

SITTING OF THURSDAY 10 OCTOBER 2002

IN THE CHAIR: MR FRIEDRICH *Vice-President*

(The sitting was opened at 9.10 a.m.)

Alyssandrakis (GUE/NGL). – *(EL)* Mr President, on a point of order, I should like to inform the House that, according to an American document published in yesterday's edition of the Greek newspaper *RIZOSPASTIS*, the United States of America are planning, as part of the so-called war on terrorism, to use violence to achieve political changes in countries which affect their interests.

The document refers to a meeting of the task force of the scientific committee of the US Department of Defence which is examining, to use their words, the targeted use of violence in order to undermine certain regimes using teams ...

(The President cut the speaker off)

President. – Mr Alyssandrakis, that has nothing to do with the agenda. We can ask at any time for something to be considered as a matter of urgent importance, and then these matters can be discussed, but it has nothing to do with the agenda!¹

Greenhouse gas emission allowance trading

President. – The next item is the report (A5-0303/2002) by Mr Jorge Moreira Da Silva on behalf of the Committee on the Environment, Public Health and Consumer Policy on the proposal for a European Parliament and Council directive (COM(2001) 581 – C5-0578/2001 – 2001/0245(COD)) establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC.

Wallström, Commission. – Mr President, I am pleased to be able to address the European Parliament on the emissions trading proposal. I am proud of this proposal because I see it as a cornerstone of the European Union's cost-effective implementation of the Kyoto Protocol.

First, I would like to thank the rapporteur, Mr Moreira Da Silva, for his unstinting efforts in bringing this proposal to its first reading. I know there were approximately 500 amendments in Committee, but we now have a much more manageable 100 amendments².

In February 2002, this House gave a resounding endorsement of the Kyoto Protocol. We in the European Union were the first of the developed countries to ratify the Kyoto Protocol. The European Community and all the Member States are now legally and politically committed to targets which limit greenhouse gas emissions. We must now take decisions to ensure that we continue to develop our leadership role and deliver on these promises. We politicians all understand that there are costs involved in respecting Kyoto. We want these costs to be as low as possible. Today's debate is a means to that end.

Without additional measures, however, the European Union as a whole will not meet its obligations under Kyoto. Indeed, several Member States are off-track. In order to fulfil our commitments we need tools both at national and Community levels. Emissions trading should be one of these tools. If emissions trading is not used, the Member States will have to use other policies and measures. The European Climate Change Programme is currently examining measures with stakeholders and emissions trading was among those identified as preferable.

We are talking about using a market-oriented instrument for the first time as an EU environment policy instrument. We all appreciate that this is a challenge. With this in mind, the Commission proposed a straightforward scheme that was mandatory from the start, concentrated on a limited but considerable number of key actors and which focused on CO₂, the main greenhouse gas. The big prize before us is the establishment of an EU-wide scheme that will be extensive and will cover approximately half the CO₂ emissions of the fifteen current Member States, candidate countries that will be Member States by the time this directive enters into force, and countries of the European Economic Area.

¹ *Membership of Parliament – submission of documents:* See Minutes.

² For the Commission's position on the amendments, see Annex.

In an era of increasingly integrated markets, the European institutions cannot stand back and let each country develop different national emissions trading schemes. We should all be concerned about the impact on the internal market if different systems were to develop, and the possibility of fragmentation in the evolving internal market in greenhouse gas emission allowances. Individual national schemes are not big enough on their own to maximise the economic benefits of emissions trading. Therefore we need an emissions trading system which operates across the whole EU. The Commission believes that an EU-wide system can save 35% of the costs of complying with the Kyoto Protocol, or EUR 1.3 billion each year by 2010. This is a very considerable cost saving that should be welcomed by everyone, including industry.

It is true that in some sectors of industry, there are cheaper cost-reduction potentials than in others. Emissions trading uses market forces to ensure that reductions are made where it is cheapest and everyone benefits from these cheaper options. Those who make these reductions are rewarded for doing so and those who do not have such cheap options can buy allowances for less than it would cost them to reduce emissions themselves. Plant managers, who know the costs better than anyone, should decide whether to go for option one or the other. Furthermore, within an EU-wide scheme, the price of an allowance would be the same wherever the plant may be.

Emissions trading for sulphur and nitrous oxide emissions was so successful in the US that the US continues to develop emissions trading for pollutants other than greenhouse gases. If we can demonstrate that emissions trading can also be applied to greenhouse gases, we will be able to show the US a way in which it may rejoin the international process in limiting greenhouse gas emissions. Not only can the EU show them how it is done, but it can also save money at the same time.

If emissions trading is a good idea, then it makes sense to start as soon as is practicable. I strongly believe that we should start in 2005, then, by the time the Kyoto Protocol become legally binding in 2008, we will have gained experience and, if necessary, fine-tuned our use of the instrument.

To maximise the cost-effectiveness of emissions trading, a number of preconditions are necessary: first, there must be clear rules; second, clear targets must be set for operators by allocating a fixed number of allowances according to fair and transparent criteria; third, the market should be as large as possible and include both potential sellers and potential buyers; fourth, in order to ensure compliance with the rules a strong framework is necessary. These are the guiding principles upon which we have formulated our proposal and I strongly recommend them to this Parliament.

Finally, I would add that the EU's credibility is at stake. We are being closely watched from all corners of the globe to see whether the EU will live up to its leadership credentials. We need to show that EU is serious and we need to start implementing the necessary measures in order to fulfil our commitments in the first commitment period of the Kyoto Protocol and beyond.

4-008

Moreira da Silva (PPE-DE), rapporteur. – (PT) Mr President, Commissioner, ladies and gentlemen, I wish to use my opening words to express my thanks for the excellent cooperation I have enjoyed with the draftsmen and the shadow rapporteurs from all the political groups. It is due to this cooperation alone that we were able to reach a good compromise in the Committee on the Environment, Public Health and Consumer Policy.

I believe that this directive will create the conditions for climate change and the Kyoto Protocol to stop being a purely theoretical concern in Europe and become an essential strand of the environmental and economic policy of all the Member States. Basically, this directive will establish the carbon economy; the winners will be those who are able to produce carbon with fewer emissions. I therefore congratulate the Commission, in the person of Commissioner Margot Wallström, on the initiative of proposing this directive, particularly because it will significantly reduce the cost of complying with Kyoto in the European Union. As a matter of fact, I believe that proving that this system works, proving that this system will reduce the cost of complying with Kyoto in the European Union, will be the best way for us to convince our US friends to abide by the Kyoto Protocol.

Nevertheless, despite considering the proposal for a directive to be positive on the whole, there are areas in which Parliament wishes both to go further and to improve the basic proposal and a broad compromise was reached on these matters. Consequently, rather than putting forward my own point of view, I am speaking on behalf of all of those who adopted this compromise. Firstly, I think it is important that this directive has quantified targets for compliance and we feel it is crucial that there should be a maximum ceiling on emission allowances per Member State, on a linear curve converging with the Kyoto Protocol.

Secondly, we feel it is important that the Member States should be able to add to the sectors and activities included in the system. I am thinking about the voluntary 'opting in' of sectors such as transport or small and medium-sized enterprises in the Member States that feel it would be appropriate.

Thirdly, the use of credits must be completely prohibited in the directive's first implementation period.

Fourthly, we consider it important that the directive should cover all six greenhouse gases, not only carbon dioxide, provided that these six gases are included on the basis of transparent criteria, identical to those used for carbon dioxide.

Fifthly, we believe it is important that the chemicals and aluminium industries should also be included in this directive.

Lastly, with regard to the areas in which we feel that the Commission's proposal ought to be extended and made more ambitious – and I am referring to the initial emissions allowance allocation system – I think that a hybrid system based on free allocation but with some auctioning (5% in the first period, 15% in the second period) is better than a 100% free allocation as advocated in the proposal for a directive, not only in the economic strand, but also in the environmental strand and as regards reducing distortion of competition.

I have left what I believe to be the most important issue to the end: legal involvement. It is my view that this system can only work if it is legally binding, in other words, mandatory. I believe the Committee on the Environment achieved a good compromise on legal involvement, a binding system with the temporary exclusion – with limits on both the duration and the conditions – of some companies in the first period. I believe the adoption of Amendments Nos 75 and 81 to be quite unjustified and even dangerous, because this would basically mean turning a binding system into a voluntary one and consequently increasing distortions of competition, reducing the liquidity in the market, increasing the price per tonne of carbon dioxide and reducing the economic efficiency of the system.

(Applause)

4-009

Blokland (EDD), *draftsman of the opinion of the Committee on Economic and Monetary Affairs.* – (NL) Mr President, first of all, I should like to thank the rapporteur, Mr Moreira da Silva, the other draftsmen of opinions and the shadow rapporteurs for the pleasant working relationship that produced the proposal that is now before us. I should note in this respect that it became abundantly clear during the process that the proposal on emissions trading is controversial. Consequently, differences of opinion among the supporters and opponents of the scheme resulted in an overwhelming number of amendments.

As draftsman of the opinion of the Committee on Economic and Monetary Affairs, I call for a uniform and transparent emissions trading scheme, a scheme which clearly describes the rights and duties for the government and industry. It should, however, also do justice to industry's entirely unique dynamic, a dynamic in which continuity and scope for competition are not unnecessarily hampered by new rules.

It is therefore gratifying to see that in the final report that is now before us, a number of amendments tabled by the Committee on Economic and Monetary Affairs have been adopted in order to achieve this. I am particularly referring to extending the period of time in Article 11, adapting the penalty clause in Article 16 and the way in which Member States tax the emissions trading scheme in Article 16, Paragraph 4. Clarity about factors that distort the market promotes the effectiveness of a market for emission rights. It is therefore regrettable that the Committee on the Environment, Public Health and Consumer Policy failed to reach agreement on the way rights will be allocated from 2008.

It still is of great importance to remain alert with regard to measures that Member States may take in order to intervene in a market for emissions trading by introducing its own schemes and taxes. Resistance to an emissions trading scheme will continue to exist among various parties and will lead to the rules being bypassed. A lack of clarity in the directive should therefore not mean that emissions trading is doomed to fail. The saying 'the proof of the pudding is in the eating' therefore very much applies to emissions trading.

4-010

Hautala (Verts/ALE), *draftsperson of the opinion of the Committee on Legal Affairs and the Internal Market.* – (FI) Mr President, I speak on behalf of the Committee on Legal Affairs and the Internal Market. My colleague, Mr Blokland, just said that the proof of the pudding is in the eating. I would like to say that those who have not thought about emissions trading might consider how a lobster is eaten. Imagine that you have a large lobster on a plate in front of you. First it is quite easy to get very large and juicy mouthfuls from it, but things then become quite difficult when you get to the small claws and joints, and then you leave them on the plate because it is no longer really worth the bother of going on with the meal. The idea now of course is that emissions trading will help us find the juicy targets for reductions in emissions, ones where a reduction in emissions is cost-effective and where it really is worth the bother, and perhaps the more difficult targets can be left to last or be dealt with in other ways.

Effective means are needed to realise the Kyoto Protocol commitments. I would like to say that the wisest course of action is to start now, because in all likelihood the obligations under the Kyoto Protocol will enter into force from 2008. We know that in business those that get in early often also reap the highest profits.

The report by the Committee on the Environment, Public Health and Consumer Policy fulfils all the key requirements for a good emissions trading system. Firstly, Parliament will vote today on the proposal to significantly extend the emissions market with the inclusion of new sectors, including new gases. That way we can be sure there will be enough sellers and buyers in the market. As regards the flexibility that the Member States have been looking for, I believe the Committee on the Environment, Public Health and Consumer Policy has found the best possible flexible approach, so that Member States, subject to certain conditions, may temporarily exclude some installations from the emissions trading scheme. This, I think, was an excellent solution, and one which the Committee on Legal Affairs and the Internal Market also proposed.

Most important of all is the notion that in allocating these emission allowances we should adhere to the criteria whereby companies that have already attended to the matter of reducing their emissions are encouraged and rewarded. In fact the auction debate is connected with this very issue, because auctions would introduce that element that would encourage and reward the trendsetters.

I hope Parliament will accept at least a small proportion of auctioned allowances. We on the committee and in Parliament as a whole have enjoyed some quite excellent levels of cooperation. I wish to thank both the rapporteur and the Commission in particular very much for this.

4-011

President. – Thank you, Mrs Hautala. Perhaps you would also let us know where you like eating lobster, as you use it as such an elegant example.

4-012

Newton Dunn (ELDR), draftsman of the opinion of the Committee on Industry, External Trade, Research and Energy. – Mr President, I am not going to speak about lobsters, but I share the interests of the two previous speakers. Mr President, you know everything by definition, so you already know the opinion of the Industry Committee. In case there are any colleagues here who do not know, it is my role to report it.

There was a broad spread of opinions in the Industry Committee, as I shall briefly describe. I will summarise a number of key points which our discussions centred around. First of all, perhaps most importantly, should the scheme be compulsory or should there be opt-outs or exemptions? There were a number of voices from certain national quarters asking for exemptions. Other committee members believed that if we allowed exemptions, everyone would ask for one and there would be no directive, so there was a dilemma there.

There was also a concern that the benefits that the cutbacks already achieved in certain Member States will not necessarily be rewarded adequately. This should be taken care of.

There was general agreement that from 2008 the directive should be compulsory. Regarding allocation of allowances, the Committee is against auctioning. It seems to be a waste of resources when the industry should be using it to cut back. The Committee is interested in including other sectors, even perhaps in transport and private housing, although this will be difficult to achieve. We are in favour of including the other five greenhouse gases, although measurement is an important question.

