
COM(2011) 594 final
(2012/C 181/11)

Rapporteur: Stefano PALMIERI

On 19 October 2011, the Council decided to consult the European Economic and Social Committee, under Article 113 of the Treaty on the Functioning of the European Union, on the:


The Section for Economic and Monetary Union and Economic and Social Cohesion, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 7 March 2012.

At its 479th plenary session, held on 28 and 29 March 2012 (meeting of 29 March), the European Economic and Social Committee adopted the following opinion by 164 votes to 73 with 12 abstentions.

1. Conclusions and recommendations

1.1 The European Economic and Social Committee (EESC) welcomes the European Commission’s proposal to introduce a financial transaction tax (FTT), echoing the position taken by the European Parliament (1) and reiterating the stance it has already taken in its opinions (2).

1.2 In its previous opinion (3), the EESC highlighted the importance of securing financial autonomy for the European Union, as was the original intention of Article 201 of the Treaty of Rome. Against that backdrop, the EESC considers that the FTT could be a key element in the EU's new system of own resources, inasmuch as it is an instrument that can offer the necessary financial self sufficiency for the 2014-2020 multi-annual financial framework.

1.3 The EESC would reiterate the need to secure global application of the FTT. However, as it has already stated in the opinion of 15 July 2010 (see footnote 2), the best way to achieve this may be to introduce the tax within the EU. The EESC, in line with the position taken by Commissioner Algirdas Semeta and the European Parliament, would argue that the EU can and must use its influence as a pioneer in this area, as it has for many other policies of a global nature (for instance on climate change) (4). Nevertheless, all possible efforts should be made to ensure that the tax is introduced at global level.

1.3.1 The EESC would argue that this should be the backdrop for the letter sent by the finance ministers of nine EU Member States (Germany, France, Italy, Austria, Belgium, Finland, Greece, Portugal and Spain) to the Danish presidency of the EU, welcoming the presidency’s decision to step up the analysis for and negotiations on the application of the FTT.

1.4 For the EESC, the introduction of the FTT is part of a broader process, launched by the Commission, revising the main markets in financial instruments directives (COM(2011) 656 and COM(2011) 652) with the aim of making those markets more transparent, efficient and effective. Furthermore, as already emphasised in a previous opinion, the EESC believes that the stability and effectiveness of the financial sector and thus the limitation of excessive risk taking, as well as the establishment of the right incentives for financial sector institutions, should be ensured by appropriate regulation and supervision.

1.5 The EESC believes that in order to neutralise or at least reduce to a minimum the risk of financial activities being relocated, the residence (territorial) principle, proposed by the Commission must be coupled with the issuance principle proposed by the European Parliament. The latter is the principle whereby the tax is applied in the same way as a

(1) The European Parliament ‘favourites the introduction of a tax on financial transactions, which would improve the functioning of the market by reducing speculation and help to finance global public goods and reduce public deficits.’ European Parliament resolution on innovative financing at global and European level. 2010/2105(INI), text adopted on 8 March 2011.

(2) Own-initiative opinion on the financial transaction tax (OJ C 44/14 of 11.2.2011, p. 81).


towards business. Medium- and long-term investments that can be directed for resources going to the EU budget, replacing Member States direct for resources flowing to the Member States and indirect by reducing high frequency and low latency trading. This type of trading is highly speculative, a source of instability on the financial markets and completely unrelated to the normal functioning of the real economy. The FTT will therefore offer a way to stabilise the financial markets by increasing gains from medium- and long-term investments that can be directed towards business.

1.7 The EESC welcomes the fact that by introducing the FTT it will be possible to modify financial operators’ profit systems, by reducing high frequency and low latency trading. This type of trading is highly speculative, a source of instability on the financial markets and completely unrelated to the normal functioning of the real economy. The FTT will therefore offer a way to stabilise the financial markets by increasing gains from medium- and long-term investments that can be directed towards business.

1.7.1 The EESC believes that slowing down the pace of highly speculative transactions by introducing the FTT would have a significant stabilising effect on price fluctuations on the financial markets and would offer companies operating in the real economy more stable financial scenarios for their own investments (5).

