

# EUROPEAN PARLIAMENT

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*Committee on Economic and Monetary Affairs*

14.11.2006

PE 380.877v01-00

## AMENDMENTS 1-54

### **Draft report**

**(PE 378.822v02-00)**

**Manuel António dos Santos**

Economic impacts of the oil price increase  
(2006/2247(INI))

Motion for a resolution

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Amendment by Alain Lipietz, Ian Hudghton, Satu Hassi

Amendment 1

Citation 5 a (new)

- *having regard to the Stern Review: The Economics of Climate Change, published in October 2006,*

Or. en

Amendment by Alain Lipietz, Ian Hudghton, Satu Hassi

Amendment 2

Citation 5 b (new)

- *having regard to the Commission's report 'European energy and transport: Scenarios on high oil and gas prices', published in September 2006,*

Or. en

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PE 380.877v01-00

Amendment by Karsten Friedrich Hoppenstedt

Amendment 3  
Recital A

- A. whereas oil price increases have an **(deletion)** effect for the EU as a net importer of oil, reducing the growth of gross domestic product (GDP), employment and investment, and increasing inflationary pressure and interest rates,

Or. de

Amendment by Manuel António dos Santos

Amendment 4  
Recital A a (new)

- Aa. whereas while previous oil price shocks were caused by major disruptions to oil supply, the present oil price increase is triggered mainly by a substantial growth of demand for oil in Asia and the United States and geopolitical instability in the oil-exporting regions,***

Or. en

Amendment by Alain Lipietz, Ian Hudgton, Satu Hassi

Amendment 5  
Recital A a (new)

- Aa. whereas high oil prices are exacerbating budget deficit problems in euro zone countries, which are highly dependent on oil imports; and whereas this trend will trigger upward pressure on interest rates, which in turn will endanger the achievements of the Lisbon-Göteborg Strategy,***

Or. en

Amendment by Karsten Friedrich Hoppenstedt

Amendment 6  
Recital B

***deleted***

Or. en

Amendment by Guntars Krasts

Amendment 7

Recital B

- B.       whereas uncertainties concerning the balance between supply and demand *(deletion)* have further increased oil prices and the volatility of the market,

Or. en

Amendment by Alain Lipietz, Ian Hudghton, Satu Hassi

Amendment 8

Recital B

- B.       *whereas large uncertainties prevail as regards the evolution of international fuel prices and* whereas uncertainties concerning the balance between supply and demand have created incentives for hedging and speculative actions, which, in turn, have further increased oil prices and the volatility of the market; *whereas geopolitical tensions also increase price volatility,*

Or. en

Amendment by Sahra Wagenknecht

Amendment 9

Recital B a (new)

- Ba.       whereas the serious strains on production capacity in the oil-producing States, which are supply-side driven, carry high risks with regard to stability of supply, and whereas extreme weather events such as hurricanes and excessively cold winters increase such risks,*

Or. de

Amendment by Guntars Krasts

Amendment 10  
Recital C

*deleted*

Or. en

Amendment by Karsten Friedrich Hoppenstedt

Amendment 11  
Recital C

- C. whereas cheap oil prices have framed the world economy for more than 50 years, and *whereas, allowing for inflation, oil prices today are no higher than they were before the 1973 oil crisis,*

Or. de

Amendment by Sharon Bowles

Amendment 12  
Recital C

- C. whereas cheap oil prices have framed the world economy for more than 50 years, and the prospect of long-standing high prices *are already leading* to fundamental changes in the economy,

Or. en

Amendment by Manuel António dos Santos

Amendment 13  
Recital C

- C. whereas cheap oil prices have framed the world economy for more than 50 years, and the prospect of long-standing high prices *is causing* fundamental changes in the economy,

Or. en

Amendment by Manuel António dos Santos

Amendment 14  
Recital C a (new)

***Ca.    whereas if no measures are taken, Europe's dependency on energy imports will increase from 50% to 70% between now and 2030, with 94% of oil imported,***

Or. en

Amendment by Alain Lipietz, Ian Hudghton, Satu Hassi

Amendment 15  
Recital C a (new)

