



EUROPEAN COMMISSION

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Financial Transaction Tax: Time to engage, compromise and deliver

Plenary debate in Parliament
Strasbourg, 4 February 2014

Chair, Honourable Members,

This debate is timely and essential.

It is timely because there are only a few months left before Europe will be judged on how it delivered on its objectives.

And the Financial Transaction Tax has always been closely aligned to some of the EU's most important objectives: fairness, responsibility, and a stronger Single Market.

The European Parliament has consistently supported this project. You have had the courage and conviction to transcend individual differences and dogmas, and to converge in support of the FTT.

Last July, you strongly supported a design which offered a balance between efficiency and delivery.

You identified the sensitive areas in this file, and offered strong and credible solutions.

You adopted a realistic approach, without losing the ambition for results.

I find myself wondering why the 11 Member States have not been able to do the same – especially as they asked specifically to proceed with this project under enhanced cooperation.

Europe needs to reconnect with its citizens. And the FTT is a prime example of a project which can help to achieve this.

64% of EU citizens support the Financial Transaction Tax, according to the latest Eurobarometer survey. This is a highly popular initiative, which Europeans believe in.

Our leaders should keep this in mind when considering the proposal, especially as the May elections come ever closer.

Today's debate is essential because the FTT is at risk.

We all know that the broad-based FTT has a lot of supporters; this is something which should not be overlooked in the avalanche of lobby-driven criticisms.

But strong vested-interest groups have worked tirelessly to impede progress, over-estimating the threats and negative impact of this tax.

And this has created some apprehension amongst the Member States.

While I still strongly maintain that many of the fears are unfounded, I do believe it is now time to speed up the work with the Member States to find a compromise.

Your assembly set out various options in its last report, which could have formed the basis of a possible agreement.

These options included removing from the scope those transactions which are closely linked to the real economy or whose objective is to ensure market liquidity.

They included exempting intra-group transactions or transactions within a network of de-centralised banks when they fulfil a legal or prudential liquidity requirement.

They included implementing a lower tax rates for certain products, such as governments bonds.

All of these options which you presented were viable. And they should have been explored with greater zeal by the Member States in seeking a compromise.

It is time for all FTT supporters to stand up and team up for progress.

This means adapting to the reality of the situation today, and finding a way forward.

The broad based FTT is the one that the Commission – and many stakeholders and citizens – want. I still believe that it is the best option to achieve our legitimate objectives.

But we must play with the cards we are dealt.

If we want results, we must nurture what can be achieved, rather than relentlessly pursue what cannot.

The Commission has always been clear that it would not stand in the way of an agreement on the FTT, as long as the final compromise does not open the way for avoidance or distortions, and does not alter the rights of the non-participating Member States.

In this context, there would be nothing wrong with a gradual implementation of the tax, if that is what the Member States are more comfortable with today for as long as this first step is clearly enshrined in an agreed path towards the eventual implementation of a broad base FTT.

Agreement on a common FTT will be highly significant for the Single Market and for our taxpayers – even if the pace is more cautious that we would ideally like.

However, to see real progress before the elections, the 11 Member States need to engage.

Yes – they have advanced on some important aspects at technical level, with the full support of the Commission.

But many issues require a strong political steer in order to be resolved. And unfortunately that steer has been lacking up to now.

I am pleased that the Greek Presidency has committed to giving priority to this file. Under its leadership, there is still time for the 11 Member States to converge before the European elections.

It is time for them to engage, to compromise and to deliver.