1.8 For the EESC, one of the most significant effects of introducing the FTT would be to improve the sovereign debt situation. Government bond crises intensify in periods of great financial instability. The increased revenue generated by the FTT would help to improve fiscal stability by reducing the need to increase debt levels still further. The effect would be direct for resources flowing to the Member States and indirect for resources going to the EU budget, replacing Member States contributions.

1.9 The EESC acknowledges that the introduction of the FTT, contributing to fiscal harmonisation, would ensure the proper functioning of the internal market, thus avoiding distortions in an area in which at least ten Member States have already introduced some form of FTT.

1.10 The EESC would underline the need to manage the negative macro- and microeconomic consequences of the legislative application of the FTT very carefully, so as to neutralise or at least reduce the risks and related costs. For this reason, the EESC believes appropriate compensatory mechanisms should be implemented in order to offset the more significant negative effects that the application of the FTT might have on the real economy.

1.10.1 The EESC considers that the monitoring and subsequent assessment of the consequences of introducing the FTT - in a report to be submitted to the Parliament and the Council - should be programmed annually rather than after three years of FTT implementation (7).

1.11 The EESC believes that assessment of the impact of the FTT should cover the effects of the long-term reduction in GDP (as estimated by the Commission’s impact assessment) as well as the global effects of its contribution: i) to improving the functioning of the financial markets by making them more stable, ii) to shifting investment towards the real economy; iii) to promoting regulatory policies able to improve the efficiency, effectiveness and transparency of Europe’s financial markets, iv) to boosting fiscal consolidation for Member States as a result of greater availability of resources, and v) to encouraging households to save and invest. It has recently been estimated that the combined impact of these effects could lead to an increase in GDP equal to 0,25 % in the long term (8).

1.12 The EESC is concerned that the assessment of the impact of FTT application accompanying the Commission proposal omits a number of effects, some listed in this opinion, possibly undermining the overall assessment of the proposal itself. For this reason, the EESC calls on the Commission to move swiftly to conduct an additional, more thorough, assessment.

1.13 The EESC welcomes the Commission’s decision to propose an FTT as opposed to a tax on financial activities (FAT). Although the latter would be more successful in regulating distributive aspects (as a result of a better correlation with the income generated by financial activities), it is more likely to be passed onto consumers and companies while having a minimal stabilising effect on financial markets.

1.14 The EESC considers it worth noting that the number of European citizens, interviewed by Eurobarometer, in favour of introducing an FTT has not fallen below the 60 % level since the autumn of 2010: autumn 2010: 61 %; spring 2011: 65 %; autumn 2011: 64 % (9). For this reason, the introduction of the FTT could mark an important first step towards restoring the confidence of the European public in the financial sector.


1.15 In fulfilling its role as an advisory body to the Commission, the Parliament and the Council, the EESC is committed to the on-going monitoring of the process by which the Commission’s proposal on the introduction of the FTT is translated into legislation.


2.1 The European Commission has been flagging the urgent need to introduce a global financial transaction tax at G20 meetings since 2009 (Pittsburgh, Toronto and Cannes). With this in mind, it published a communication on taxation of the financial sector on 7 October 2010 (COM(2010) 549 final).

2.2 The Commission is now once again proposing a financial transaction tax, as part of a more systemic approach. The proposal falls within the new 2014-2020 multiannual financial framework (MFF) presented by the Commission and, by means of a more robust system based on own resources, aims to make the EU’s multiannual budget more independent. The tax is restricted to financial transactions involving financial institutions (10).

2.3 The tax will apply to financial transactions involving financial entities and exclude those involving individuals and businesses (conclusion of insurance contracts, mortgage lending, consumer credit and payment services), primary market transactions (except for the issue and redemption of shares and units of undertakings for collective investment in transferable securities and alternative investment funds) and spot currency transactions (but not currency derivatives).

