communications

A new communications strategy has been introduced in incremental stages over the past 24 months. Nick Shaxson has taken on the editorship of our quarterly newsletter, *Tax Justice Focus*, and a wider range of contributors have been invited to submit feature articles and book reviews. Nick has also been responsible for re-organising our website and for editing our blogspot, both of which have attracted a significant growth of user rates.

Our focus on the international media, and in particular on global opinion formers has generated a huge editorial coverage over the past 24 months, including comment pieces in the *FT*, *The Guardian*, a major feature on corruption in *The American Interest*, plus radio and television documentaries broadcast in Australia, Austria, Belgium, Canada, France, Germany, Switzerland, UK and the USA. The October 2008 edition of *New Internationalist* was devoted to the theme of tax justice, including an online competition for ‘artful tax dodger’ of the year, appropriately awarded to Paul Hewson, also known as Bono.

Our work on tax havens and financial architecture flaws has been covered in several docu-films, including *La Grande Evasion* (Fred Brunnquell, France, 2008), *Let’s Make Money* (Erwin Wagenhoffer, Austria, 2008) and *The End of Poverty?* (Philippe Diaz, USA, 2008).

In 2008 the global Board agreed a shift in our international communications strategy to prepare an outreach programme targeted at a non-specialist public. The International Secretariat is now embarked on a three-year programme to produce an integrated package of film, book, website, online briefings, YouTube videos, and an NGO support facility to do for tax justice what *An Inconvenient Truth* did for climate change. This programme is currently underway: a book contract has been agreed with Random House; the film is being researched by Speak-It Films (directors of *Black Gold*); and a website is under construction.

In addition, the International Secretariat is also working with British comedian Mark Thomas (*Belching out the devil*) to develop a series of YouTube videos on tax havens and the financial crisis.

International Advocacy

An over-riding advocacy priority over the past 24 months has been to use the Monterrey review conference in Doha to push the tax justice agenda to the centre stage. We have coordinated our advocacy efforts with partner organisations, including and especially Plateforme Paradis Fiscaux et Judiciaires, CIDSE, Eurodad, and UK’s BOND. Our efforts led directly to the inclusion of strong wording about the impact of tax havens on poorer countries in the Vatican’s Reflection Paper on Doha issued in November 2008. The pressure we brought to bear during the negotiations leading up to and during the Doha conference shaped the final outcome document in several ways that are favourable to global justice.

A second advocacy priority has been to persuade the Leading Group on Innovative Sources for Finance for Development to take action against capital flight and tax evasion. An intervention by the International

Secretariat at the Third Plenary Session Meeting of the Leading Group in September 2007 in Seoul, South Korea, led to the creation of an inter-governmental Task Force on Illicit Financial Flows (led by the Norwegian government). That task force met regularly in Oslo in 2008 and, having agreed a framework of priority actions, has now passed responsibility for coordinating these actions to an NGO-led coalition consisting of Global Financial Integrity, Global Witness and TJN. This coordination group will work directly with the Leading Group countries and the German government's International Tax Compact to carry out advocacy programmes related to its five agreed priorities.

In addition to the above, TJN continues its advocacy work on the strengthening of the EU Savings Tax Directive, the adoption of a UN Code of Conduct on International Cooperation to Combat Tax Evasion, and the adoption of an international standard for country-by-country reporting by TNCs. These international advocacy efforts are complemented by our advocacy work at national levels, e.g. our focus on the UK's policy on Non-Doms; the Swiss position on banking secrecy; Jersey's trust law, etc.

Staffing, funding and coordination issues

The International Secretariat currently consists of a John Christensen (full-time director) and Liz Nelson (part-time administrator with effect from 1st February 2009).

In addition, we have consulting relations with –

- Richard Murphy of Tax Research LLP who directs the majority of our research programmes;
- Markus Meinzer, a PhD student who has been working on the Mapping the Faultlines and Financial Transparency Index projects since March 2008;
- Nick Shaxson, based in Zurich, Switzerland, who advises on communications and edits both *Tax Justice Focus* and the *Tax Justice Blogspot*;
- and Matti Kohonen, another PhD student, who is working on network development and capacity building in Africa, Asia and Latin America.

This core team is well advised and supported by a variety of senior advisers and specialists. We have been operating at the limits of our capacity for much of the past 24 months, and the appointment of an administrator was crucial to our continuing to sustain our core activities whilst also supporting new programmes such as the EU Towards Tax Justice project.

Over the past 24 months the International Secretariat has secured funding from a variety of sources:

- John Christensen's activities continued to be funded through a bursary provided by the Joseph Rowntree Charitable Trust. This bursary expired at the end of August 2008. A submission has been made to JRCT for further funding.
- Funding was secured from the Global Financial Integrity Program, Misereor, the Network for Social Change, and from private donors for specific projects. Core funding has been donated by Christian Aid.
- A fee was received from the Norwegian Government for preparing the Closing the Floodgates report.
- Funding was secured from the Ford Foundation to undertake research into the role of tax havens in the global financial architecture (see above).

We continue to explore new sources of funding for our activities. A sub-committee of the global Board of TJN-AISBL was created in 2007 to raise funds for TJN's activities. Funding remains a critical risk factor for the Company. We have been successful in securing funding for most of our projects but, on the downside, progress towards building a membership base sufficient to fund the Secretariat's core costs has been slow, and we remain over-reliant on funding from UK sources. Fundraising will be a major part of the newly appointed administrator's responsibilities.

The International Secretariat continues to provide key professional services to the global Network and achieved its core goals in 2007 and 2008.