On comitology and whether the Commission should be allowed to decide the future details, we are firmly, unanimously against. We want full co-decision for the next directive when it is proposed. We want the other parts of the world to pay attention because what we do is useless unless the Americans, Russians and Asians are involved as well.

Finally, a personal point, the public should be allowed to buy quotas because we want to involve the citizens in European activities and in saving the world.

(Applause)

4-013

García-Orcóyen Tormo (PPE-DE). – *(ES)* Mr President, the climate change policy is an open process in which the Member States all share certain final objectives and recognise certain instruments which will make this process a reality. One of them is undoubtedly the trading of emissions allowances.

The directive intended to harmonise this instrument has clearly demonstrated the significant political support for this initiative and has reaffirmed the European Union's leadership in terms of the implementation of market instruments, which will undoubtedly change the way business is done in Europe.

It has also, however, revealed difficulties and, above all, question marks over certain specific points which are essential to guaranteeing the success of the system.

In this regard, the innovative nature of the mechanism, for the majority of Member States, means that in the majority of cases it is approached from the point of view of learning by doing, and that there are differences of opinion in terms of the best way to make its application a success.

The rapporteur, Mr Moreira Da Silva, has been flooded with amendments which reflect, on the one hand, the interest, but also the doubts, that this instrument gives rise to, and which have meant that he has had to make an enormous effort to bring together opinions on such vital aspects as the method for allocation and the voluntary nature of the system.

I believe that the approach would perhaps have been facilitated by maintaining a more differentiated treatment for the two periods into which the application of the directive is divided.

The first period should be treated above all as a pilot experiment, for road testing and adapting the market, from which the necessary conclusions will be drawn with a view to fuller and more rigorous application during the second phase. If we do not want the system to fail we must, during the first stage, provide the Member States with a degree of flexibility, which would allow them to confront, above all, the transaction costs without prejudice to the competitiveness of companies and the operation of the internal market.

In accordance with this objective, and for the sake of the future credibility of the system, I would argue that during the first stage the participation of companies should be promoted as much as possible, as well as flexibility in the adaptation of the States, which, as I have said, have transaction costs that differ considerably from one country to another.

As we say in my country, 'slow and steady wins the race'. In this regard, I believe that the early decision on the adjudication system, bringing in a system of auctions, is not the best solution; above all, committing 15% for the second period. The conditions for this period should only be established in the light of experience and the results of the first phase.

With regard to the voluntary nature of the system, the compromise reached by the rapporteur, with the opting out formula, seems to me the most appropriate in terms of assisting companies, without thereby jeopardising the efficient operation of the system.

In any event, I would reiterate that this directive should not be seen as a closed process, but as a direction we are beginning to take, which will have to be improved and updated in accordance with the circumstances of the Member States during its application.

4-014

Corbey (PSE). – (NL) Mr President, I too should like to start with a few words of thanks. First of all to the Commissioner and her staff who have presented a sound proposal and were always prepared to discuss it with MEPs. Secondly to Mr Moreira da Silva, who has tried to improve the proposal with an admirable doggedness. And finally the colleagues of my own group who have had to sit through long discussions on this topic.

Tradable emission rights turned out to be a thorny subject. During all the difficult discussions, it was sometimes necessary to remind ourselves of what we are working towards, namely Kyoto. We must pursue the ambition of fighting climate change, and we must do this in an economically and socially responsible manner.

Three aspects were paramount in our group. First of all, we wanted to maintain, and where possible reinforce, the proposal's environmental integrity. We therefore endorse Mr Moreira da Silva's proposal to introduce a cap, a maximum ceiling, so that we can be certain that emission levels are indeed dropping. We are, in principle, in favour of cooperating in this area with Eastern European countries and developing countries, provided that this is done in a way that precludes the use of sinks and nuclear energy.

Secondly, the PSE Group wants the scheme we are drafting to be fair and to be experienced as such. This is why a credible sanctions policy should be put in place, this is why we want to absolutely avoid early innovators being disadvantaged and this is why the allocation method should also be the same wherever possible. Discrepancies that are too great between Member States lead to distortion in competition. It is still impossible to settle on one allocation method, be it grandfathering or auctioning, even within our group.

Thirdly, the scheme must be effective. This means that the market must be as big as possible: the more players, the more effective the scheme. I have to say that the discussion on this score was sometimes a little alienating. I am of the opinion that it is not at all in the interest of companies to make use of an opt-out clause, for these companies must reduce their CO₂ emissions, come what may.

Businesses that fall within the scheme can – if they fail to reduce emissions – buy emission rights on the market. Businesses that do not fall within the scheme will need to switch off installations or even shut down divisions. In my view, this is not a particularly socially-minded solution. We as Socialists take employment seriously. This is why companies and

trade unions do not stand to gain anything from an opt-out. It may therefore be a good idea to withdraw Amendment No 81.

It is of great importance for us to be able to announce progress in the European climate policy in New Delhi. Parliament is taking an important step today; it is the Council's turn next week. It is equally of major importance for us to flesh out the concept of sustainable development in the wake of Johannesburg.

With this decision on tradable emission rights, we do justice to the environment, but also to guiding principles in the social and economic field. We may not be agreed on the nuts and bolts, but this is the general line that we need to bear in mind. Today, we have the opportunity of opting in favour of sustainable development. Let us do so, therefore, with conviction.

4-015

Davies (ELDR). – Mr President, a few weeks ago we returned from the Johannesburg Summit with the demands ringing in our ears that fine words should be turned into real action in the knowledge that Europe's pledges were being greeted with cynicism by journalists and the public. Yet if those same critics look to the issue of climate change they will find that such cynicism is unwarranted. From the beginning, the EU has led from the front. It confounded the cynics by securing agreement for implementation of the Kyoto Protocol and by pushing the US and its head-in-the-sand administration into the sidelines.

We now see words being turned into action, with an emissions trading scheme which may well prove the basis for meeting up to 50% of the reductions we have pledged to achieve.

I first read about emissions trading and about harnessing market forces to encourage industry to meet environmental objectives a decade or so ago in pressure group magazines. Now those ideas, then so easily dismissed as crazy and impractical, are being given positive form.

I commend the Commission for its draft directive. In many ways, however, it is a timid document and thanks to the work of our rapporteur we have all-party agreement to press for it to be made more ambitious. Liberal Democrats in the Parliament will be joining in supporting a range of measures to broaden its scope, to extend it to include additional industrial sectors and require it to include other global warming gases in addition to CO₂. Personally, I absolutely accept the need for a cap in allowances in each Member State although I acknowledge that some of my colleagues in my group are concerned that the requirements being placed upon their nations by the burden-sharing agreement are already onerous.

We have a lot to learn. That is why I am pleased that Parliament will today vote to give a temporary opt-out to those emission-trading schemes already established. I am not convinced that the British scheme provides the basis for long-term development. It is a different scheme in concept and application from the Commission's proposal, and we should be able to learn and benefit from it in the long term.

After the successful conclusion of the Kyoto conference in Bonn, the Commissioner told the press that we could now tell our grandchildren that we did something to tackle the problem of climate change. All of us, Commissioners, Ministers, and parliamentarians want to be able to endorse those words. It will not be easy. There are some understandable national concerns but also some narrow, commercial interests wishing to dilute these measures. We must keep our eyes on the long term and the enormity of the challenge. If we do not take action now, we turn our back on the very future of the planet.

4-016

Sjöstedt (GUE/NGL). – *(SV)* Mr President, I would like to begin by thanking the rapporteur for his very extensive work, but above all for being really skilful in his cooperation with other groups and for trying to find wide-ranging solutions. We appreciate this very much.

I think that the report before us contains a great many improvements on the Commission's proposal. After all, this is a very complicated subject. When it comes to the trade in emission rights, the main emphasis should be on taking measures that are as effective as possible. At the same time, there is a risk that this might be seen as a substitute for political action to reduce emissions, and this must not happen. Sometimes, too much confidence is placed in the trade in emission rights compared with the necessary measures that also have to be taken in other areas.

The trade in emission rights at global level within the Kyoto Protocol is a system involving many risks. It is in danger of producing a situation where rights to emissions are purchased that do not subsequently exist. We must discuss how this can be avoided in future.

As for the actual proposal, we want the system to be binding and for the exemptions that are made to be as limited as possible. We want as many sectors as possible to be covered, and we naturally support the proposal for an extension to more sectors. We think it is reasonable that all six greenhouse gases be included, and we think that auctioning off a part of the quotas should begin as soon as is practically possible. This is wholly in line with the principle that polluters should be

expected to pay for pollution. We also support the idea of a national ceiling on trade, and we want effective sanctions. We will therefore vote on the various parts of the proposal in accordance with this.

4-017

de Roo (Verts/ALE). – (NL) Mr President, I should like to start by thanking the rapporteur, Mr Moreira da Silva, for the extremely fruitful cooperation. We in this Parliament have embraced Kyoto. Only four MEPs voted against. Kyoto does, however, mean *minus* 8% and not *plus* 8%, which will be difficult enough as it is. Without European measures, our fifteen governments will not succeed individually. Some eight countries have introduced national eco-taxes, but the industrial bulk consumers fall outside of these national eco-taxes. And this is precisely where the European emissions trading scheme comes in, as nearly 50% of European CO₂ emissions will fall within its scope.

There has been a great deal of discussion in the United States about CO₂ trading, but this has not been followed up by any positive decision-making. Hopefully, we in Europe will be taking the historical decision to take the lead in actually setting up a definite scheme. This is desperately needed, for we have been talking about European energy levies unproductively for the past decade. These have not materialised because individual governments, first the United Kingdom and now Spain, voted against. Another reason why these failed to materialise is because Commissioner Bolkestein refused to set up a leading group. In fact, this emissions trading scheme is the European energy levy scheme, but in a different guise. It is a better system, though; better than the energy CO₂ levies, both from an environmental and economic point of view.

My group, the Group of the Greens, has managed to get two important amendments adopted in the Committee on the Environment, Public Health and Consumer Policy. The first one is the helping hand to the United States. In Bonn in July last year, we talked to American businesses for two and a half hours. They are very interested in taking part in an international CO₂ trading scheme. They believe that once President Bush is out of office, the United States will also follow suit.

The second point we managed to get adopted is that the European Commission has been tasked with developing proposals in order to extend this scheme to include households and traffic. The traffic sector, in particular, is of major importance, for we have noticed that our national governments have failed to reduce CO₂ emissions in the traffic sector, and this will be necessary.

We are still at odds on one point, namely that of the allocation of emission rights. My group is in favour of an auction system. We have tabled a moderate compromise, only 15% auctioning and 85% free, but even this 15% auctioning will give a positive signal to industry that has made an early start on CO₂ reduction. If the majority of my fellow MEPs endorse this amendment, then my group will be wholly satisfied.

4-018

Hyland (UEN). – Mr President, the European Union can be justly proud of its efforts to meet the commitments entered into at Kyoto. It is a pity that the US has not lived up to its responsibilities. In this respect, I hope the Commission will continue its efforts on the international scene to impress upon the US the necessity to come on board on this vital issue.

This is the first piece of legislation proposed by the Commission since the signing of the Kyoto Protocol which combines pollution control with savings of EUR 1.3 billion in the annual costs of our Kyoto commitments. I commend the Commission for its proposal which phases in the directive in an acceptable way and which will allow industry the necessary time to adapt to the system by not shirking our bottom-line responsibility. I also praise the rapporteur for his excellent work and his highly technical dossier. I believe that the Environment Committee has in this instance made a valuable contribution to the original Commission proposal.

I fully support the committee's enhancement of the directive. Where the original proposal was limited to CO₂, I am pleased that we in Parliament are more ambitious and intend to extend the scope of application to all other greenhouse gases. Such action would clearly demonstrate the EU's determination to make real and tangible progress on this all-important issue.

I also welcome the expansion of the directive to include other sectors such as the chemical and aluminium sectors. I would highlight one special case in this regard: the situation of the lime industry. As lime and dolime can only be produced by removing existing CO₂ from limestone and dolomite, there is no way of reducing the CO₂ emissions. For this reason, my group has tabled an amendment which proposes excluding lime and dolime production from the gas emissions trading scheme. The industry would still be subject to monitoring, reporting and verification requirements. I would also ask colleagues to consider this particular situation and support our amendment, which is number 89.

The initial voluntary phase of this scheme is important and I hope that Member States would actively encourage maximum participation across sectors. It is also vital that the directive be mandatory from 2008 so as to hold out a concrete, tangible target which will help to focus minds.

In conclusion, I would make a general comment about the contribution of the EU to improving environmental awareness and protection. As an Irish Member, I am all too aware that the overwhelming majority of environmental legislation, as

well as attitude changes, are a direct result of our membership of the European Union. In this case, as in so many other policy areas, the EU has touched in a positive way on every aspect of the lives of our citizens. To maximise the potential of our work in this crucial area, we look forward to its extension to the countries of central and eastern Europe. In this regard, I anticipate with some enthusiasm a positive response by the Irish people to the Treaty of Nice.

4-019

Blokland (EDD). – *(NL)* Mr President, over the past few months, we in Parliament, and outside, have witnessed a heated debate on the greenhouse effect. Do the use of fossil fuels and the increased concentration of carbon dioxide in the atmosphere form a serious threat or is it just hot air? After all, recent research has shown that, although the role of CO₂ emissions by people is restricted and that emissions trading can make a limited contribution to reducing CO₂ emissions, the problem cannot actually be solved.

