

# Towards a Tax Justice Network in Latin America

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Belém, Brazil

Chair: Raul Mauro – Research Coordinator LATINDADD

*The Latin American Network on Debt, Development and Rights (LATINDADD) exists of Latin American organisations working on definite solutions to the external debt problem and on creating conditions that allow the establishment of an economy that serves its people and is based on economic, social and cultural laws. Several member organisations of LATINDADD are working on tax justice.*

Raul Mauro welcomes everybody to the workshop of which the goal is to discuss the idea of launching a Tax Justice Network for Latin America. During the workshop five speakers tell about tax justice, each from a different perspective:

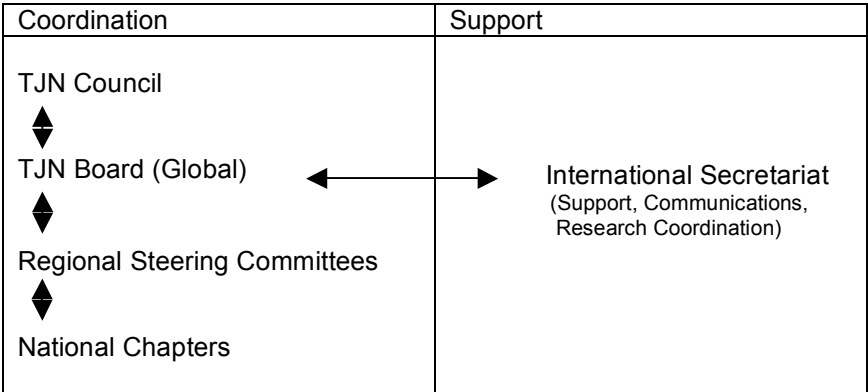
John Christensen – International coordinator of the Tax Justice Network

*Tax Justice Network (TJN) is an organisation that focuses strongly on research and advocacy. Its senior advisers are experts in their field who help TJN in a variety of ways, including conducting and supervising research, and assisting TJN in formulating and delivering policy recommendations in appropriate forums. The International Secretariat of the Tax Justice Network was formed in November 2004.*

The principles of the Tax Justice Network :

- Support transparency
- Support progressive taxation
- Resist tax evasion
- Resist tax competition
- Oppose the use of tax havens
- Oppose corruption
- Support international cooperation on tax affairs through international bodies (UN)

The structure of the Tax Justice Network:



Javier Gomez – Executive Director Cedla

*The Centre on Studies for Labour and Agricultural Development (CEDLA) was founded in 1985 and is based in La Paz, Bolivia. CEDLA is an investigation centre that generates and disseminates critical knowledge about labour problems with incidence in the public debate and action of workers and its organisations.*

The financial crisis creates possibilities for radical change and a critical look at capitalism; it will unchain trends towards a more ethical economy. TJN is the central point in this change. In Latin America taxes on capital are very low. Tax revenue consists almost completely of consumption taxes. Because of the crisis, consumption will decrease which will lead to a fall of tax revenue and therefore less means to solve social problems like increasing unemployment.

#### Jennifer Sakala – Christian Aid Zambia

*Christian Aid Zambia is based in Lusaka and, among other things, fights for Zambia to retain a bigger share of the profits made from its mineral wealth.*

Zambia is one of the largest copper producers in the world; it provides for 50% of Zambia's GDP. In the 1960s and 1970s, the copper mines were owned by the Zambian government and Zambia was a country with one of the highest gross domestic products (GDPs) in Africa. In the 1990s, prices of copper dropped because of the copper crisis and at the end of this decennium the IMF convinced the Zambian government to privatise the copper mine companies. The government received a lot of money for the sale and companies from for example Canada, Sweden and China made a lot of profit. The crisis continued however, because communities living in the copper area became poor and social conditions worsened. The government focused on keeping the copper companies happy and did this by decreasing taxes and giving tax holidays. This led to lower tax revenues for the government. 2007 was the year of a breakthrough; the Zambian government agreed to renegotiate the conditions amongst which companies were allowed access to Zambia. This was done because of a lot of social unrest and massive civil society mobilization.

#### Attyiah Waris – Board Member Tax Justice, representing Tax Justice Network Africa

*TJN has some regional programmes among which the Tax Justice Network Africa that was launched 2 years ago on the WSF in Nairobi. This African network experiences good progress at the moment. In addition, Attiya is currently working on my PHD in Tax Law, Human Rights and Development at Lancaster University in the UK.*

The social crisis will lead to a decrease in social services in both developed and developing countries. In developing countries many times there is no adequate health care, education etc. The UN created global human rights principles but these cannot be observed in all developing countries, partly because of this lack of social services. This lack of social services emerges from the characteristics of developing countries that in many occasions have no democratic tax system, which leads to a bad redistribution, and little tax revenues.

#### Federico Arenoso – Poder Ciudadano

*Poder Ciudadano, an apolitical and non-profit foundation, was founded at the end of 1989 by a group of people who were concerned with the defence of civil rights in our country. Its mission is to promote civic participation, transparency and the free and open access to information in order to strengthen democratic institutions through collective action.*

The federal budget of Argentina is based on a growth of 4 to 5%. However, the real growth is 8 to 9%. In Argentine the government does not have to administer about this 4 to 5% difference between the real and the forecasted growth. This leads to transparency issues and a lack of accountability on how the government spends its money. In other Latin American countries this problem exists as well because the tax systems in Latin American countries have similar characteristics. That is why a regional Tax Justice Network for Latin America is important.

## **Follow up**

Bruno Gurtner, Chair of the Global Board of Directors of the Tax Justice Network, invites Latin American countries to become a member of the network. The application form can be found here: [http://www.taxjustice.net/cms/upload/pdf/Declaration\\_of\\_membership\\_-\\_SEP-2007.pdf](http://www.taxjustice.net/cms/upload/pdf/Declaration_of_membership_-_SEP-2007.pdf)

For more information, further questions or the declaration of membership in Spanish, please contact Federico Arenoso: farenoso [at] poderciudadano.org.

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