

Fuel tax protests continue in Spain—nothing settled in rest of Europe

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Fuel tax protests in Spain are set to continue next month, as talks between the government and protesters broke down Thursday morning. The Popular Party government maintained that it would not cut duties on petrol and diesel, but reiterated its offer of income tax relief and soft loans for farmers, fishermen and truckers. The two top farming associations said they would continue talks with the government but did not plan to call off the protests scheduled for next month.

The Spanish protests started September 15, following a month of similar actions that had begun in France and spread rapidly across Europe. The protests in Spain have paralysed major highways, ports and fuel depots as thousands of fishermen and farmers blocked roads, ports and fuel distribution centres. Farmers used tractors to blockade three regional fuel distribution centres and 20 fishing boats launched a 24-hour blockade of the port of the eastern city of Valencia.

Meanwhile, in Sweden, some 300 truckers called off their blockade of ports in the south-western city of Gothenburg on Wednesday. Official spokesmen for the protestors were meeting with the government and there is talk of a compromise based on a reduction in road tax, according to Reuters news agency.

The European protests erupted as oil prices soared to a near 10-year high, but much of the protestors anger was directed at the high sales tax imposed across the European Union (EU) in recent years to compensate for reductions in taxes levied on corporations and the wealthy.

The European Central Bank has warned EU governments not to sacrifice tax and spending plans, and undermine economic growth to placate protesters. Some leading European politicians have criticised France's Socialist Party government for making limited concessions to the protestors, involving tax rebates to

certain sectors. The governments of Germany, Britain and Spain have all declared that they will not lower taxes.

Speaking in Stockholm on Thursday, Spain's Foreign Minister Josep Pique said, "The situation is still serious and the Spanish government position is very clear. There will be no ambiguous signals to the market and the lowering of taxes is not foreseeable."

The Blair government in Britain, which appeared to be taking a more entrenched position than its European counterparts in refusing to consider any concessions, has since signalled a shift in policy. On Thursday it began talks with representatives of the protesters, while stating publicly that there would be no change in taxation policy. The national chairman of the Road Haulage Association, said that eight men had been chosen to meet Transport Minister, Lord Macdonald and junior Transport Minister Lord Whitty.

The talks got underway while a government Task Force, led by Home Secretary Jack Straw, met to consider lessons from the protests. Plans discussed include making it a criminal offence for tanker drivers to refuse to cross picket lines and blockades.

The protests in Britain were called off last week after petrol stations ran dry throughout the country and the government was poised to declare a national emergency. The protesters said they would give the government 60 days to cut taxes or they would resume their action.

In interviews this week, Chancellor Gordon Brown reiterated the government's hard line, declaring, "I don't accept deadlines and I don't think any government should be pushed around on deadlines."

At the same time, there were indications of a change in approach as Brown also said, "There are real problems faced by these two specific groups. Hauliers

in particular are facing big competition. There are changes taking place in the haulage industry all the time."

Earlier this week, Britain was one of four countries to oppose a French proposal to harmonise European taxes on fuel. The draft proposal said that EU member states should "without delay proceed towards a closer harmonisation of indirect taxes, particularly in the area of fuels." With the highest sales taxes in Europe, Britain would have the most to lose from such a harmonisation.



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