



June 2007

PES Priorities for the EU policy agenda 2008
To be adopted at the PES Leaders' meeting 21st June 2007

The PES has taken the lead in shaping the EU policy agenda, with a fresh new vision on the New Social Europe and an ambitious plan on energy and climate change, as decided at the PES Congress of December 2006. We are convinced that the way forward for the European Union from now until the European elections of June 2009 lies in the pursuit of a new progressive, programme for social, environmental and economic reform. In this context, it will be vital to agree on a new treaty in order to achieve our goal of making the European Union more democratic, social, open, transparent, and efficient.

In 2008, the PES wishes to build on our current priorities for EU policy in this political period, on the basis of our objectives of prosperity, equality and solidarity. These are growth and jobs; a common energy and climate change policy, including meeting ambitious renewable energy targets; childcare for all; the fight against discrimination in the workplace; excellence and inclusiveness in education and training; the elimination of violence against women and human trafficking; the protection of services of general interest; the promotion of economic, social and territorial cohesion in the EU; decent work for all, and, the strengthening of the European social model.

We intend to seek the implementation of our priorities in 2008, within the framework of a transparent and dynamic democratic political process which brings together all levels of governance, from the local and regional to the national and European.

Prosperity, Solidarity, Equality

The EU policy agenda for 2008 represents a significant opportunity to translate words into action and create new momentum for meeting Europe's fundamental economic, social and environmental challenges.

Global warming is one of the greatest threats facing the world today. As a group of leading industrialized nations, the European Union has sought to take the lead in tackling climate change, notably in its adoption of an encouraging energy and climate change policy in March 2007. International negotiations, beginning at the end of this year, are a historic opportunity to strengthen global commitments and political will towards common solutions. The European Union should remain at the forefront of efforts for an international framework to fight climate change following the expiry of the Kyoto treaty.

At an international level, the European Union should also focus its efforts on promoting effective multilateralism with a strong United Nations at its core, particularly in those conflicts where the EU is now carrying out peace missions such as Afghanistan or Lebanon; developing a programme for the Alliance of Civilizations; fighting against terrorism; re-launching the Doha round; accomplishing the objectives of the UN Millennium goals; taking the lead in efforts for peace and





dialogue in the Middle East through an International Peace Conference; and promoting a progressive agenda for relations with the Euro-Med and Latin American countries.

The EU equally faces significant economic and social challenges. 2008 is the 10th anniversary of Economic and Monetary Union, which has provided much needed stability and ensured low inflation in the European economy, particularly in the eurozone. At the same time, over the past ten years, substantial political issues have emerged directly and indirectly as a result of EMU, notably concerning levels of investment, the quality of public finances and the distribution of the fruits of growth. The Lisbon Strategy - setting a strategic goal of making the EU into “the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion” by 2010 – in combination with EMU, established the policies and processes to achieve economic, social and environmental progress in the European Union. The European Council of March 2007 recognized that the Lisbon Strategy should take better account of Member State social objectives. In this context, the review of both EMU and the integrated guidelines of the renewed Lisbon Strategy, as foreseen in the European Commission’s Annual Policy Strategy for 2008, should be carried out in light of the clear vision set out by the PES to build a New Social Europe. Both must contribute to the strengthening of the European social model, notably by ensuring that all Europe’s citizens share in the prosperity and progress brought by European integration.

In this context, the EU’s Internal Market has made a significant contribution to Europe’s economic strength, generating approximately 2.75 million new jobs and €225 billion of prosperity in the EU’s member states over the past 20 years. During that period, the PES has aimed to ensure that the Internal Market benefits Europe’s citizens, as well as its businesses, and to draw the line between the welfare state and the social market economy. In 2008, the EU’s strategy for completing the Internal Market will be revised, which makes it incumbent on the PES to define clearly its approach. The PES believes in a social market economy, within a commonly defined framework in the public interest. Therefore, the PES will not accept policies that lead to the development of a market society.