2.4 The FTT applies to any financial institution party to a financial transaction ‘acting either for its own account or for the account of another person, or acting in the name of a party to the transaction’. It does not apply to financial transactions with the European Central Bank (ECB), national central banks, Central Counterparties (CCPs), Central Securities Depositories (CSDs) and International Central Securities Depositories (ICSDs) or the European Financial Stability Facility. These are not considered financial institutions in as much as these are exercising functions which are not considered to be trading activity in itself.

2.5 The residence (territorial) principle is used to reduce the risk of delocalisation, which is clearly inevitable. According to this principle, it is not the location of the transaction that matters but rather the Member State in which the financial actors are established. A transaction is subject to the tax if at least one of the financial institutions involved is established in the EU.

2.5.1 Under Article 3 of the directive, a financial institution is established in the territory of a Member State if any one of the following conditions applies:

- it has been authorised by the authorities of that Member State to act as such, in respect of transactions covered by that authorisation;
- it has its registered seat within that Member State;
- its permanent address or usual residence is located in that Member State;
- it has a branch within that Member State; or
- it is party, acting either for its own account or for the account of another person or in the name of a party to the transaction, to a financial transaction with another financial institution established in that Member State, or with a party established in the territory of that Member State and which is not a financial institution (11).

2.6 The FTT becomes chargeable at the time that the financial transaction takes place. In view of the wide array of transactions, there are two different taxable amounts. The first is for transactions not related to derivative agreements, where the taxable amount corresponds to the consideration that an actor pays or is required to pay to a third party. If the consideration is lower than the market price or is not set, the taxable amount is calculated as being the market price. The second concerns financial transactions related to derivative agreements where the taxable amount is the notional amount of the derivative agreement at the time when the transaction takes place.

2.6.1 The minimum tax rates which Member States must apply to the taxable amount are as follows:

i) 0,1 % in respect of financial transactions not related to derivative agreements;

ii) 0,01 % in respect of financial transactions related to derivative agreements.

Member States must apply a single rate for each category of transaction, but are free to apply rates higher than the minimum set.

2.7 The tax is payable by every financial institution that is party to the transaction, acting either for its own account or for the account of another person, acting in the name of a party to


(11) If more than one condition applies, the Member State of establishment will be determined by the first condition from the list to be met.
the transaction, or when the transaction has been carried out on its account. The other parties to the transaction are, however, held jointly and severally liable under certain conditions. Member States are, nevertheless, free to identify further parties liable to the tax and to lay down registration, accounting and reporting obligations and other obligations intended to ensure that the tax is effectively paid.

2.8 For transactions carried out electronically, the tax must be paid at the moment when it becomes chargeable, and within three working days in all other cases.

2.9 Member States must adopt measures to prevent tax avoidance, evasion and abuse. In this respect, the Commission can propose delegated acts subject to consultation with the Council.

2.10 Member States may not maintain or introduce taxes on financial transactions other than the FTT.

2.11 Under the Commission proposal, the adoption of a minimum common tax, to become effective on 1 January 2014, would enable the FTT initiatives already taken by the Member States to be harmonised, securing the smooth functioning of the single market.

2.12 The decision to adopt an FTT was made in the wake of an impact assessment that analysed the alternative option of also introducing a financial activities tax (FAT) but judged that the FTT was the better option. On the basis of the impact assessment, it was estimated that the tax could yield EUR 57 billion a year (37 billion of which would be earmarked for the EU budget, while the remaining 20 billion would go to the budgets of individual Member States) (12).

2.13 Periodically, the Commission will submit a report on the application of this directive to the Council and, where appropriate, a proposal for its modification. The first report is scheduled for 31 December 2016, with subsequent reports due every five years.

3. General comments

3.1 In this opinion, the Committee aims to assess the Commission proposal promoting a Council Directive on a common system of financial transaction tax (COM(2011) 594 (13)).

3.2 The opinion will use the framework already mapped out by own-initiative opinion ECO/275 of 15 July 2010 on the introduction of a financial transaction tax, and opinion ECO/284 of 15 June 2011 on the communication on taxation of the financial sector (COM(2010) 549 final).