Is emissions trading therefore pie in the sky? I do not think so. The belief that a reduction in CO₂ emissions is only of limited value in reducing the greenhouse effect is in my view wrong. If it indeed transpires that the part people play in causing the greenhouse effect can be minimised, emissions trading will have achieved one thing, namely that we are now more aware of, and more economical in the use of, our natural resources. With this, a second, unassailable goal has been achieved, namely that if we want to have long-term use of such natural resources as coal, oil and gas, we will need to learn to treat these in a responsible manner.

Making more economical use of natural resources means treating them differently from how we treat them now. In other words, compared to our present way of doing things, we must use them differently. It is therefore of great importance to ensure that this is also reflected in the way emission rights are allocated. This is why, together with the PPE-DE Group, our group has tabled amendments in order to have a kind of benchmark included in the directive. The comparison of energy consumption levels to determine the allocation of emission rights is an extra incentive for companies to take measures in order to reduce their energy consumption. In this way, industry is offered the opportunity, based on mutual and historical comparison, to reduce CO₂ emissions by consuming energy in an innovative way. This is a greater incentive than introducing an energy levy, and it also places some of the social responsibility with entrepreneurs and industry.

Consequently, all the proposals tabled recently to weaken the directive and restrict its scope do not contribute towards improved energy policy in a constructive manner. Quite the reverse. Based on the idea that certain countries will not ratify the Kyoto Protocol, attempts are thus made to restrict the countries' own contribution so as not to experience any economic disadvantage. The fact that this idea is based on an incorrect assumption is self-evident. After all, a reduction in energy consumption makes sense from an economic point of view too.

This has regrettably, led to many amendments being tabled which, if adopted, will seriously hamper the effectiveness of the emissions trading instrument. Voting in the various committees has demonstrated, though, that many amendments cannot therefore count on sufficient support. I am referring to the amendments that require other sectors to be added and that allow many exceptions to the rule. In addition, Amendment No 97 on co-incineration should be rejected, because it reinforces the uneven playing field of waste incineration plants versus co-incineration plants. Unlike waste incineration plants, real production processes take place at co-incineration plants, to which no exceptions should apply. This complicates the directive unnecessarily. I would therefore urge you not to support proposals of this kind.

Mr President, I will wind up by saying that solutions for a better living environment and a better future are often not obvious, certainly not in today's economic climate. Not only the economic climate is a decisive factor in this matter, however. Our role as stewards of God's creation requires us to manage the earth and its resources well. I am absolutely convinced that this is of key significance for our commitment to the sustainable use of our Earth's resources. Emissions trading can be a means to this end.

4-020

Kronberger (NI). – *(DE)* Mr President, twelve years have passed since Rio, where it was recognised that greenhouse gases have to be reduced around the world, which shows how interminably slowly global processes of change in relation to the environment take place. It is costs that are the main point under discussion. It must, though, become widely accepted that every measure taken today is the cause of only a fraction of the cost of future consequential damage, which has to be paid for later. That is what we have experienced in recent days in Central Europe, with the greatest flood disaster known to history. The water has now gone, but the causes remain, and so we have to take action against them, primarily locally but also globally.

It is generally recognised that the most important step is the radical reduction in all greenhouse gases. Mr Moreira Da Silva's Report points in the right direction, and does so excellently. We need a long-term perspective that also involves our belief that real improvement can be achieved. We have been relieved to learn in recent weeks that, for example, the ban on hydrofluorocarbons has resulted, after only a few years, in the hole in the ozone layer over the Antarctic being reduced in size for the first time. Emissions trading in itself does not yet reduce greenhouse gas emissions, but simply divides them up in a different way. An effective campaign must start at our own front door. To do this, we must first of all develop renewable sources of energy and press on towards the energy efficiency goals that we have set ourselves. The long-term

view can only be that the polluter-pays principle should be applied and that the revenues thus accrued should be earmarked for specific purposes and used to improve the situation.

4-021

Kauppi (PPE-DE). – *(FI)* Mr President, ladies and gentlemen, today we are voting on the directive on emissions trading in Europe. The European Union committed itself to reducing its greenhouse gas emissions under the Kyoto Protocol. The Commission has now been working on a preliminary proposal on how to regulate emissions trading between European companies. It will set cap-and-trade values for our energy-dominated industry that are to be reduced annually in accordance with the Kyoto targets.

It goes without saying that we in the European Union want to make our contribution to an improved environment and a reduction in emissions worldwide. I am in favour of the notion of global emissions trading as one way of cutting greenhouse gas emissions. The emissions market would, with all the natural efficiency of the free market, channel the reductions into those areas where the emissions are cheapest to cut. The overall cost of climate policy to the EU would also remain low as a consequence.

The Commission proposal, however, contains several problem areas that need changing. Owing to the costs of making reductions in emissions, industrial competitiveness in EU countries will suffer in comparison with those countries that are outside the Kyoto agreement. There is a very clear danger that instead of actual cuts in emissions we will end up with emission leakage on a global scale, when European installations move their operations to countries that have not submitted to the burden sharing agreement that is Kyoto.

The number of single companies that would have to buy allowances depends on how the initial allocation is made. The initial allocation must definitely be free of charge. An allocation that is auctioned and therefore paid for would mean EU companies would have the burden of an additional cost which their competitors outside the EU and operating in the international markets would not have. The initial allocation must not punish companies that deal with their own emissions effectively, and the measures that a company has already taken must be taken into account. For example, in my country, Finland, there have already been voluntary cuts in carbon dioxide emissions for more than a decade. 85% of industry and power plants have already concluded a voluntary energy saving agreement with the government. The initial allocation process must also take account of a company's real potential technically and financially for limiting their emissions. For example, the steel industry in the area I come from cannot be allowed to get into a disadvantageous position merely because it is impossible to manufacture steel without producing a certain volume of carbon dioxide emissions. Coal is not used in the steel industry to produce energy but as part of the production process. Emissions have been effectively reduced by investing in modern technology. For this reason I, together with my colleagues in our group, have tabled an amendment that would make it possible to exclude carbonaceous products from the cap-and-trade system up to a limit that can be achieved with the best available technology.

The Commission's proposal for a directive is more problematic for Finland than for many other countries. The sectors of industry it covers account for a large proportion of emissions in Finland, larger than in other countries. On the other hand, Finland would get just a small share of the allowances in the allocation, as national targets are stringent. In other words the total allowance will be small. This is not the case with other countries where there are no commitments whatsoever and where climate objectives even permit an increase in emissions.

Although emissions trading is a cost-effective way to reduce emissions in theory, the proposal for a directive must not be allowed to impose any restrictions on commerce so that its benefits are not realised. In theory emissions trading is most advantageous for those whose own measures to reduce emissions are more expensive than buying emissions allowances from others. In practice the outcome, however, depends on how the allowances are allocated to the individual installations themselves, that is to say, how many installations will have to pay for emission allowances and what their market price will be. Distorting the competition structure within the same industrial sector both in Europe and in a global context is a danger, which must be closely looked at in any future debate on the proposal.

4-022

IN THE CHAIR: MR PROVAN *Vice-President*

4-023

Lange (PSE). – *(DE)* Mr President, ladies and gentlemen, Commissioner Wallström started by describing how inadequate the European Union's climate protection measures have been up to now. It is for that reason that we want to negotiate another new instrument on emissions law. We all – myself included – say 'yes' to that. At the same time, though, I say that, if we break down the overall picture of emissions in the European Union, it can be observed that some are already heavily involved in reducing greenhouse gases and others are not. I believe that we must not allow this additional new instrument to call into question the efforts that have already – and with some success – been made, and in view of which we should not be using a straitjacket to wreck structures that have been successful in reducing CO₂ and other greenhouse

gases. This means that there are two things I see as important: the first is greater flexibility, and the second is fair conditions.

If I may start with greater flexibility, I know a business in my part of the world, which has reduced greenhouse gas emissions by 27% since 1990. Why on earth should this business join the emissions trading system, when it has good business reasons for saying that it does not want to? On the other hand, there is a business that is interested, even though it is not covered by the directive. Having themselves reduced CO₂, they are happy to join in. In so far, I am in favour of making it possible to opt in and out. Opting in, as provided for in the proposal from the Committee on the Environment, Public Health and Consumer Policy, strikes me as completely satisfactory, whereas opting out does not; the two are not parallel, in that one can opt out only up to 31 December 2007. I therefore want to put the case for leaving the conditions equal, so that if someone leaves, he is not wholly exempted, but must comply with the same emission reductions as he would if he were still in, but without this 2007 deadline. I would therefore like to urge you to vote in favour of Amendment No 81.

I now turn to the second area, which has to do with fair conditions. We must of course ensure that businesses that get stuck in and have already made the effort since 1990 should have this taken into account when emission allowances are handed out. Moreover, it is not acceptable that closures and relocations of firms should be brought into play to acquire emission allowances that are then sold at a profit, thus putting jobs at risk. These emission allowances must lapse. If we take the two together – flexibility and fair conditions – it will be with a clear conscience that we can say ‘yes’ to using emissions trading to protect the climate, but under flexible and fair conditions.

(Applause)

4-024

Sterckx (ELDR). – *(NL)* Mr President, I believe that the Commission proposal forms an excellent basis. Everyone must be involved and the initial allocation of rights is free. There is, however, one snag; the risk of distortion of competition within the EU. In other words, the playing field may become too uneven, and you were right, Commissioner, to point out that this is unacceptable among national allocation schemes. This is also why I am opposed to national exemptions, whereby a country can grant a company or a sector exemption. It is my conviction that everyone should take part. If necessary, exemptions may be granted at European level for one or other clear reason which can be objectively established.

In addition, I am of the opinion that the allocation must also take account of the energy efficiency of the technology used in a company. A company that does not work efficiently should not be rewarded with an initial generous allocation of rights for free. Since it is impossible to sell because a high number of sectors must operate in a global market, and would therefore be disadvantaged by this sale, European allocation criteria should be put into place that are objective, transparent and stringent and that apply to everyone. We need a benchmark, the best available technology, and we need to prescribe compulsory criteria based on these for everyone and every Member State, since this scheme also affects the distribution of the burden across the Member States in one way or another.

There is the chance therefore, and unfortunately the Member States that are experiencing difficulties are nearly all small Member States, which makes the discussion for us highly problematic, in that there is distortion of competition, which does not mean that we reject this scheme, because this scheme, for us who are finding it difficult to cope, makes the effort more bearable and cheaper, as the price of the effort is reduced.

This is why we need an effective scheme. We will at any rate need to adjust this scheme along the way, and we will at any rate be facing climate problems, greenhouse gases, measures which we need to take long after 2012. We should be clear about one thing: it is impossible to build an ecological paradise on an economic graveyard.

4-025

Seppänen (GUE/NGL). – *(FI)* Mr President, to prevent global climatic change the United States of America proposed a worldwide system of greenhouse gas emissions trading and the creation of emission allowance markets for that purpose. However, the United States did not join the scheme, which is to get under way at the start of 2008. The Commission has suggested that the cap-and-trade scheme, which the United States rejected, should commence in 2005. The same mandatory system has been proposed for everyone, with reductions in emissions being based on market mechanisms. With this instrument a market is to be created. The fact that it is a market will not bring about a reduction in emissions. The radio spectrum auctions in the European market were a catastrophe. Besides, the Commission proposal is not a market mechanism. It involves an administrative distribution of emission allowances among countries as well as the different companies located in them. Crucial to the scheme's success is the initial allocation, and that is not a market mechanism.

Companies in countries that have set themselves ambitious targets in emission cuts will be at a disadvantage compared with the others. The companies that have reduced their emissions before the allowances become effective will be punished. For them it will be more expensive to increase low-emission production than for companies which produce large volumes of emissions. Those countries and companies that use a lot of nuclear or hydroelectric power are being favoured. The EU

trade in emission allowances should not be mandatory before 2008: until then let it be an optional pilot project for Member States.

4-026

Berthu (NI). – *(FR)* Mr President, the proposal for a directive intended to establish a system of greenhouse gas emission allowance trading represents an anticipated application and a gradual learning stage within the Community for the definitive system which should enter into force after 2008, according to the terms of the Kyoto Protocol.

The Kyoto principle is simple. It is a question of making those emitting greenhouse gases pay the cost of the invisible and unmeasured damage they cause to the environment, and therefore to all of us. Since this damage to a public asset is not spontaneously reflected in prices, the idea is to create a single market in rights to pollute which will be defined, quantified and sold by the public authorities. They will gradually be reduced in order, therefore, to reduce pollution.

My first comment is that this system is ingenious. It provides a happy marriage between the role of public authorities and market procedures and we should wish it well.

Secondly, the European Community and its Member States should be congratulated on actively supporting it and voluntarily implementing, during the period 2005-2007, an experimental formula that will allow us to break the system in, to put us in a better position to fulfil our emission reduction commitments after 2008 and, we hope, to play a pioneering role in relation to other continents.

The learning formula is based on the free allocation of emissions allowances to five thousand large companies in sensitive sectors. The allowances will be exchangeable at Community level, thereby allowing operators who have carried out emissions savings to profit from their residual allowances by selling them by mutual agreement to operators who need them.

We can approve these provisions while stressing that the free allocation of allowances may not continue beyond 2008, since, following the learning period, the objective must be to make companies pay in full, and not marginally at the point of transfers, for the hidden cost of these emissions that everybody has to pay for.

As for our reservations, we would stress that the proposed system only applies during the first phase to carbon dioxide, but that it is desirable, in order to prevent distortions, to now begin to consider the means to extend it to all greenhouse gases as soon as possible.

