



**COORDINATION SUD**

RASSEMBLER & AGIR  
POUR LA SOLIDARITÉ INTERNATIONALE



**EUROPE**

**POSITION PAPER**

# MAKING THE EUROPEAN UNION CREDIBLE ON THE INTERNATIONAL STAGE

ADDITIONAL RESOURCES  
FOR INTERNATIONAL SOLIDARITY

December 2024

Coordination SUD is the national platform of French international solidarity NGOs.

Coordination SUD was founded in 1994 and is currently made up of 184 NGOs, either as direct members or through six umbrella organisations (CLONG-Volontariat, Cnajep, Coordination Humanitaire et Développement, CRID, FORIM and Groupe initiatives). These organisations take action in the fields of emergency humanitarian and development aid, environmental protection, human rights, advocacy, and global citizenship education for international solidarity – with a special focus on working both with and to the benefit of the most disadvantaged groups of people.

To support the French NGO sector working on international solidarity, Coordination SUD and its member organisations (i) foster an enabling environment for civil society organisations (CSOs) so that they can take action and speak out; (ii) support and strengthen these CSOs; (iii) develop and advocate joint positions on international solidarity policies vis-à-vis public and private institutions in France, Europe and across the world; and (iv) monitor and analyse the international solidarity sector, its developments and its challenges.

### The Europe Monitoring Group

This monitoring group works on the three issues of public policies, development and humanitarian aid, with the goal of setting objectives at the EU level for ensuring access to funding and involvement by CSOs in determining, implementing and monitoring European public policies on international solidarity. It monitors and coordinates the communication of the positions and messages of Coordination SUD to allied platforms (CONCORD, Voice, etc.) and to institutional targets at the EU level. The Europe Monitoring Group is currently focusing on what influence the next EU Multiannual Financial Framework will have.

#### Contact:

Nicolas Paris, Analysis & Advocacy Officer

[paris@coordinationsud.org](mailto:paris@coordinationsud.org)

#### Editorial coordination

Nicolas Paris, Coordination SUD

Catherine Giboin, Médecins du Monde

## BACKGROUND

**For the European Union (EU) to be credible on the international stage in these times of increasing global needs, it must meet its commitments in international cooperation and sustainable development.** To this end, the EU needs to work out a budget which has sufficient resources and can stand the test of time. The EU must therefore make significant progress in finding its own new resources, but without imposing additional burdens on EU citizens. From the angle of tax justice, additional efforts should be made by financial markets, which have reached record levels in recent years, in contrast to most of the world's population, whose living conditions have worsened.

In this position paper, Coordination SUD together with its civil society partners proposes two major options for obtaining additional resources. These should be taken into account before the adoption of the next Multiannual Financial Framework (MFF).

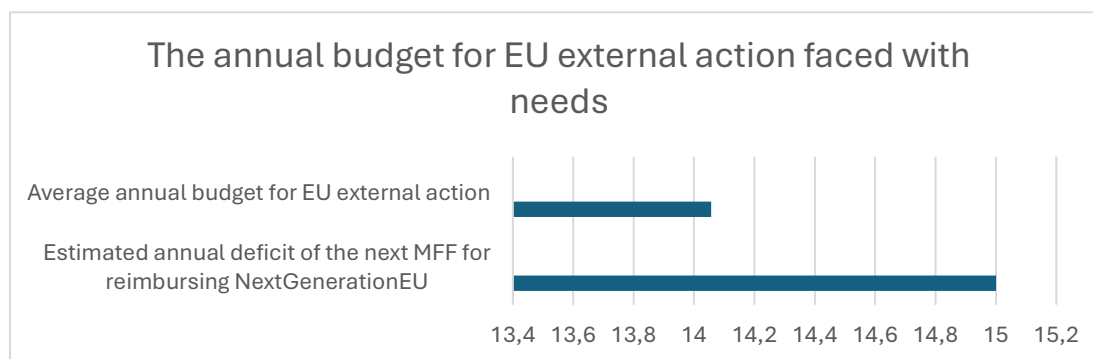
The revenue from these options should be used to provide additional funding for development cooperation, humanitarian aid, and climate and nature protection (including for adaptation and loss and damage) in low-income countries. In particular, EU international cooperation policy should once again focus on low-income countries and priority sectors such as basic social services, which have now lost precedence for the EU and have been replaced to an inordinate degree by the Global Gateway.

After a brief review of the general background, we will put forward the reasons why Coordination SUD joins its civil society partners in calling for

- an EU tax on financial transactions
- a social and climate wealth tax

# 1. BACKGROUND: GROWING NEEDS CALL FOR PROACTIVE EU POLICIES

## 1. THE EU'S GROWING FINANCIAL NEEDS



Faced with the many crises that have accumulated in recent years, the funding gap to achieve the Sustainable Development Goals (SDGs) worldwide has reached USD 4 trillion per year<sup>1</sup>. Yet, despite the EU's global commitment to the 2030 Agenda, the heading dedicated to external action represents only 5-6 % of the current MFF. While some additions were approved as part of the MFF mid-term review, €2 billion was removed from international development programmes, which form the backbone of the EU's long-standing partnership with Africa and other regions. When the EU budget is under pressure and resources are scarce, external action risks becoming the first variable for adjustment. But it is possible to protect external action better by increasing the overall budget envelope.