3.3 The proposal for an FTT is based on the realisation that, with the development of information and communication technologies, the financial markets have shown an upsurge in the volume and price volatility of financial transactions over the last two decades. The ramifications of this have destabilised the world’s economy (14).

3.3.1 The financial markets have shifted away from being instruments for locating financial resources for the real economy, gradually taking on a central role in their own right and pushing the real economy aside. In light of this situation, the EESC would argue that they should be subject to mechanisms capable of guaranteeing efficiency by means of regulation and effectiveness through transparency. The mechanisms must also guarantee that the markets, alongside other production factors, make a fair contribution to the budgets of the EU and the Member States (15).

3.3.2 The Committee holds the view that the current crisis is the result of a financial crisis which began in 2007 and in 2008 started spreading to the real economy (16); it therefore considers that the financial sector, which bears the greatest weight of responsibility for that crisis, should be called upon to contribute measure for measure to the efforts to deal with it. To date, individual Member States have ‘committed to support the financial sector [in terms of financing and guarantees] for a total of about EUR 4,6 trillion (39% of EU-27 GDP in 2009)’. This support has brought the public finances of some Member States perilously close to the brink and triggered a dangerous crisis in the eurozone (17).


(14) Currency transactions are at least 70 times higher than trading in goods and services at global level. Trading in the derivatives markets in Europe was 84 times higher than GDP in 2006, while spot market trading (buying and selling currencies or financial values with immediate agreements established ‘on the spot’) was only 12 times higher than the EU’s nominal GDP.


3.4 Against this backdrop, the proposal for a tax on financial transactions is part and parcel of a line of action initiated by the Commission, involving revising the main directives governing the securities markets and aiming to secure better regulation and transparency in the financial markets (18), as the Committee has repeatedly called for in the course of its work.

3.5 On two separate occasions, the Committee has already supported the introduction of an FTT: in the own-initiative opinion of 15 July 2010 (see footnote 2) and in the opinion of 15 June 2011 (see footnote 2).

3.5.1 The Committee considers that the Commission proposal (COM(2011) 594) introduces a European system for taxing financial transactions that is consistent with the proposals examined in the two previous opinions.

3.6 The Committee endorses the main reasons that led the Commission to propose the application of an EU-level FTT:

— to raise taxation on financial activities so that these activities make a fairer contribution to the EU and national budgets;

— to modify the behaviour of financial operators, reducing the volume of high-frequency and low-latency trading; and

— to harmonise individual Member States’ FTTs by identifying two minimum rates (0,1 for bonds and shares and 0,01 for derivatives).

3.6.1 As regards the contribution to the EU and national budgets, the economic crisis and the recent sovereign debt crisis require policies able to kick start economic development at a time of increasingly tight budget constraints. The introduction of an FTT would feed into the new system of own resources for the EU budget and slash national contributions, helping to put national budgets back on track. The Commission has estimated that in 2020, the new own resources could constitute about half of the EU budget, and the share of the Member States’ Gross National Income contribution would drop to a third from the current rate of over three quarters. The lower volume of high-frequency trading would encourage financial institutions to turn to a third from the current rate of over three quarters.

3.6.1.1 As pointed out above, applying an FTT would also serve the cause of fairness. In recent years, the financial system has enjoyed a light tax burden: financial services are exempt from paying VAT, netting the sector a yearly EUR 18 billion tax concession.

3.6.1.2 In this context, the Committee has already spoken out in favour of the Commission proposal to modify the tax system, raising the financial sector’s contribution. The Committee therefore considers that the Commission proposal is heading in the right direction.

3.6.2 As regards the possibility of reducing the volume of high-risk and highly volatile financial transactions by means of a financial transaction tax, attention should be drawn to the type of financial transactions which would be hardest hit by the proposal. High-frequency and low-latency trading, using extremely advanced IT tools, employ complex algorithms capable of analysing market data within fractions of a second to implement financial market intervention strategies (quantity, price, timing, trader location and trading orders) and so cut the latency period (measured in microseconds – milliseconds of a second). Using these techniques, the operator is able to ‘anticipate’ the market and finish trading within a few tenths of a second. This form of transaction has even been referred to as kind of computer-based insider trading (19).