Furthermore, the initial allocation of emissions allowances, which will first of all be based on national plans, should be harmonised as from 2008 in accordance with a comitology procedure the nature and criteria of which we have very little knowledge of, and all of this seems to us much too vague and more detail is required. Nevertheless, in general terms, we believe the system is a good one and we will support the Moreira Da Silva report.

4-027

Liese (PPE-DE). – *(DE)* Mr President, Commissioner, ladies and gentlemen, I would like to make it clear, before I say anything else, that I am not, today, speaking on behalf of the CDU/CSU delegation to the European Parliament. The majority of that delegation takes a different line, but I am speaking on behalf of the PPE-DE Group, which supports the key points of the Moreira Da Silva Report as voted in the Committee on the Environment, Public Health and Consumer Policy. I wish to express my support for the report, and my gratitude to the rapporteur for his commitment. The negotiations were not always easy to conduct – he had to agree to compromises that were difficult for his country in particular – and he therefore merits our especial appreciation. The compromises were difficult for Portugal, but they were reasonable and helpful to the matter in hand.

Protecting the climate will be one of the greatest challenges in coming decades. We should at last stop depicting business and the protection of the climate as being polar opposites. The terrible floods in Germany and the countries bordering it have made it clear to us that great damage is done also in economic terms if we do not protect the climate. These floods were, of course, far from an undisputed side-effect of climate change – to what extent they were is still a matter of academic debate – but the experts do not dispute that we have to do something to avoid such catastrophes in the future. It is therefore right that the Commission should put forward proposals on this, but also true, as we in this House agree, that the Commission proposal before us has major defects, and discussion in the Committees has centred on what we do about them. One group at first tried to reject the Commission proposal as a whole, and when that failed, to at least water it down. Another group, among whom I count myself, declared that the proposal had to be improved. 'Improve it, yes; water it down, no!' was the guiding principle with which we set to work, and I believe that the Environment Committee's report has indeed eradicated the Commission proposal's principal weaknesses.

What is most important is the acceptance of 1990 as a base year and the acknowledgement of previous achievements by businesses. In Germany, Great Britain, Finland and other countries where something has already been done, it is quite simply incomprehensible that one should be penalised for having already made a start on protecting the climate. That is

what makes our introduction of the base year and the recognition of previous achievements so important, so that the firms that have done something can also be given proper credit for it, and then they will have a chance to make a profit from trading in greenhouse gas emission allowances.

There are other improvements, to which Mr Lange has referred; in order that the closure of a plant and the loss of jobs may not then be credited as a climate protection measure, we have adopted an amendment to the effect that emissions certificates will be withdrawn if a production site is closed down. The PPE-DE Group has tabled another twelve amendments, which we have decided on unanimously in order to make further improvements to the Moreira Da Silva Report, but without affecting the heart of the compromises. The most important amendment in this area concerns how we should deal with the cement and chalk industry. It is a fact that it is more difficult to avoid emissions of CO₂ in the production of chalk and cement than it is in other fields, and so this must be taken into consideration without jeopardising the overall objective.

Along with the majority of the PPE-DE Group, I am personally opposed to any opt-out for whole countries and especially to the grant of any opt-out without prior conditions. Even in the initial stages, we cannot talk in terms of an opt-out unless there are very definite prior conditions, which must themselves be subject to immediate verification. Emissions trading is the market economy's tool for protecting the climate, and, believing as I do in the market economy, I am in favour of the Moreira Da Silva Report and ask my fellow Members of this House to vote in support of it.

(Applause)

4-028

Hulthén (PSE). – *(SV)* Mr President, I would also like to begin by signing up to Mr Moreira Da Silva's fan club and thank him for an excellent job. I would also like to thank him for an excellent round table discussion yesterday evening, which I thought was level-headed and balanced and also made a great contribution to the debate. Also, I would like to express thanks for the Commission's document, which provides a very good basis. In view of the limited time available, perhaps we ought to have adopted the proposal unamended. Parliament has, however, proposed a number of amendments.

I have some opinions about which aspects should be considered when we discuss systems for trading in emission rights. We have three commitments to take into account. We must ensure that climate change is reduced. We must ensure that our industry, for which this system was created, also has the opportunity to compete on equal terms. In addition, we have international commitments like the Kyoto Protocol to fulfil and maintain, and we cannot therefore change the basic rules.

In order for the system to function, I think that the following six points must be complied with. The system must be simple; it must be administratively simple. We cannot create a complicated system that the participants, above all, businesses, do not understand. The system must obviously be mandatory. After all, we cannot create a playing field where some players say: 'No, I do not want to join in right now, so I am quitting and sitting on the sidelines instead'. We have to know who will be included in the system, and it is obvious that it must involve countries and individual installations.

I also think that it would have been desirable to allocate emission rights using an auction procedure. There are many views on how the allocation should proceed. The compromise now to be voted on is based on up to 95% allocation free of charge and 5% by auction during the first period, and I think that this is a good solution. This way, we have at least an element of auction, which fits better with the 'polluter pays' principle.

It goes without saying that the emission ceiling must be binding and connected to an enforcement system. Just like the rapporteur, I think that the system should include more gases than just carbon dioxide.

There has also been discussion as to whether it should be possible to carry over emission rights from year to year, and I think this is right. Enterprises that do not use up their emission rights during one year should be able to carry them over to the next year.

We also need to highlight certain aspects and emphasise that this must be in accordance with the Kyoto Protocol. We cannot invent something new. Above all, I wish to urge the Council to ensure that it makes a decision on 17 October.

4-029

Pohjamo (ELDR). – *(FI)* Mr President, the Union's goal to reduce greenhouse gas emissions is justified, but the solution – as is often the case with EU decisions – is bureaucratic and costly. More attention has been focused on the minutiae of the scheme than actually reducing emissions. Furthermore, it treats different Member States unfairly, depending on such matters as industrial structure and the structure of energy production as well as how much has already been done to reduce emissions. We all agree about what our aim should be. The Kyoto commitments must be fulfilled.

There has been a lot of criticism of the emissions trading scheme. It will be especially difficult for steel mills struggling in the global market that have plans for expansion and have already done a lot to reduce emissions. A poor proposal was put forward by the Commission, the Committee on Industry, External Trade, Research and Energy made a lot of

improvements to it, but they got watered down when the Committee on the Environment, Public Health and Consumer Policy debated it. I hope that when we vote we will be able to improve the proposal by approving changes to it that will allow a less rigid opt-out practice and exclude carbon dioxide from raw materials from the calculation of allowances. I do not believe that auctions and burden sharing ceilings by country are appropriate in this connection. The telecommunications sector showed us that auctions are not to be recommended.

The problems associated with emissions trading apply to many industrial sectors throughout Europe. Thousands of jobs in industry are involved. The danger is that production will move somewhere else, where it will cause more pollution.

4-030

Caudron (GUE/NGL). – *(FR)* Mr President, on the basis of the twin factors of the current serious level of atmospheric pollution and its foreseeable development, on the one hand, and the Kyoto objectives and the means intended to achieve them, on the other, and if we reject allowances for latecomers, the perpetuated and exaggerated domination of the poor countries by the rich countries, and above all the commercialisation of air, which I believe to be a universal resource, we can only express reservations in relation to the system of pollution allowances and trading in them. I do not deny that this system is certainly better than the existing one. And I would like to say in all seriousness that I am personally alarmed at such a generalised lack of awareness considering that breathing is something that everybody will always have to do.

It is clear that, however, within this context, our rapporteur has done some very good work. I can say that he has done a lot to improve the system by extending the scope, making it obligatory and proposing complementarity with other environmental policies – public transport, renewable energy, charging, research, energy efficiency. We can therefore vote for these proposals although we will not abandon our fight for a more courageous and less mercenary global policy in this area.

4-031

Oomen-Ruijten (PPE-DE). – *(NL)* Mr President, can I start by thanking the rapporteur for the care and dedication he has shown in respect of this topic? He was, and still is, receptive to the problems that this proposal entails. I should like to thank him for, and congratulate him on, the enormous skill, but certainly also on the perseverance with which he is attempting to bring the emissions trading scheme to a successful end. I share Mr Liese's view that the rapporteur has not opted for the southern European angle, but has tried to join North and South together in a very judicious way.

The proposal is an outworking of Kyoto, where it was agreed that the emission of greenhouse gases was to be reduced. I am able to say, with due pride, that the emissions trading scheme is already working well in the Member State from which I come. A sound emissions trading scheme must meet a number of criteria: it should not discriminate between companies and sectors and it should reward pioneers for the measures they have already taken. I will return to this subject in a moment. The scheme must not obstruct the market and must therefore also provide opportunities to newcomers on the market. Furthermore, the scheme must be competitive in Europe and may not adversely affect the European position on the global market.

In my view, the Commission proposal does not meet these criteria. A cap or a trading scheme can be achieved by auctioning or grandfathering. Auctioning would be a solution if the market were to function well, but if auctioning takes place only in Europe, competitiveness with the rest of the world is distorted.

The main disadvantage of grandfathering is that the rights are initially allocated for free on the basis of the emissions at the time. Such a scheme of grandfathering, therefore, takes no account whatsoever of the reductions in energy consumption which have already been introduced within the Dutch market, and certainly in the German one, and also in a number of other countries. This is why I believe it would be best to set up a scheme whereby rights are allocated on the basis of performance standard rates. These are rights that must be earned first by operating more energy-efficiently before they can be auctioned.

I wholeheartedly support the adapted proposal, which includes a number of the amendments that I have tabled on behalf of my group. And I should like to say to my German fellow MEPs that I understand their view.

4-032

Bowe (PSE). – Mr President, like many here I welcome the report and congratulate the rapporteur on the work he has done so far. The compromise we have agreed and voted in the environment committee has resolved many points of difference between various colleagues in the Parliament, but not all of them, as we know. Like many, if not all here, I am a strong supporter of this proposal. It is developing into a flexible measure, it is market-based and it will definitely help the EU to achieve the CO₂ reduction targets that we have in front of us. This will also be at a reasonable cost, which must not be overlooked.

With existing nationally-based schemes we are learning by doing, and we must continue to do so. Therefore we must allow the schemes in front of us to come to a natural conclusion and allow some industrial installations to opt out and opt in, at least in the earliest phases of the new scheme.

I will be pleased to see all six major greenhouse gases included. I will not be happy to see, however, limits on the allocation of allowances, on the introduction of an untried system of benchmarking, or on limiting access to international trading systems as foreseen by the Kyoto Protocol. They are measures that still need to be addressed.

Every journey begins with a first step. We should not underestimate the length of the journey that we are beginning today by starting on this legislation. We should not underestimate just how steep, stony and difficult the path is going to be, but I do hope, for all our sakes, and for the world, that we can set off on the right foot and in the right direction.

4-033

Alyssandrakis (GUE/NGL). – *(EL)* Mr President, the Kyoto Protocol was widely welcomed as an important step in combating the climate changes threatening life on our planet. However, under pressure from the USA, the protocol contains a loophole which allows countries or companies to avoid honouring their commitments. I refer to the system of greenhouse gas emissions trading.

It is unthinkable that an entire market should be created in order to trade in pollution as a commodity, a market on which, instead of reducing their emissions, companies can buy surplus emissions from other companies which are within their limits. It is equally unthinkable that people should cite the right to pollute. Taken in conjunction with the famous 'polluter pays' principle, this means that anyone who can pay the price has a licence to pollute with impunity.

We are horrified that the European Union has based its policy for implementing the Kyoto Protocol on emissions trading and is addressing the whole problem in market terms. This shows just how hypocritical its proclamations on the environment and climate are. In theory it supports the Kyoto Protocol; in practice it undermines it. Reducing emissions of greenhouse gases and allowing monopolies to keep making obscene profits are mutually exclusive. Of course, in the capitalist system, everything can be bought and sold, even pollution. However, climate and the future of life on our planet cannot be bought and sold. The protection of our planet is in the hands of the grass-roots movement.

4-034

Langen (PPE-DE). – *(DE)* Mr President, I would like to start by thanking Mr Moreira Da Silva, who, by dint of a vast amount of detailed work, has made a useable proposal for discussion out of a very poor proposal from the Commission, one that actually ought to have been rejected outright. So, many thanks to him, for what your office, Mrs Wallström, has produced, is not up to the standard of quality needed if protection of the environment is to make progress across Europe. Not in eight and a half years have I come across such a poor proposal for a directive put to this House, so you can be grateful that Parliament eventually had the opportunity to improve certain aspects of this feeble effort. So much for my introductory remarks.

My second point is that I unreservedly agree with Mr Lange that, if this proposal is to become reality, it must incorporate flexibility under fair conditions. Fair conditions are required not only because individual Member States of the European Union have already achieved a great deal whilst others have not, but also in view of the relevance of emissions trading to competition. Everyone imaginable in this House has had something to say about the USA and the bad guys over there, only then to say that this is actually a tax on energy. Mrs Corbey said that electricity produced by nuclear power must not receive favourable treatment. What the Commission has proposed does not actually meet its own conditions. It is a bureaucratic monster, utterly ineffective in environmental terms, and this cannot be blamed on Kyoto and justified by reference to it, because Kyoto, Mrs Wallström, was signed by the Member States. In Kyoto, the Member States committed themselves. The Kyoto Protocol refers to six greenhouse gases, you to only one. The Kyoto Protocol commits the Member States. You want to impose obligations on businesses. The Kyoto Protocol puts the Member States in a position to make use of any instrument. You want to make the Member States' responsibility null and void by using the Commission's bureaucracy. The Kyoto Protocol is effective from 2008 to 2012. Your mandatory emissions trading begins as early as 2005.

