

To: the Leaders of G20 Countries

International Financial Transaction Tax on the Pittsburgh agenda

22 September 2009

Dear G20 leaders meeting in Pittsburgh,

The undersigned civil society organisations from across the world urge you to take steps at the Pittsburgh summit towards the implementation of an *International Financial Transaction Tax*.

Such a tax would be levied on all cross border financial transactions including currencies, equities and all kinds of derivatives. Even with a low rate of 0,05% such a tax could generate an annual income of tens of billions of dollars.

This revenue could be used to pay for the cost of the crisis in the North, in particular the heavy burden of public debt, which has been accumulated to rescue the financial system. As well, to assist countries in the South to meet their development objectives, which have been thrown off track by the crisis. We are sure you agree that it is unacceptable for citizens in both the North and South to pay for the damage caused by the finance industry. Those who have benefited so much from the way in which the system has worked ought to be obliged to take responsibility for their actions. This tax is a measure of political fairness and social justice.

Furthermore, such a tax would contribute to a reduction in speculation, which was at the heart of the collapse of the financial system. The tax would thus enhance financial stability and prevent the finance industry from continuing with a 'business as usual' approach.

Around the world national financial transaction taxes (FTTs) are commonplace on shares and bonds. Since these transactions are electronic, they are simple and inexpensive to implement. Payment of an International Financial Transaction Tax would thus be automatic with no scope for avoidance, even in off-shore centres. It could, in fact, be introduced unilaterally by those countries wishing to see it implemented; although it would be preferable that all major economies participate.

A measure of this type has recently gained considerable support from the German finance Minister, Mr Steinbrück and his colleague in the Foreign Office, Mr Steinmeier. Two weeks ago the head of the British Financial Services Authority proposed a tax on financial transactions to prevent excessive profiteering by banks. In recent days both Germany's Chancellor Merkel and France's President Sarkozy have publicly said they support the idea. Governments in Europe and South America already have experience of specific FTTs, and parliaments in France, Austria, Belgium, Canada and Finland have considered implementing a tax on foreign exchange transactions. In 2005, at the United Nations 115 countries voted to explore the potential of taxing cross-border currency transactions.

One year after the collapse of Lehman Brothers now is the time to consider substantial reforms of the financial system. The introduction of an *International Financial Transaction Tax* would be a foundation stone in the building of a new and sustainable financial architecture.

Yours sincerely,

European NGOs:

WEED (Germany), Stamp Out Poverty (representing 45 UK organisations), Global Responsibility (Austrian Platform for Development and Humanitarian Aid of 39 NGOs), CRBM (Italy), 11.11.11 (Belgium), War on Want (UK), Glopolis (Czech Republic), ATTAC – Switzerland, ATTAC – Vlanderen, ATTAC – DK, ATTAC – Finland, ATTAC – Germany, Terre des Hommes (Germany), KOO - Koordinierungsstelle der Österreich Bischofskonferenz (Austria), Both ENDS (the Netherlands), Philippinenbuero e.V. im Asienhaus (Germany)

Japanese, Asia-Pacific, Africa:

Advocacy and Monitoring Network on Sustainable Development - AM-Net (Japan), Altermonde (Japan), Association of Citizens for International Solidarity Taxes – ACIST (Japan), Oxfam Japan, RESULTS Japan, Ugoku/Ugokasu (GCAP Japan), Public Services International Asia-Pacific Regional Organisation, Asian Community Center 21 - ACC21 (Japan), ATTAC – Togo

International NGOs:

CIDSE, EURODAD, Global Policy Forum, Global Social Justice Initiative, OXFAM International, Tax Justice Network