3.6.2.1 This type of trading makes up between 13 % and 40 % of the total volume of trading in the EU’s financial markets. In the US, it is estimated that in only four years (from 2004 to 2009), the volume of high-frequency financial transactions increased from 30 % to 70 % (20).

3.6.2.2 These transactions take place outside the normal functioning of the real economy and can drain liquidity from the entire economy, thereby weakening systemic resilience, i.e. the capacity of a system to resist stress caused by periods of crisis (21).

towards the traditional financial activities of credit intermediation, with definite advantages for operators, such as small and medium-sized enterprises, which are currently undergoing a serious liquidity crisis.

3.6.2.4 The financial transaction tax systems already in place have demonstrated the capacity to reduce trading volume as well as security price volatility, driving down risk premiums. It is therefore reasonable to suppose that introducing an FTT at European level would also cause a downswing in this category of ‘unproductive’ transactions.

3.6.3 As regards fiscal harmonisation, to date ten Member States have already brought in various forms of tax on financial activities and transactions (Belgium, Cyprus, France, Finland, Greece, Ireland, Italy, Romania, Poland and the United Kingdom). These countries will be asked to adapt their national legislation to EU standards (for instance they may be asked to apply the minimum tax rate and bring the taxable amount into line with EU provisions). Introducing an FTT and thus benefitting the more efficient financial markets would help to secure the smooth running of the internal market by avoiding distortions caused by Member States’ unilaterally established tax laws.

4. Specific comments

4.1 The Commission has carried out an impact assessment of the long-term effects on GDP of introducing the FTT, estimated at between –0.17% (for the 0.01% rate) and –1.76% (for the 0.1% rate). The assessment is set in a particularly harsh scenario within which no allowances are made for mitigating factors, such as for instance the exclusion of the primary market and of transactions involving a least one non-financial operator, and the effects on other macro-economic variables. The Commission estimates that when mitigating factors are factored in the maximum effect on GDP shifts from –1.76% to –0.53%. It is estimated that the impact on employment would be between –0.03% (for the 0.01% rate) and –0.20% (for the 0.1% rate).

4.2 In reality, if the FTT’s long-term effects on GDP are combined with the effects of improved functioning of the financial markets owing to increased stability, the shift of investment towards the real economy, regulatory policies able to secure better market efficiency, effectiveness and transparency, and fiscal consolidation for Member States arising from the greater availability of resources, the overall effect in terms of GDP change could even be shown to be positive, with estimates setting it at 0.25% (\textsuperscript{22}).

4.3 The EESC believes that the impact evaluation accompanying the Commission proposals is inadequate and for that reason considers it appropriate that the Commission present an additional evaluation report to address the impact of the proposal in more detail.

4.4 The EESC considers that the FTT should be applied in accordance with appropriate procedures, so as to neutralise or at least reduce the risks and related costs. Risks that the EESC believes should be taken into consideration include: the possible transfer of the tax onto the cost of credit for companies and consumers; a reduction in pension fund returns; the relocation of financial investments; increased costs for businesses from hedging (against fluctuations in commodity prices and exchange rates); the effects of the tax on financial sector profits and on Member States where that sector carries significant weight; and the impact on the economy given that the tax may be introduced during an economic recession.

4.5 The EESC considers, however, that these risks are greatly out-weighed by the opportunities and benefits. As the FTT will be imposed on short-term investments, it will lead to an increase in demand for the medium to long-term investment typically used for company and government financing. All this will translate into greater liquidity on the markets and thus contribute to improving the situation for companies, families and sovereign debt. The greater stability that will be brought to the derivatives market is particularly significant. Given the nature of these products, there should be a considerable impact on the number of transactions carried out, slowing down the proliferation of products that carry significant responsibility for the crisis in the financial markets and the world economy in recent years.