The Kyoto Protocol has at least three instruments, of which you use only one, and, most of all, you violate the most important principle, one on which the international community has agreed, that the world at large should cut back on CO₂ wherever this can be done most cheaply and quickly. It is quite clear, though, that what you are proposing here is European internal trade, which will not have any effect on anyone else, and will cost between EUR 20 and EUR 33 per ton of CO₂ equivalent. You have incorporated neither of the other two instruments in your directive at all. The Kyoto Protocol strives for a mix in which the cost of EUR 6 per tonne of CO₂ equivalent should apply, and if you do as you have proposed, the result will be factories being closed down and jobs being relocated. We will achieve no positive outcome on a worldwide basis, and that is why we are in favour not only of fair conditions, but also of letting the instruments compete until the Kyoto Protocol takes effect.

All fifteen Member States of the European Union have now undertaken to individually reduce greenhouse gas emissions by 8%. The European Union has committed itself to something different, a different kind of burden sharing. The way this sort of burden-sharing works is that a country such as Germany, with its minus 21%, is playing a very large part, whereas Portugal, for example, is permitted an increase of a further 27% over against the 1990 basis. This is all very just and

responsible, but now, when Germany and Great Britain are the only states to be able, even without the Commission's bureaucratic emission-trading monster, to point to successes, you cannot penalise them on the basis that those who did it voluntarily must now pay an additional penalty for having made a success of it. How, Mrs Wallström, is that sort of imposition on the Member States and on businesses meant to motivate them? As a German MEP, I can tell you that there have been reductions of CO₂-equivalent in Germany amounting to 231 million tonnes since 1990. That is a massive amount. Over the same period, Spain, another Member State, has poured another 100 million tonnes of CO₂-equivalent into the atmosphere. Penalising German businesses for Spanish omissions is the wrong way to go about things, and so I ask the House to support item 75, which is intended to give more responsibility to the Member States.

(Applause)

4-035

Linkohr (PSE). – (DE) Mr President, if I had more than two minutes at my disposal, I would, in the most amicable way possible, demolish Mr Langen's arguments. I do believe that the Commission has produced a thoroughly good draft, which I am sure we have improved, because Parliament always does everything better. I want to make the following points. Firstly, we already have a trade in emissions; across the world, some 70 million tonnes of CO₂ have been traded since 1996, at – let us assume – a price of USD 3 per tonne, amounting to USD 210 million worth of business, and the trade is increasing at an exponential rate. There has to be some order in this trade, and, in Europe, this directive helps us to do that. That is why it makes sense.

I am very much in favour of past experience in the Member States being taken into account, which means that we need a transitional period, but one that must come to an end. As far as I am concerned, 2008 is that end, when the same rule must apply across Europe. I also want to point out that European competition law still applies to trading in emissions, and – Kyoto notwithstanding – the Commission can always intervene in the market if it believes that competition is being distorted.

This trade in emissions is in fact ushering in a new era in our economy, as waste gases – CO₂ in this instance – are having a price put on them. Where that price is estimated – the Commission is assuming EUR 20 per tonne – one can very readily imagine what significance this will have for the economy, for the energy sector, and for ecology. We really are coming up to a paradigm shift, and, that being so, I am sure that this will not be the last debate on this subject. I hope that Parliament's resolution will after all be the basis of a rapprochement between us, enabling us to come up with a solution that makes sense.

4-036

Flemming (PPE-DE). – (DE) Mr President, I would like to start with very warm thanks to Mr Moreira Da Silva, who was a superb rapporteur, and he has produced a fine report. *ET, Emission tradit* is a strange unknown being from a strange unknown star. We do not yet know whether to fear it or love it. I have, though, attempted to give this being a rather more human face and have brought in a series of amendments, some of which have also been adopted by the Committee on the Environment, Public Health and Consumer Policy. Amendment No 2: if the authorities already have to update this by making various changes to the installations, then please let this happen with the operators' agreement. The Commission states in its draft that it will stipulate a harmonised method of allocation for the period beginning on 1 January 2008. I would rather that they did not. I believe that Parliament has the right to be involved in this by way of the codecision procedure.

My concern in Amendment No 30 is that the allocation of allowances to new installations should, in principle, be harmonised across the EU. My Amendment No 37 is particularly important. This has to do with need for the Member States to ensure that the operators of installations can, within the relevant periods, bring forward allowances or put them aside for a subsequent year. This strikes me as very, very important, and makes things a bit more workable. It is my belief that none of us needs to fear this draft. After all, we are dealing only with the period from 2005 to the end of 2010, which the Commission has already designated as a sort of test run. Fear not, my good brave Mr Langen; we can keep on changing all this. I am sure that it will be only after today's vote that we will really get started on a major discussion process.

4-037

Randzio-Plath (PSE). – (DE) Mr President, we – by which I mean not only the economic actors, but also the Member States and the European Union – have to stand firm on implementing the Kyoto Protocol. Mr Langen should not forget that we live in an internal market which is not meant to function in such a way that the lights go out all over Europe, but rather so that we try to create ecologically compatible and sustainable economic growth in the interests of employment and of saving the environment. This, in my view, makes it very right and proper that the Commission should take note of the fact that certain Member States are already engaged in emissions trading, and that, as has repeatedly been said today, certain of them already have previous achievements to their name in reducing carbon dioxide. This makes it particularly important that we should take 1990 as a base year.

Let me, moreover, make the economic point that it is extraordinarily important that emissions certificates be granted free of charge. There is nothing to be gained from auctions; we have been shown that by our bitter experiences in the past, from

the trade in banana licences to the auctioning of UMTS licences, and that is why it matters that this instrument should be granted free of charge. It is important from the investor's point of view, as this will not lead to enterprises being harmed by costs at the outset and this will also ensure that emissions trading does not work like a tax. Enterprises thus have at their disposal the resources they need for research and development and for the use of energy-saving, low-emission processes. Allocation without charge also guarantees that all involved are on an equal footing and that the procedure is transparent. I consider that to be of the utmost importance, and I must say that we welcome this proposal on economic grounds as well, because it ends up helping the price to take account of external costs. I would, though, beg the Commission to do everything possible to achieve a breakthrough on the taxation framework directive as well, as it cannot but help to supplement taxes on business and thus help Europe to successfully realise ...

(The President cut the speaker off)

4-038

Korhola (PPE-DE). – *(FI)* Mr President, this is a report that is certainly of great importance. It only remains to be seen whether it will have a negative or positive impact on real life. Then it will be a question of real companies and real people's jobs, real families' livelihoods and genuine climatic change. It is an experiment, in which the EU cannot afford to fail.

In principle I eagerly support emissions trading, but it has to be said that this proposal is worryingly incomplete. The Commission proposal, among other things, failed to answer the following questions. Firstly, there is the competitiveness of companies that implemented environmental action in the early stages, taking special account of the limits for individual countries as a result of burden sharing. Then there are the competition-distorting factors of burden sharing among the Member States generally, the relationship between emissions trading and the fiscal interests of individual states, and that between emissions trading and the free energy market. Then, too, there are the issues of the massive transfers of income arising from cooperative action between different operators and states, enlargement, the EU shielding itself from attacks from third country operators or Soros-type speculators, and matters to do with legal protection, and access to justice. The latter the committee fortunately accepted in my proposal.

In addition to the questions that still remain unclear, the proposal seems to confuse the goals and means of achieving them, the national level and that of business, and market instruments and traditional administration based on control. In confusing these it serves its purpose poorly and needlessly puts a burden on the objective itself, which is to reduce emissions, regarding which European operators have until now been unanimous. Uncommonly burdensome levels of bureaucracy accompanying the emissions trading scheme, bureaucracy that Parliament, regrettably, has not been willing to bear the responsibility for breaking down, promise additional difficulties.

I have been especially anxious about the possibility of carbon leakage. Without my amendment the directive would not distinguish between carbon dioxide emissions that result from the use of coal for energy and its use as part of an industrial process. As a result the position of the European steel industry, which meets excellent global ecological standards, would be in danger of being weakened in the global markets, causing not only economic but also massive ecological harm.

4-039

Doyle (PPE-DE). – Mr President, this directive underlines the seriousness of our intent to come to terms with greenhouse gases. I congratulate the rapporteur for the excellent job he has done in a very difficult area.

The question of whether participation in the emissions trading scheme provided for under this directive should be mandatory in the pilot phase has been the subject of much debate in Member States, including Ireland. It is one of the key issues in this draft directive. The environmental and industrial perspectives are quite different and we need to find the right balance. We govern, after all, by consent.

The desire from an environmental perspective for a wholly mandatory regime must fit well with market considerations and be industry-friendly. It must be flexible and market based. It makes sense to accept a scheme that is mandatory at the level of Member States as all states must participate in the effort to reduce emissions. Indeed, we will need sellers in the market for it to work. We need to have some latitude at the level of individual installations to temporarily opt out of the scheme for the pilot phase only. Of course, any installation opting out must be required to take equivalent action to reduce emissions. This temporary opt-out provision should only last for the pilot phase because from 2008 onwards we are obliged to achieve legally-binding targets under the Kyoto Protocol.

I urge support for compromise amendment 50, and amendment 99 dealing with CO₂ emitted from the decarbonation of limestone to produce lime, which makes an important, environmentally friendly contribution to the market. I hope the Commission can accept both those amendments.

4-040

Wallström, Commission. – (SV) Mr President, ladies and gentlemen, I would like to start by expressing my thanks for the valuable and constructive contributions to a very interesting debate. This is not the first time and, believe me, definitely not the last time that we will discuss measures to counter climate change.

Allow me to begin by placing this debate in a wider context, that is to say, what we know about climate change. We are well aware that climate change is taking place. The rise in temperature we have measured during the twentieth century is the biggest for a thousand years. We know that the snow cover in the northern hemisphere has decreased by 10% since the end of the 1960s. We know that the thickness of the polar icecap had decreased by 40% in just a decade. Researchers – and we have assembled the world's leading climate researchers – say that, to deal with climate change, we will have to go much, much further than the Kyoto Protocol. We will therefore need to take measures that go further than those we have discussed up to now.

We have ratified the Kyoto Protocol and are now in fact working, within the EU, on three different fronts. We are acting on the international scene by encouraging countries on the outside, such as the US, to sign up. It is important to continue pushing for good conditions and for the achievement of those objectives of the Kyoto Protocol that are within reach. We must, however, be credible here at home too, and that is why we have set up the European Climate Change Programme. Together with all the various interested parties, we have identified those measures we need to take here at home in order to meet our commitments and combat climate change in a cost-effective manner. The trade in emissions rights is one such instrument.

I will just add that we all realise that there is a cost in meeting the commitments under the Kyoto Protocol, but it will also be to our cost if we refrain from acting. To do as others do and sit on the sidelines or refrain from doing anything cannot be considered as a contribution to the creation of equitable conditions. It is necessary to remember this. The trade in emission rights is thus one of the instruments we will need in future.

We have just been talking about large emission sources, but we also need to review the traffic system and take effective measures in this connection in future.

4-041

I will switch to English because Mr Davies called this a timid proposal. Is it a timid proposal? I would call it realistic. It is indeed a very new instrument. The only example of a trading system for air pollutants is in the USA. We are introducing a completely new, market-based instrument, so we will have to create a realistic and credible system. It has a broad scope because it covers 46% of all estimated CO₂ emissions for 2010. It covers all large emitters of CO₂ and it foresees future developments, for example, a time when we can monitor emissions other than CO₂. Again, it has to do with credibility. Do you think that anyone would like to buy or sell on a market where they cannot rely on the rules, or in a system which is not monitored, where we do not have all the facts and are not sure about what we are doing?

We are interested. That has been our starting point to extend this proposal to all greenhouse gases. We will not do it, however, until we know that we can monitor, measure and be sure about what we are doing. We are not opposed to extensions to other sectors. Our starting point has been that we should do it when we have secured a system which we know we can rely upon. We have to build confidence in this new instrument. Maybe it is better to be prudent and realistic to start with. What would happen if we designed a system which was too ambitious and which then failed? That could kill this instrument.

We need a system with clear rules to promote transparency and confidence in the model, with no opt-outs because this will distort competition and reduce cost-effectiveness. It must also be a system that is simple and clear, with no special dispensations. It must be open to further extension through learning by doing. That is why we propose to start in 2005, leading up to 2008 with the first commitment period under the Kyoto Protocol. This is the Commission's starting point, these are the Commission's guiding principles in designing this proposal.

Remember also that business trading is not the only instrument. We are addressing emissions from households and transport as well and we will have to go further on those areas. We have an agreement with the car industry on CO₂ emissions. We have directives on energy efficiency in buildings, the promotion of public transport, and the promotion of renewable energy, amongst others. So it is clear that this is not the only instrument.

I will return to Mr Langen's comments because he was practically the only one who said that this was really a bad proposal. I take comfort from the fact that so many Members of Parliament have congratulated the Commission for a well-drafted and well-crafted proposal.

