

## TUESDAY, 18 NOVEMBER 2008

IN THE CHAIR: MRS MORGANTINI

*Vice-President*

### 1. Opening of the sitting

*(The sitting was opened at 9 a.m.)*

### 2. Debates on cases of breaches of human rights, democracy and the rule of law (announcement of motions for resolutions tabled): see Minutes

### 3. Decision on urgent procedure

**Proposal for a Council regulation amending Regulation (EC) No 332/2002 establishing a facility providing medium-term financial assistance for Member States' balances of payments (COM(2008)0717 - C6-0389/2008 - 2008/0208(CNS))**

**Pervenche Berès**, *Chairman of the Committee on Economic and Monetary Affairs*. – (FR) Madam President, this discussion will take place this evening, if the plenary votes in favour of the urgent procedure on this issue. This is an amendment to European legislation that enables us to grant facilities for balances of payments, for countries outside the euro zone.

As we are all aware, the issue at hand is that of Hungary but, unfortunately, I believe that we must look ahead and therefore enhance this facility of the European Union to provide assistance to its Member States, including those that lie outside the euro zone.

I would therefore ask the plenary assembly to kindly vote in favour of this urgent procedure.

*(Parliament approved the request for urgent procedure)<sup>(1)</sup>*

### 4. Support schemes for farmers under the CAP - Modifications to the common agricultural policy - Support for rural development by the European Agricultural Fund for Rural Development - Community strategic guidelines for rural development (2007 to 2013) (debate)

**President** – The next item is the joint debate on:

- the report (A6-0402/2008) by Luis Manuel Capoulas Santos, on behalf of the Committee on Agriculture and Rural Development, on the proposal for a Council regulation establishing common rules for direct support schemes for farmers under the common agricultural policy and establishing certain support schemes for farmers (COM(2008)0306 - C6-0240/2008 - 2008/0103(CNS));

- the report (A6-0401/2008) by Luis Manuel Capoulas Santos, on behalf of the Committee on Agriculture and Rural Development, on the proposal for a Council regulation on modifications to the common agricultural policy by amending Regulations (EC) No 320/2006, (EC) No 1234/2007, (EC) No 3/2008 and (EC) No [...] /2008 (COM(2008)0306 - C6-0241/2008 - 2008/0104(CNS));

- the report (A6-0390/2008) by Luis Manuel Capoulas Santos, on behalf of the Committee on Agriculture and Rural Development, on the proposal for a Council regulation amending Regulation (EC) No 1698/2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) (COM(2008)0306 - C6-0242/2008 - 2008/0105(CNS));

- the report (A6-0377/2008) by Luis Manuel Capoulas Santos, on behalf of the Committee on Agriculture and Rural Development, on the proposal for a Council decision amending Decision 2006/144/EC on the

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<sup>(1)</sup> For further details: see Minutes.

Community strategic guidelines for rural development (programming period 2007 to 2013) (COM(2008)0306 - C6-0239/2008 - 2008/0106(CNS)).

**Luis Manuel Capoulas Santos**, *rapporteur*. – (PT) Madam President, Commissioner, President-in-Office of the Council, ladies and gentlemen, it gives me great pleasure to welcome you all at the start of this debate. This is the final act in a long and participatory process of discussion and reflection on the present and future of the common agricultural policy (CAP).

It has proved very arduous work which has involved, over many months, in fact over more than a year, a great deal of cooperation by Parliament, the Council, the Commission and the whole agricultural and rural world in the European Union. Throughout this period, I have had the opportunity to hear many opinions of organisations representing the agricultural sector and the rural world in various Member States and to dialogue with members of parliament and institutional representatives from many, in fact almost all, Member States and Community institutions, obviously starting here with the European Parliament.

I have taken part in various seminars and conferences and listened carefully to everyone, including through the media, in my search for the best possible synthesis. I must therefore thank all my colleagues who have enthusiastically participated in this debate and also all the political group coordinators. In particular I must highlight the role played by Mr Goepel, not only as coordinator of the PPE-DE Group, but also as *rapporteur* on the own-initiative report which preceded the reports being discussed here today.

