

Progress in Japan towards a Realization of International Solidarity Levies: Centring around the Final Report of the Terashima Commission

Presentation at the 8th Plenary Meeting of the Leading Group on
Innovative Financing for Development

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*Towards a Realization of
International Solidarity Levies to
tackle environmental degradation,
poverty and disparity:
A New Policy Proposal for Global
Challenges*

by

The Japanese Commission for the Promotion of
International Solidarity Levies

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**How was it
established?:
Brief history in
this area in Japan**

Brief History in Japan

- September 2006: **Scholars·NGO**
→ Study Group on Global Tax
- February 2008: **MPs**
→ All Japanese Parliamentary Group on International Solidarity Levy
- September 2008: **Government**
→ Study Group on Global Environmental Tax
- September 2008: **Government**
→ Joined Leading Group
- April 2009: **Citizens**
→ Association of Citizens for International Solidarity Taxes (ACIST)

Establishment of Japanese Commission for Promotion of International Solidarity Levies (Terashima Commission)

- Established in April 2009
- **MPs:** All Japanese Parliamentary Group on International Solidarity Levy
- **Scholars:** economics, finance, development, environment, international relations, laws
- **NGOs:** development, environment, global health
- **Trade Unions:** All-Japan Prefectural and Municipal Workers Union (JICHIRO)
- **Financial sector:** HSBC
- **Government:** Foreign Affairs, Finance, Environment
- **International Organizations:** World Bank

Members of Terashima Commission

- <Chair> Jitsuro Terashima (President, Mitsui Global Strategic Studies Institute, The Japan Research Institute, and Tama University)
- Kazuhiro Ueta (Professor, Kyoto University)
- Fumio Kaneko (Professor, Yokohama City University)
- Yoshikazu Miki (Professor, Aoyamagakuin University)
- Toru Morotomi (Professor, Kyoto University)
- Takehiko Uemura (Associate Professor, Yokohama City University)
- Mie Asaoka (President, Climate Change Network)
- Masako Konishi (Climate Change Officer, WWF Japan)
- Tetsuji Tanaka (Executive Director, Altermonde)
- Masanori Inaba (Director for International Health Programme, Africa-Japan Committee)
- Noriko Shirasu (Executive Director, Results Japan)
- Tsuyoshi Saito (MP, Executive Director for Japanese Parliamentary Group on International Solidarity Levy)
- Harunobu Yamada (Ex. Vice CEO of Japan, HSBC)
- Katsuhiko Sato (International Secretary, All-Japan Prefectural and Municipal Workers Union)
- + Ministry of Foreign Affairs, Finance, Environment and WB

Mission of Terashima Commission

- Discussing a realistic plan to realize international solidarity levies (ISL), especially a Currency Transaction Levy (CTL)
- Examining technical difficulties of CTL, concrete use of revenue, and its governance
- Based on these examinations, striving for lawmaking for ISL

Activities of Terashima Commission

- Conducting a series of expert's hearings on technical difficulties on CTL.
- Researching studies and reports on CTL outside of Japan.
- Organized regular meetings (11 times).
- Submitted the interim report to Minister of Finance and Minister of Foreign Affairs in January 2010.
- Collaborating with the expert committee of the Taskforce on International Financial Transaction for Development in LG.

**Decided to propose
government to
introduce a global
currency
transaction Levy**

Highlights of the Report (1)

- Proposes government to introduce a global CTL (GCTL) as soon as possible.
- A global solidarity fund where revenue of GCTL is directly transferred is to be established.
- Revenue is to be used for achieving MDGs, especially poverty reduction and climate change.
- Asks government to have close collaboration with the Taskforce on International Financial Transaction for Development and other related groups.

Highlights of the Report (2)

- Proposes government to upgrade Terashima Commission to the Taskforce directly under Prime Minister.
- Asks government to mainstream a GCTL at major conferences including G8, G20 and the UN conferences.
- Requests government to take a strong initiative as Presidency of the Leading Group.
- Requests government to begin to legislate ISL.
- **Proposes government to introduce Air-Ticket Solidarity Levy as a first step in 2011.**

Notable Developments in 2010 (1)

- 10 April: The sub-committee on international taxation was created in the Tax Commission of Japan.
- 31 August: Ministry of Foreign Affairs requested the Tax Commission a budget for a realization of ISLs.
- 31 August: Three Foreign Ministers (France, Belgium and Japan) announced communiqué on the promotion of ISLs.
- 9 September: President of ANA expressed strong objection against air-ticket solidarity levy, saying "out of question".