In addition, the next MFF will face the constraint of repaying the NextGenerationEU loans, a deficit estimated at €15 billion per year in the next EU budget<sup>2</sup>. Without new own resources, repayments will have to be made from the 2028-2035 MFF or through national contributions. It's therefore crucial to secure new own resources, both at EU and national level, to avoid spending cuts in other strategic priority sectors.

Faced with these additional financing needs for international cooperation, the EU's preferred approach is to mobilise the for-profit private sector, through various mechanisms and instruments aimed at promoting voluntary investments. With this position paper, Coordination SUD joins in its partners' views and proposals in support of an additional method of mobilising private capital, via contribution from the very wealthy and the financial sector.

<sup>1</sup> *Développement durable : les progrès réalisés pour atteindre les objectifs mondiaux sont insuffisants.* (2024, 10 September). ONU Info. <https://news.un.org/fr/story/2024/06/1146731#:~:text=Le%20d%C3%A9ficit%20d'investissement%20dans,mondial%20pour%20d%C3%A9bloquer%20les%20financements>.

<sup>2</sup> *Projet de loi de finances pour 2024 : Affaires européennes - Sénat.* (2023, 21 November). French Senate. [https://www.senat.fr/rap/123-128-22/123-128-22\\_mono.html](https://www.senat.fr/rap/123-128-22/123-128-22_mono.html)

## 2. THE EU'S HUGE RESPONSIBILITY AND DUTY TO ACT

The EU's response to harmful climate-change impact on non-EU countries must be significant in view of its historical responsibility. Indeed, the EU bears heavy responsibility for the accumulation of CO<sub>2</sub> in the atmosphere. It is responsible for 22 % of global emissions since 1751 (2.34 % for France<sup>3</sup>), compared with 3 % for Africa<sup>4</sup>. In 2022, Africa emitted 1 tonne of CO<sub>2</sub> per year per person, compared to 6.2 tonnes for the EU<sup>5</sup>.

Faced with the great challenges of the SDGs, international law speaks of 'common but differentiated responsibility'<sup>6</sup>, which is a concrete reminder that, while all countries have responsibilities in dealing with climate crises and their consequences, they have very different levels of responsibility. For example, climate change is now the cause of several crises requiring a humanitarian and development response.

In addition, for more than 50 years, the rich countries have not been meeting their commitments: they devote on average only 0.33 % of their national wealth to development assistance, despite a pledge in 1970 to devote 0.7 %. The refusal to dedicate this share of their national wealth to official development assistance now represents a cumulative debt of €5 trillion from countries with the highest incomes to countries with the lowest incomes<sup>7</sup>.

Finally, and as a study by the European Parliament's Research Service points out, '[t]he EU is uniquely positioned to mobilise resources at both Member State and EU levels, as well as with other international stakeholders'<sup>8</sup>. Beyond its responsibility, its economic weight and strategic position require it to implement additional measures. The same study also recommends investing in the Loss and Damage fund in the short term, which would link additional resources with repairing the consequences of the climate crisis.

## 3. INVESTING IN INTERNATIONAL COOPERATION MEANS INVESTING IN THE EU'S FUTURE

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<sup>3</sup> *Each Country's Share of CO<sub>2</sub> Emissions*. (2008, 16 July). Union of Concerned Scientists. <https://www.ucsusa.org/resources/each-country-share-co2-emissions>

<sup>4</sup> Reporterre. (2020, 19 December). '48 pays d'Afrique ont émis moins de 1 % des émissions mondiales de CO<sub>2</sub> depuis 1751'. *Reporterre, le Média de L'écologie - Indépendant et En Accès Libre*. <https://reporterre.net/48-pays-d-Afrique-ont-emis-moins-de-1-des-emissions-mondiales-de-CO2-depuis-1751>

<sup>5</sup> Ritchie, H., Rosado, P., & Roser, M. (2023, December 28). *CO<sub>2</sub> and Greenhouse Gas Emissions*. Our World in Data. <https://ourworldindata.org/co2-and-greenhouse-gas-emissions?insight=there-are-large-differences-in-emissions-across-the-world#key-insights>

<sup>6</sup> C.Anno. (2017, 14 June). *Le principe des responsabilités communes mais différenciées ou comment climatiser la négociation environnementale*. Le Petit Juriste. [https://www.lepetitjuriste.fr/principe-responsabilites-communes-differenciees-climatiser-negociation-environnementale/#:~:text=Le%20principe%20des%20responsabilit%C3%A9s%20communes%20mais%20diff%C3%A9renci%C3%A9es%20\(PRCID\)%20est%20un,des%20pays%20aujourd'hui%20d%C3%A9velopp%C3%A9s.](https://www.lepetitjuriste.fr/principe-responsabilites-communes-differenciees-climatiser-negociation-environnementale/#:~:text=Le%20principe%20des%20responsabilit%C3%A9s%20communes%20mais%20diff%C3%A9renci%C3%A9es%20(PRCID)%20est%20un,des%20pays%20aujourd'hui%20d%C3%A9velopp%C3%A9s.)