I must also thank Chairman Parish for the way in which he conducted the work in our committee and for the excellent cooperation of the secretariat of the Committee on Agriculture and Rural Development, given that they bore the hardest and most technically demanding part of the work.

Finally, I must thank the Commission, as represented by the Commissioner, for its readiness to cooperate, as also demonstrated by its departments, and also Mr Barnier for the way in which he continually corresponded with Parliament, even before the formal start of the French Presidency.

This exercise in enhanced cooperation has proved a good early example of the virtues of codecision, which I hope may enter into force on the full ratification of the Lisbon Treaty, hopefully as soon as possible.

This debate, with all its inherent agreements and disagreements, clearly shows the complexity of European agriculture in all its variety. It also shows, in exemplary fashion, the importance that Europe, its institutions and Parliament in particular attach to this subject. The 1 170 amendments tabled to the Commission's proposals, particularly taking into account the fact that the period available was interrupted by the summer recess, illustrate the wide participation of Members in this debate.

However, the compromises reached between four of the main political groups in Parliament, with nearly 400 amendments on the most important issues being concentrated into six compromises, also reveal the Members' sense of responsibility, spirit of compromise and readiness to yield ground.

As for the content of the report, which I regard as fairly balanced and capable of responding to current challenges and providing good guidelines for the future, I must say that Parliament acknowledges as positive and accepts many of the Commission's proposals.

I would highlight the following: confirmation of the need for a common policy as a prerequisite for competitive and environmentally sustainable agriculture in Europe; the contributions made by the Commission to ensure that the CAP is fairer and more acceptable to society; the emphasis on simplification and cutting of red tape; confirmation of the proposal to give more freedom of choice to farmers in defining their productive options; financial reinforcement of rural development and expansion of its scope to the new challenges (energy, climate, water, biodiversity); introduction of the principle of progressive modulation; additional flexibility granted to Member States in managing the CAP (I am talking about Article 68); creation of a risk and crisis management system with Community cofinancing, and the positive general direction taken in discussions on the post-2013 model and in the European Union's response to the World Trade Organization negotiations, aimed at a fair and reciprocal agreement for regulated international trade in agricultural products.

However, the Commission's proposals also contain aspects which Parliament, and I as *rapporteur*, regard as less positive. As I have already mentioned on other occasions, the Commission's proposals contain, in some aspects, for example with regard to the market management instruments and the milk sector, an overly liberal tone which may prove dangerous just at a time when there is enormous instability and volatility in the markets. There is also a lack of social sensitivity, which is quite clear in the proposal to exclude small farmers.

I also think that the Commission's proposal with regard to social and territorial cohesion is off course, given that it suggests ending the payment redistribution mechanism under the new modulation. I also think that the Commission has not taken due account of certain sectors which are particularly vulnerable to the current crisis in the markets and which face a serious risk of abandonment given the proposed timetable and rate of decoupling up to 2013. This is the case with the sheep sector and that is why we have agreed to call these small CMOs (common organisation of the markets) as, although small, they are very significant and very politically, economically and socially important to certain regions of Europe where alternatives are very hard to find.

The report and the vote in the Committee on Agriculture aimed, by a large majority, to correct some of these less positive aspects.

The five compromises adopted in relation to the key elements of modulation are important proposals by Parliament. These are: the percentage and progressive nature of support for small farmers, giving greater freedom to Member States to set the minimum thresholds; the retention percentage under Article 68 and the enlargement of its scope; the broader scope of the insurance system, which is extended to the fishing industry; the issue of cofinancing of rural development, and the expansion of new challenges. Many other proposals by Parliament also represent positive contributions. I would highlight, for example, valuation of the employment factor in calculating the allocation of aid and respect for health and safety at work requirements in relation to the conditions for receiving said aid.

