Brussels, Wednesday, 12 March 2025

JOINT LETTER TO THE EUROPEAN COUNCIL REGARDING INNOVATIVE WAYS TO RAISE EU OWN RESOURCES

Dear European Heads of State and Government,
Dear Mr António Costa,

You are meeting in Brussels, on 20 & 21 March, and are expected to discuss new ways to raise EU own resources. The **European Union faces an investment crisis**. Mario Draghi's landmark competitiveness report has called for significantly more public and private investment, urging the EU to invest an additional €800 billion per year. He stressed that the EU must match post-World War II investment levels, warning that otherwise Europe risks compromising its welfare, environment and global standard.

Much of these investments are **indispensable to bolster European industrial policy while reaching agreed green and social targets. The EU also needs to deliver on commitments towards low- and middle-income partner countries**, including substantial resources for the new UNFCCC climate finance goal and to advance the SDGs.

New tax revenues are required to maintain sound public finances as we close the investment gap to ensure strong foundations for future generations. The European Commission issued valuable proposals for new own resources in 2023, and we regret that those proposals have not been agreed so far. The European Commission's suggestions for new own resources include an EU-coordinated Financial Transaction Tax. Such a tax could collect between €17 and €43 billion every year.

In addition to the European Commission's existing suggestions for own resources, we urge you to consider additional innovative proposals and we would like to draw your attention in particular to three additional taxation options:

- **A tax on extreme wealth;**
- **A tax on the profits and ownership of the fossil fuel industry;** and
- **Aviation taxes.** You will find more information on these taxation options in the attached annex.

These initiatives would help ensure that the **cost of the economic transformation is borne primarily by the super-rich and the greatest polluters**, making them **socially acceptable. Today young, working and marginalised people in Europe are being hit hardest by inflation** while the effective tax rate faced by the wealthiest individuals is lower than the one faced by the middle class. Even if national authorities would implement these tax options, introduction should be coordinated at EU level to reduce the scope for aggressive tax planning and tax avoidance within the EU. The revenues raised should be earmarked for national budgets, repaying NGEU debt and mobilising additional resources for the next EU budget, including support for partner countries.

After four years of suspension of the EU fiscal rules, the European Commission may propose to suspend them again for investments in defence, evidencing that they are ill-suited to the challenges of the 21st century. Crucially, even if such suspension happens, it must go hand in hand with tangible progress to raise additional resources. This is the only way to make sure these investments are not made at the expense of green, social and global commitments, and that resources will be available in time to service national and EU public debt.

Now is the time for courage and a clear direction for Europe in this extraordinarily challenging geo-political context. We count on your determination and long-term vision.

Yours Sincerely,

- Els Hertogen, Director, 11.11.11;
- Cécile Quéval, EU advocacy adviser, Action contre la Faim;
- Kasia Lemanska, EU Representative, Aidsfonds;
- Nuno Barroso, President, APIT Portugal;
- Chiara Martinelli, Director, Climate Action Network (CAN) Europe;
- Arnaud Zacharie, Secretary General, CNCD-11.11.11;
- Tanya Cox, Director, CONCORD;
- Olivier Bruyeron, President, Coordination SUD;
- Juliana Wahlgren, Director, European Anti-Poverty Network;
- Patrizia Heidegger, Deputy Secretary General, European Environmental Bureau;
- Jan Willem Goudriaan, General Secretary, The European Federation of Public Service Unions (EPSU);
- Rareș Voicu, President, European Youth Forum;
- Valentina Barbagallo, EU Representative, Global Citizen;
- Petra Totterman-Andorff, Secretary General, The Kvinna till Kvinna Foundation;
- Sebastian Mang, Senior Programme Manager, New Economics Foundation;
- Evelien van Roemburg, Head of Oxfam's EU Office, Oxfam ;
- Eloise Todd, Executive Director, Pandemic Action Network ;
- Morgane Créach, Director General, Réseau Action Climat;

