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Short evaluation of the Green/EFA group's input in EMAC

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Preliminary remark

Although the Greens/EFA group continues to encounter significant difficulties to defend our position in EMAC on controversial issues (such as Stability and Growth Pact, taxation, liberalisation of services,...), the trend is however quite positive, in comparison with last year. All in all, this year has witnessed a better spirit of cooperation between all political groups, in spite of the fact that the Greens lost one seat, at the advantage of the UEN.

GREEN SUCCESS AND SET-BACKS in ECON

Economic and monetary policies of the Union : this year, the Greens manage to reap real successes on these sensitive issues. The most significant example is the annual report on the European Central Bank (Mitchell report). For the first time in three years, the Greens voted in favour of such report. Thanks to the very constructive approach of the rapporteur (EPP, IR), many of the AM tabled by the Greens were carried in ECON, and the final report contains ideas which were not accepted till then by the EPP : need to clarify the role of the Council in respect with the euro exchange rate ; support of the Eurogroup' efforts to increase the macroeconomic dialogue between the Council, the Commission, the ECB, the EP and the social partners ; recommendations to improve the democratic scrutiny of the ECB ; need to take into account the quality of public finances (rather than advocating for fiscal consolidation as a goal in itself).

Last but not least, this report stresses for the first time the need for fairer distribution of the fruits of growth, and mentions that "wage moderation" (justified for combating inflation) shall also apply to top managers, whose remuneration grows disproportionately to ordinary salary. The same ideas were defended successfully as well in the annual report on the Eurozone (Rosati report), which contained also an idea which was initially not accepted by the EPP : the need to examining the convergence criteria (especially the inflation criteria) in light with the pace of economic development of a country (in order words, an implicit reference was made on Lithuania, whose higher inflation rate reflected mainly the catching-up process).

Another report which was very good in comparison of last year was the annual report on the Broad Economic Guidelines, for which many of the Greens AM were carried through. The overall result of this report was unexpected, as it reconciled the three dimensions of the Lisbon Strategy. On labour market reforms for instance, it is the model of "flexicurity" which is clearly put forward, instead of the usual request of labour and wage flexibility. Dos Santos report on increasing oil price was another success for the Greens since many of their AM were carried through. And by emphasizing the negative macro-economic impact of increasing oil prices, the report asked for drastic changes in the energy policy. However, in spite of various reasons of satisfaction, the Greens still have major difficulties to defend the position on certain sensitive issues of EMU, such as the idea that the ECB should pay an equal attention to the fulfilment of the objectives of the Treaty as well as on the stability of price. As regards the Stability and Growth Pact, it is the hard liner of the EPP and the liberal group asking for returning to a former rigid SGP which prevailed (the Greens voted against Lauk report on public finances).

At last, on issues such as the liberalisation in the postal service sector (Savary report), all Greens' ideas were defeated in spite of the support of the PSE and the GUE.

Financial services : thanks to the constructive attitude of Gauzes (EPP, FR), the Greens voted in favour of the setting-up of the Single European Payment Area, since the consumer protection dimension and prudential rules have been substantially reinforced in comparison with the former Directive's proposal.

However, on a sensitive topic such as hedge funds (Van Den Burg report on White Paper on Financial services), the Greens didn't manage to get across the idea of having more transparency and regulation, as in the case of commercial and investment banks, and will probably still fail to get through these ideas in the future, in view of the strong opposition of the EPP and the liberals.

Rules on competition

This year, the Greens were quite successful on these issues with their AM, and adopted both Ferreira report on the annual report of competition, - which conveyed a clear message as regards efforts to be made in the ambit of combating cartels, especially in the energy sector -, as well as Presedo report on damage actions for breach of EC antitrust rules. Thanks to an alternative majority (Greens, liberals, PSE, GUE), the Greens succeeded in imposing the principle of collective action.

Taxation

This year, taxation has been one of the most controversial issue debated in ECON, on which the Greens had hardly no success. On Lulling report (excise duties on alcohol), the idea of adjusting excise duties of alcohol to take into account inflation rate didn't find a majority in favour, neither in committee, nor in plenary. However, the idea of scrapping the directive, as proposed by the rapporteur, didn't go through either. Although Lipietz opinion report on the inclusion of aviation in the emission trading system was a big success for the Greens in ECON, the idea of taxation of kerozene has been defeated. Last but not least, on corporate taxation, there is no majority in favour of minimum tax rates, as in the case of taxation of speculative financial movement.

HOT ISSUES 2007-2009

Common Consolidated Corporate Tax Base : the Commission shall present a draft legislative by the end of 2008. Whereas there is a consensus between political groups on the need to set up such tax base, there is no agreement on the need to coordinate as well tax rates within certain boundaries.

Taxation of unleaded petrol and gas oil : the proposal of the Commission aims to tackle the problem of tank tourism. As the EPP and the liberals usually advocate tax competition as the way to reach tax harmonisation in the EU, this issue will most likely be very controversial within ECON.

Reduced VAT rates on labour intensive service : in July 2007, the Commission published a Communication on reduced VAT rates applied to locally-provided services, with the view of putting forward legislative proposals at the end of 2008/beginning 2009. As the EPP and the liberals take the view that reduced VAT are not a good tool to promote job creation, this new study, on which the Commission launches the debate, will again be very controversial in ECON.

Broad Economic Policy Guidelines : The Integrated Guidelines for Growth and Employment had been adopted for the period 2005 - 2008. From now on, the definition of new integrated guidelines is therefore strategic this year since the exercise doesn't merely consists of examining their implementation by the Member States but to coming up with new

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proposals for the proper functioning of the economic dimension of the EMU.

Possible integration of Slovakia to the Eurozone on 2009 : the EP shall be officially consulted in spring 2008 on the adoption of the euro by Slovakia.

Follow-up of the financial crisis : although the Commission has no intention to come up with any proposals on hedge funds (Mc Creevy keeps saying there are good for the economy), the economic turmoil wich arose from it will keep the issue very hot on the agenda for the months to come.