<sup>7</sup> Jarry, C. (2020, 27 November). *L'aide internationale : 50 ans de retard, 5000 milliards de perte pour les pays pauvres*. Oxfam France. <https://www.oxfamfrance.org/actualite/les-fausse-promesses-de-laide-internationale-la-dette-a-5000-milliards-des-pays-riches-envers-les-plus-pauvres/>

<sup>8</sup> Gwaindepi, A. & Karimu, A. *Reform of the global financial architecture in response to global challenges. How to restore debt sustainability and achieve SDGs?* European Parliament Think Tank. (2024, 14 June). [https://www.europarl.europa.eu/thinktank/en/document/EXPO\\_IDA\(2024\)754451](https://www.europarl.europa.eu/thinktank/en/document/EXPO_IDA(2024)754451)

EU leadership should be based on its ability to propose a fair and sustainable development model throughout the world. The EU must respect its global commitments in order to preserve and improve its international reputation. Faced with increasing competition in the awarding of funds, the EU urgently needs greater and more stable resources that can meet today's global challenges and remain flexible to deal with unexpected crises.

Additional contributions to official development assistance (ODA), for example, would strengthen the EU's role as a major global player committed to international solidarity. By funding social sectors in non-EU countries, the EU can improve its reputation among the people of those countries.<sup>9</sup> The European Centre for Development Policy Management (ECDPM) has also pointed out that this funding can 'show the EU's added value and goodwill in a moment these two elements are being questioned'<sup>10</sup> and that

*'Partner countries acknowledge and value the EU as a champion of human development. It has been ranked as one of the most influential and helpful donors in social sectors, ranking 6th and 5th, respectively, according to leaders in the Global South in 2021. Other major geopolitical players, including the US, UK, China and Russia were considered both less influential and less helpful in social sectors.'*<sup>11</sup>

Furthermore, in an interconnected world, ensuring the EU's climate and health security and its stability without a global outlook is no longer realistic. Aligning the EU's efforts by providing the funding needed for essential human development projects contributes indirectly to its well-being. This is because the work to eliminate poverty and inequality is a crucial lever for reducing the factors such as conflicts and humanitarian conflicts which lead to global destabilisation<sup>12</sup>. More ambitious investments in development assistance would foster a more stable and peaceful global environment that benefits both developing countries and Europe.

But investments based solely on economic competition aside, the EU can stand out through its ability to invest in global public goods<sup>13</sup>. This would also help improve diplomatic relations with the countries of the Global South and open up new prospects for cooperation. In addition, in the face of growing calls for a private-sector role in EU aid, it's important to remember that the freemarket economy is by nature incapable of managing and financing basic social services and global public goods (which sometimes overlap).

Finally, the EU's credibility depends on its ability to make its long-term strategic projects and its development projects sustainable. Mobilising new resources for ODA would free the EU budget from fluctuations in national budgets and provide its external action a more stable source of income that is

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<sup>9</sup> Custer, S., Sethi, T., Knight, R., Hutchinson, A., Choo, V., and M. Cheng. (2021). *Listening to Leaders 2021: A Report Card for Development Partners in an Era of Contested Cooperation*. <https://www.aiddata.org/publications/listening-to-leaders-2021>

<sup>10</sup> Veron, P. & Sergejeff, K. *Why does human development matter to the EU's strategic priorities?* (2024, May 13). ECDPM. <https://ecdpm.org/work/why-does-human-development-matter-eus-strategic-priorities>

<sup>11</sup> Ibid.

<sup>12</sup> Mekasha, T. J., & Tarp, F. (2019, 5 June). A Meta-Analysis of Aid Effectiveness: Revisiting the Evidence. *Politics and Governance*, 7(2), 5-28. <https://doi.org/10.17645/pag.v7i2.1771>

<sup>13</sup> Government of Norway. (n.d.). *Investing in a common future*. regjeringen.no. <https://www.regjeringen.no/en/dokumenter/investing-in-a-common-future/id2977341/?ch=1>

less dependent on political uncertainties. This would facilitate the planning of long-term development programmes, thereby providing more predictability and efficiency.

## 2. AN EU FINANCIAL TRANSACTION TAX TO REDUCE THE EXCESSES OF SPECULATION AND MEET THE NEEDS OF NON-EU COUNTRIES

### 1. OFFSETTING THE NEGATIVE EFFECTS OF FINANCIAL GLOBALISATION AND PREVENTING ABUSIVE SPECULATION

In today's world, financial transactions are often concentrated in the hands of the most powerful economic players in rich countries and are based on financial globalisation. While this globalisation does have beneficial effects, it also exacerbates inequalities and subjects low-income countries to global economic fluctuations. The use of a financial transaction tax (FTT, also called Tobin tax or Robin Hood tax), whose profits would be directed to the lowest-income countries, would partially offset these perverse effects. The EU could in this way reinvest some of the benefits of globalisation in sustainable development projects and in the fight against poverty and inequalities.

