

CONCLUDING REMARKS

OECD Deputy Secretary General Rintaro Tamaki On behalf of the International Tax Dialogue

Let me first apologise for arriving half way through the conference.

I have, however, been fully briefed by my staff, and it is clear that not only have you had a very constructive discussion, but it has also been very lively. As I travel around the world, a question that I get repeatedly asked is: How can we deal with inequalities? What will be the impact of the crisis? How do we reconcile the fact that the behaviour of banks was one of the major causes of crisis yet despite public bailouts, we see them continue to pay millions of dollars in bonuses?

How can we show our citizens that the gains and the benefits of globalization are being fairly shared?

Politicians need to have good answers to these questions, and they need to have answers quickly, otherwise we risk a back lash against globalization as countries move back towards protectionism.

I know from my own experience in the Japanese Ministry of Finance that, tax cannot, and perhaps should not, provide all of the answers to reducing inequality.

The expenditure side of the budget must bear the main burden.

But this conference has shown that “smart” tax policy can reconcile the need to promote sustainable growth with the need to reduce excessive inequalities, particularly at the top end of the income scale.

As I read through the papers for the conference and listened to your discussions today, what struck me is that, the issue of inequality is a shared concern between advanced economies, emerging economies and developing countries. The publication that the OECD issued on Monday, “Divided we Stand” showed that some of our biggest member countries have experienced unprecedented increases in the proportion of income taken by the top 1% of income earners. China, India and South Africa have, despite their rapid growth, experienced a similar trend, as have many developing countries. I am also struck by the fact that Latin America is now probably the most unequal region in the world, despite its natural richness and the skills and the talents of its citizens.

Having brought together 400 participants from almost 90 countries, the question we must address is what happens next? Our discussions should not stop at the end of this conference. The ITD has always recognised that to have a real impact on what happens in your countries, there needs to be a follow up.

Having discussed this with our ITD partners, we propose five areas where follow up action could be taken:

1) A series of regional meetings.

These could take place here in Asia, in Latin America, in the MENA region and in Africa.

As you have heard from our US colleague Jose Fernandez, they will work with us on the MENA proposal

2) Each organization is committed to review its existing programmes to ensure that they reflect the issues that have been raised in the last two and a half days.

3) We will also make a renewed effort to identify what has worked and what has not worked in using tax policy to reduce inequalities.

And in doing this, we will try to improve the international comparability of the data, that has been presented at this conference.

4) I will also encourage all of you to sign up to the ITD website (the ITD staff can provide you with the details).

This is a multilingual website where we now have almost 4000 documents, a unique source of information.

The usefulness of the website depends very much upon your willingness to input data into it.

5) I also believe that all of us need to reflect on how we can strengthen the economic case for reducing inequalities. We need to show policymakers that excessively unequal distributions of income and wealth in the long run undermine social cohesion and the ability to achieve inclusive sustainable growth.

We would welcome other suggestions from you as to what the ITD, or its individual partners, can do to continue this debate. And next week we will distribute a short questionnaire to get your reaction on the conference and on what issues we should follow up on.

Let me now turn to the next ITD conference. As Deputy Managing Director, Min Zhu said in his opening remarks, today there is a premium on improving international tax cooperation. The ITD is ideally placed to provide a platform for this collaboration.

These global conferences are an integrated part of this response.

We would like to maintain the momentum built up by this conference and the previous conferences held in Italy, in Argentina, in China and now here in India.

We therefore propose that the next ITD global conference should be held in the second half of 2013. We would welcome offers to host this conference, especially from countries in continents that have not so far hosted these meetings.

We know that India has set high standards, but I am sure that, there are other countries that can successfully host these meetings.

After lunch there will be a short session with the ITD Secretariat to introduce you to the range of work that we are doing and how this has been fed into the G20 and other fora. It will also provide you with an opportunity to tell us which areas we should be focusing on.

Let me close by thanking our host, the Indian Government, and particularly the Ministry of Finance and the Revenue Service. Indian hospitality is renowned throughout the world. In these last three days, you have lived up to that reputation.

We have learned much about the rich cultural history of India. We have tasted a whole variety of cuisines from different parts of India. And, I hope, we have learned a little about your tax system.

We have also seen how vibrant an economy India has become.

As we have walked through the streets of Delhi, the entrepreneurial spirit of its citizens is evident. Finance Secretary Gujral, on behalf of the ITD and all participants, I would ask you to convey to your Minister and to all of your staff, our deep thanks for making this conference such a success.

For many of us, this would have been our first visit to India, and I am sure that plans have already been made to return to your country.