



Alter EU press conference: What's in a promise? Assessing if the Commission has tackled corporate dominance in its experts groups

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Nadja Salson, EPSU, on EC tax good governance platform

TO CHECK AGAINST DELIVERY

1. Thanks for inviting me to this press conference on corporate dominance in EC experts groups to speak about my experience as a member of the tax good governance experts' group that could well be an example of how corporate interests dominate the EU agenda. The report launched today is extremely important to avoid repeating the same mistakes with strong implications for democracy and is well timed in view of the European elections next year in May.
2. EPSU very much values the work of Alter EU, of which we are a member. Exposing corporate domination in EU institutions is essential for a living democracy. I am glad also that the press conference is supported by our friends from the Austrian national union centre ÖGB and chamber of labour, AK. We have a joint campaign together for a Tax on Financial Transactions. The Commission has put forward a draft directive which is currently under fierce attack from corporate interests as well as employers' organisations.
3. Allow me to briefly introduce myself and my organisation, I am a policy officer at EPSU, the European public service unions federation that represents 8 million members working in health, social services, energy and water as well as central and local regional government in Europe including employees in tax administrations. You might know EPSU through our European Citizens initiative to keep water public signed by nearly 1.9 Million citizens. We thank those of you here who supported us. This is a good example of grass-root based movement as opposed to corporate power. As a trade union we seek to influence policy but we don't buy influence, we don't sponsor EC backed conferences, such as the one held last week on business-friendly administrations sponsored by PwC.
4. Last year, we launched a campaign "Europe's missing € 1 tn: we want it back" as part of our alternatives to austerity. 1 trillion Euros is the estimated amount of tax evaded, avoided or tax debt in the EU every year. It represents Spain's GDP and would be enough to plug the EU public deficits in a few years. A large part stems from companies or individuals that can afford



to pay tax but don't want to pay using complex cross-border stratagems and secretive entities with the help of a powerful tax advisers' industry. The offshore leaks earlier this year that exposed the billions hidden in tax havens including in Europe, Luxembourg, Guernsey, to name a few, has exacerbated the anger of citizens who are asked to further tighten their belt. National governments, the Commission and the G20 have made strong statements and promised tough measures against this plight. Yet tax administration jobs are being axed, on average by 9% representing more than 50 000 job losses over the past four years, instead of being reinforced.

5. As your new report shows, it is shocking that the expert groups created in the year since the Parliament's freeze of 2 million € was lifted, continue to be largely dominated by corporate groups, especially those dealing with tax.
6. What is my experience with the good tax governance platform set up last June and that consists of representatives of national tax administrations and 15 experts? It is premature to assess its work but I wish to raise a couple of strong concerns regarding the mandate, composition, rules of confidentiality.
7. Its mandate, in the main, is to assist with the implementation of the EC action plan against tax havens and aggressive tax planning i.e. the practice to declare tax on profits in lower tax countries, not in countries where the economic activity is taking place. Now the mandate seems to vary as we go along, which is worrying. I will come back to this in a sec.
8. It is the first time that EPSU is a member of a tax related expert group. We applied because we represent tax administration employees and want to put an end to secretive tax dodging practices and get the money back to invest in public services. 4 NGOs and tax justice campaign groups were also selected. Other trade unions, affiliated to the European TUC, applied but were rejected, which we have been contesting especially in view of the other platform members.
9. The other members include 3 employers organisations – Business Europe and its German and French affiliates who campaign for lower corporate tax. As far as I know they do not campaign for a ban on secretive jurisdictions. There are also the American and International Chambers of commerce who are proud to have made Brussels one of the favourite locations of US business notably by convincing the Belgian government to reduce the withholding tax on



dividends. I cannot find evidence of how the American Chamber of Commerce has campaigned for American companies such as Google, Facebook or Amazon to pay their fair share of tax on the huge profits they make. There are also two European accountants' organizations and a Dutch and a British one. Some have links to Business Europe and/or the big accountancy firms which are not vocal on the problems relating to tax havens or aggressive tax planning.

10. Is this in line with the selection criteria ? First, it is worth underlining that the open call for applications was only two weeks rather than the usual month or more. For democratic, large member-based organisations like the trade unions especially at European level, this is very short time to seek a mandate and choose candidates. Democracy requires time.
11. The 15 selected experts organisations had to represent business, civil society and tax practitioners, preferably be International or European organizations with a demonstrated involvement in the topics addressed by the platform ie, national and/or European corporate tax policies, good governance in tax matters, fighting aggressive tax planning, tax havens and double non taxation and preventing double taxation.
12. The result is rather disconcerting: in total there are 4 national organisations. There are 3 employers organization compared to 1 trade union. In total, the majority of the platform members have no public record on fighting tax fraud, aggressive tax planning or tax havens, unless to argue for lower tax on profits, dividends can count as a good record. They have however a strong record on fighting double taxation i.e. when a cross-border company is taxed twice by two different countries. I suppose this is why we spent half of one meeting discussing double taxation.
13. We have also concerns over the rules of confidentiality. We are bound by the Chatham House Rule, ie what is said can be reported but not who said it. This rule was devised at the beginning of the 20th century to allow people in commercial or government led events to speak as individuals, and to express views that may not be those of their organizations, and therefore it encourages free discussion. Now members of the tax governance experts group are expected to represent their organisations, this was clearly spelled out in the selection process. Now here is my dilemma, I am on the platform to express my organisation's views, if I don't I am not doing my job although the rule expressly encourages me to do so. If I don't report back



to my organisation on what other organisations said, where consensus might lie or not, I am not doing my job! I can say what I said though, so I can tell you that I expressed reservations as to the application of this rule with the support of two NGOs.

14. How does the composition of the platform affect the discussions ? The platform held its second meeting on 16 October. The frequency and length of speaking time of corporate groups is a concern. Here I am not saying which ones, most of them did. This is a tactic which might become current practice, that it is clearly polluting the debate, shifting the agenda from citizens concerns about tax havens and aggressive tax planning towards the corporate agenda. This demonstrates that the composition of experts groups does matter.
15. What is next? We seek changes in the composition, and we are not alone. A cross-party group of MEPs submitted a parliamentary question to the Commission to ask "*how it will rectify the unbalanced composition of the group and how it will manage the clear case of conflict of interest*". The EC response was disappointing. We hope that MEPs will continue arguing for a rebalanced composition and implementation of the agreement with the Commission to stop filling in experts groups with corporate organisations. Alter EU also lodged a complaint to the European Commission's DG charged with tax, again the response was that there was no problem. At the second meeting, the EC said it will review the composition but indication on when and how it will do this is not yet available.
16. We support the call by Alter EU for more transparency in experts groups. As promised to the European Parliament, the European Commission must stop listening to corporations and their damaging deregulatory agendas and start prioritising the interests of its citizens and workers, not just in its tax Expert Groups but across all of them. We agree that a moratorium on new experts groups must be put in place until the situation is finally properly addressed and redressed.
17. To conclude, there is also a more general question that goes beyond transparency, the extent to which the proliferation of experts groups, outside the democratic system yet paid for by tax payers is actually justified.
18. Thanks for your attention.