



**STATEMENT BY DR. CARLOS CORREA, EXECUTIVE DIRECTOR OF THE
SOUTH CENTRE, TO THE MINISTERS AND GOVERNORS MEETING OF THE
INTERGOVERNMENTAL GROUP OF TWENTY-FOUR (G-24)**

13 October 2026, Bangkok, Thailand

Wars, conflicts, slower economic growth, growing financial instabilities, rekindling inflation, increasing trade restrictions, growing fragmentation and prolonged high uncertainty have provided a challenging scenario for this year. While resilience, in particular to logistical and economic disruption from the escalating Middle East conflicts, has so far been held by the world economy, longer-lasting impacts of growing geopolitical and economic fragmentation are likely to come home to roost in the near future.

While overall gross domestic product (GDP) growth has not been as low as feared, it has remained well below average performance of the previous decade. Growth has also remained uneven across countries. It is important to highlight the suffering and struggling of the highly indebted countries, commodity importers, poor and vulnerable economies. To cope with various external shocks, governments have difficult choices in order to limit the pain of the people.

2026 has seen repeated glaring breaches of international law and the United Nations (UN) Charter, which have met with condemnation but little, if any, consequential action. They have not only caused suffering and material losses but threatened to undermine multilateralism as an effective platform to promote much needed peace, recovery and reconstruction, at a time when mutual interdependencies are more evident than ever.

The outlook of the world economy is clouded by many downside risks. Oil and gas prices remain elevated. Growth is still low but inflation pressure has been increasing, reversing the declining trend of 2025 and leading to fear of rising stagflationary pressure. Fragmentation of international trade has been worsened. The much quoted recent resilience of the world economy to profound shocks and uncertainty was partly driven by the rapid advances of new technologies mainly in the area of digital infrastructure and artificial intelligence. Currently, deep concerns are on the rise about the substantial risks of unfettered advances in artificial intelligence. Catching-up efforts to introduce appropriate regulation and risk assessments are set to slow down the initial investment boom, for the better of humankind but are also likely to put a brake on the current speed of technological expansion and investment.

Global foreign investment flows rose to 6 per cent to 1.6 billion USD in 2025 and emerging markets have been at the receiving end of growing investor interest through 2025 and well into 2026, with emerging market governments selling foreign currency bonds at a record pace in 2026. But this momentum is built on shaky ground: in the first instance, global foreign direct investment (FDI) flows have been increasingly concentrated in advanced economies and in leading emerging market economies or regions, leaving structurally weak and vulnerable developing countries further behind. At the same time, rising dollar borrowing rates around the world (rising yields on 10-year United States treasuries) risk to cash-strapped riskier debt markets. This is likely - among other factors such as the contrasting impacts of recent oil shocks on commodity importers and exporters - to reinforce uneven growth across countries as well as deepen within-country inequalities.

On climate finance, the world remains less well equipped now than before to tackle the biggest and most universal of all crises, the ongoing climate and environmental crisis with its very evident and devastating effects and their disproportional impact, so far, on the poorest developing regions. The recently concluded 18th BRICS summit highlighted the twin concerns about continued substantial gaps in climate change adaptation and mitigation funding as well as shrinking development financing more widely.

At the same time, the external debt of low- and middle-income countries (LMICs) stands at record levels. Debt servicing by developing countries, payments in principal and interest, is now larger than new external financing they received during 2022–2024, which means debt servicing is the largest net outflow in at least 50 years. Net financial inflows to low-income countries have fallen by about one-third from their 2010–14 peak, with declines in both FDI equity flows and external debt. Higher interest rates in advanced economies would make debt refinancing even more expensive and depreciate LMICs' local currencies, leading to higher local-currency costs of external debt and less money for public investment. With tightening financial conditions and slow growth, debt distress in developing countries will increase. In this context, greater cooperation among developing countries is needed more than ever. The South Centre supports and welcomes the United Nations Trade and Development (UNCTAD)-led *Borrower's Platform* as an important addition to the international debt architecture. As in the past, the South Centre supports stronger debt crisis prevention and faster response mechanisms for countries facing temporary liquidity pressures, including through gold sales by the International Monetary Fund (IMF).

The South Centre welcomes the progress made by the Intergovernmental Negotiating Committee (INC) on the United Nations Framework Convention on International Tax Cooperation (UNFCITC), including the improvements to the draft Convention and the development of the first drafts of Protocols I and II. As the negotiations progress, it is important to maintain momentum towards the delivery of final draft texts of the Convention and its Protocols by July 2027.

The South Centre urges the G-24 to remain actively engaged in the INC negotiations and work towards a comprehensive Convention, Protocol I and II within the 2027 timeline. The outcomes should be sufficiently ambitious to address current and emerging challenges in international

taxation, while remaining practical, administrable and responsive to the needs and capacities of developing countries.

The governance of the Convention will be critical to its effectiveness. The Conference of the States Parties (COSP) should be able to take any action necessary for the implementation of the Convention, whether via Protocols or other instruments, and provide strategic direction for further development. Decision-making should be by simple majority. Sustainable financing will also be essential, and all Parties should make mandatory and regular assessed contributions. Sustained non-payment should result in the denial of voting rights, as is presently the practice in the UN General Assembly as governed by Article 19 of the UN Charter.

The G-24 can play an important role in ensuring that Protocol I provides a comprehensive response to the taxation of cross-border services in an increasingly digitalised economy. Protocol I should establish clear rules for the allocation of taxing rights, that recognise the contribution of demand-side factors, including markets where revenues are generated and users are located. The rules should remain simple, administrable and adaptable to evolving business models, and provide practical solutions that support revenue mobilisation in developing countries.

The UNFCITC can also provide a powerful multilateral framework for collective economic security. The Conference of State Parties should be able to take collective measures to ensure that no Party is prevented from implementing the Convention, its Protocols and any other instruments adopted by the COSP. This is particularly relevant in the context of the digital economy, where developing countries may face unlawful threats and unilateral coercive measures when seeking to implement the Protocol on cross-border services. The UNFCITC should enable the Parties to take collective action to respond against such threats.

The work of the UN Tax Committee should be complementary to the ongoing work of the UNFCITC. Specifically, the UN Tax Committee can provide technical solutions to the challenges of the digital economy, particularly revised nexus and profit attribution rules. These can feed into the work of the INC and strengthen the development of Protocol I.

The South Centre continues to support its Member States to engage in international tax cooperation. One example is the launch earlier this year of the developing world's first ever simultaneous tax examination to strengthen domestic resource mobilisation. South Centre Member States can obtain the Centre's technical assistance for such simultaneous tax examinations through requests via the official diplomatic channels.