GLOBAL FUND EYES EUROPEAN FINANCIAL TRANSACTION TAX AS POSSIBLE REVENUE STREAM

A move to impose a tax on the sale and purchase of financial products including stocks, bonds, options and futures contracts in at least 10 European countries is gathering steam, and could provide a valuable new source of revenue for the Global Fund's fight against AIDS, TB and malaria.

Ten European countries in the European Union have signed on to the financial transaction tax (FTT) policy, which will go into effect in early 2016. Details of where the revenues collected from the FTT will go are still under negotiation.

Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia and Spain have all agreed to levy the tax on the purchase and sale of financial products. Slovenia was also initially signed on to the FTT but the resignation of its finance minister has thrown its participation into doubt.

The FTT could generate revenues in the tens of billions of dollars annually; Spanish researchers have estimated that in Spain, the EU FTT would produce annual revenues of € 5 billion (about $8 billion).

Cautious optimism that these revenues could be allocated to help global development issues, including global health, reigns.

In a series of statements during July's International AIDS Conference in Australia, Christoph Benn, head of external relations for the Fund, hailed the initiative, adding: "Over the next few months the participating countries will determine the allocation of these additional resources. It will be critical that they allocate part of the proceeds to development issues and global health. This might increase the fiscal space for several donor countries to provide additional resources for addressing AIDS, TB and malaria, including through the Global Fund as an instrument of choice.”

Spanish NGOs have launched a campaign to set aside 50% of the revenues from the FTT for global issues of poverty and climate change. One NGO, Salud por Derecho, is championing the Fund as a worthy conduit for those resources — which would, in turn, help Spain regain its position as a significant contributor to the Global Fund. The country opted out of pledging to the Fourth Replenishment in December 2013 due to the financial crisis.

France has already adopted a domestic FTT, allocating 8% of the revenues to the Global Fund as part of its contribution to the Fund. It is anticipated that the EU FTT will replace the French FTT, and French NGOs have expressed hope that the Global Fund will remain a beneficiary of the proceeds.

Europe’s largest financial center — the UK — has strongly opposed the imposition of an FTT because of the potential impact it could have on the banking sector, despite a widespread campaign to encourage participation in the EU policy. The US is also abstaining from imposing an FTT. Both countries contribute significant amounts to the Global Fund.

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