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Bundesministerium für Europa, Integration und Äußeres
Frau Minister Dr. Karin Kneissl
Minoritenplatz 8
A-1010 Wien

31 July 2018

RE: Flows of migrants, flows of money

Dear Minister Dr. Kneissl,

With concern we notice the hardening of individual EU Member States as well as the EU as a whole regarding immigration and immigrants from Africa. "We", in our case, mean the Provincial Superiors of the Jesuits as well as the Head of the Joint Jesuitenmission-Offices in Germany and Austria and the President of Jesuits in Africa and Madagascar and his staff and collaborators.

When Austria assumed the EU presidency the lead motive is "A Europe that protects", its priority goal No. 1 out of three reads "Security and the fight against illegal migration." This suggests that migrants are seen as clandestine criminals rather than refugees, as a threat to Europe rather than individuals in need of protection. Against that we protest decidedly because it is our conviction that migrants are the symptom of problems with deeper root causes, not the problem in itself. Such a view further contradicts the general tenor of the Global Compact for Migration, which almost all states of the world will sign 10/11 December 2018 in Morocco. Therefore we request from the European Union and member states, its public, media and governments, that attention is decidedly and swiftly shifted towards the root causes of migratory movements.

A much better approach to the real problems at hand is, for example, to increase developmental aid (ODA) and economic cooperation. However, even this needs to be put into the wider perspective and context of other financial and monetary flows:

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Repeatedly, also at summit meetings between the European Union and African Union and most importantly in Valetta 2015, a link has been established between developmental aid on the one hand, and the cooperation of African states in curbing (transit)migration and the acceptance of deported citizens. And of how much money are we talking of? For the EU-AU 2017 Summit in Abidjan the figure of Developmental Aid from the EU to African states was said to be 25 billion USD.

Against this we note that "guesstimates" of remittances of legal and illegal migrants and Diaspora Communities to African countries range between 40 and 150 billion USD, a significant higher amount than ODA. Admittedly it is difficult to quantify remittances of "illegal" immigrants because they use transfer channels outside of official observation (Havallah, Hundi, Courier services…), but there are indicators that their contribution is very significant as well. As the OECD points out in its report "States of Fragility" (2016), one should take note of the importance of remittances for poor and fragile countries in the first place. In addition, legal and illegal migration is part of the obligation of sons and daughters to support their families in countries without functioning systems of social security.

Why migration is seen as one of the few options available illustrates the following number: By 2035, 450 million young Africans will seek employment while during the same time only about 100 million jobs will be created. On that background, African governments will be most happy if their young people continue seeking employment abroad and will not create domestic problems due to unemployment. To change this, some decisive action needs to be taken:

Our first suggestion in view of curbing illegal immigration and combat trafficking is, therefore, the creation of permanent or temporary or circular legal migration option, as the German Chancellor or French President admitted in the meantime. That way, brain drain can be turned in brain gain, money earned that way can be used to establish own businesses and contacts created may serve trade and commerce.

Next: The creation of jobs is, of course, a matter of intelligent and generous Foreign Direct Investment (FDI). Again for the EU-AU 2017 Summit in Abidjan, the amount of FDI from EU countries in African states was said to be 37.5 billion USD, which is two thirds of FDI spent in all of Africa put together.

Here we argue that even this investment comes at a price: Given the size and power of Transnational Corporations (TNCs) we observe that they often pressurize African governments into tax concessions before considering investment in the first place. That way countries lose the revenue needed to finance development. For example, Kenya misses on average annually the collection of 1 billion USD tax. Equally, we observe that more often than not foreign investment does not respect local social and labour laws as well as environmental standards. Wages paid are low, working conditions are tough and the environment and local communities all too often carry a heavy burden because TNCs are all too happy to ignore and neglect "externalized costs" such as pollution. Damage to the Common Good afflicted that way cannot be amended by voluntary gifts of Corporate Social Responsibility (CSR), e.g. a school here, a street there. To us, adequate tax payment is the prime Corporate Social Responsibility for any Corporate Citizen!

Therefore we suggest that the present arrangements be replaced by a system of Corporate Social Accountability, namely more transparency regarding where TNCs produce at what costs or where they pay how much tax. TNCs must be equally accountable to shareholders and stakeholders, i.e. communities where they invest and produce. Whatever TNCs do should therefore be done in line with or mainstreamed local development plans. Here the EUs initiative to non-financial reporting duties or its guidelines on sustainable financing point into the right direction. But more than anything we need more transparency, audits and control as well as heavy fines for non-compliance to make corporations accountable not only towards their owner and shareholder, but equally towards the communities where they have establishments.

This leads us to our most important point: Taxation and the problem of Illicit Financial Flows which comprise money put aside via aggressive tax avoidance, tax evasion or tax fraud. Here there is growing agreement from the 2015 publication of the High Level Panel on Illicit Financial Flows that there is more money leaving Africa annually than there is money entering Africa combined via FDI and ODA.

If, therefore, there is any serious commitment of EU states to combat the outflow of migrants from African states via the combating of migration root causes, EU states should be more serious in combating Illicit Financial Outflows from Africa.

To do this successfully requires the following as a matter of priority and without being comprehensive:

- More transparency in cross-border financial flows for tax administrations and police forces, as it is in theory provided by the OECDs framework for the Automatic Exchange of Information. Here, however, we need to abandon the principle of reciprocity for developing countries: African governments are not yet in a situation to provide adequate information in return since money recovered in the process would enable governments to strengthen their institutions in the first place.
- Transparency would also discourage financial transfers by corrupt African leader, civil servants and business people. That way there is likelihood that more money stays in the respective countries and is invested there.
- Tax administration in developed countries should cooperate with tax administrations in Africa, e.g. in the framework of Joint Tax Audits.
- The training and equipment of African tax administrations should play a higher role in Developmental Aid and assisting agencies, such as the German GIZ.

Dear Minister Kneissl, admittedly, the Global Compact for Migration, about to be signed this December by almost all states of this world, is a non-legal and non-binding cooperative framework. But it stands in the context of other agreements, e.g. the Sustainable Development Goals or the Addis Ababa Action Agenda. Thus, the Compact spells out a number of very pragmatic proposals to indeed reduce "irregular migration", by aiming "to mitigate the adverse drivers and structural factors that hinder people from … sustainable livelihoods in their countries of origin" (Compact Nr. 11&12). Our proposals in this letter would move those commitments even closer to implementation.

Dear Minister Kneissl, when discussing issues of migration between Europe and Africa, we ask the EU presidency to take those proposals into account.

For further information we draw your attention to the enclosed Appendix; for further questions contact Jörg Alt SJ and Avelino Chico SJ, whose contact details are in Footer on p.1 and are happy to be at your service.

With best wishes from Madrid, Munich, Nairobi, Nuremberg and Vienna,

Yours sincerely

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signed: Fr. Avelino Chico SJ,
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Encl.
Appendix "Backup notes & Fact Sheet"