In addition, low-income countries are particularly vulnerable to global economic shocks and speculation. This latter can destabilise foodstuff prices, for example<sup>14</sup>, thereby aggravating the crises in some countries. By acting on short-term speculation, the FTT would help stabilise global financial markets while shifting their profits towards support for countries that are most vulnerable to market uncertainties.

Finally, several leaders from countries of the Global South have called for the adoption of a global FTT or have encouraged its adoption in their own countries. A globally coordinated approach is unlikely at this time, but coordination among countries which would like to implement it could promote increased and more consistent adoption<sup>15</sup>. If an FTT were to be adopted in the EU, it could motivate other 'pioneer' countries and enhance the EU's leadership in promoting greater stability in financial markets and a more just and sustainable development system.

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<sup>14</sup> CCFD-Terre Solidaire. (n.d.). *La Spéculation alimentaire aggrave la faim*. <https://ccfd-terresolidaire.org/tag/speculation-alimentaire/>

<sup>15</sup> A Universal Financial Transaction Tax could generate \$650bn a year for climate finance: CUTS International. CUTS International – Consumer Unity & Trust Society. (2023, 21 April). <https://cuts-international.org/a-universal-financial-transaction-tax-could-generate-650bn-a-year-for-climate-finance-cuts-international/#:~:text=There%20is%20an%20urgent%20need,a%20year%20for%20climate%20finance.>

## 2. FRENCH AND EU FINANCIAL TRANSACTION TAX

### The French FTT

A tax on financial transactions currently exists in France. This income is partly allocated (earmarked) to the solidarity fund for development and the general budget. Since 2013, the contribution of the French FTT to ODA has been capped at €528 million per year<sup>16</sup>. In 2022, this was equivalent to 28 % of total FTT revenue (€1.89 billion)<sup>17</sup>.

The French FTT must not see its standards lowered due to the instauration of an EU FTT. It's thus important to grasp a clear understanding of the French FTT before talking about its European equivalent.

First of all, the French FTT is a 0.3% tax that has existed since 2016. It does not cover the following:

- Purchase of shares in companies which do not have their registered office in France.
- Purchase of shares in companies with a market capitalisation of less than €1 billion.
- Intraday transactions: Purchases and resales of shares carried out on the same day are exempt, as they are not considered as definitive acquisitions.
- Transactions in derivatives: The French economic journal *Alternatives économiques* describes derivatives as 'financial securities whose basic value is determined by the changes in price of an underlying asset (or collateral), which is itself listed on a market: commodity, currency (or basket of currencies), other security or set of other securities'.<sup>18</sup>

Contrary to popular belief, the French FTT has not had a destabilising effect on financial markets and can be considered harmless. As confirmed by the Sorbonne Economics Centre, it has had 'no effect that was both significant and robust on market volatility'<sup>19</sup>.

### The options for an EU financial transactions tax

Coordination SUD recommends that the terms of an EU FTT come in addition to those of the French FTT, so as not to jeopardise its achievements. Like the French FTT, a significant portion of its revenue will have to be earmarked for international solidarity. It should also include:

- transactions and structured products, including intraday transactions, up to 0.1 %;
- derivatives, up to 0.01 %.

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<sup>16</sup> The rest is allocated to the general State budget.

<sup>17</sup> Gunther Capelle-Blancard, *La taxation des transactions financières : une estimation des recettes fiscales mondiales*. (2023, 16 May). <https://centredeconomiesorbonne.cnrs.fr/gunther-capelle-blancard-la-taxation-des-transactions-financieres-une-estimation-des-recettes-fiscales-mondiales/>

<sup>18</sup> 'Produits dérivés, définition'. (2024, 10 March). *Alternatives Economiques*. <https://www.alternatives-economiques.fr/dictionnaire/definition/97744>