The Committee on Agriculture also adopted a very clear position on the most difficult aspect of this issue, namely the milk sector. This is a very important issue which must be carefully tackled, given the current market situation.

Despite the profound respect that I have for all points of view, some of which are totally contrary to mine in certain areas, but which still deserve to be respected, I feel that the position adopted in the Committee on Agriculture is fairly sensible. I should like to see this adopted in plenary and confirmed by the Council with the backing of the Commission. A prudent increase in production in two years' time, adding to the 2% that we have decided on for 2008, and a final decision early in 2010 on the future of the sector, based on market developments, with a 4% increase in three years' time, seems to me to be a fairly sensible position and perhaps the one which could form the final compromise.

I will end, Madam President, by stating my hope that this debate will serve to clarify positions and that we will be able to achieve the consensus that agriculture and farmers expect from us. I hope that we all – Parliament, the Council and the Commission – are up to this challenge.

**Michel Barnier**, *President-in-Office of the Council*. – (FR) Madam President, ladies and gentlemen, I am extremely pleased to visit this House again and to visit you at a crucial moment, since both Parliament and the Council are seeking a definitive position on this issue of the health check of the common agricultural policy.

We are well aware that this health check is not a fundamental change in approach, as the reform of 2003 was, but a significant adjustment of that reform to a highly changeable situation.

In particular, it makes it possible to respond to a situation that was genuinely unimaginable a few years ago. Indeed, who could have imagined market trends since 2008, which have led to a drastic increase in agricultural prices and caused, as we are well aware, food riots just about all over the world?

This situation has shown the extent to which agriculture remains, for our European continent, a strategic asset, and how much the concept of food sovereignty makes sense in this context of increased volatility in the prices of agricultural products.

However, while the health check only concerns amendments, there are nonetheless many and they are complex, and they form, for us all, a package that is difficult to complete.

The Council has already done a lot of work at all levels to settle many issues. In this regard, I should like to offer my sincerest thanks for the valuable work carried out by the Slovenian Presidency, which has made it possible to make a very constructive start to work, particularly with regard to the Commission communication. Furthermore, ladies and gentlemen, it is your rapporteurs, Lutz Goepel and Luis Manuel Capoulas Santos, who have done this work on the communication regarding the legislative proposals, on behalf of Parliament. I should like to offer both of you my sincerest thanks for the quality of your respective reports, which were very thorough and full of proposals.

As you know, I have wanted to work with the European Parliament from the beginning. I also had experience of working with it when I had the honour of being, for five years, European Commissioner responsible for regional policy and the institutions, and, as I told you, I wanted to work on this issue in the spirit of future codecision.

I have taken a very keen interest in the subsequent work Parliament has carried out in parallel with the work of the Council, and we have all had what we could call a kind of enhanced dialogue between us.

In this regard, I have had very productive and regular discussions on the status of the negotiation, with the members of the Committee on Agriculture and Rural Development and within Parliament – almost 50 hours of meetings with the European Parliament or among colleagues. At each decisive stage of the negotiation, we met with the Council, on 27 September and 22 October, after the vote in the Committee on Agriculture, and on 4 November to deal with the final phase of the negotiation and the proceedings of the October Council.

At this point, ladies and gentlemen, I should like specifically to thank the Chairman of your committee, Neil Parish, for his active cooperation throughout this process. I should also like to thank your group chairmen, Lutz Goepel, Luis Manuel Capoulas Santos, Niels Busk, Friedrich-Wilhelm Graefe zu Baringdorf, Vincenzo Aita and Sergio Berlato.

Since we now hold the Presidency, we have regularly kept the Council informed, at ministerial level and at a technical level, of the status of Parliament's work. For example, at our last meeting of the Council of Ministers in Luxembourg, I personally informed each minister, in writing, of Parliament's position regarding each of the items we had to discuss within the Council.

Tomorrow, after you have given your opinion, we, together with Mariann Fischer Boel, will be able to seek a political agreement within this Council. Before starting, and I mean before starting, the last phase of negotiations, I shall inform the ministers of the outcome of your vote on the health check.