4.6 The possible additional tax on pension funds brought about by the introduction of the FTT should be minor, given the form and type of investment; furthermore, the potential re-evaluation of the assets typical to pension funds (moving towards less volatile investments) may compensate for and outstrip any potential reduction in returns resulting from application of the tax. Nevertheless, the EESC believes that one option that might be considered so to neutralise or reduce the effects would be to reduce the rates or introduce some form of exemption for the pension funds sector.

4.7 The scope and the tax rates have been set with due consideration for the goal of containing the potential harmful effects of delocalisation, whereby investments and financial resources are moved out of the EU. The Committee already stressed the need for this, when world-wide adoption of the tax ceased to be an option.

\textsuperscript{22} Griffith-Jones, S., Persaud, A., 2012, op. cit.
4.7.1 The adoption of the residence (or territorial) principle implies that even financial institutions from third countries established in the EU will be subject to the tax, meaning that the scope will be far-reaching. The determination of the residence of financial institutions, so as to ascertain which Member State will collect the tax should provide a good means of minimising cases of tax evasion and avoidance.

4.7.2 In order to further neutralise the effects of the relocation of financial transactions, the EESC supports the proposal made by the European Parliament to introduce the issuance principle, on the basis of which the tax applies (like a stamp duty) to all transactions involving financial instruments issued by legal persons registered in the EU (23).

4.7.3 As regards the application of rates, the EESC would recall that the opinion it adopted in 2010 (see footnote 2) proposed the application of a uniform rate of 0.05 %, and agrees that the application of the two rates – as proposed by the Commission – should reduce the risk of a relocation of markets and secure adequate resources for EU and Member State budgets.

4.7.4 The EESC would also add that where the FTT has been applied with particular care as to its management, tax base and the application of rates, the results in terms of revenue have been positive without affecting economic growth. This has been the case in South Korea, Hong Kong, India, Brazil, Taiwan and South Africa (24).

4.8 Excluding the primary market from the scope of the tax will minimise the FTT’s impact on the cost of raising capital for real activities, limiting it to the indirect effects of the potentially lower liquidity (owing to the tax) of securities traded by financial institutions.

4.9 As the tax applies to currency derivative agreements but not to spot currency transactions, it will affect a large share of speculative trading in the currency markets (25). Including spot currency transactions within the scope of the FTT would neither limit the freedom of movement of capital (taking the planned tax rates into account as well), nor violate the relevant sections of the Lisbon Treaty (Leading Group on Innovating Financing for Development, Paris, June 2010).

4.10 As already pointed out by the Committee (opinion adopted in 2010, see footnote 2), the FTT and the FAT are not alternative tax systems. The FTT primarily affects short-term transactions, whereas the financial activities tax affects the entire range of financial activities (including trading on the primary market). Introducing an FTT does not preclude the introduction of an EU FAT, particularly if the chief aim is to secure a 'fair and substantial contribution by the financial sector to public finances' (2010 opinion, see footnote 2) and to harmonise the levy on financial activities in order to strengthen the single market. In addition, applying a European system for taxing financial transactions would automatically bolster the requirement for greater uniformity of Member States’ tax systems in the area of financial activities in general.

4.10.1 The FTT has a progressive distributive impact since people with higher incomes make greater use of the services provided by the financial sector, and the tax does not take money from the pockets of families and non-financial enterprises as it does not apply to personal or corporate loan activities. Such transactions would only be affected indirectly by the decreased liquidity of financial institutions’ activities.

4.11 The system for collecting the tax is simple and entails very low costs for market transactions and, generally speaking, for recorded transactions. This upholds the need to extend obligations to register financial transactions, including over-the-counter transactions represented by non-standardised products, traded on derivatives markets rather than through a stock exchange, bilaterally between two parties.

Brussels, 29 March 2012.

The President
of the European Economic and Social Committee
Staffan NILSSON

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to the Opinion of the European Economic and Social Committee

The following amendments were rejected during the discussion but received over a quarter of the votes.