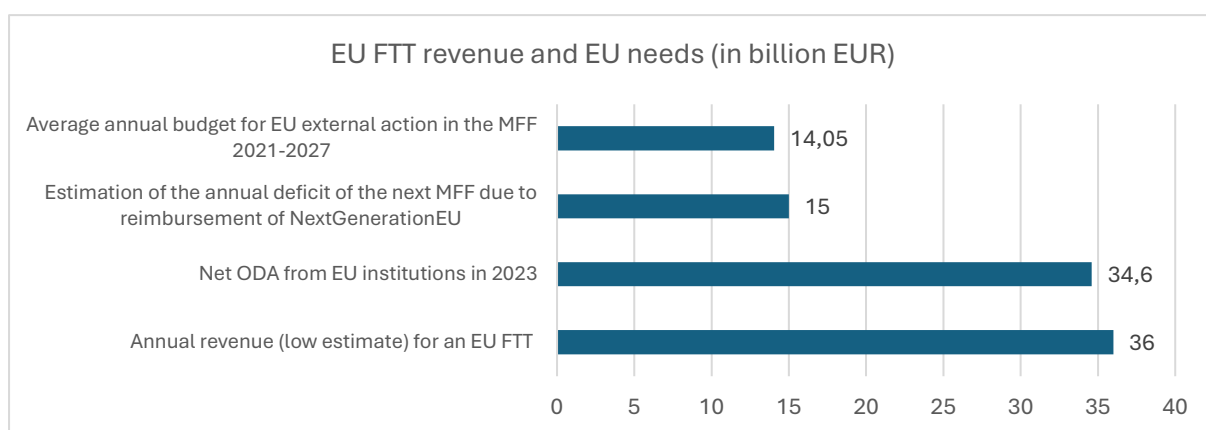
<sup>19</sup> Gunther Capelle-Blancard, *La taxation des transactions financières : une estimation des recettes fiscales mondiales*. (2023, 16 May). <https://centredeconomiesorbonne.cnrs.fr/gunther-capelle-blancard-la-taxation-des-transactions-financieres-une-estimation-des-recettes-fiscales-mondiales/>



There are two reasons behind this proposal. First, the French FTT, as currently designed, does not have a regulatory action on financial markets<sup>20</sup>. Taxing intraday transactions would help achieve this goal, at least in part, by targeting high-frequency trading<sup>21</sup>. Second, the tax base we propose takes into account financial derivatives, which represent a large portion of financial transaction volumes<sup>22</sup>.

This proposal would help generate between €36 billion and €66.1 billion<sup>23</sup> per year on a European scale, including €10.8 billion for France<sup>24</sup>. In comparison, the French FTT currently brings in €1.9 billion per year<sup>25</sup>.

This proposal, which would levy a 0.1 % tax on the transfer of shares and bonds and a 0.01 % tax on derivative contracts, was initially presented by the European Commission (EC) in 2011<sup>26</sup>. However, other options exist. According to calculations by Climate Action Network, a flat tax rate of 0.1 % on securities and derivatives could raise the amount to €300.15 billion per year<sup>27</sup>.



<sup>20</sup> French Court of Auditors report, 'La taxe sur les transactions financières et sa gestion', July 2017.

<sup>21</sup> 'Computer-powered operations to purchase and sell large amounts of orders at light speed, in order to take advantage of infinitesimal differences in interest' according to Attac.

Attac France (2023, 14 June). *Taxe sur les transactions financières : une mesure plus que jamais d'actualité*. Attac France website.

<https://france.attac.org/nos-publications/notes-et-rapports/article/taxe-sur-les-transactions-financieres-une-mesure-plus-que-jamais-dactualite#nb6>

<sup>22</sup> Gunther Capelle-Blancard, *La taxation des transactions financières : une estimation des recettes fiscales mondiales*. (2023, 16 May).

<https://centredeconomiesorbonne.cnrs.fr/gunther-capelle-blancard-la-taxation-des-transactions-financieres-une-estimation-des-recettes-fiscales-mondiales/>

<sup>23</sup> Tramullas, N. (2023, 3 October). *New Sources for Public Climate Finance and for the Loss and Damage Fund*. CAN Europe.

<https://caneurope.org/new-sources-for-public-climate-finance-loss-damage-fund/>

<sup>24</sup> Gunther Capelle-Blancard, *La taxation des transactions financières : une estimation des recettes fiscales mondiales*. (2023, 16 May).

<https://centredeconomiesorbonne.cnrs.fr/gunther-capelle-blancard-la-taxation-des-transactions-financieres-une-estimation-des-recettes-fiscales-mondiales/>

<sup>25</sup> Action Santé Mondiale. (2024, 27 September). *Révélation autour de la taxe sur les transactions financières : jusqu'à 3 milliards d'euros perdus par an*. Action Santé Mondiale website. <https://www.actionsantemondiale.fr/revelations-taxe-les-transactions-financieres-3-milliards-euros-perdus/>

<sup>26</sup> See, for example, European Commission, D-G Taxation and Customs Union. (n.d.) *The history of the proposal on Financial Transactions Tax*. [https://taxation-customs.ec.europa.eu/system/files/2018-04/history-proposal-financial-transaction-tax\\_en.pdf](https://taxation-customs.ec.europa.eu/system/files/2018-04/history-proposal-financial-transaction-tax_en.pdf), KPMG (2021) *EU Financial Transactions Tax*. Presentation: <https://assets.kpmg.com/content/dam/kpmg/xx/pdf/2021/05/eu-financial-transaction-tax.pdf> and Asen, E. (2021, 4 February) *Financial Transactions Taxes in Europe*. Tax Foundation:

<https://taxfoundation.org/data/all/eu/financial-transaction-taxes-europe-2021/>

<sup>27</sup> Tramullas, N. (2023, 3 October). *New Sources for Public Climate Finance and for the Loss and Damage Fund*. CAN Europe.

