Chambers of G20 countries oppose levy of international financial transaction tax or bank tax; Present six point agenda to G20 leaders to ensure broad economic recovery and robust long term growth

FICCI joins the group and extends support on behalf of India Inc

New Delhi, June 25, 2010. An overwhelming majority of the Chambers of the G20 countries excepting Eurochambers has opposed the idea of a bank tax in a memorandum to the G20 political leadership. Eurochambers members had differences in their views on this issue and therefore it refused to express its unequivocal support for the Chambers' rejection of the idea of a bank tax.

FICCI is a member of the Chambers of Commerce of the G20 countries and had pointed out and categorically expressed its views arguing against imposition of a bank tax. Member Chambers have however underlined the importance of reasonable regulation of the financial sector while cautioning against over regulation.

Incidentally, meeting of the business representatives of the G20 countries is also being held at Toronto coinciding with the G20 deliberations. The business community is giving its feedback on issues affecting their economy, the global economy and steps proposed to be discussed at the G20 summit.

Chambers of the G20 group of countries have emphasized on the following six points in their submission to the G20 group.

Deliver the framework for a strong, sustainable economic growth. The C20 Chambers feel that governments must steer the global economy to sustainable growth while consolidating public finances and repairing the financial sector. Governments must continue to ensure that businesses, especially small and medium-sized, have adequate, flexible and efficient access to financing both from banks and capital markets. Employment needs to be fostered decisively through structural reforms and active labour market policies.

Sound Public Finances. Governments must ensure sustained economic growth while putting a break on public debt. Timely, coordinated exit strategies from extraordinary fiscal measures need to be implemented to restore fiscal discipline, preserve global growth and stability, and stimulate greater investment and participation in the labour market. Public budgets need to be rebalanced with clear plans for exiting from unsustainably high levels of public debt and more efficient spending to enhance long-term growth. The ability of businesses to create jobs and contribute to social welfare would be severely hampered by increased business, investment or employment taxes.

Reform the financial sector. Health and stability of the financial system must be ensured through an international framework for reform based on a principle-based, peer-reviewed global financial supervision framework. Priority should be given to ensuring adequate financial sector capital and liquidity requirements, developing an efficient early warning system and global initiatives to promote standardization, transparency and central clearing for derivatives markets. Any potentially forthcoming rules on banks' capital provisions should take into account the need to ensure that businesses have appropriate access to financing in economic downturns.

Conclude the WTO Doha Round and dismantle trade barriers. The time is right to reach an ambitious and balanced conclusion to the Doha Round based on progress already made. Political energy at the highest level should be injected to bridge remaining gaps and ensure that any final Doha Round agreement creates new trade flows, reduces costs of doing business across borders and increases predictability for companies.

Protect foreign investment. Governments must refrain from raising barriers or imposing new barriers to both outward and inbound investment. Government criteria for blocking foreign investment in defense of "national security" or of a "strategic industry" should be narrowly defined and only applied under exceptional circumstances.

Effective protection of intellectual property (IP) rights. Inappropriate and insufficient protection of IP can distort free trade, impede investment, impair technology transfer and hinder innovation. Particular attention must be given to concrete enforcement of the TRIPS Agreement.

Note: Please find enclosed the C20 Position Paper.

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