

DRAFT FOR CONSIDERATION

1. Background

There are few areas of economic policymaking in which the returns to good decision-making are so high – and the punishment of bad management so cruel – as in the area of extractive industries. Rich endowments of oil, natural gas and minerals including diamonds have set some countries on the ~~road~~ ^{course} of sustained development while others remain poor.

In developing countries, taxes on extractive industries often do not contribute as much as they could to public revenues. Government's goal should be to tax rents arising from the extraction of natural resources, that is the ~~excess~~ ^{surplus} of revenues over the costs of production. In reality, taxes on rents are often dissipated through subsidies or appropriated by private interest. Meanwhile, investors have to be provided with adequate incentives to explore, develop and ultimately extract natural resources

international taxation decided that they would like to focus efforts on the taxation of the extractive industry sector.

The Financing for Development Office (FfDO) of UN-DESA is organizing a one-day expert group meeting with a view to inputting into the new agenda item on extractive industry taxation of the Committee of Experts International Cooperation in Tax Matters to be held on 28 May 2013 prior to the ECOSOC meeting on international cooperation in tax matters.