<https://caneurope.org/new-sources-for-public-climate-finance-loss-damage-fund/>

### Application details: enhanced cooperation

At the EU level, the EC presented an initial proposal for an FTT in September 2011. Since then, although the European Parliament has given its consent, the Council of the EU has not been able to reach the unanimous decision required on tax matters. To get around this difficulty, 11 Member States (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain) sent their requests to the EC to continue on the path of **enhanced cooperation**. The result was a new EC proposal<sup>28</sup> for a Council Directive in February 2013 to implement enhanced cooperation related to a financial transaction tax.

Enhanced cooperation, currently the most likely scenario for implementation of an FTT that would contribute €30 to €35 billion per year (through the 11 Member States concerned),

*‘is a procedure where a minimum of 9 EU Member States are allowed to set up advanced integration or cooperation in a particular field within the EU, when it has become clear that the EU as a whole cannot achieve the goals of such cooperation within a reasonable period’<sup>29</sup>.*

In this way, they can make use of the institutions, procedures and mechanisms provided for in the EU Treaty and the Treaty establishing the European Community. In this specific case, the Commission may propose a directive affecting only some Member States.

## 3. A SOCIAL AND CLIMATE WEALTH TAX, FOR EACH INDIVIDUAL TO CONTRIBUTE ACCORDING TO THEIR RESOURCES AND RESPONSIBILITIES

The social and climate wealth tax was a proposal made during the Brazilian presidency of the G20 in 2024. The potential financial windfall of the tax is considerable. The report, which Brazil commissioned to the French economist Gabriel Zucman, estimates this windfall at between USD 80 billion and USD 688 billion<sup>30</sup>.

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<sup>28</sup> European Commission (2013, 14 February). *Financial Transaction Tax under Enhanced Cooperation: Commission sets out the details*. [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_13\\_115](https://ec.europa.eu/commission/presscorner/detail/en/ip_13_115)

<sup>29</sup> *Enhanced cooperation*. EUR-Lex. (n.d.). <https://eur-lex.europa.eu/EN/legal-content/glossary/enhanced-cooperation.html>.

<sup>30</sup> *A blueprint for a coordinated minimum effective taxation standard for ultra-high-net-worth individuals*. (2024, 11 July). EU Tax Observatory. <https://www.taxobservatory.eu/publication/a-blueprint-for-a-coordinated-minimum-effective-taxation-standard-for-ultra-high-net-worth-individuals/>

## 1. CONTRIBUTING ACCORDING TO RESOURCES AND RESPONSIBILITIES

The social and climate wealth tax comes in response to the observation that large fortunes today are generated in globalised economies and enable the wealthiest individuals to access global markets. It's in this international context that the European social and climate wealth tax would help contribute, on this same scale, to tax fairness that would help the most vulnerable people.

Upholding distribution of wealth is crucial, because the way in which wealth is accumulated is partly responsible for the increase in inequalities and poverty. Furthermore, one of the main reasons why the system continues to be unequal is that the richest people have a disproportionate influence on political decision-making, thereby guaranteeing that political rules are designed in such a way as to ensure the continued accumulation of wealth<sup>31</sup>.

Extreme inequality in wealth results in unequal access to sources of wealth, such as natural resources and land, technology, knowledge and ideas. This is especially true in low-income countries. In addition, crises have tended to exacerbate inequalities in recent years. For example, since 2020 the world's five richest men have doubled their fortunes (and all the EU billionaires have increased theirs by one third<sup>32</sup>). Meanwhile, nearly 5 billion people have become poorer. Given that the wealth of the world's 2,500 billionaires is equal to that of 60% of the world's population, this means that it will take 230 years at the current rate to end poverty<sup>33</sup>.

The European countries and their great fortunes have historically played a major role in the exploitation of natural and human resources in low-income countries. And the richest individuals most often have a higher carbon footprint<sup>34</sup>. They therefore bear greater responsibility for the impacts of climate change on people's living conditions. The richest individuals have a much larger ecological footprint than the rest of the population because they buy more electronic equipment, travel more, take the most polluting modes of transport, and trade in highly polluting company shares. In Europe (where the average carbon footprint remains very high compared to other regions of the world), '[a] person from the richest 1 percent emits on average 14 times more carbon (CO<sub>2</sub>) than a person in the bottom 50 percent.'<sup>35</sup> By allocating some of the revenue from this new contribution to ODA, Europe would meet its responsibility to support the most vulnerable countries by offering them the means they need to fight poverty, inequalities and the socio-economic consequences of climate change. The social and climate wealth tax would thus make it possible to transfer some of the costs due to climate change to the main parties responsible for it.

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<sup>31</sup> Jarry, C. (2023, 19 June). *Nouveau rapport : la loi du plus riche*. Oxfam France.