***Ca.    whereas higher oil prices would undoubtedly drive up the prices of other fuels, exacerbating the adverse macroeconomic impact of increasing oil prices; in particular, whereas higher oil prices will have a direct impact on natural gas prices and a secondary impact on electricity prices,***

Or. en

Amendment by Alain Lipietz, Ian Hudghton, Satu Hassi

Amendment 16  
Recital C b (new)

***Cb.    whereas in its above-mentioned report the Commission states that oil and gas prices may continue rising and that the oil price could reach a level of USD 100 per barrel in real terms by 2030,***

Or. en

Amendment by Alain Lipietz, Ian Hudghton, Satu Hassi

Amendment 17  
Recital C c (new)

***Cc.    whereas any measures taken by the EU to reduce its dependence on oil imports must address climate change; whereas the above-mentioned Stern Review reasserts that***

*the EU's energy package will be a key element to combat climate change; and whereas the Stern Review also highlights the massive economic opportunities that can be gained by the EU in taking the lead in combating climate change,*

Or. en

Amendment by Sharon Bowles

Amendment 18  
Paragraph 1

1. *Historically* oil prices *have followed cyclical investment phases, with higher prices followed by cheaper exploitation phases, and the recent price* increase from *(deletion)* USD 12 per barrel before 2000, to USD 79 on 8 August 2006 *is similar in real terms to changes that occurred in the previous investment phase of the mid-1970s to mid-1980s, but there are additional underlying circumstances and challenges;*

Or. en

Amendment by Karsten Friedrich Hoppenstedt

Amendment 19  
Paragraph 1

1. Expresses its concern that in recent years, the development of oil prices has been characterised by major volatility and by *an abrupt* increase from a level of USD 12 per barrel before 2000, to USD 79 on 8 August 2006, *curbing the trajectory of* Europe's economic recovery;

Or. de

Amendment by Sharon Bowles

Amendment 20  
Paragraph 2

2. Notes that *in the past, price increases* were supply-side driven and transitory; whereas the present oil price increase has *a substantial element caused by (deletion)* rapidly growing demand *alongside* uncertainties in oil producing regions, and supply fall-outs

caused by *under*-investment in infrastructure: *consequently the recent price increase has a substantially permanent component*;

Or. en

Amendment by Karsten Friedrich Hoppenstedt

Amendment 21

Paragraph 2

2. Notes the different nature of the present oil price increase to those in the past, which were supply-side driven and transitory; whereas the present oil price increase has been mainly triggered by the rapidly growing demand in emerging economies such as China but also in the USA, and by uncertainties in oil producing regions, and supply fall-outs caused by lack of investment in infrastructure, whereas it is permanent in nature (*deletion*);

Or. de

Amendment by Guntars Krasts

Amendment 22

Paragraph 2

2. Notes the different nature of the present oil price increase to those in the past, which were supply-side driven and transitory; whereas the present oil price increase has been mainly triggered by the rapidly growing demand in emerging economies such as China but also *by high consumption* in the USA, and by uncertainties in oil producing regions, and supply fall-outs caused by lack of investment in infrastructure, whereas it is permanent in nature and amplified by financial market speculation;

Or. en

Amendment by Alain Lipietz, Satu Hassi

Amendment 23

Paragraph 3

3. Has taken note of the highly diverging estimates and opinions on the remaining oil reserves and the time when the oil peak will be reached; *urges in this respect continuing improvements in the data transparency on energy statistics, especially in*

*respect of oil stock levels; underlines, however that Europe **will have** to face **even more** the challenge of lasting high and volatile oil prices and the economic impacts connected to them, **and that newly-discovered resources have tended to be smaller and more expensive to develop, being increasingly offshore, and the costs of exploration, development and production will increase, making it more urgent to switch to alternative energy sources and to develop energy-saving and renewable technologies;***

Or. en

Amendment by Karsten Friedrich Hoppenstedt

Amendment 24

Paragraph 4

4. Underlines the **tangible** effect of oil price increases for the EU as a net importer of oil, reducing GDP growth, investment, and employment, and increasing inflationary pressure and interest rates;

Or. de

Amendment by Manuel António dos Santos, Mia De Vits

Amendment 25

Paragraph 6 a (new)