I would like to comment on a few of the main arguments used here. As regards voluntary participation or a temporary opt-out, Parliament is considering a transitional phase during which participation is not mandatory until 2008. As you have heard, I would like to make the case for a mandatory scheme from 2005. The case is a strong one. First of all, it will deliver the most in terms of cost-effectiveness. A broad scheme is needed to maximise cost-effectiveness and those savings

of EUR 1.3 billion per year depend upon the full participation of all Member States. Second, it would be the best assurance of fair competition within the internal market. Would there not be a danger, with a voluntary scheme, of allowing those Member States who have done least to reduce emissions to continue to avoid taking any action? If Member States can choose which entities should be covered, the temptation will be to exempt those sectors which are exposed to competitive pressures. If one Member State wants to exempt its cement or electricity sectors, the others may be tempted to do so too, fearing that their companies will be disadvantaged in the internal market. If there are no sectors left, then there is no emissions trading and no learning by doing. I repeat that the cost-effectiveness of the instrument is directly linked to its coverage of the whole European Union. It is based on the wish for all existing Member States to take part.

To those who expressed fears that early action would be punished instead of rewarded – the 'first mover' advantage that has been mentioned – there are two comments. First, the directive as proposed by the Commission allows and even encourages Member States to recognise early action. The discussions in this Parliament and in Council tend to strengthen these provisions and I am pleased with that. This is a very important element of the proposal. It will urge the Member States to develop objective criteria such as the performance standards recommended by several Members. This, however, is a task for the Member States because our proposal is based on the principle of subsidiarity. It is not for the EU as a whole, at least not in the first phases. There is also a second consideration. This directive proposes an EU-wide system and it would therefore also bring on board the laggards. Success in coping with climate change depends as much on action by the laggards as it does on action by the early movers.

With regard to Mr Langen's comments, I believe there has been a basic misunderstanding. This is a new EU-wide measure, but it is not creating a new burden compared to the agreements reached in Kyoto. It does not change the burden-sharing within the European Union. That has already been made legally binding. This is an instrument, not a new objective. Those who have already done a lot will be able to sell their allowances which, at least according to our proposal, they would have got for free. Let us not forget that.

I will conclude because I see I am running out of time. I would like to thank the rapporteur and all Members of Parliament for a very interesting and rewarding debate on emissions trading.

4-042

President. – I would like to thank you very much, Commissioner, not only for participating in the debate but also for your commitment to the issue.

The debate is closed.

4-043

Welcome

4-044

President. – It is with great pleasure that I extend a most cordial welcome to a delegation from the Great Hural, the Parliament of the Republic of Mongolia, headed by His Excellency Mr Sanjbegziyn Tumor-Ochir, Speaker of the Great Hural. The members of the delegation have taken their seats in the Distinguished Visitors' Gallery.

This visit to Brussels by the Speaker of the Mongolian Parliament is a great honour and further evidence of the strengthening of the relations established between the European Union and the Republic of Mongolia.

I am sure that the talks between the members of the Mongolian delegation and the various Members of our Parliament today and yesterday will have been fruitful and serve to strengthen the bilateral links between our two institutions.

You are very welcome.

(Applause)

4-045

Dangerous substances and preparations (c/m/r)

4-046

President. – The next item is the recommendation for second reading (A5-0285/2002) by the Committee on the Environment, Public Health and Consumer Policy, on the Council common position for adopting a European Parliament and Council Directive amending for the twenty-third time Council Directive 76/769/EEC relating to restrictions on the marketing and use of certain dangerous substances and preparations (substances classified as carcinogens, mutagens or substances toxic to reproduction) (8328/1/2002 – C5-0267/2002 – 2001/0110(COD)) (Rapporteur: Mr Nisticò).

4-047

Nisticò (PPE-DE), rapporteur. – *(IT)* Mr President, I will be very brief, for we have discussed this report at length, and just highlight new points which have emerged from a very heated debate in the Committee on the Environment, Public

Health and Consumer Policy. This is actually the twenty-third amendment of Council Directive 76/769 relating to restrictions on the marketing of substances classified as carcinogens, mutagens or substances toxic to reproduction – a directive, therefore, which seeks to protect consumers' health and to harmonise the common market in products with the same characteristics.

As stated in Annex I, the proposal relates to 25 new substances classified as category 2, 14 of which are considered to be carcinogens – cobalt salts, some cadmium salts, benzopyrene and some azoic dyes which have been recorded for years in literature as having carcinogenic properties have, at last, been included – three of which are considered to be mutagens and eight of which are considered to be toxic to reproduction.

As well as substances such as these, the ban is extended by the Commission to preparations, that is to mixtures or solutions of these substances. The Group of the Greens/European Free Alliance, particularly Mrs Schörling and a number of other Members, would like to see the ban extended to the marketing of products and articles containing these substances, such as toys, textiles or flooring, too.

I would stress that I am opposed to the idea of extending the ban to products as well. Consider the damage it would cause, not just in economic, commercial and industrial terms but the psychological damage too, should people learn that one of these substances – an azoic dye, for example – is present in an elegant tie, whereas, in actual fact, the carcinogenic substances are never released from that tie and the health of the person wearing it is therefore never placed at risk.

I will therefore confirm our position. We are opposed to Amendment No 1, tabled by Mrs Schörling, which was only endorsed by the Committee on the Environment by a very small majority and which states that 'the Commission should extend the ban on substances classified as carcinogenic, mutagenic or toxic to reproduction...to products...'. We are also opposed to the first part of Amendment No 2 – the first seven lines – which states once again that '...the ban should be extended...to products...'. However, we accept the second part of Amendment No 2, which seeks to put pressure on the Commission, recommending that the Commission submit a proposal to prohibit the use of products containing mutagenic or carcinogenic substances where there is scientific evidence that these dangerous substances are actually released from the products and absorbed and accumulated by the human body in concentrations with mutagenic, carcinogenic or toxic effect.

I believe that this recommendation will contribute greatly to the protection of consumer health and the environment, and I hope, Mr President, that the Commission and the Council will be able to incorporate it.

4-048

Wallström, Commission. – Mr President, I would like to thank the rapporteur for his constructive work. This is an important directive as it would introduce a ban on substances that have been identified and classified as carcinogens, mutagens or substances toxic to reproduction, the so-called CMR substances. It is a very far-reaching proposal as it bans the sale of these substances and all their possible mixtures to the general public. The proposed directive will therefore encourage the marketing and use of safer alternatives. Furthermore, the proposed directive provides not only for the protection of consumers' health but would also preserve the internal market. It would introduce harmonised rules throughout the Community.

The reasons for favouring an extension of the ban to products placed on the market for use by consumers are understandable. Nevertheless, this requires an examination of whether there is a release of the substance from the product, and whether the release is high enough to create risks for public health or the environment. This latter aspect, the determination of risk, is lacking in the proposed amendments and the Commission therefore rejects them for the time being.

We need to know more about the possible risks from products. I can confirm that the Commission will address the Parliament's concerns by looking into this potential problem. The Commission has already proposed to limit the risks on numerous occasions and currently, roughly 1 000 CMR substances and several thousand preparations containing CMRs are banned. One example is that of the azo-colorants that are well known carcinogens. In that case the use of such colorants was prohibited in a large number of products. However, the European Parliament insisted that oriental carpets be excluded because the release of these azo-colorants remains below acceptable thresholds. The Commission agrees because we too concluded that there was no significant risk to public health.

In conclusion, the Commission cannot accept Amendments Nos 1 and 2 but will consider the potential problem of CMR substances in products as a matter of urgency.

4-049

Schörling (Verts/ALE). – (SV) Mr President, this second reading is incredibly important, since it deals with the twenty-third amendment to the directive on restrictions on the marketing and use of certain dangerous substances and preparations (substances classified as carcinogens, mutagens or substances toxic to reproduction), the so-called CMR substances.

Neither the Council nor the Commission have wanted to meet the European Parliament halfway in our demand for the directive to include products as well. After all, products are the main source of exposure for the public, for example in toys, textiles or flooring. The risk assessment carried out in accordance with the Commission's proposal is actually based on the precautionary principle and states clearly that the safety of the public is to be guaranteed. This can only be brought about if there is also a ban on CMR substances in consumer goods. For some obscure reason, the Commission and the Council have not wanted to accept this, despite there being scientific evidence.

The Council also points out that a large number of products are involved and that this is supposedly a reason for not doing anything. It should in fact be the other way round. If a large number of products contain CMR substances, we should obviously act even faster. I would have preferred to see a proposal for a ban as early as 2002, but we have not been able to get that far.

It is always a pleasure to work with the gentlemanly Dr Nisticò. We have been able to produce a constructive amendment, a compromise between Dr Nisticò and fellow Members from the Group of the Party of European Socialists and the Group of the Greens/European Free Alliance. I would urge fellow Members to vote in favour of Amendment No 2. We cannot wait any longer. It is irresponsible to do so, nor is it in accordance with the precautionary principle. I appeal to fellow Members: vote in favour of Amendment No 2.

4-050

Bowe (PSE). – Mr President, on behalf of the Socialists I welcome this report which will place serious and proper restrictions on a number of very dangerous substances that are now known to be toxic, mutagenic or carcinogenic to human beings. We must push this report through.

As regards the critical issue here, which is the extension of this ban to products, the Socialist Group fully supports the second amendment which proposes this idea. We recognise, of course, that further work needs to be done on this question. We must consider these products, the level of risk they present, their contact with human beings and the places where they are used. We believe, however, that this can happen further down in the legislative process. This amendment should be supported so that these discussions can take place.

4-051

President. – The debate is closed.

The vote will take place shortly.

4-052

IN THE CHAIR: MR DAVID MARTIN
Vice-President

4-053

Vote

4-054

President. – The next item is the vote.

4-055

Cohn-Bendit (Verts/ALE). – *(FR)* Mr President, according to the voting order, we are first of all going to vote on the Association Agreement with Algeria and later on the resolution. In the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy we did the opposite: we voted first on the resolution and then on the Association Agreement. Given that my group's vote for or against the Association Agreement depends on the content of the resolution, we request that we vote first on the resolution and then on the Association Agreement.

4-056

(Parliament accepted this proposal)

Report (A5-0317/2002) by Carlos Westendorp y Cabeza, drawn up on behalf of the Committee on Industry, External Trade, Research and Energy, on further macro-financial assistance to the Federal Republic of Yugoslavia (COM(2002) 436 – C5-0401/2002 – 2002/0192(CNS))

(Parliament adopted the text)

Report (A5-0318/2002) by Carlos Westendorp y Cabeza, drawn up on behalf of the Committee on Industry, External Trade, Research and Energy, on further macro-financial assistance to Bosnia and Herzegovina (COM(2002) 437 – C5-0402/2002 – 2002/0193(CNS))

(Parliament adopted the text)

Report (A5-0284/2002) by Christopher Heaton-Harris, drawn up on behalf of the Committee on Budgetary Control, on the Commission's evaluation activities (2002/2131(INI))

(Parliament adopted the text)

Report (A5-0304/2002) by Philip Bushill-Matthews, drawn up on behalf of the Committee on Employment and Social Affairs, on the Commission report to the European Parliament and the Council: Growth and Employment Initiative – measures on financial assistance for innovative and job-creating small- and medium-sized enterprises (SMEs) (2001/2242(INI))

(Parliament adopted the text)

Recommendation for second reading (A5-0297/2002) from the Committee on Industry, External Trade, Research and Energy, on the Council common position with a view to the adoption of a directive of the European Parliament and of the Council on the energy performance of buildings (8094/2/2002 – C5-0268/2002 – 2001/0098(COD)) (Rapporteur: Alejo Vidal-Quadras Roca)

(The President declared the common position approved as amended)

Recommendation for second reading (A5-0285/2002) from the Committee on the Environment, Public Health and Consumer Policy, on the Council common position for adopting a European Parliament and Council Directive amending for the twenty-third time Council Directive 76/769/EEC relating to restrictions on the marketing and use of certain dangerous substances and preparations (substances classified as carcinogens, mutagens or substances toxic to reproduction) (8328/1/2002 – C5-0267/2002 – 2001/0110(COD)) (Rapporteur: Giuseppe Nisticò)

(The President declared the common position approved as amended)

Report (A5-0303/2002) by Jorge Moreira da Silva, drawn up on behalf of the Committee on the Environment, Public Health and Consumer Policy, on the proposal for a European Parliament and Council directive establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC (COM(2001) 581 – C5-0578/2001 – 2001/0245(COD))

4-057

(Parliament adopted the legislative resolution)

Motion for a resolution (B5-0489/2002) tabled by Elmar Brok on behalf of the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy on the conclusion of an Association Agreement with Algeria

Before the vote on paragraph 5:

4-058

Morillon (PPE-DE). – *(FR)* Mr President, I am prepared to withdraw Amendment No 10 if the House accepts the following oral amendment: we would retain the whole of paragraph 5 but the final part of the sentence would be amended as follows: instead of ‘international NGOs that wish to enter Algerian territory freely’, I propose ‘international NGOs that wish to have access to Algerian territory’.

4-059

President. – I am told that you wanted to remove the words 'and adequate housing'. Is that correct?

4-060

Morillon (PPE-DE). – (FR) Yes, but following last night's discussion I have understood what that meant and I accept the term. It is therefore paragraph 5 with the change I have just mentioned.

4-061

(Parliament accepted the oral amendment)

Before the vote on Amendment No 12:

4-062

Napoletano (PSE). – (IT) Mr President, I think the oral amendment replaces Amendment No 12 tabled by the PPE-DE, in which case, Amendment No 12 could be withdrawn. We therefore need to split the paragraph up into three parts for the vote. We could vote for the first part – 'reasserts the necessity of a withdrawal of the military from political decision making' – then we could vote against the second part – 'the demilitarisation of society' – but vote for the third part – 'and the strengthening of the political institutions'. I think the different groups in the House will agree to this. The paragraph can therefore be split into three parts and we can vote for the first and third parts and against the second part, so that the phrase 'the demilitarisation of society' is deleted.