<https://www.oxfamfrance.org/inegalites-et-justice-fiscale/nouveau-rapport-la-loi-du-plus-riche/>

<sup>32</sup> *EU governments miss 33 million euros per hour in unpaid taxes from Europe's super-rich*. (2024, April 11). Oxfam International. <https://www.oxfam.org/en/press-releases/eu-governments-miss-33-million-euros-hour-unpaid-taxes-europes-super-rich>

<sup>33</sup> Jarry, C. (2024, 17 January). *Rapport Oxfam 2024 : Multinationales et inégalités multiples*. Oxfam France. <https://www.oxfamfrance.org/rapports/multinationales-et-inegalites-multiples/>

<sup>34</sup> *Carbon inequality in 2030*. (2022, May 25). Oxfam International. <https://www.oxfam.org/en/research/carbon-inequality-2030>

<sup>35</sup> *EU governments miss 33 million euros per hour in unpaid taxes from Europe's super-rich*. (2024, April 11). Oxfam International. <https://www.oxfam.org/en/press-releases/eu-governments-miss-33-million-euros-hour-unpaid-taxes-europes-super-rich>

Finally, setting up such a wealth tax would enable people with more resources to contribute to collective efforts. Indeed, since 2020, EU billionaires have increased their wealth by a third, reaching €1.9 trillion in 2023. Meanwhile, 99% of the EU population has become poorer<sup>36</sup>. Yet, in 2024, a report recalls that billionaires are apparently taxed at significantly lower rates than those of all other categories of the population<sup>37</sup>. According to the EU Tax Observatory, the 75 billionaires residing in France pay about 2 % tax on all their income, while 99.99% of French people pay an average tax rate of between 46 and 54 %, all taxes combined<sup>38</sup>.

Reform along these lines is widely supported by EU citizens, with nearly 7 out of 10 agreeing with the statement that it is important for governments to tax the richest to support the poorest<sup>39</sup>. In France, 77 % of French people want the solidarity wealth tax (known as the ISF) to be restored<sup>40</sup>.

## 2. TECHNICAL CONSIDERATIONS

### What exactly is a 'wealth tax'?

Coordination SUD supports its partners' proposals to establish a personal wealth tax. The reasoning behind this is that the richest people increase their wealth not through their income (which is taxed), but mainly through the capital gains on their assets. These are taxable only when the corresponding assets are sold.

The annual increase in the wealth of the richest people thus largely avoids taxation<sup>41</sup>. In addition, wealth inequalities are much greater than income inequalities. According to the EC, 'the top 1 % income earners in the EU receive 11.6 % of all income accruing in the EU, while the top 1 % wealthiest individuals hold 24.6 % of net personal wealth'<sup>42</sup>.

### Taxation of wealth and EU jurisdiction

While taxation is primarily under the jurisdiction of the Member States, there are ways in which the EU could implement a wealth tax, whether through coordination, harmonisation or direct action at EU level. An EU wealth tax does not limit effectiveness or implementation at the national level. On the contrary, an EU approach can ensure more consistent and effective implementation of wealth taxes and reduce the risk of tax evasion.

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<sup>36</sup> Ibid.

<sup>37</sup> *Global Tax Evasion Report 2024*. (2024, 1 January). EU Tax Observatory.  
<https://www.taxobservatory.eu/publication/global-tax-evasion-report-2024/>

<sup>38</sup> Ibid.

<sup>39</sup> *Social Europe: Eurobarometer survey shows Europeans support stronger social policies and more social spending*. (n.d.). Employment, Social Affairs & Inclusion - European Commission.  
<https://ec.europa.eu/social/main.jsp?langId=en&catId=89&furtherNews=yes&newsId=10509#navItem-1>

<sup>40</sup> 'SONDAGE. 77 % des Français souhaitent le rétablissement de l'ISF'. (2023, 26 January). *Le Journal du Dimanche*.  
<https://www.lejdd.fr/Politique/sondage-77-des-francais-souhaitent-le-retablissement-de-lisf-3833072>

<sup>41</sup> European Commission. (2021). *World Inequality Report 2022*.  
[https://knowledge4policy.ec.europa.eu/publication/world-inequality-report-2022\\_en](https://knowledge4policy.ec.europa.eu/publication/world-inequality-report-2022_en)

<sup>42</sup> European Union. (2024). *Annual report on taxation 2024: review of taxation policies in the European Union*. Publications Office of the EU. <https://op.europa.eu/en/publication-detail/-/publication/154705e0-38ef-11ef-b441-01aa75ed71a1/language-en/format-PDF/source-330633463>