- 6a. ***Expresses its concern about the social consequences of increased housing, heating and transport costs in particular with regard to the low-income, poor and vulnerable segments of the population, and urges Member States to adopt appropriate measures to ensure the affordability and access to these services in spite of the oil price increase, to ensure mobility and to avoid social exclusion and pauperisation;***

Or. en

Amendment by Ieke van den Burg, Pervenche Berès, Manuel António dos Santos

Amendment 26

Paragraph 7

7. Notes that the ECB has already raised interest rates five times since December 2005, expresses its concerns about the increasing unpredictability for SMEs of the cost of



loans and the negative impacts on investment and employment in the EU; ***stresses the risks to growth that an increase in interest rates would pose, in the context of a fragile recovery, and points to the risks associated with changes in the euro exchange rate and with oil prices, these being factors which played a part in the weak growth seen in 2005, owing to their impact on household purchasing power; proposes that the opportunities for, and possibilities of, encouraging the denomination of the prices of oil and oil derivatives in euros instead of dollars be explored;***

Or. fr

Amendment by Sharon Bowles

Amendment 27  
Paragraph 7

7. Notes that the ECB has already raised interest rates five times since December 2005, expresses its concerns about the increasing unpredictability for SMEs of the cost of loans and the negative impacts on investment and employment in the EU; ***notes, however, that permanent oil price increases should not provoke interest rate rises, given that they are unavoidable;***

Or. en

Amendment by Alain Lipietz, Ian Hudghton, Satu Hassi

Amendment 28  
Paragraph 7 a (new)

- 7a. Expresses its concern that with structurally higher energy prices, there is more of a burden on labour to absorb increased costs through lower wages; considers that the inflation triggered by the increase in oil prices should be addressed in particular by distributing purchasing power more evenly;***

Or. en

Amendment by Karsten Friedrich Hoppenstedt

Amendment 29  
Paragraph 8

8. ***Fears*** that inflationary pressure due to the rise in oil prices, ***combined with possible second-stage effects, would ultimately make*** monetary tightening ***inevitable***;

Or. de

Amendment by Ieke van den Burg, Pervenche Berès, Manuel António dos Santos

Amendment 30  
Paragraph 8 a (new)

- 8a. ***Asks for a thorough analysis of the impact of speculation by way of new complex financial derivative products linked to oil or other energy prices; warns against the financial stability risks implied in the rapid increase in volume, and the lack of transparency, of hedge funds and other market players dealing with such new products; notes that speculating on the uncertainty of supply may push future prices up far beyond levels justified only by demand and supply factors and may increase the risk of oil price crises; asks the Commission, together with the ECB and the financial market supervisors, to play a more proactive role and to adopt appropriate initiatives;***

Or. en

Amendment by Pervenche Berès, Manuel António dos Santos

Amendment 31  
Paragraph 9

9. Notes that impacts of the oil price increase differ considerably from one sector to another, with the transport sector, accounting for 56% of total oil consumption in the EU, ***together with the housing sector*** being ***those*** most affected, while other sectors have successfully reduced oil dependency through improvements in energy efficiency and changes in the fuel mix; ***stresses that these two sectors (transport and housing) constitute the first call on household expenditure, and that the oil price rise is increasing purchasing power inequalities, to the detriment of the lowest-income households;***

Or. fr

Amendment by Sahra Wagenknecht

Amendment 32

Paragraph 9 a (new)

**9a. *Is concerned that increased emissions of climate-change gases can be seen primarily in the transport sector, especially in the aviation and HGV sectors; this is attributable to mistaken or inadequate policy on the part of the Member States and the European Union, which has encouraged aviation through liberalisation, at the expense of rail transport, and has thus contributed to a massive expansion of aviation;***

Or. de

Amendment by Guntars Krasts

Amendment 33

Paragraph 12

***deleted***

Or. en

Amendment by Sahra Wagenknecht

Amendment 34

Paragraph 12

**12. Recalls the urgency to bring down energy prices in domestic energy markets; notes in this context that energy markets (*deletion*) are dominated by a few companies, both private and public; calls on the Commission and the national competition authorities and regulators to pay special attention to *the establishment of monopolies on the energy market and to act against further market concentration among energy suppliers*;**

