France - Protests against Fuel Tax Hike

What is the issue?

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- France has been witnessing widespread protests against the proposed hike in fuel tax.
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- Amidst this, the French government has rolled back the planned fuel tax hike.
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What is going on in France?

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- French President Emmanuel Macron had swept to power on a pledge of modernising the economy and restoring popular trust in politicians.
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- But Macron's reforms programme could be at risk of losing the momentum.
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- This comes in the wake of weeks of violent countrywide protests triggered by a proposed increase in the fuel tax.
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- Public anger against the fuel tax has escalated into a broad-based opposition to the government’s overall policies.
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What is the recent decision?

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- Prime Minister Edouard Philippe initially said the duty hike would be deferred for six months.
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- But recently the government cancelled the tax proposal altogether.

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- It argued that a levy that was meant to induce motorists to go green was not worth the price if it undermined social cohesion.
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- Mr. Philippe has also suggested that the introduction of additional safety checks on cars due to take effect next year could be delayed.
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How does the future look?

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- **Welfare** - The protests have shone the light on France's tax system, its rates said to be the highest in the European Union.
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- It has also strengthened the demand for improvements in the standard of living.
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- The government is committed to increasing the minimum wage from next year.
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- But it could now face pressure for further concessions on social welfare.
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- Conversely, Paris would be constrained to demonstrate compliance with EU rules that set an annual fiscal deficit target of below 3% of GDP on member-states.
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- **Climate** - A concern linked to the withdrawal of the tax increase is the rise in France's carbon emissions.
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- The roll back of fuel tax suggests that the government was retreating from its CO2 emissions reduction commitment.
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- Notably, Mr. Macron has fashioned himself as a champion of the green cause.
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- Moreover, his ability to regain lost ground will determine the prospects of warding off the populist threat in the 2019 European Parliament elections.
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Source: The Hindu

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