

(Translated from the French)

A key tax to address global challenges

11 EU countries have decided to implement the financial transaction tax (FTT). According to the European Commission, the FTT is expected to yield €35 billion a year in revenue that should be used to address global challenges and restore public finances.

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€35 billion a year: this is the product of the future international financial transaction tax as estimated by the European Commission. The FTT arose from the idea of finding additional financing to combat global poverty. 11 countries have now decided to implement it at European level. As Development Ministers, we are mobilizing and calling on our colleagues to join us in ensuring that the product of the FTT is allocated in part to development.

Rapid economic expansion, especially in emerging countries, should not make us forget that poverty remains a tough reality for 1.3 billion human beings who live with less than one euro a day. While social inequalities are diminishing in some countries, they persist or increase in others. We are mobilized internationally with a view to eradicating extreme poverty by 2030 at the latest. We are also facing new challenges: the future Post-2015 development goals will require further efforts on our part. Global warming, which produces drought, reduces agricultural output and hence increases malnutrition and infant mortality. Likewise, the absence of development is undermining entire regions, as we are seeing today in the Sahel and the Horn of Africa. This absence of development is a threat to peace and security. Development policies contribute to world stability and the preservation of global public goods such as climate and biodiversity.

To meet these challenges, it is clear that we also need additional resources as well as enhanced efficiency in our work, and to restore public finances in Europe and elsewhere. The tax agreed on financial transactions offers the possibility to further these two objectives, i.e. global challenges and public finances. The FTT should not hinder the development of the real economy in Europe, nor be an additional burden for small savers and small- and medium-sized enterprises. At the same time, the FTT will enable the financial sector to make a fair and significant contribution to global public goods such as the eradication of world hunger and environmental protection. FTT proceeds could both help restore budgetary equilibrium and provide new resources, a significant part of which should benefit the poorest countries.

We, the Development Ministers, want our 11 European countries and those who join us to agree to devote part of the FTT proceeds to development. This significant economic revenue could help fund the fight against the great pandemics such as AIDS and malaria, as well as the fight against climate change and its already dramatic consequences for the most vulnerable countries. Europe will thus help shape a fairer, more stable, more sustainable world. This is an historic opportunity, let's seize it.

Published 3 June 2013