4-063

Morillon (PPE-DE). – (FR) Yes, but I would point out that under these conditions the PPE-DE Group will vote against the three parts.

4-064

(Parliament accepted the oral amendment)

Before the vote on paragraph 13:

4-065

Morillon (PPE-DE). – (FR) In relation to paragraph 13, I will withdraw my amendment if the House accepts the second part concerning the right of asylum being compatible with, on the one hand, the provisions of the new agreement on the free movement of persons and, on the other, the acquired rights of legal immigrants of Algerian origin.

4-066

(Parliament accepted the oral amendment)

Before the vote on Amendment No 21:

4-067

Boudjenah (GUE/NGL). – (FR) Mr President, I would like to say that my group is withdrawing the first part of the amendment. What will remain will therefore be: 'requests that the Commission carry out a regular assessment of the economic, social and environmental consequences of the implementation of the Association Agreement'.

4-068

(Parliament adopted the resolution)

Recommendation (A5-0299/2002) from the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy, on the proposal for a Council decision on the conclusion of the Euro-Mediterranean agreement establishing an association between the European Community and its Member States, and the People's Democratic Republic of Algeria (10819/2002 – COM(2002) 157 – C5-0362/2002 – 2002/0077(AVC)) (Rapporteur: Raimon Obiols i Germà)

(Parliament adopted the legislative resolution)

Report (A5-0341/2002) by Rolf Berend, drawn up on behalf of the Committee on Regional Policy, Transport and Tourism on the proposal for a Council regulation establishing the European Union Solidarity Fund (COM(2002) 514 – C5-0441/02 – 2002/0228(CNS))

(Parliament adopted the legislative resolution)

Report (A5-0307/2002) by Michael John Holmes, drawn up on behalf of the Committee on Fisheries, on the proposal for a Council regulation on establishing specific access requirements and associated conditions applicable to fishing for deep-sea stocks (COM(2002) 108 – C5-0135/2002 – 2002/0053(CNS))

(Parliament adopted the legislative resolution)

Report (A5-0313/2002) by Regina Bastos, drawn up on behalf of the Committee on Employment and Social Affairs, on the Commission communication on the Commission's Action Plan for skills and mobility (COM(2002) 72 – C5-0287/2002 – 2002/2147(COS))

Before the vote:

4-069

Manders (ELDR). – *(NL)* Mr President, the Liberals have tabled an Amendment, No 2, but I have consulted Mrs Bastos who has assured me that the text that we wanted to add about the local and regional governments' involvement in the consultation in the border regions is already implicitly included in her text. I should, for that reason therefore, like to withdraw the amendment.

4-070

(Parliament adopted the resolution)

Motion for a resolution B5-0519/2002 tabled by Charles Pasqua, Jean-Charles Marchiani and Isabelle Caullery on behalf on the UEN Group on the Commission statement on the situation in Côte d'Ivoire

(Parliament rejected the motion for resolution)

Joint motion for a resolution³ on the situation in Côte d'Ivoire

(Parliament adopted the joint resolution)

Report (A5-0283/2002) by Herbert Bösch, drawn up on behalf of the Committee on Budgetary Control, on the Commission communication concerning the fraud-proofing of legislation and contract management (SEC(2001) 2029 – C5-0158/2002 – 2002/2066(COS))

(Parliament adopted the resolution)

President. - That concludes the vote.

EXPLANATIONS OF VOTE

4-071

Westendorp y Cabeza report (A5-0318/2002)

4-072

Meijer (GUE/NGL), in writing. – *(NL)* There is a desperate need for financial support for all eastern European countries, where, over the past decade, economies have collapsed and where no great improvements are expected in the foreseeable future. Bosnia-Herzegovina is a special case. Since 1992, when the separation of this former Turkish province from

³ tabled by Didier Rod, Nelly Maes, Paul A.A.J.G. Lannoye and Marie Anne Isler Béguin on behalf of the Verts/ALE Group; Paul Coûteaux on behalf of the EDD Group; John Alexander Corrie and Konrad K. Schwaiger on behalf of the PPE-DE Group; Michel-Ange Scarbonchi on behalf of the GUE/NGL Group; Marieke Sanders-ten Holte on behalf of the ELDR Group and Marie-Arlette Carlotti on behalf of the PSE Group seeking to replace motions for resolutions B5-0520, B5-0521, B5-0522, B5-0523, B5-0524 and B5-0525/2002 with a new text.

Yugoslavia gained international approval, attempts have been made continually from the outside to create one state and to gather support from that country's inhabitants for this purpose. In actual fact, however, it is a state that does not belong to anyone. It is a country simply made up of ethnic minorities. Only the largest minority wanted this country and considers this as the country of the people who were Islamised under Turkish rule. The two other groups, who felt slighted in the Turkish era, now feel more in tune with the neighbouring states Serbia or Croatia. They experience the state borders that separate them from these countries these days as hindrances, and would like to see them removed as quickly as possible. The latest election result is still being counted, but it is expected that the electorate has once again voted for different, conflicting nationalist movements, and that, in other words, the three groups each want a separate future. How long do we intend to keep that country artificially alive with military power, leaders appointed from outside and external sources of funding? Our attempts will eventually result in failure once that country has survived the present difficult time.

4-073

Heaton-Harris report (A5-284/2002)

4-074

Ribeiro e Castro (UEN), in writing. – (PT) I voted in favour of this report because I believe it makes a very valuable contribution towards the process of improving evaluation as a tool for assessing the implementation of the EU's objectives. I also share the view that systematic evaluation is a prime instrument to ensure value for money for expenditure from the EU budget. Like the rapporteur, I also welcome and recognise the Commission's efforts to develop a general evaluation culture in the institution. Lastly, I fully agree with the call for the Council to follow strict cost/benefit criteria when requesting evaluation reports but I am also aware that the most difficult task is to integrate evaluation findings into future policy, budgetary orientations and resource allocation.

4-075

Bushill-Matthews report (A5-0304/2002)

4-076

Bordes, Cauquil and Laguiller (GUE/NGL), in writing. – (FR) The very title of this report, 'Growth and employment initiative – measures on financial assistance for innovative and job-creating small and medium-sized enterprises', is sufficient reason for us to vote against this text.

The rapporteur knows, as everybody does, that 'financial assistance' to companies, innovative or not, does not create jobs. He knows that the so-called small businesses are generally subsidiaries of large financial groups. And he knows that these groups pocket this aid in order to increase their profit. And, when the assistance stops, they shut up shop without even feeling obliged to reimburse the aid given, such as, in France, Daewoo in Lorraine or Mitsubishi in Brittany, which closed their factories, making hundreds of workers redundant.

The European Parliament, however, is still being asked to endorse, on the basis of representative democracy, a practice that only benefits industrial and financial groups, and certainly not the unemployed.

For our part, we refuse to take part in this trickery. And if the European institutions have funds to give away, they should go to public services since, in all the countries of Europe, there is a shortage of health staff, teachers and public service personnel.

4-077

De Sarnez (PPE-DE), in writing. – (FR) Access to education and to lifelong learning, and all the measures taken to promote the mobility of young people and workers will make a fundamental contribution to the stimulation of employment in Europe.

A strategy to promote employment must first of all include efforts to promote the mobility of students and the continued training of workers, not to mention efforts to facilitate the creation of enterprises outside national borders.

Education should be centred around the learning of a second Community language and new technologies. Experience and qualifications should receive equivalent recognition throughout Europe, and social security and pension systems should be able to be transferred from one country to another without prejudice to the mobile student or worker.

Finally, the measures on financial assistance to SMEs should be reviewed by the Commission with a view to presenting new proposals, which are more flexible and effective than the existing ones, in order to encourage the SMEs to establish work relations beyond national borders and in particular to contribute to the implementation of cooperative relations and promote the spirit of enterprise within the new Member States.

4-078

Montfort (NI), in writing. – (FR) I have endorsed the Bushill-Matthews Report, because it encourages investment and financial assistance for businesses, in line with the spirit of the European Charter for Small Enterprises.

Because SMEs are involved in land-use planning, in the crucial meshing of our societies' economies, they play a crucial role in both human and social terms.

Nevertheless, although they create jobs, the financial support they are given is often inadequate. I hope that this report will contribute to remedying this shortcoming.

Furthermore, whilst we must support SMEs in the high-tech sector, we must not forget the traditional activities of the SMEs, whatever the size of the company (small-scale, micro-enterprises ...).

Lastly, the Commission appears to be thinking only in terms of assistance for job creation, but a follow-up with post-job creation assistance must be guaranteed.

4-079

Ribeiro e Castro (UEN), in writing. – (PT) We cannot overemphasise the importance of support instruments for small and medium-sized undertakings, which play a crucial role in job creation, in the impetus for investment and in the economic growth of the Member States and the European Union. I fully agreed with the rapporteur's very positive assessment of the overall results achieved in 2001, in terms of the initiative's development and its impact on employment. The Commission report itself is relatively thorough, and the Commission has clearly responded to Parliament's request for greater speed and urgency in producing it, although it is regrettable that some specific comments made by Parliament in its report last year have still not been taken into account, particularly with regard to information on hearings. I also support the request to the Commission to present solutions to replace the 'Joint European Venture' (JEV), whose benefits have been hard to see and which is inadequate in its current form, as well as the following observation, which I believe to be of strategic importance and which is becoming crucial as enlargement approaches: 'the importance of stimulating investments and entrepreneurship in the candidate countries'.

4-080

Moreira da Silva report (A5-303/2002)

4-081

Kauppi (PPE-DE). – Mr President, I want to express my reservations regarding the vote on the Moreira Da Silva report. Parliament voted very dangerously on Amendments Nos 102 and 98 concerning auctions. The Finnish Members of the EPP are strongly against any kind of auctioning. These amendments were only adopted with a very narrow margin, with a majority of only three votes in favour of auctioning. Amendments Nos 75, 81 and 86, which were in favour of more opt-out possibilities, were all rejected by Parliament. I wanted to support those and the Finnish delegation wanted to see more possibilities for Member States to opt out from emission-trading systems. I really regret this decision. On Amendment No 99, concerning the emissions of process-related coal products such as those used in the steel industry, I very much regret that this failed. I hope that the Commission will reconsider, keeping the very narrow majority in the House in mind when it proposes amendments before second reading.

4-082

Figueiredo (GUE/NGL), in writing. – (PT) Although it contains some contradictory and even negative aspects, the report makes significant improvements to the proposal for a directive submitted by the Commission. It accepts some proposals for amendments tabled by our group as well as others, which improve the text and which we shall be supporting.

We welcome the fact that it puts forward measures intended to ensure compliance with the Kyoto Protocol, despite the USA's unacceptable position of refusing to ratify it. Nevertheless, the Commission proposal on the trading of greenhouse gas emissions allowances has not been sufficiently amended and so we abstained from the vote because we do not accept this principle, and we also have reservations about various other proposals for amendments.

4-083

Obiols i Germà report (A5-299/2002)

4-084

Krivine and Vachetta (GUE/NGL), in writing. – (FR) We could have voted in favour of this resolution on Algeria because it lays down a number of minimum democratic requirements with which we agree. The text condemned the death penalty, the restrictions on press freedom, the repression directed against the Kabylia movement or the deeply reactionary nature of the family code where women are concerned. Albeit timidly, the resolution also condemned the religious fundamentalists, as well as the government and the army. Unfortunately, the amendments adopted in the vote void the text of some of its substance, and ultimately we abstained.

The crisis that has been affecting Algeria for several years, however, has its origins in the economic policies implemented since the 1970s under the auspices of the IMF.

The privatisations that this has entailed, the debt-servicing that is putting a strain on the national budget to the detriment of public services, the pillage of oil industry resources by the multinationals and the endemic corruption at the highest levels following the 'liberalisation' of the Algerian economy are not mentioned. This, however, is where Europe, and more

particularly France, bears a heavy responsibility. We unreservedly condemn the support given by France to the Algerian regime.

(Explanation of vote abbreviated in accordance with Rule 137(1) of the Rules of Procedure)

4-085

van den Bos and van der Laan (ELDR), *in writing*. – (NL) Mr Bob van den Bos and Mrs Louisewies van der Laan (D66 party [Dutch Democratic '66 party]) have voted against Mr Obiols I Germa's legislative resolution to conclude an association agreement with Algeria. They did, however, vote in favour of the resolution tabled by Mr Brok.

Algeria is at the moment going through a very unstable period, facing all kinds of violence and showing little evidence of democracy. Human rights are still being violated on a large scale. It would be a wrong signal to reward that country with an agreement precisely at this time.

D66 considers an association agreement with Algeria in this form unacceptable, because the means to enforce the human rights clause is lacking. As is also underlined in the Brok resolution, the evaluation instruments for the application of the human rights clause in the association agreements are inadequate. D66 is of the opinion that adequate instruments to enforce the human rights clause are to be sought before the agreement can have the desired effect, that of improving human rights in Algeria.

4-086

Behrend report (A5-0341/2002)

4-087

Esclopé (EDD), *in writing*. – (FR) The announcement of the creation of a fund to compensate disaster victims is good news for the hundreds of thousands of victims of the appalling weather in Europe. We fully support the idea that the European Union can provide rapid and flexible supplementary assistance in the event of major disasters affecting the Member States. The EDD-CPNT members have for a long time, particularly with regard to the terrible weather in France (the storm of December 1999 and floods in the Somme of 2001), been calling for European solidarity to be expressed.