ANNEX: THREE ADDITIONAL TAXATION OPTIONS TO CONSIDER IN THE DEBATE ON EU OWN RESOURCES

- **Tax on extreme wealth:** Wealth concentration at the top has reached unprecedented levels. In 2022, the wealthiest 1% held a quarter of the net personal wealth in the EU, compared with 3.2% of wealth owned by the bottom 50%. Moreover, younger generations face significant barriers to wealth accumulation due to rising housing costs, student debt, and precarious employment. Interest in taxing the super-rich is growing at national, regional, and global levels. In November 2024, the G20 governments agreed to cooperate on taxing the ultra-rich and ahead of the July G20 ministerial meeting, several organisations presented a petition with over 1.5 million signatures worldwide calling to tax the ultra-wealthy. More than 350.000 signatures have been collected through the European Citizens Initiative for a European wealth tax from October 2023 to October 2024. A tax on extreme wealth is also one of the measures needed to avoid the generalization of plutocracies and the destruction of checks and balances inherent to democratic societies. The EU has historically worked to combat tax evasion, avoidance, and harmful tax practices, as seen in initiatives such as the Anti-Tax Avoidance Directive (ATAD) and efforts against Base Erosion and Profit Shifting (BEPS). A coordinated EU-wide extreme wealth tax would close loopholes that ultra-rich exploit by shifting income and assets across Member States to avoid their fiscal responsibilities, preventing fragmented enforcement. Estimates, mentioned by the European Commission in its yearly taxation report, indicate that a yearly wealth tax of up to 5% on Europe's multimillionaires and billionaires could bring 286.5 billion euro each year. **We encourage you to call for and then agree on the introduction of a pan-European tax on extreme wealth and, pending an agreement at the EU level, the introduction of net wealth taxes at the national level. We also urge you to support ongoing efforts to tax extreme wealth at the global level, for example supporting the new G20 agenda on taxing the super-rich and the taxation of high-net-worth individuals under the new UN Tax Convention.**

- **Tax on the profits of the fossil fuel industry:** Fossil fuel companies have made record profits over the last years and are among the most responsible for pollution and climate change – which generate exponential costs and risks for public budgets. In the 12 months leading to July 2023, the 14 biggest fossil fuel companies collectively made USD 278 billion in net profits, up by 278% compared to the previous period. A tax on the profits of fossil fuel companies could address market distortions and incentivise investments in the green transition. In 2022, the EU reached an agreement and implemented a temporary windfall profit solidarity contribution on companies in the crude petroleum, natural gas, coal and refinery sectors which were generating at least 75% of their turnover from the extraction, mining, refining of petroleum or manufacture of coke oven products. A tax on the profits of the fossil fuel industry could build on this precedent. In 2022, EU member states raised an estimated €17.5 billion. Alternatively, a top-up tax on the corporate minimum tax, applied only to fossil fuel companies, appears to be another promising option. **We urge you to call on the European Commission to make a proposal to tax the fossil fuel industry's profits, while assessing the expected return, and flanking measures required to ensure the cost is not passed on to households and companies.**

- **Kerosene and air tickets taxes:** The aviation sector as a whole accounts for approximately 11% of CO_2 emissions from transport and has been one of the fastest-growing greenhouse gas emitting sectors. Non-CO_2 impacts are also very significant. Jet fuel goes largely untaxed, due to a tax exemption on kerosene which dates back to 1944. Two proposals could address this: taxing kerosene and applying a levy on ticket sales. Introducing a kerosene tax of €0,33/l at European level via the Energy Taxation Directive, would generate almost €27 billion in revenues every year. For non-EU flights, this requires a re-negotiation of the tax exemption clauses in the Chicago Convention or bilateral agreements, while intra-EU and domestic flights could be taxed right away. According to a leaked report for the European Commission such a tax would have no net impact on jobs or the overall economy. However, we would rather support more socially acceptable options (as opposed to a flat tax) such as a levy only on business- and first-class flights, or a **frequent flier levy.** Examples include taxing flights with a levy of €20 on economy class and €180 on business class tickets, and a progressive levy starting at $9 for the second flight per year and rising to $177 at the twentieth ticket per year. According to the European network Stay Grounded, a frequent flyer levy could raise an extra 63,6 billion euros per year.