As ever, ladies and gentlemen, finding a compromise is not easy, since there are many significant points outstanding. These are divisive issues but we are determined – the Presidency is determined – to find, together with the Commission, and in the light of your vote, the best possible dynamic compromise.

The work within the Council has shown that, on many issues, we, as ministers, have similar concerns to those of Parliament. I shall take two examples: firstly, the search for increased flexibility for Article 68; secondly, the retention of exceptional market measures in the event of health crises, Article 44 of the Single CMO Regulation, which will be incorporated in the final compromise.

I can assure you, Madam President, ladies and gentlemen, that, among the most sensitive issues, there are at least two that are extremely sensitive: the issue of milk and the issue of modulation. In the Council, we have had debates every bit as in-depth, passionate and lively as those that I have heard or observed here, in Parliament. The same concerns have been expressed in both our forums.

This morning's debate and tomorrow's vote on the health check are therefore very important steps that demonstrate, once again, the vital role of Parliament, which Parliament must continue to fulfil. In any event, it is in this spirit, namely in the spirit of this enhanced dialogue, in the spirit of codecision, that, for several months, I have wanted to work on behalf of the Presidency.

That is why I am very pleased, as no doubt the Commissioner is too, to listen to you this morning, to answer some of your questions and to have this final discussion with you.

**Mariann Fischer Boel**, *Member of the Commission*. – Madam President, first of all, before going into the more detailed content of this discussion, I would like to thank Mr Capoulas Santos for all the work that has been done on the report. I certainly do not underestimate the hard work and, as Mr Capoulas Santos mentioned himself, the number of amendments certainly did not make the task any easier in trying to find the middle ground for the landing zone.

We have now spent more than a year together discussing the health check, sometimes in very great detail, firstly on the basis of the Goepel report, and now finally on the basis of the Capoulas Santos report. I do not think I need to explain my gratitude for the constructive cooperation I have always had with Parliament, and that we have always tried to listen and find a compromise that was not too far away from each other.

As I have limited time, it will be totally impossible for me to go into all the details so I will concentrate on some of the more important ones, starting with the milk sector.

2007 has been a very, perhaps strange, but certainly instructive year. One thing we learnt during 2007 was that our quota system did not allow supply to meet demand. As a consequence, we saw prices on dairy products simply go through the roof. Quite a few farmers said to me this was nice as long as it lasted, but the result was that because of increased production responding clearly to the higher prices, we then saw a very steep drop in prices.

I think we can agree today that the sector is really struggling to get back some of the customers that left the milk or dairy sector because they thought prices were too high. I see therefore that Parliament is proposing an increase of 1% but only for two years, so a 2% increase taken forward to 2010.

I think it is important that we review the consequences of the decisions that we will be taking in the dairy sector, but 2010 will be too early and I think we should stick to 2011, whilst clearly indicating that we will be open to discussing everything in 2011. The fact is, however, that the quota system expires in 2015.

I have also learned from all the discussions we have had that there is strong pressure to get this milk fund. I agree that certain flanking measures should be adapted or adopted, and I am convinced that quite a lot can be done in the new Article 68.

I acknowledge that the present Article 69 is much too narrow and too restrictive to be used in a forward-looking way, so we are now opening up possibilities in the new Article 68. If we can reach a good combination between Article 68 and the new rural development possibilities, then I am quite sure we will find solutions to the specific problems we see in some regions.

On the single payment scheme, on de-coupling, the Commission proposes that we maintain the possibility to couple the payment in two or three areas – suckler cows, sheep and goats – because we acknowledge that you do face specific problems in those three areas. You also want to keep coupled payments for the male bovine premium, for protein crops and for dried fodder. My fundamental view is that it is important to decouple the system – this is actually a fundamental element of all the reforms that have been undertaken – and we need to look again at simplification to take any opportunity to simplify our system. I am, however, open to finding a solution that is less complicated than what we have suggested.

