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

Takehiko Uemura
Associate Professor
Yokohama City University
Secretariat
The Japanese Commission for the Promotion of International Solidarity Levies

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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
● 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 8\textsuperscript{th} Plenary Meeting of the LG chaired by Japanese Government
- Political judgment of Prime Minister
- Japanese civil society needs to be more empowered than ever.

- \textit{It is watershed if Japan can introduce ISLs.}
- \textit{It is high time for Japan to show its ability and willingness to contribute to international community.}