Notable Developments in 2010 (2)

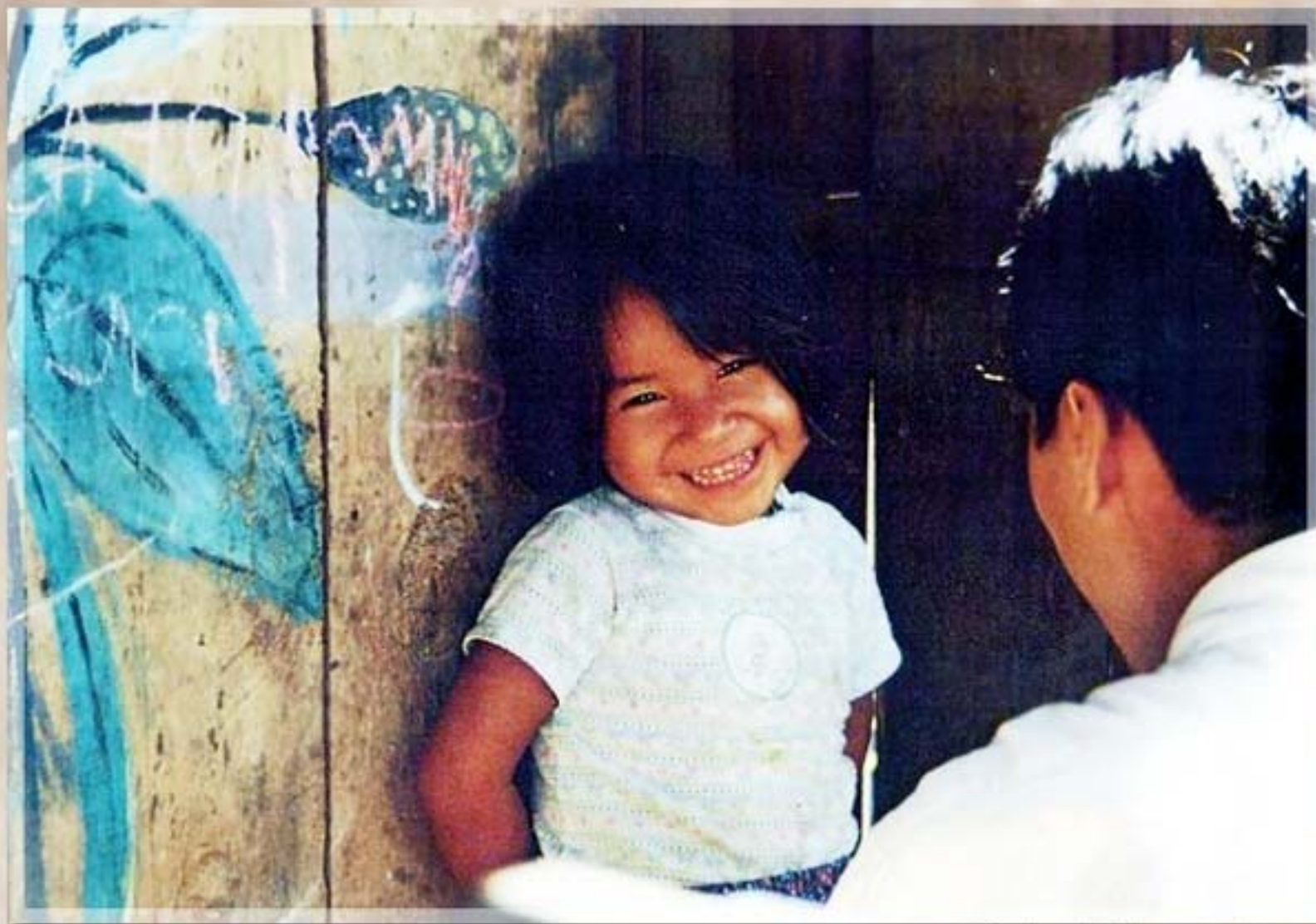
- 21 September: Foreign Minister Seiji Maehara at the side event of UN MDGs summit expressed his willingness to discuss how to finance development both concretely and technically.
- 21 September: Both air-ticket solidarity levy and a global CTL was discussed at the Tax Commission of Japan for the first time.
- 26 September: The Terashima Commission organized symposium, announcing its final report.
- 19 October: Sumio Mabuchi, Minister of Land, Infrastructure, Transport and Tourism showed strong disagreement to introduce air-ticket solidarity levy, saying "I cannot accept it".

Notable Developments in 2010 (3)

- 29 October: The DPJ project team on Tax matter decided not to propose air-ticket solidarity levy to the Tax Commission for 2011.
- 30 October: IATA requests government to stop examining the introduction of air-ticket solidarity levy.
- 19 November: The Terashima Commission and All Japanese Parliamentary Group on International Solidarity Levy handed the final report in Foreign Minister Maehara, asking political decision to introduce air-ticket solidarity levy in 2011, thereby making a great progress towards a realization of a global CTL.

Key Points

- The 8th Plenary Meeting of the LG chaired by Japanese Government
- Political judgment of Prime Minister
- Japanese civil society needs to be more empowered than ever.
- It is watershed if Japan can introduce ISLs.
- It is high time for Japan to show its ability and willingness to contribute to international community.



Takehiko Uemura