We have suggested a two-step decoupling approach and I might be willing, together with the presidency, to do this in one step but postpone it until 2012 – the last application year – so the effect will be for the 2013 budget year. You had a point in asking why we should make it more complicated than necessary. As I said, Article 68 is to be used as a more flexible instrument but with certain limitations, because you want a situation where you can couple 10%. I think we should be careful not to have a situation where you decouple via the back door, via Article 68.

Last but not least on modulation, on rural development and the new challenges, I think we all agree that we need more money to face these new challenges. Climate change is at the top of our list. Then we need to find new ways on how to manage our water. Water is a scarce resource, but an extremely important one for agriculture, especially in some of our southern regions, so we need to use new technologies to use water in the most intelligent way possible to avoid wasting water. This could be done, but certainly needs money.

That is the reason why I have proposed this transfer from the first to the second pillar: 8% phased in over the years. I know that we might come back tomorrow on a compromise on this issue, but I would emphasise that money will certainly be needed, as it will be for biodiversity and for the milk axes that we have been putting into the system.

I will not go into details on progressive modulation. I know your views and I know that you say now '1, 2, 3'. I am sure that we will again be able to find a decent compromise on this issue.

I have only touched on some of the major issues, and I am sure that I will have the opportunity to respond after the debate, but I am committed, together with the presidency, to finding a decent compromise. We all know that you never get everything you want, so I think that it will be a question for all of us to accept that we have to 'swallow some camels' to be able to find a compromise that will be to the benefit of the European agricultural sector in a more globalised world.

**Kathalijne Maria Buitenweg**, *draftsman of the opinion of the Committee on the Environment, Public Health and Food Safety*. – (NL) Madam President, whilst the Committee on the Environment, Public Health and Food Safety sets great store by being a reliable authority, this does not mean that you cannot implement major changes; what it does mean, though, is that you have to announce them well in advance and that people should also be offered alternatives.

Last year, the European Commission submitted a communication about the state of health of the common agricultural policy, which is in need of radical reform. The intention was to make drastic cuts in direct subsidies and to increase output in terms of environmental protection and employment. We were ultimately disappointed by how the proposals were fleshed out, involving, as they do, a number of insignificant cuts on direct subsidies. Farmers should not be subsidised according to past yields or land ownership. The Environment Committee would like to see this done for the public services they provide, such as extending biodiversity and water management, and for their activities benefiting the environment, animal welfare and food safety that go above and beyond the statutory requirements. We would like to see this in place from 2020.

This evening, we are discussing the decline in bee stocks. In order to improve this situation, it will be necessary to cut down on the use of sprays, and biodiversity will need to be promoted by introducing buffer zones. Gen technology and the intensive unilateral agriculture are a problem in this connection. I hope that this evening, as we did this morning, we will commit to a type of agriculture in which arable farming and nature reinforce each other.

**Markus Pieper**, *draftsman of the opinion of the Committee on Regional Development*. – (DE) Madam President, Commissioner, ladies and gentlemen, we have made some progress towards free agricultural markets, both in terms of opening up market regulations and the social and economic cushioning of European policies.

I expressly welcome the fact that the Commission has already taken a positive stance in relation to several proposals from the Parliament. I would also like to thank the rapporteur, who has taken up many of the proposals from the Committee on Regional Development in relation to modulation and rural development. However, one concern remains for us: we want to exempt more small farms from the additional cuts in resources. The Committee on Regional Development and a large number of other colleagues believe that the exemption limit should be increased to a maximum of EUR 10 000.

Commissioner, contrary to the opinion expressed by others, with which we are all familiar, this is not a ridiculous proposal. On the contrary, our proposal is very serious because it aims to allow farms to plan with certainty as they enter the market economy, and also keeps the promises set out in the agricultural reforms of 2003. Smaller farms have been particularly affected by market turbulence in recent months. For this reason, we should offer them political support. Of course, this programme could restrict special programmes in specific sectors. Nonetheless, we must be aware of the fault in the system. We cannot cut premiums for dairy farmers on the one hand and then point to the milk fund financed in this way as a rescue option.

