



**STATEMENT BY DR. CARLOS CORREA, EXECUTIVE DIRECTOR OF THE
SOUTH CENTRE, TO THE MINISTERS AND GOVERNORS MEETING OF THE
INTERGOVERNMENTAL GROUP OF TWENTY-FOUR (G24)**

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The world is at a dangerous precipice. [The United Nations Secretary General](#) warned that we are “on the verge of a wider war” with catastrophic global implications. Human lives are being lost and vital civilian infrastructure being destroyed in the Middle-East. Peace, security and stability are what the people in the world want most now.

2025 and 2026 have been years marked by a rupture from the post-WWII rule-based international order, increasing instances of violations of the international law and the UN Charter, a policy-driven reversal of global economic integration and a sharp rise of transactionalism and nationalism

Recent events have taken a significant toll on the global economy which has shown clear signs of weakening comparing with that from 2025 which was acclaimed to be resilient as GDP growth was firm and recovery from the 2020 recession was apparent. The recovery was aided by accommodative monetary policies as interest rates fell and inflation eased in most countries.

Now the Middle East crisis has lurched into its second month and the world is suffering from higher prices of energy and food as well as a slower economic growth prospect. Inflationary pressures will spill over into a wide range of economic activities, fueling inflation worldwide, while central banks’ policy responses risk undoing recent progress on disinflation. Developing oil-importing countries are suffering most from these gloomy developments especially when the decline in the proportion of the population in extreme poverty in the poorest and fragile countries had halted over the past decade and the extreme poverty rose in these countries. According to the World Bank, in 2025 about 20 percent of the total population in the Low-income countries (LICs), or nearly 130 million people, experienced crisis-level food insecurity or worse.

LICs are also facing significant risks and challenges from elevated debt service obligations, declines in official development assistance (ODA) with LICs and sub-Saharan African countries facing the largest proportional declines. The external debt of developing countries is still at elevated level, much higher than the pre-pandemic peak years. Debt service continue to restrict fiscal space for investment in infrastructure and social sectors in LICs. Liquidity risks have become more prominent. There has been a marked shift toward domestic debt that contributed to significant increase in external and domestic debt service burdens. With tighter financial conditions, already higher bond yields and greater financial market volatility in response to the Middle East crisis, there is greater likelihood of reducing capital flows to

developing countries. All these will drive up further debt servicing cost. It is, therefore, crucial to strengthen liquidity provision and debt management to avoid a debt crisis.

Trade tension introduced economic, financial and political instability risks for developing countries, particularly in financially distressed developing countries. Trade tension disrupted trade and investment patterns, increased trade fragmentation, raised input costs, and increased vulnerabilities to external shocks. The average effective tariff rate by the United States raised from 2.5 per cent in 2024 to about 15 per cent by December 2025, for Least Developed Countries, trade-weighted applied US-tariff grew from around 9 percent to 28 percent in 2025. As very high percentages of the total export earnings in LICs were used for debt service cost, trade tension worsened their unsustainable liquidity risks, narrowed fiscal space, increased debt vulnerabilities, and constrained essential spending to address social needs.

In the area taxation, the South Centre welcomes the continued progress in the ongoing negotiations on the United Nations Framework Convention on International Tax Cooperation (UNFCITC), and stresses the urgency of advancing a fair, inclusive, and effective international tax system that responds to the needs of developing countries. The negotiations present a rare and historic opportunity to reform century-old international tax rules that have long constrained developing countries' taxing rights. It is an opportunity that developing countries have consistently fought for, for decades, and it must not be missed.

The South Centre welcomes the progress made across the three workstreams on the Framework Convention, and its two protocols - the Taxation of Services and Dispute Prevention and Resolution protocols. The draft text on the commitments of the Framework Convention, and the Concept Notes developed by the Co-Leads of the workstreams, which guide will the drafting of the two protocols, provide an important basis for advancing negotiations. 2026 is a decisive year. The current drafting phase will determine the substance of the Convention and its protocols. If key priorities are not reflected in the texts by the August 2026 session, they are unlikely to be incorporated in the final drafts expected by July 2027. Developing countries must act collectively and table concrete proposals now to address longstanding issues in allocation of taxing rights and profit allocation.

The key areas of priority for developing countries include establishing strong governance through a Conference of Parties that consists of Finance Ministers and can make decisions by majority voting; ensuring that the UNFCITC is the supreme international tax body and not subordinated to existing forums; incorporating existing multilateral tax agreements into the UNFCITC with amendments as necessary and ensuring fair allocation of taxing rights that recognize demand-side factors such as market contribution and revenue generation. The Convention and protocols should establish effective rules for the taxation of cross-border services, including digital services and new nexus rules that do not require physical presence. The new nexus rules can build on the concept of "significant economic presence", which is already applied in the domestic laws of South Centre Members India, Nigeria and Colombia. The protocol on cross-border services should also provide for profit attribution rules that are administratively feasible, including simplified approaches such as fractional and formulary apportionment. Dispute prevention mechanisms, including joint and simultaneous audits, should be strengthened.

The South Centre also welcomes the work plan of the UN Committee of Experts on International Cooperation in Tax Matters, which includes many of the recommendations of the

South Centre on critical areas for developing countries such as new nexus rules and revised profit attribution methods, particularly for the digital economy.

Developing countries, including G-24 Members, struggle to access data on Country-by-Country Reports (CBCR) which provide crucial worldwide information on where Multinational Enterprises (MNEs) pay their taxes and can help identify potential tax avoidance. After more than 10 years of implementation, only 30 developing countries (out of 70 who are Members of the OECD Inclusive Framework) are able to access this data due to the stringent barriers put in place under existing standards. In this context, we welcome the *Compromiso de Sevilla's* incorporation of the recommendation made by the South Centre and other developing country actors for public CBCR. G-24 Members can implement this commitment by taking national measures, building on the examples of the European Union and Australia.

The South Centre calls on G24 members to act with urgency, coordinate positions, and actively shape the outcomes of the negotiations. This is a critical moment to secure meaningful reform and address the longstanding imbalances in the international tax system.