



STATEMENT BY THE REPUBLIC OF PANAMA

DELIVERED BY
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MINISTER OF ECONOMY AND FINANCE
REPUBLIC OF PANAMA

III International Conference on Financing for Development

Addis Ababa, Ethiopia

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Mr. President;
Heads of Government;
Fellow Ministers and your respective delegations;
Co-facilitators and experts who have worked tirelessly to produce an outcome document for this conference;
Representatives from the private sector and civil society;
Young women and men; and
Everyone here today that made this possible.

I am pleased to add my voice to this convening of the UN for the Third International Conference on Financing for Development.

I would like to begin by thanking our host, the esteemed Government of Ethiopia. On behalf of my Government, I extend my sincere appreciation and gratitude for accommodating us as we embark on such an ambitious journey.

In this Third FFD Conference we will be going beyond imagining the future we want. We are here to build a future that affirms the dignity of everyone, leaving no one behind; a future that is sustainable, balancing

people and Planet; a future where inequalities are no more; an inclusive future, where once and for all we have eradicated poverty, in all of its dimensions, in every corner, village, city, country and for every person of the world.

In so doing, we will restore parity, equity, and balance to our Planet, because it is the right thing to do.

It is fitting that we are convened here, in Africa, in Addis Ababa, Ethiopia, the birthplace of all civilization. There is no place more symbolic to imagine and achieve a new, better world. Here is where humanity first stood up. Future generations will reflect on this moment as a rebirth of a better, more sustainable world, a world where we can stand taller, prouder and more united.

The significance of our location here is also a reminder that we must pay closer attention to the challenges still faced by countries in Africa, while not leaving behind the new challenges faced by MICs, SIDs, LLDCs, and LDCs.

Mr. President,

Panama aligns itself with the statement made by the G77+China, and wants to convey our appreciation to South Africa for chairing this group and leading us in a disciplined and cohesive way to find the common ground that makes our position stronger. And in our national capacity, I would like to add a few remarks regarding some outstanding issues.

When we met in Monterrey to create a new development cooperation regime, the world was a very different place. There was no doubt we still operated under the North-South paradigm.

Today we are dealing with a universal agenda, where the North-South talk is giving way to a much more horizontal way of interacting and doing business.

Still we live in a world where we are all expected to contribute to the implementation of the Post2015 Agenda. Yet we do not all have the same capacity in financing this ambitious agenda, nor the same history of

access to and benefit from the global economic dynamics. It is therefore of the utmost importance to extrapolate the concept of common but differentiated responsibilities when it comes to financing for development.

One example of CBDR is the treatment of middle-income countries within the outcome document vis a vis other developing countries. As a country transitioning from middle to high income in the near future, Panama is pleased that the distinct reference to MICs has been maintained. As such, we are committed to contributing to this transformational global partnership, for example by innovating in and showcasing our capacity to attract private investment.

It has only been 15 years since we recovered full sovereignty over the Panama Canal and with it, the ability to fully exploit our competitive advantage—our geographic position—which enabled us to find new niches of competitiveness. Along with an open economy, discipline in fiscal policy, and the mandatory formulation of a governmental strategic plan, Panama

was able to grow over the last 10 years at an average of 8% per year. We also made great progress to reduce poverty from 48.5% in 2002, to 25% in 2014, with extreme poverty falling from 21% to 10% during the same period.

However, as other MICs, we still have pockets of inequality, especially among women, indigenous communities, Afro Panamanians, and those living under vulnerable situations. These are the groups for whose full inclusion in society we dedicate President Varela's government priorities. And we need all hands on deck for we live in an interconnected global economy, where the actions of one country have impacts around the world; where the decisions made by one sector of society, have implications for the others.

That is why the recent Summit of the Americas, hosted by Panama, included various accompanying forums for participation by youth, the private sector, civil society, and, for the first time, the academic sector.

Mr. President,

On the issue of taxation, it is important that countries participate and cooperate to strengthen mutual relations and assistance, taking into account the different needs and capacities of each country. Panama takes great pride in its long history of cooperation with other countries in tax-related matters, among other ways by negotiating and signing double taxation, and tax information treaties with many countries worldwide.

In spite of these efforts, some of our partners continue to include countries like Panama in discriminatory lists. We regret that in this era, where an ethic of development should prevail, we still face the double standard of those telling us what to do, but not doing as they say.

Panama has proven itself totally committed to cooperate on a mutually collaborative basis with the international community, consistent with its status as a developing nation and its sovereign right to determine what is in the best interests of Panama and its citizens. We work very hard to ensure that all international agreements we reach are reciprocal and symmetrical, and not otherwise

one-sided. Panama generally is not receptive to being “deputized” to assist in the one-way tax collection efforts of other jurisdictions. At this moment, Panama is in dialogue with the OECD in arriving at a responsible and considered approach for properly exchanging information.

Panama stands by countries' sovereign right to elect the mechanisms, including the use of fiscal policy, that enable them to compete and attract foreign direct investment for the greater benefit of their citizens.

As we gradually adapt to new ways of doing business, we cannot afford to lose the gains we have made.

As a financial center, Panama supports the international community as well as international cooperation in the global fight against money laundering, terrorism financing, and corruption. Panama has been working together with FATF & OECD to increase transparency and to strengthen with new legislation and regulations Panama's battle against money laundering, terrorism financing, and corruption, and to better facilitate

competent authorities' legitimate access to financial account information.

Panama is also evaluating the Base Erosion and Profit Shifting (BEPS) initiative in the context of equal standards as applied to all countries. Developing countries like Panama should follow the steps of developed countries such as the United States in this issue. Panama has a historic relationship with the United States, and always very much welcomes its guidance on this matter. Whether and to what extent the United States ultimately decides to assume a formal position on whether it will support BEPS through changes to the U.S. tax law, will be an important consideration for Panama.

Taxes are not only certain—as is death—but they are also a complicated matter, and we are expecting a lot from these public resources. Therefore we add our voice to calls for an intergovernmental committee of tax experts, drawn from fields of tax policy and administration, nominated by governments, selected through their respective regional groups, appointed by

the Secretary-General, and acting in their expert capacities.

Mr. President,

The Third International Conference on Financing for Development must further the Post-2015 development agenda as one of its means of implementation. We must agree to fulfill ODA commitments made in the previous MDG round, and ensure all developing countries and their unique situations, are addressed.

We all have common, but differentiated responsibilities in the implementation of the new agenda ahead of us. We must ensure that what we commit to is followed up at the national level, and adequately reviewed at the High Level Political Forum. As such, we call for a review of commitments at the HLPF level, to ensure that the goals agreed upon in the new agenda can be fulfilled, and can translate at the national level into good governance, accountability, gender equality, and human development.

Mr. President,

We are at a crossroad: the Post2015 Agenda is a call for dignity to all in 2030. History has taught us that in order to accomplish this objective, “business as usual is not an option.” We must strive to establish a UN system that is “fit for purpose”; we must question ourselves and the decisions we make daily: Are we prioritizing collective values or the individual interest? What is more important, increased profits or human dignity?

We are here because we care for the future of our children. We are here because we want a more sustainable Planet. The way forward is a journey of solidarity, a journey of ethical decisions and a journey of understanding. The world is counting on us. We cannot afford to fail.

I thank you for your attention.