Session 4, UN Tax Convention Negotiations | February 2 - 13, 2026
February 3, Article 7 - Tax havenery, secrecy, banking + definition

Intervention by Dominik Gross, Alliance Sud

Thank you, Mr. Chair, for giving me the floor. Distinguished delegates, on behalf of Alliance Sud and the Global Alliance for Tax Justice I like to speak today on the interconnection between tax related illicit financial flows, tax avoidance, tax evasion and sustainable development.

I do this with the perspective of an organization working on financing for development and tax justice based in Switzerland. The one country who can – according to a current report by the Boston Consulting Group - still call itself the biggest financial center for cross border wealth – closely followed by the Asian hubs Hongkong and Singapore.

In the spill-over ranking of the sustainable development report 2025 delivered by the sustainable development solutions network (SDSN) which measures the positive and negative effects domestic policies in a specific country can have on the progress of the sustainable developments goals in other countries, Singapore and Switzerland – together with Luxembourg and the Netherlands - are right at the bottom of this ranking due to their seize as offshore financial centers and destination countries for profit shifting of MNEs.

Analyses by the IMF indicates that the negative effects of IFFs go even further than that. I quote: "Illicit and tax avoidance related financial flows (ITAFF) can have a significant impact on the economic stability of a country and the global financial system. They can drain foreign exchange reserves, distort competition, inflate prices for real estate and other assets, lower tax receipts, and reduce government revenue." The IMF therefore suggests, to combat ITAFFs among others in the following frameworks: The Financial Action Task Force (FATF), the Global Forum on Transparency and Exchange of Information for Tax Purposes and the OECD inclusive Framework on Base Erosion and Profit Shifting.

But as we already highlighted for several times in this committee and as it also has been widely acknowledged by several of you, distinguished delegates, forums such as FATF, the OECD's Global Forum and the OECD's Inclusive Framework are unable to deliver on effective tax- and finance policies which lead to the fulfillment of sustainable development and human rights obligations.

In the case of my own country Switzerland specific gaps in the overcoming of Swiss negative spillover-effects in relation to those endeavors have been identified in the more recent past such as in a report by the former Independent Expert on the Effects of Foreign Debt and Other Related International Financial Obligations of States on the Full Enjoyment of All Human Rights, particularly Economic, Social and Cultural Rights, Juan Pablo Bohoslavsky in 2016 and by UN committee for the Elimination of Discrimination against Women (CEDAW) in the same year.

In the last ten years scarcely any progress has been made in Switzerland: The main offshore financial centers havenever acknowledged the gaps highlighted in the SDSN reports sticks to its opinion that under the term “illicit financial flows” only illegal flows should be considered. This dismisses any attempt to fight profit shifting by multinational companies or problematic cross-boarder offshore structures manufactured and managed by banks and other financial and non-financial intermediaries in the hereby outlined discussion.

Furthermore, as recent Swiss legislation for the implementation of a national beneficial ownership registry in line with the FATF recommendations 24 and 25 and respective due diligence requirements demonstrates, standards defined by the FATF are strongly insufficient to tackle IFFs for the sake of enforcing sustainable development and human rights improvements or tackle negative finance related spillover effects. As we all know, this is also the case in respect to OECD standards in regard to information exchange and BEPS. Though the Swiss BO register is supposed to live up to FATF standards, it falls short of being a useful instrument in the battle against IFFs as they are described by the IMF: first of all its access is extremely limited and not even includes all federal departments for whom the data in it could be useful, not to speak about qualified stakeholders or the general public. Secondly and among other weaknesses no measures have been taken to systematically control the quality of the submissioned data by financial intermediaries.

I guess my conclusions following from this are self-evident: these negotiations are the place to fill those gaps in our global common struggle against IFFs. In light of the fact that this session is the last one before the publication of a comprehensive draft text in July as it is planned, the development of the respective language gets more urgent. In our opinion Art. 7 in the current form is falling short of defining grippy rules for effective forms of information exchange and transparency.