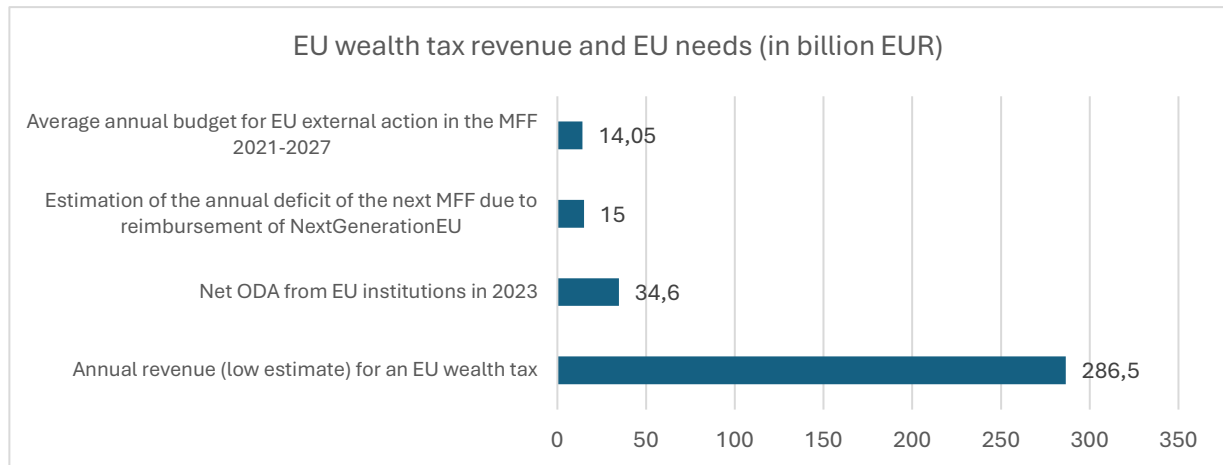
### Addressing the concerns about a social and climate wealth tax

There are many myths and misconceptions surrounding the notion of wealth tax, a very widespread one being that putting into effect a wealth tax could lead to the self-exile of wealthy people, the flight of capital and tax evasion.

On the question of wealth leaving the country, several studies have shown that wealthy people are often less mobile than generally thought. Some studies even indicate the opposite effect<sup>43</sup>. Many factors influence a person's decision to settle elsewhere, including family ties, business interests, quality of life, and social and cultural ties to their country of origin. Not everyone wants to move to another country solely for tax reasons, nor is it practical. When a wealth tax was introduced in Norway, for example, out of its 236,000 millionaires and billionaires, only 30 moved, representing 0.01 % of the country's very rich<sup>44</sup>.

Tax abuse and evasion is another valid concern for effective wealth tax implementation. Here, we are talking about high-net-worth individuals who hide their assets and wealth in secret offshore accounts. While such abuse and evasion certainly do occur, global exchange of financial information makes it more difficult to carry out than before. Nevertheless, it will be important to simultaneously implement effective enforcement mechanisms, transparency measures and international cooperation efforts to help mitigate the risks of tax abuse.

### Social and climate wealth tax: what form and what revenue generated?



<sup>43</sup> Ibid.

<sup>44</sup> *Tax the Rich: from slogan to reality*. (n.d.). Greens/EFA. <https://www.greens-efa.eu/en/article/study/tax-the-rich-from-slogan-to-reality>.

Several proposals have been made on tax thresholds and tax bases. These would have different consequences in terms of revenue.

- According to G. Zucman, an EU wealth tax would make it possible to levy 1.05 % of EU GDP each year, if fraud and evasion are addressed<sup>45</sup>.
- According to a study by the Foundation for European Progressive Studies (FEPS), a highly progressive wealth tax can generate up to €505 billion, and at least €303 to €357 billion if tax evasion is addressed, representing 3% of EU GDP per year<sup>46</sup>.
- Oxfam states that a progressive wealth tax for EU multimillionaires and billionaires could range from 2% to 5%. It could thus raise €286.5 billion per year<sup>47</sup> (without even taking into account some EU countries<sup>48</sup>). For example, this sum represents:
  - nearly 40% of the NextGenerationEU recovery fund to deal with the impacts of the Covid-19 pandemic;
  - more than three times the seven-year EU external aid budget;
  - more than half of the highest estimated annual global costs for climate crisis adaptation and mitigation in low- and middle-income countries.

For Coordination SUD, all these different possibilities should be studied keeping in mind that a large portion of the revenues should be allocated to international solidarity actions and programmes.

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<sup>45</sup> Zucman, G., Landais, C., Saez, E. (2020). A progressive European wealth tax to fund the European COVID response. *ideas.repec.org*. <https://ideas.repec.org/h/cpr/ebchap/p328-17.html>

<sup>46</sup> Zucman, G., Landais, C., Saez, E. (2024, 20 March). *A European wealth tax for a fair and green recovery*. Foundation for European Progressive Studies. <https://feps-europe.eu/publication/788-a-european-wealth-tax-for-a-fair-and-green-recovery/>

<sup>47</sup> *EU governments miss 33 million euros per hour in unpaid taxes from Europe's super-rich*. (2024, April 11). Oxfam International. <https://www.oxfam.org/en/press-releases/eu-governments-miss-33-million-euros-hour-unpaid-taxes-europes-super-rich>

<sup>48</sup> Croatia, Cyprus, Estonia, Latvia, Lithuania, Malta, Slovakia.



**Rassembler et agir**  
**pour la Solidarité internationale**

14, Passage Dubail 75010 Paris

Tél. : + 33 1 44 72 93 72

[www.coordinationsud.org](http://www.coordinationsud.org)