Or. de

Amendment by Sharon Bowles

Amendment 35

Paragraph 12

12. Recalls the urgency to ***ensure fair, competitive*** energy prices in domestic energy markets, notes in this context that energy markets remain national to a large extent and are dominated by a few companies, both private and public, ***which frequently also own the infrastructure***; calls on the Commission and the national competition authorities and regulators to pay special attention to energy companies;

Or. en

Amendment by Sharon Bowles

Amendment 36

Paragraph 13 a (new)

- 13a. Emphasises that unbundling the infrastructure from suppliers is essential for the proper functioning of national markets and the internal market, and for incentives to invest in infrastructure;***

Or. en

Amendment by Elisa Ferreira, Manuel António dos Santos

Amendment 37

Paragraph 13 a (new)

- 13a. Notes, furthermore, that increased concentration in the internal market may aggravate existing distortions, thus requiring the improvement of Member States' and the EU's regulatory capabilities in order to guarantee consumer rights and compliance with EU energy efficiency objectives;***

Or. en

Amendment by Pervenche Berès, Manuel António dos Santos

Amendment 38

Paragraph 15 a (new)

**15a. *Calls on the Commission to take account, when assessing State aid, of the need for investment in innovation generated by the energy context, itself created by increased energy prices, and to ensure that new aid does not result in distortions of competition ;***

Or. fr

Amendment by Manuel António dos Santos

Amendment 39

Paragraph 17 a (new)

**17a. *Underlines the fact that emerging and developing economies and those experiencing transformation are particularly negatively affected by the oil price increase due to the high energy intensity and low energy efficiency of their economies and stresses the importance of the sustainable development agenda in the EU's foreign, trade and development policy;***

Or. en

Amendment by Sahra Wagenknecht

Amendment 40

Paragraph 18

**18. *Points out the potential of the promising markets (**deletion**) for renewable energy and energy efficiency increasing technologies; stresses the positive growth and employment rates of the renewable energy sector; and warns against the risk of losing market leadership in environmental technologies to the USA; **points out that CO<sub>2</sub> building restoration programmes are highly significant with regard to energy savings;*****

Or. de

Amendment by Sharon Bowles

Amendment 41

Paragraph 18

18. Points out the potential of the promising markets of the emerging and developing countries for renewable energy and *energy efficiency increasing technologies*; stresses the positive growth and employment rates of *the* renewable energy sector; and warns against the risk of losing market leadership in environmental technologies to the USA *and to highly skilled emerging economies*;

Or. en

Amendment by Sahra Wagenknecht

Amendment 42

Paragraph 18 a (new)

- 18a. *Points out the need to orientate energy infrastructure towards combined heat and power and decentralised energy production;***

Or. de

Amendment by Alain Lipietz, Satu Hassi

Amendment 43

Paragraph 19

19. Calls *on* the Commission and the Council to elaborate a detailed plan to reduce the EU's dependence on oil imports and a shift towards clean energy, urges *for* the adoption of measures to improve energy efficiency; ***recalls that energy efficiency is usually by far the cheapest way to cut carbon dioxide emissions and enhance energy security***; expects these measures to help reduce oil prices;

Or. en

Amendment by Elisa Ferreira, Manuel António dos Santos

Amendment 44

Paragraph 19 a (new)

**19a. Welcomes the Commission's Energy Efficiency Action Plan as a key contribution to saving energy and hence reducing energy dependency;**

Or. en

Amendment by Elisa Ferreira, Mia De Vits, Manuel António dos Santos

Amendment 45

Paragraph 19 b (new)

**19b. Emphasises the need for energy efficiency policies and actions to be properly addressed by the Structural and Cohesion Funds and the Competitiveness and Innovation Framework Programme; welcomes the proposal in the Energy Efficiency Action Plan to leverage private financing via these instruments;**

Or. en

Amendment by Sharon Bowles

Amendment 46

Paragraph 21

21. Recalls its demand that multilateral banks and public financial institutions should create energy efficiency funds granting money for energy efficiency projects; takes the view that energy efficiency objectives should also be integrated into other sectoral policies, especially fiscal, transport and cohesion policy; believes that innovative financing schemes and contractual tools, such as micro-credit and joint ventures between private companies and municipalities, **should be encouraged** in order to involve actively local partners and decision-makers;

