



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 28 May 2008

10048/08

COMPET 199

INFORMATION NOTE

from: General Secretariat
to: Delegations
Subject: The effects of rising oil prices on the European economy

Delegations will find attached copy of a letter sent by Minister Manuel Pinho, Portugal, to Minister Andrej Vizjack, Slovenia, as well as to Vice-President Gunther Verheugen and Commissioner Andris Piebalgs on above subject which is on the agenda of the Competitiveness Council on 29 - 30 May under "Any other business".

Courtesy translation

The rise in oil prices is adversely affecting the European economy on various levels and is cause for concern.

I would emphasise its negative effects on economic growth, on families' purchasing power and on the competitiveness of European companies, particularly SMEs, the backbone of the European economy.

The Portuguese government feels that it is very important to hold a debate on the current situation and its causes. In the short term, this would allow us to reach common ground on possible solutions.

As regards medium term policy options, we have been working to increase energy efficiency, to modernize the transportation system, to create a single energy market, to develop renewable energies and to foster a sustainable industrial policy. These are good policy options that should be taken forward quickly.

I therefore call on you to raise this subject for discussion, as a matter of the utmost urgency, in the Competitiveness Council and in the Transport, Telecommunications and Energy Council, to allow for the identification of measures to alleviate the adverse effects of the current situation.

Minister for Economy and Innovation
Manuel Pinho