

Wednesday, June 9, 2010

To: The Leaders of the G-20

Re: International Financial Transaction Tax

Our organizations represent millions of businesses employing tens of millions of workers. We appreciate the work of the G-20 leaders in responding to the global financial crisis. In advance of the upcoming G-20 summit in Toronto, we ask that you focus on coordination of national policies needed to restore confidence in the capital markets and overall health of the financial sector. At the same time we urge you to reject suggestions of any G-20-wide taxes and levies. Within coordinated policy frameworks, each country should decide how to cope with the costs of potential resolution needs, taking into account the quality of respective financial markets and supervision.

This letter specifically addresses the proposal to impose a tax on financial transactions. Highly liquid markets make it possible for businesses to obtain the capital needed to expand, thereby generating economic growth and job creation. Both proponents and opponents of a financial transaction tax agree it would raise trading costs and reduce the liquidity that benefits all investors and businesses. Imposing such a tax would harm companies at a time when business expansion is most needed to fuel a fragile global economic recovery.

Furthermore, if all of the G-20 nations were to impose such a tax, other economies would not, leading to off-shore migration of financial transactions, increased regulatory "dead-zones", and loss of revenues. The financial transaction tax would damage efforts by the G-20 to increase financial regulatory cooperation and hamper coordination to address cross-border issues.

In short, a G-20 financial transaction tax is the wrong instrument at the wrong time. Efforts to move forward on such a proposal would impair efforts to reform and improve financial regulatory systems, foster economic recovery and create jobs.

We in the broad-based business community are working hard to continue building the wealth of nations and generate new jobs. We strongly urge you to dismiss calls for a G-20 financial transaction tax and recognize such proposals as obstacles to greater opportunities for average investors, capital formation, job growth, and global economic recovery.

Associations co-signing:



The Canadian Chamber of Commerce



U.S. Chamber of Commerce

NIPPON KEIDANREN

Nippon Keidanren



Australian Industry Group