



**STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY MINISTER DR. RIYAD MANSOUR (STATE OF PALESTINE), CHAIR OF THE GROUP OF 77, AT THE HIGH-LEVEL MEETING OF THE UN GENERAL ASSEMBLY ON COMBATING ILLICIT FINANCIAL FLOWS (New York, 16 May 2019)**

1. I have the honor to deliver this statement on behalf of the Group of 77 and China.
2. At the outset, the Group would like to express its appreciation to the President of the General Assembly for convening this important high-level meeting on international cooperation to combat illicit financial flows (IFFs) and strengthen good practices on asset return.

Madame President,

3. There is no doubt that illicit financial flows (IFFs) has continued to pose a significant threat to the objective of domestic resource mobilization, as enshrined in both the Addis Ababa Action Agenda and the 2030 Agenda. Illicit financial flows specifically undermine law enforcement institutions, weaken public confidence in governance, hinder economic development, threaten financial stability, and engender insecurity. The Group seizes this opportunity to reiterate that IFFs also reduce the availability of resources for financing sustainable development and negatively impact the economic, social and political stability and development of societies, especially in developing countries.
4. The Group emphasizes that it is counterproductive to highlight the importance of domestic resource mobilization in developing countries without addressing the international loopholes that impede their ability to retain a large chunk of their resources. The Group reiterates that appropriate emphasis must be placed on an enabling global environment and global partnership for development, balanced against the increased emphasis being placed on domestic resource mobilization.
5. While we recognize that there is yet to be an agreed definition of the concept of illicit financial flows, the Group notes attempts by some partners to define the term in a manner that excludes the component relating to tax evasion by multinational companies. We emphasize that IFFs include a wide range of illegal activities, including tax evasion, corruption, and transnational organized crime - all contributing to widening inequalities and undermining development efforts of the affected States. The Group stresses that trade-related illicit financial flows remain an obstacle to achieving sustainable and equitable growth in developing countries as they constitute both a significant and persistent feature of our trade relations with most advanced economies. These illegal activities and their costs for developing economies hinder progress in implementing the 2030 Agenda, with eradication of poverty in all its forms and dimensions as its overarching objective.
6. The Group recognizes that affected States continue to face challenges in the recovery of assets owing to, inter alia, differences in legal systems, the complexity of multijurisdictional investigation and prosecution, divergent interpretations of the provisions of the United Nations Convention against Corruption (UNCAC), lack of familiarity with mutual legal assistance procedures of other States parties to the UNCAC and difficulties in identifying and exposing the flow of proceeds of corruption.
7. The Group, therefore, urges all Member States to scale up cooperation to curb IFFs and recover proceeds of illicitly-acquired assets, including embezzled public funds, stolen assets and

unaccounted-for assets that are found in safe havens, and to demonstrate strong commitment to ensuring the return of such assets to their countries of origin. We emphasize the need to eliminate safe havens that create incentives for the transfer abroad of stolen assets and illicit financial flows from developing countries. In this regard, we request developed countries that are the main destination for illicit financial flows from developing countries to co-operate more effectively by putting the necessary safeguards in place to prevent illicit funds from coming in and to freeze, seize, recover and return all stolen assets in their territories. We also call upon them to waive, or reduce to the barest minimum, the processes and costs of such recovery of assets, in particular by reducing the administrative and legal bottlenecks to the recovery and return of illicit assets.

Madame President,

8. The Group notes that new technologies have opened the door for a growing number of people in developing countries to access digital financial services and can both increase efficiency in revenue collection and strengthen the fight against illicit financial flows. The Group, however, also notes with concern that virtual assets are increasingly being used for illicit activities. We stress the importance of minimizing illicit finance in the cryptocurrency system. In this regard, we encourage Member States and all relevant organizations to take measures to prevent and counter their illicit use. We call for the creation of an environment that would make law enforcement intervention easier when suspicion is raised on the possible use of new technology for illicit activity.

9. The Group also avails itself of this opportunity to reiterate the need to strengthen international cooperation on tax matters. We recognize with concern that there is still no single global inclusive forum for tax cooperation at the intergovernmental level. To fill the need for a more broad-based cooperation on international tax policy and combat associated illicit financial flows, the Group reiterates its call for the upgrading of the existing Committee of Experts in Tax Matters to an intergovernmental body, with experts representing their respective governments.

Madame President,

10. The Group also stresses the continued relevance and necessity of capacity building in the area of tax matters and we call upon the international community to enhance its support for the efforts of Member States to develop and strengthen capacities in various areas, inter alia, their national tax authorities, legal and regulatory institutions, businesses and financial institutions, and for increased public awareness to enhance accountability mechanisms and help to combat illicit financial flows. We encourage donors to strengthen international cooperation and all types of support for technical assistance and capacity-building in resource mobilization and in preventing and fighting illicit financial flows.

11. We note the ongoing work on estimating the volume of illicit financial flows and the need for differentiation of the various types of illicit financial flows, and the efforts on anti-money-laundering and combating the financing of terrorism. We welcome ongoing efforts to combat illicit financial flows and strengthen good practices on asset return to foster sustainable development.

12. The Group emphasizes the need to improve existing data and estimations to track progress in international efforts to combat illicit financial flows and the impact on the achievement of the 2030 Agenda for Sustainable Development. We note the report of the High-level Panel on Illicit Financial Flows from Africa.

13. In conclusion, Madame President, we call on all Member States to recommit to combatting illicit financial flows and to strengthen good practices on asset return to foster sustainable development

in the affected countries. We stress that developing countries cannot afford any further depletion of resources through IFFs. Greater international cooperation is therefore required to eliminate IFFs and pave way for the full implementation of SDGs.

I thank you.

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