Subject: Defending real public country by country reporting in trialogue negotiations.

Dear Ms Regner and Mr Garcia del Blanco,

(Cc: Ms Tinagli, Mr Vázques Lázara, Ms Pietikäinen, Mr Pospíšil, Mr Séjourné, Ms Laporte, Mr Urtasun, Ms Hautala, Mr Stancanelli, Ms Aubry,)

We, the undersigned civil society organisations and trade unions, are writing to you regarding the trialogue negotiations on public country by country reporting (CBCR), to express our support for your defence of meaningful transparency and to urge you to stand firm.

The socio-economic crisis caused by the Covid-19 pandemic has made the fight against large-scale corporate tax avoidance even more vital and urgent. Effective measures to combat this problem, which costs our societies billions of Euros in lost tax income every year, are an essential step on the road to a sustainable recovery. Public CBCR can be a strong tool against corporate tax avoidance, but only if corporations are obliged to disclose information on a country-by-country basis for all countries of operation. Any limitations to the geographic scope and disaggregation of reporting fundamentally undermines the objective and effectiveness of this important corporate transparency proposal.

We have welcomed and supported the European Parliament’s position in favour of rules that oblige large multinationals to report on activities in all countries of operation and we urge you to persist in demanding full public CBCR in trialogue negotiations. We will continue to support the fight for meaningful public CBCR and we call on you to maintain the Parliament’s position on disaggregation and insist on a Directive that requires disclosure for all countries of operation on a country by country basis. This element of negotiations will decide if the EU delivers real and effective transparency, or a Directive that is public country by country reporting by name but not in practice.

Therefore, we have raised strong concerns about the proposal put forward by the European Commission and supported by the Council of EU Member States, that would limit companies’ disclosure to activities in the EU and non-cooperative jurisdictions. Such limited reporting would fail to deliver transparency and would provide an incomplete picture of large multinational corporations’ practices, as well as entirely undermining the value of the public CBCR data. This limited approach could provide a perverse incentive for large multinationals to restructure some activities outside the EU to avoid reporting obligations, whereas full public CBCR will concretely contribute
towards a fairer playing field for small and medium enterprises. Full public CBCR would also ensure that developing countries can access CBCR data that includes information about large multinationals’ activities in their countries, addressing the unequal access to information secret CBCR data they face through the exchange of information systems.iii

Full public CBCR is gaining ground and support, and has already proven to be successful. Last year, the world’s largest voluntary sustainability reporting body, the Global Reporting Initiative (GRI), adopted a new standard introducing public CBCR for all reporting companies.ii Investors with trillions of euros of assets called on the OECD to align its own standard with the technically superior GRI standard, confirming the importance of this data for wider stakeholders.iii At the same time, the EU’s own positive experiences from the existing mandatory public CBCR requirements for the banking sectoriv have demonstrated the beneficial effects and allayed concerns about the impact of this important transparency measure.

The EU has previously played an important leadership role in corporate transparency, and such leadership is needed now more than ever. It is time to ensure that multinational corporations report on a country by country basis for all countries where they operate, and that loopholes which allow corporations to delay or avoid reporting are not introduced into the proposal.

Yours sincerely,

11.11.11
ACLVB-CGSLB
ActionAid
ActionAid Ireland
APIT Portugal
Asian People’s Movement on Debt and Development (APMDD)
Attac Austria
Attac Finland
Attac France
Both ENDS
Broederlijk Delen
Canadiens our une fiscalité equitable / Canadians for Tax Fairness
CCFD-Terre Solidaire
CNCD-11.11.11
Centre for Budget and Accountability, India (CBGA)
Centre for International Corporate Tax Accountability and Research (CICTAR)
Central Organisation of Finnish Trade Unions SAK
CGSP AMiO
Changemaker Finland
Christian Aid
Church Action for Tax Justice
Corporate Accountability Network
CRASH – Coalition for Research and Action for Social Justice and Human Dignity, Finland
DemNet Hungary
Diakonia
Eettisen kaupan puolesta ry - Pro Ethical Trade Finland
Ekvilib Institute
Eurodad (European Network on Debt and Development)
European Federation of Public Service Unions (EPSU)
European Trade Union Confederation / Confédération Européenne des Syndicats
Fair Tax Finland
Fair Tax Foundation
Fairtrade Finland
Feminist Legal Studies Queen’s University Canada
Financial Transparency Coalition
Finnish Development NGOs – Fingo
Finnwatch
Focus, društvo za sonaraven razvoj / Focus Association for Sustainable Development
FOCSIV Italian Federation Christian international volunteere service
Foi et Justice Afrique Europe
Forum for Equitable Development / Forum za enakopraven razvoj, društvo
Forum Gauche Ecologie
Fundación SES
Global Policy Forum
Ihmisoikeusliitto – Finnish League for Human Rights
International Solidarity Foundation
KIOS Foundation
KOO - Co-ordination office of the Austrian Bishops' Conference
LATINDADD (Red Latinoamericana por Justicia Económica y Social)
Latvian Platform for Development Cooperation (LAPAS)
Mellemfølkeligt Samvirke ActionAid Denmark
Netzwerk Steuergerechtigkeit Deutschland
One Campaign
Oxfam Belgique
Oxfam France
Oxfam IBIS
Oxfam Intermón
Oxfam International
Oxfam Ireland
Oxfam Italia
Oxfam Novib
Oxfam Sweden
Plateforme Paradis Fiscaux et Judiciaires
Public Services International
Red de Justicia Fiscal de América Latina y el Caribe (RJFALC)
Réseau pour la Justice Fiscale
Sherpa
Tax Justice Europe
Tax Justice Netherlands
Tax Justice Network Africa
Tax Justice Network
Tax Reconciliations – Oxford, UK
Transparency International Deutschland
Transparency International France
Transparency International EU
Transparency International Slovenia
Zavod za pravično trgovino, 3MUHE
Vienna Institute for International Cooperation and Dialogue
WIDE - Network for Women’s Rights and Feminist Perspectives in Development

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1 A summary of civil society concerns about non-public country by country reporting can be found in this submission to the OECD BEPS Action.
4 Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (CRD IV), Article 89.