The contribution of the financial markets to the achievement of the Lisbon goals has recently entered the political debate. In the past decade, global financial markets have developed at an impressively fast pace, notably in the emergence of hedge and private equity funds as significant financial actors in the economy. Some private equity and hedge funds have, in a short period, been gaining ownership of and moving vast pools of capital, with significant effects on the economy and on employment. Private equity transactions accounted for over a quarter of all mergers and acquisitions in the US and the European Union in 2005. There is a growing concern across Europe about the effects of the operation of some of these funds on the long term investments of companies, including staff training, working conditions and job creation. The PES Group has published a report “Hedge Funds and Private Equity – a Critical Analysis” which confirms these worrying effects and the possible implications for the achievement of the Lisbon Strategy goals. Some hedge and private equity funds are based in off-shore tax havens, which is also cause for concern: it is now estimated that around US 11.5 trillion of personal wealth is currently held offshore, which is more than the development aid needed to meet the UN Millennium Goals. Calls are growing for the IMF to consider policies of information exchange in tax matters, banking secrecy and automatic reporting of information. It is clear that the operation





of some hedge and private equity funds, notably leveraged buy-out funds, demand greater attention on the part of European policy-makers. Discussions at the G8, instigated under the German Presidency, highlight the concerns and relevance of this question. It is vital that European and Member State policies ensure that sustainable European companies and their workforces are not endangered by new and excessive pressures for short-term profiteering in the financial markets.

Effectively managing migration while fighting illegal immigration and its root causes represents another major challenge for our societies, and the EU has to develop a common approach through a stronger cooperation in justice and home affairs, in full respect of fundamental rights. The PES considers diversity and tolerance to be fundamental values for Europe and it will strive for a European migration policy based on solidarity between member states, taking full account of the needs of European citizens as well as non-European migrants.

One of the principle means of delivering Europe's political ambitions and enabling us to meet common challenges is the EU budget. The European Council invited the European Commission in December 2005 to carry out an in-depth review of all EU spending and all EU income, through a wide-ranging consultation on the future of the EU budget in 2008. The PES is committed to taking the lead in this debate by setting out the political ambition on which the future EU budget should be based in order to meet the EU's present and emerging challenges.

On the basis of these ambitions and commitments, the PES sets out the following priorities for the EU policy agenda 2008:

- 1. The European Union and its Member States should take the global lead in international negotiations on a post-2012 Kyoto framework, acting as a single voice to achieve a target of 30% reduction in greenhouse gases by 2020.**
- 2. The Lisbon Strategy's policy guidelines should be reviewed to recognise: the use of income policies to reduce income inequalities, in order to distribute better the fruits of growth; the benefits of simultaneous and coordinated investments in Lisbon objectives across the EU; the fight against climate change; the fight against delocalization and social dumping; the objective of full and high quality employment, particularly for young people and women, notably through the elimination of gender inequalities; the need for territorial cohesion; the need to create a system of lifelong learning accessible to all, including pre-school education; the objective of 3% GDP for R&D.**
- 3. The revision of the Internal Market Strategy should have as a primary objective to improve the benefits of the internal market for Europe's consumers, ensuring access and affordability in relation to public goods such as energy, and to ensure that the completion of the Internal Market takes place in full respect of the European social model, notably with regards to public services and the public interest.**
- 4. The European Union should decide on all appropriate measures to establish full transparency, disclosure and accountability – particularly in relation to hedge and**





private equity funds - in the financial markets. The aim should be to ensure the protection of workers' rights, collective bargaining, and related social objectives, in accordance with the EU's Lisbon goals and the principles set out in the New Social Europe, to ensure the future of Europe's welfare states. An efficient and transparent financial market, including effective financing of long-term investments, is fundamental to our sustainable European companies and their workforces. The EU should also lead calls for the establishment of an international taskforce to examine this question and make all relevant recommendations.

5. The European Union should agree on a sustainable and effective migration policy as it has a huge responsibility in ensuring the social, economic, cultural and political integration of migrants, as well as in combating human trafficking and the exploitation of migrants, in order to achieve social cohesion and economic progress.
6. The European Union should agree on a review of the EU budget – including all policies on which the budget is spent - on the basis of the political ambition to build a New Social Europe, strengthening Europe's member states in a mutually-reinforcing dynamic of social justice, sustainable economic development, fighting global threats including climate change and achieving the global objective of sustainable development and decent work for all.