**Point 1.1**

Insert a new point 1.2 as follow after point 1.1

The Committee does have serious concerns, however, regarding the negative impact that such a tax might have on growth and employment, as pointed out in the Commission’s impact assessment, and is also concerned about the risk of effects beyond the financial sector, particularly in terms of access to capital for small and medium-sized enterprises and farmers, as well as increased costs for borrowers and pension savers. The proposed tax is also likely to weaken the purchasing power of low-income households.

**Reason**

Will be given orally.

The amendment was rejected by 143 votes to 93 with 11 abstentions.

**Point 1.10**

Amend as follows:

The EESC would underline the need to manage the negative macro- and microeconomic consequences of the legislative application of the FTT very carefully, so as to neutralise or at least reduce the risks and related costs. In this respect it is important to note that the different shares of the financial sector of each Member State relative to the whole economy indicate that the burden of this tax may not be shared equally among Member States. For this reason, the EESC believes appropriate compensatory mechanisms should be implemented in order to offset the more significant negative effects that the application of the FTT might have on the real economy.

**Reason**

It is a fact that the financial sector has a different economic weighting relative to the whole economy within each Member State. It is therefore only correct that the EESC recognises this fact.

The amendment was defeated by 137 votes to 86 with 15 abstentions.

**Point 3.3.2**

Amend as follows:

The Committee holds the view that the current crisis is the result of a financial crisis which began in 2007 and in 2008 started spreading to the real economy (1); it therefore considers that the financial sector, which (along with the political class) bears the greatest weight of responsibility for that crisis, should be called upon to contribute measure for measure to the efforts to deal with it. To date, individual Member States have ‘committed to support the financial sector [in terms of financing and guarantees] for a total of about EUR 4.6 trillion (39 % of EU-27 GDP in 2009)’. This support has brought the public finances of some Member States perilously close to the brink and triggered a dangerous crisis in the eurozone (2).

**Reason**

When talking about the responsibility for the crisis, we cannot ignore the role of politicians – it is clear that it was their irresponsible action over many years which significantly contributed to the crisis in many countries.

The amendment was rejected by 154 votes to 72 with 15 abstentions.

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Point 4.6

Amend as follows:

The possible Perhaps an additional tax on pension funds brought about by the introduction of the FTT should be minor could be regarded as a minor tax, given the form and type of investment; furthermore, and the potential re-evaluation of the assets typical to pension funds (moving towards less volatile investments) may well indeed compensate for and outstrip any potential reduction in returns resulting from application of the tax. It is, however, highly probable that this tax will lead to a reduction in the level of future pensions, which will be particularly relevant to workers in those Member States where funds accrued in funded pension schemes account for a large portion of their pension. Nonetheless, the EESC believes therefore that in order to neutralise or reduce the effects, all transactions which involve the transfer (payment) of pension fund contributions and their final payout should be fully exempt from this tax and option that might be considered so and that consideration should be given to neutralise or reduce the effects would be to substantially reducing e the rates or introducing e some forms of exemption for the pension funds sector with regard to other transactions.

Reason

As was seen from the information presented at the study group meetings, this tax could reduce people's future pension capital by as much as 5%. It is morally wrong to force millions of future European pensioners to reduce the value of their, often low, future pension in this way.

The amendment was rejected by 142 votes to 82 with 19 abstentions.

Point 4.7.3

Amend as follows:

As regards the application of rates, the EESC would recall that its 2010 opinion (see footnote 2) proposed the application of a uniform rate of 0,05 %, and agrees that the application of the two rates – as proposed by the Commission – should reduce the risk of a relocation of markets and secure adequate resources for EU and Member State budgets. Nonetheless, the EESC considers that if this tax were to cover the countries of the European Union only and not have a global scope, the maximum rate should not exceed 0,05 % while its potential increase to 0,1 % (in accordance with the Commission’s proposal) should only take place after a number of years, subject to a detailed analysis of the economic and social effects of the solution adopted.

Reason

There is no reason for the EESC to change its earlier position regarding the maximum rate of 0,05 %, especially given the many possible effects of the proposed solution, which are difficult to predict.

The amendment was rejected by 144 votes to 85 with 12 abstentions.