We had therefore called for the old 'natural disasters' budget line to be re-established with sufficient resources, because we felt it was reasonable for the EU's general budget to be used for this purpose. Instead, the Commission chose to embark on a huge public relations exercise.

We regret the fact that we had to endure a particularly difficult summer and the suffering of many victims for Europe finally to decide to act. Despite the vagueness surrounding the practical implementation of this fund, especially with regard to its funding, we hope that the European institutions will act swiftly and pragmatically and demonstrate transparency in providing compensation to the victims.

4-088

Ribeiro e Castro (UEN), *in writing*. – (PT) Obviously, I have supported the setting up of this Fund, which expresses the solidarity of the entire European Union in light of major natural disasters that have taken place in various Member States. I have also supported most of the positions adopted by the rapporteur. In this brief explanation of vote, however, what I wish to highlight is that it was our colleague, Franz Turchi, from the UEN Group, who had already tabled a proposal to this effect two years ago, which was regrettably not given a favourable response. It took two further years without action and specifically, the serious floods that took place in August in Germany, Austria and in some candidate countries, to persuade the European Union to close a legislative loophole that was preventing the Community institutions from intervening in terms of providing financial assistance for the European communities that have suffered major natural disasters, a scourge that appears to be taking place with increasing frequency. I suppose we could say 'better late than never'.

4-089

Holmes report (A5-0307/2002)

4-090

Butel (EDD), *in writing*. – (FR) The report by Michael Holmes quite rightly underlines the lack of real scientific knowledge about deep-water fish stocks. We do know, however, that deep-water fish such as orange roughy, commonly known as the 'Emperor', have a long life span and above all reach maturity late which means, of course, that stocks are replenished very slowly.

We are now seeing a reduction in deep-water catches, which is confirmed by the decision by industrial boat-owners, who have themselves stopped their activities, which have become unprofitable.

Limiting access to deep-water fish stocks is therefore justified but could be re-examined in light of new and objective scientific data.

4-091

Bastos report (A5-313/2002)

4-092

Bordes, Cauquil and Laguiller (GUE/NGL), in writing. – (FR) Whilst the report itself states that ‘the lack of jobs is the problem for more than 18 million unemployed people in the EU and not insufficient occupational mobility’, the only solution it proposes is meaningless phrases such as ‘to bring the world of work and education systems closer together’. And, when it does come up with something more tangible – ‘to enable innovative enterprises to be set up’ – this announces assistance not for the victims of unemployment but for those responsible for it.

What good is mobility, however, if it simply makes the remaining unemployed more mobile? Unemployment affects every country in Europe and the relocation of the unemployed will not create a single new job, only more competition between job-seekers. And when the report discusses a policy intended to enable ‘workers and job-seekers to become highly skilled’, this is only a cynically worded desire for bosses in the European Union to have the most highly-qualified unemployed people in the world!

In order to prevent further unemployment, we must have binding measures to prevent mass redundancies. In order to create new jobs, public services that are useful to the community as a whole must take on new staff instead of reducing numbers.

(Explanation of vote abbreviated in accordance with Rule 137(1) of the Rules of Procedure)

4-093

Figueiredo (GUE/NGL), in writing. – (PT) The report following up the Commission proposal contains various contradictions and negative aspects, specifically in its insistence on advocating temporary work as a response to the problem of unemployment, despite the proposals that we tabled to improve it. Unfortunately, not all of them were accepted. Nevertheless, I welcome the fact that the proposal I tabled designed to protect workers’ rights to a high-quality job with rights has been included. Equally positive is the report’s insistence on the mutual recognition of qualifications, and its call for greater attention to be paid to early school leaving, to lifelong learning and to encouraging the learning of foreign languages, amongst other things.

Hence our abstention from the vote.

4-094

Meijer (GUE/NGL), in writing. – (NL) This non-legislative report is brimming with fine things and statements of the obvious. Of course, more women must be able to find work in knowledge-intensive sectors, such as information and communication technology. In addition, it sounds good that a ‘Statute for European Employees’ should be drafted, a European system of labour legislation and social security for mobile employees. This fits in with the questions I am asking the Commission today about the Polish construction workers who work without collective labour agreements. However, the gist of the proposal is about adapting people to suit the work, rather than adapting the work to suit the people. It provides recipes for the way in which a labour market can function more effectively by better tailoring education to work. It intends to make it easier for people to move thousands of kilometres to regions with a different language and a different culture, where the scope for employment happens to be greater. If people really want to move, it is self-evidently a good thing that their qualifications should be valid even far away from home and that they should be able to take their pension rights with them. Most people, however, do not want this, with good reason. Europe is not America, where, out of financial necessity, people are forced to move such distances, which cuts them off from their families and friends. Let things stay that way.

4-095

Ribeiro e Castro (UEN), in writing. – (PT) As I advocated in my own report, around a year ago, on the performance of Eures in the 1998/99 period, the steps that have been taken, in the European Union, to increase professional mobility and to give all citizens access to this mobility are extremely important. I support the measures designed to promote cooperation in the field of education and training with the aim of establishing a common framework for the mutual recognition of professional qualifications, in cooperation with the social partners and educational and professional training establishments. I would also underline again the importance of launching a campaign to raise awareness of the possibilities opened up by the internal market and by the European employment market and of updating the Eures system (so that all the information it collates reaches people seeking work and employers), as well as a permanent mechanism for analysing the obstacles to geographical mobility. I regret, however, that the initial text drafted by Mrs Bastos, which was balanced and realistic, has been distorted by amendments that gave it a negative and interventionist nature and an ideological political vision that is totally inappropriate in the field of skills and mobility.

4-096

Resolution on Côte d'Ivoire (B5-0519/2002)

4-097

Bordes, Cauquil and Laguiller (GUE/NGL), in writing. – (FR) We have voted against this joint resolution, which adopts a hypocritical and paternalistic attitude towards this country, whose disastrous situation and poverty are basically due to decades of exploitation and plundering, and of domination that was originally colonial and is still imperialist in nature.

We have no sympathy with the mutinies by the Ivorian army, which was formed and to a certain extent moulded by French soldiers and which, since its inception, has had no other purpose for existing but to oppress the poor majority of the Ivorian population whilst submitting it to extortion and racketeering along the way. It must be said, however, that the government army is no better. Portraying Laurent Gbagbo as a democratically elected president is a con-trick when it is a matter of public knowledge that the elections were fixed and that one of the candidates was prevented from standing for reasons of ethnic prejudice. And this government, like its predecessors, has been deliberately creating a climate of xenophobia and ethnic prejudice, which is making life unbearable for millions of migrant workers and farmers from neighbouring countries and for those originating from the North.

Asking this government and this army to ‘guarantee the safety of the civilian population’, is like asking the wolf to look after the sheep!

(Explanation of vote abbreviated in accordance with Rule 137(1) of the Rules of Procedure)

4-098

Krivine and Vachetta (GUE/NGL), in writing. – (FR) In a country in which the use of ‘ethnic prejudice’ has become the practice of all governments, from Konan Bédié to Robert Gueï and Laurent Gbagbo, a civil war would lead to disaster. Neither the soldiers who have revolted nor the Gbagbo Government have the legitimacy to represent the mosaic of peoples gathered together in Côte d’Ivoire. The Ivorian Government has disqualified itself for more than two years by drawing on xenophobic language against the communities originating in the North of the country. Supporting one of the two sides is not going to produce a successful outcome to the conflict.

We have doubts about the motives of Europe and France, which has turned this country into its private domain since independence. Although it is crucial to roundly condemn the downward spiral of war and bloodletting, we must restore to the citizens of Côte-d’Ivoire the means to take control of their destiny. We must stop privatising and plundering all their wealth for the benefit of multinationals such as Bouygues, Bolloré or French State-run companies. Giving the Ivorian people the means to achieve a democratic solution means rescinding a constitution that eliminates half of the population from political life and it means holding new, non-discriminatory elections.

(Explanation of vote abbreviated in accordance with Rule 137(1) of the Rules of Procedure)

4-099

Souchet (NI), in writing. – (FR) In West Africa where, with its free movement of arms, mercenaries, capital and all types of trafficking, the factors for destabilisation are myriad and easily manipulated, the only responsible decision we can take is to back the legal authorities and the State machinery which alone can constitute a bulwark against the agents of anarchy and disorder.

In Côte d’Ivoire, our role must clearly not be to undermine the lawful government which, whatever its weaknesses, embodies national sovereignty and territorial integrity.

Any destabilisation of Côte d’Ivoire, given the economic and symbolic importance of this country to West Africa, could have a particularly devastating domino effect throughout the region. It is therefore crucial that all international actors involved, rather than playing on the myriad existing potential factors for division, as some have not hesitated to do in Congo, act with the utmost responsibility, refraining from promoting anything that could, from near or from afar, lead to a de facto balkanisation of Côte d’Ivoire and drag the country in a direction similar to that taken in Congo.

4-100

Bösch report (A5-0283/2002)

4-101

Andersson, Färm, Hedkvist Petersen, Hulthén, Karlsson and Theorin (PSE), in writing. – (SV) We wish to emphasise that, at present, we consider cooperation through Eurojust to be the preferred form of prosecution cooperation within the EU. The jurisdiction for a possible common European prosecuting authority for financial crimes should be limited to cases of fraud directed against the European institutions.

4-102

Blak (GUE/NGL), in writing. – (DA) The Commission has presented another communication on the combating of fraud. It will make it possible to exclude firms that have engaged in fraud from contracts with the Commission. The fact is, however, that that possibility exists already. It is unnecessary to prepare more communications. The Commission has only to use the 1992 directive relating to the award of public contracts, which makes it abundantly clear that it can exclude firms that have submitted false information or evaded tax from participating in the award of public contracts.

Why not use this directive? Why not use the existing legislation?

I have voted in favour of the Bösch Report because it draws attention to a good example of this obvious scandal. For years, Eurostat has entered into contracts with a firm that has supplied false information. This is shown by a cursory comparison of the figures.

The Commission says that it handed the matter over to OLAF as early as 1999. Why, therefore, has nothing happened? The firm, which submits incorrect figures year after year, is now on the Commission's top-ten list of most frequently used contractors. How can that be the case?

The Commission owes us a very good explanation. A patently fraudulent firm earns tremendous amounts of money out of contracts with the Commission. The firm sits over there in Luxembourg and laughs at us, while the Commission issues another fatuous communication. What signal does this send to the people of Europe?

4-103

Meijer (GUE/NGL), in writing. – (NL) One of the many disadvantages of economies of scale is the growing scope for profiteers often to go about their business unhindered for a long time. In large, poorly organised organisations, there is a great deal of scope for people who, behind a wall of bureaucracy, want to line their own pockets. The European Union is one such large-scale, poorly organised organisation, which offers unexpected opportunities to officials, politicians and companies who earn a living from European contracts. In 1998 and 1999, Mr Paul van Buitenen, who was at the time a Commission official, demonstrated potential consequences, with the resignation of the entire European Commission as the eventual result. At the moment, Mrs Marta Andreasen, the new whistle-blower, is demonstrating that the financial administration is inadequate when it comes to preventing fraud of any kind. Unfortunately, her efforts to make improvements are not appreciated by everyone, and she has been muscled out of her job. It appears that there are people who do not stand to gain from improvement. The Committee on Budgetary Control has established that in 2001, fraud was perpetrated to the tune of EUR 1.25 billion. The rapporteur is right to refer to the possibility that has been in place for ten years to exclude from contracts companies that commit fraud, to the fraud-sensitivity of funds and to the desirability of a European public prosecutor. Yet, all the proposed measures combined probably have less impact than decentralisation and scaling down.

4-104

President. – That concludes the explanations of vote.

4-105

Adjournment of the session

4-106

President. – I declare adjourned the session of the European Parliament.⁴

(The sitting was closed at 12 noon.)

4-107

Annex – Position of the Commission

4-108

Moreira Da Silva Report (A5-0303/2002)

The Commission can accept Amendments Nos 13, 40, 41, 42, 56 and 57.

The Commission can partially accept Amendments Nos 4 (until 'distortions of competition'), 10 (first sentence), 39 (accept the word 'after' instead of 'at'), 55 (only the word 'shall'), 58 (inserted text acceptable but not as a deletion) and 74 (acceptable but the word 'used' should be retained).

The Commission can accept in principle Amendments Nos 35 (second sentence of Article 19(2), after the words 'The registry shall' add 'be accessible to the public and shall ...') and 46 (insertion of 'or equivalent, when entered into force' after 'Directive 90/313/EEC').

The Commission can accept in principle and in part Amendments Nos 15 (should be inserted at the end of existing recital 5 and 'EU' should be replaced by 'European Community' and the words 'least possible diminution of' should be replaced

⁴ Approval of Minutes of previous sitting – Communication of common positions of the Council – Verification of credentials – Parliamentary immunity – Referral to committees – Authorisation to draw up own-initiative and follow-up reports – Forwarding of texts adopted during the sitting – Dates for next sittings: see Minutes.

by the words 'minimum adverse effect on'), 43 (at the end of the second sentence of Article 21(1) insert 'and on the fiscal treatment of allowances'), 51 and 103 (replace 'third parties' by 'Parties listed in Annex B of the Kyoto Protocol that have ratified that Protocol' ...) and 73 (replace 'and of those installations' emissions permits' with 'with the quantities of allowances allocated to each').

The remaining amendments cannot be accepted. For information these are Nos 1, 2, 3, 5, 6, 7, 8, 9, 11, 12, 14, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 36, 37, 38, 44, 45, 47, 48, 49, 50, 52, 53, 54, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 91, 96, 97, 98, 99, 101, 102, and 104.