If money is needed for these structural changes, it must be found in unused agricultural and structural funds. Agricultural policy will remain contradictory and imponderable as long as it continues to be pushed back and forth in this way. Therefore, we, the Committee on Regional Development, are calling for planning security for the rural development programmes and for farmers' incomes. Both of these will only be possible if we strictly separate the operational approach of compensation payments from regional programmes in the future. We would now like to see proposals in this direction from the Commission.

**Lutz Goepel**, *on behalf of the PPE-DE Group*. – (DE) Madam President, goodness knows that two minutes is very little time in which to deal with one year's conscientious work on this health check. There are just a few points I would like to make. To remind you: in November 2007, the Commission indicated 8% modulation plus 45% degression. A figure of 4% progressive modulation, that is to say modulation depending on farm size in the Goepel report, was indicated. We then heard 8% basic modulation and 9% progressive modulation for a total of 17% as an offer proposed by the Commission and we have recently reached a figure of 5% during voting in committee. It was important to us that all modulation resources should remain in the region and should be used, irrespective of the size of the farm or its legal form.

Commissioner, you called for more flexibility for the Member States during the system changeover. This would mean more opportunities to introduce further decoupling and a move away from historical reference values. In principle I agree with this. Debates within the committee have shown that this is not advisable in all areas, as should be remembered in relation to the area of crops in particular as we move away from smaller market organisations. New challenges and increasing global mobility in the markets require new, flexible mechanisms. In the dairy sector, we have also succeeded in redefining Article 68 so as to support disadvantaged regions.

Finally we come to milk, the most complicated matter in this evaluation. Because it is so complicated, I would have preferred us to have dealt with this complex of dairy-related issues with options and complementary

measures as a complex report when quotas are abolished in 2010 or 2011. However, the milk fund is sizable and will provide additional support to dairy farmers, particularly in disadvantaged areas. The promotion of investments for dairy farmers without a tied quota throughout the EU should not be scoffed at, as it would reduce the purchasing pressure experienced by businesses.

I have one last personal point: I would like to thank my team for their success in bringing this package to a conclusion by the end of my active period as a Member of Parliament under the French Presidency.

(Applause)

**Stéphane Le Foll**, *on behalf of the PSE Group*. – (FR) Commissioner, Minister, Mr Capoulas Santos, I should like, then, to speak and, as Mr Goebbels said, two minutes on such an important report is not long.

What I would like to say is quite simple. I would first like to defend the balance of the report proposed today by Mr Capoulas Santos. It was necessary to update the common agricultural policy, which is the aim of the health check, but, at the same time, it was equally necessary to retain the unity of this policy at European level while allowing it to continue to be a policy that sets agricultural objectives throughout Europe. It is this balance that I now intend to defend by taking four examples.

The first example is that of milk quotas, which have provoked debate, and, I say this sincerely, in my view the position that was found is the right one. We need to remain cautious on this issue. All those who want to act quickly to increase the quantities produced and get rid of market-based mechanisms, run the significant risk of seeing the price of milk fall and letting themselves in for extremely cumbersome restructuring work.

The decoupling of aid: here too, we have found a position that, in my view, is balanced. Total decoupling jeopardises many kinds of production. We must protect the different kinds of production in Europe: sheep, cattle, goat and small-scale vegetable production.

With regard to regulation mechanisms, we can in fact go down the road of insurance, but we must also retain public mechanisms that enable prevention and regulation; this is what is in this report, and that, in my view, is very important.

Finally, with regard to the overall development of aid and the manner in which we go about it, I should like to say that, in modulating and limiting Article 68, important steps have been taken; they are a move in the right direction towards a condition, to ensure that our global agricultural production model moves towards sustainability. We must bear in mind maintaining an operating model that is based on individuals or groups and that takes account of three objectives, namely economic, ecological and social objectives.

