

Preparatory Process for the Third International Conference on FfD
First drafting session: Domestic public finance
28 January 2015

Statement by Mr. Takeshi Osuga, Ambassador,
Deputy Director-General for International Cooperation and Global Issues

Mr. Co-facilitator,

First of all, I would like to commend the high quality of the chapter on domestic public finance in the elements paper. In particular, I welcome the emphasis on the sustainable development needs, including not only in economic but also social and environmental aspects.

The two shining sentences I discovered in the text are the following.

I quote.

“Effective use of resources must go hand in hand with their mobilization. Fiscal policies need to be consistent with macroeconomic stability, equitable growth, social transformation and sustainability.”

End quote.

In the same vein, I hope the references to the need to reduce inequalities, environmental and gender-responsive budgeting, need to empower sub-national authorities will be maintained in the zero-draft.

Secondly, on resource mobilization side, it would be useful to reconfirm in a clearer manner a couple of “basics” for increasing the public revenue. They are 1) broadening the tax base, 2) avoiding base erosion and profit shifting, 3) fighting illicit financial flows and 4) combatting corruption among others. In short, these are the basic elements of a healthy public financial management.

By making clear these principles, countries will be able to identify what are the challenges and the gaps they need to address. International cooperation, including through ODA, is a very important tool and catalyst to fill the capacity deficit, but I would like to emphasize that it is valid only after the gaps have been clearly identified by the countries.

On specifics of the international cooperation, I welcome references to the ongoing initiatives, with a view to further encouraging them and to make them more inclusive. Such initiatives include: G20 BEPS (Base Erosion and Profit Shifting Initiative) mentioned in the elements paper and AEOI (Automatic Exchange of Information), Convention on mutual administrative assistance in tax matters, Global Forum on Taxation etc.

Any new initiative should be carefully studied with the backdrop of these ongoing efforts. Japan will not support creating new mechanisms or upgrading what we already have unless it is verified and clearly confirmed that the existing initiatives cannot fill the gap.

I thank you.