

Thank you Mr Co Lead for giving me the floor.

As civil society, we have to admit we have often been confused when we try to examine this protocol. It still feels as though we are building a roof without first laying the foundations.

Because this protocol is developed under the Framework Convention process, we would expect the substantive global tax rules agreed under the Convention to provide the common legal framework for any instrument relating to dispute prevention and resolution.

It is also in fact essential that the Framework Convention itself includes provisions on dispute resolution, to lay the foundation for a coherent dispute system.

As most cross-border tax disputes stem directly from the design and application of current corporate tax rules, provisions on fair allocation of taxing rights and equitable taxation of multinational enterprises are essential. The type of tax disputes we will be dealing with in the future depend on decisions taken in the Convention on these issues.

As these substantive discussions are taking place now under workstream 1, many of the developments under this workstream appear premature, or they risk giving the impression that this Protocol is being developed as a standalone instrument, disconnected from the broader Convention process.

We strongly caution against maintaining the centrality of bilateral tax treaties within this new framework.

We also note that the relationship between the Framework Convention and existing bilateral and multilateral tax agreements has not yet been discussed and agreed upon. In this context, the proposed approach that measures developed under this Protocol would not have a superseding effect over existing treaties would set, as a matter of principle, a very problematic precedent. This is not to say that we support all the mechanisms developed under this protocol, but this approach is in contradiction with this whole process.

Lastly, we wish to highlight that optionality is inconsistent with UN treaty practice. It risks undermining one of the core functions of the Framework Convention: to build a broad common agreement and a consistent international tax system. Introducing multiple options in the same protocol risks reproducing the very fragmentation that the UN Tax Convention process seeks to overcome.

Distinguished delegates, the UN Tax Convention process is a unique opportunity. It must aim to build a system that reduces disputes because it is fairer, clearer and more coherent by design.