Or. en

Amendment by Alain Lipietz

Amendment 47

Paragraph 23

23. Notes the increase in tax revenues on energy due to recent oil price increases; underlines the importance of adequate fiscal policies *as a means of reducing economic dependence on fossil fuels, addressing climate change and creating* incentives to increase investments in and discriminate in favour of energy efficiency, renewable energy and environmentally friendly products; stresses that tax systems should also adopt the 'polluter pays' principle;

Or. en

Amendment by Mia De Vits, Manuel António dos Santos

Amendment 48

Paragraph 23

23. Notes the increase in tax revenues on energy due to recent oil price increases; underlines the importance of adequate fiscal policies, *including those in the housing sector*, to create incentives to increase investments in and discriminate in favour of energy efficiency, renewable energy and environmentally friendly products; stresses that tax systems should also adopt the 'polluter pays' principle;

Or. fr

Amendment by Sahra Wagenknecht

Amendment 49

Paragraph 24

24. Stresses that the transport sector accounts for 56% of total oil consumption in the EU and is most affected by the oil price increase; calls for a framework directive for energy efficiency in transport; encourages the harmonisation of passenger car legislation, including an EU-wide harmonised CO<sub>2</sub> based vehicle taxation with certification and labelling procedures and fiscal incentives to diversify energy sources; calls for a comprehensive strategy to phase out the use of fossil fuels in the transport sector, and to promote the market penetration of low CO<sub>2</sub> emissions, the use of the latest technology biofuels and/or bio-hydrogen-fuelled vehicles; *stresses that the introduction of biofuels must not result in the automotive industry being released from its obligation to manufacture more economical vehicles which produce fewer pollutants, and that the automotive industry must reach the target of limiting CO<sub>2</sub>*



*emissions from new vehicles to a maximum of 120 g per kilometre even without the use of biofuels;*

Or. de

Amendment by Alain Lipietz, Satu Hassi

Amendment 50

Paragraph 24

24. Stresses that the transport sector accounts for 56% of total oil consumption in the EU and is most affected by the oil price increase; calls for a framework directive for energy efficiency in transport; ***stresses that modal shift is an important means of diminishing oil usage***; encourages the harmonisation of passenger car legislation, including an EU-wide harmonised CO<sub>2</sub> based vehicle taxation with certification and labelling procedures and fiscal incentives to diversify energy sources; calls for a comprehensive strategy to phase out the use of fossil fuels in the transport sector, and to promote the market penetration of low CO<sub>2</sub> emissions, the use of the latest technology biofuels and/or bio-hydrogen-fuelled vehicles;

Or. en

Amendment by Sahra Wagenknecht

Amendment 51

Paragraph 25

25. ***Is concerned that the industrialised countries' dependence on oil and the increasing scarcity of raw materials will lead to international conflict and wars***; welcomes, ***therefore***, the dialogue and cooperation of the EU with oil exporting countries, ***which should aim*** to decrease uncertainties on both the demand and supply side, to facilitate investment and economic and energy diversification decisions on both sides, and to create a climate of trust and reliability;

Or. de

Amendment by Sahra Wagenknecht

Amendment 52

Paragraph 26

26. Notes that energy policy, and in particular security of energy supply, ***is becoming*** an integral part of the EU's common foreign, trade development and security policies; ***criticises the growing subordination of development policy to security considerations*** and calls for ***the sovereignty of States in dealing with their resources to be respected in*** partnerships and cooperation agreements ***(deletion)***;

Or. de

Amendment by Sharon Bowles

Amendment 53

Paragraph 26

26. Notes that energy policy, and in particular security of energy supply, must become an integral part of the EU's common foreign, trade development and security policies and calls for a common strategy to secure and diversify supplies and transit routes, ***assuring*** solidarity within the EU; partnerships and cooperation agreements with these regions should be used to create a stable but open regulatory framework in supply countries, to foster investments in exploitation and transport infrastructure and to secure long-term supplies;

Or. en

Amendment by Elisa Ferreira, Manuel António dos Santos

Amendment 54

Paragraph 27 a (new)

- 27a. Recalls the crucial importance of ensuring security and sustainability in EU energy supply; stresses the twin role that adequate market regulation and energy diplomacy should play in creating a stable framework for the supply of energy;***

Or. en