**Niels Busk**, *on behalf of the ALDE Group*. – (DA) Madam President, the health check was marketed as a way to provide simplification and to remove bureaucracy. These were the key headlines when we started our debate. It was also proclaimed that we would make agriculture within the EU ready for increased free trade – and especially for the new period after 2013 when the current agreement period is due to expire. At the same time, it was also very important for us in Europe to assume our part of the responsibility for producing quality food – not only for European consumers, but for the whole world, in particular the increasing part of the world's population that is demanding food.

The milk sector was the sector in which we were actually going to test whether we in Europe were ready to fit in with the requirements of increased production. In this regard, I think that it is disappointing to be part of the debate on whether we should begin the so-called 'soft landing' and give the milk producers who want to the opportunity to increase their milk production. For me this is a signal that we in Europe are not particularly ready for the change that tomorrow and, in particular, the period after 2013 will require.

With regard to simplification and the reduction of bureaucracy – to make it easier to be a farmer – we have to say that it is not particularly easy to find clear or abundant examples of how we have simplified the situation or reduced the bureaucracy. The whole problem of cross-compliance, where there are currently large differences between Member States, is an area where, in my opinion, we clearly need to bring about an improvement. The most important point is that this review of agricultural policy should, in my opinion, give a much clearer indication of the direction we want agriculture to take when the agreement period expires in 2013.

A positive element is the rural district policy, and here it is naturally important that the modulated resources remain in rural districts so that they can actually be of benefit. Finally, I would have welcomed it – and I also

think that it would have benefited European agriculture – if we in Parliament had stuck more closely to the proposal tabled by the Commission quite a while ago.

**Janusz Wojciechowski**, *on behalf of the UEN Group.* – (PL) Madam President, two brothers were given a bag of sweets by their parents. 'Let us share them out fairly,' said the older brother, to which the younger one replied, 'I would rather we shared them equally.' This story describes the relations between the old and the new Member States when it comes to agriculture. Old States receive more, and new ones several times less.

We understand that this is a transition period, but why should this situation persist beyond 2013? Why should the new States continue to receive proportionally two or three times less than the old States? We keep hearing that this is fair, and that there are historical reasons for this. But we do not want fairness, we want equality. There was some justification for the inequalities under the production subsidies system, which favoured farmers who produced more. However, now that we have moved to area subsidies, there is no further justification for this discrimination. It must end after 2013 and there must be no division into old and new members. We, the new members, want to be old too!

(Applause)

**Friedrich-Wilhelm Graefe zu Baringdorf**, *on behalf of the Verts/ALE Group.* – (DE) Madam President, Commissioner, these discussions are taking place in unfavourable circumstances. If the Irish had voted sensibly, we would have had a say on agricultural issues and on agricultural finances as of 1 January 2009.

At present, our discussions are still taking place under the old dispensation, even though the President-in-Office of the Council, Mr Barnier, has agreed to our participation. This is a kind offer, but remains merely a pious wish because things are as they are. This is also apparent in the draft documents from the Commission. The first draft that Mr Goepel edited as rapporteur – he gave us the figures a few minutes ago – provided for a major depression: 10, 25, 45. We in Parliament digested these figures and added the labour costs subject to special insurance contributions. This would have involved a redistribution that would have set an example for 2013.

Our fear now is that in 2013 we will face a linear decrease. In relation to the figures currently being mentioned by the Commission it must be said that the mountain has given birth to a mouse. This proposal is lukewarm at best and has nothing to do with the diagnosis you correctly offered and with which I agree. Earlier, you reiterated the key points: water, climate, genetic diversity, renewable energies and dairy production. All of these areas must be considered, but the action you propose is quite ridiculous.

Let me deal briefly with the dairy sector. You will be aware of the situation in relation to the dairy industry. A milk surplus exists and prices have fallen to catastrophic levels. Your proposal is to speed things up and to increase production opportunities. However, a market economy means producing in line with demand. What you propose would be a bit like the automobile industry reducing or abolishing the Christmas break and organising an extra shift to increase the stockpile of cars. This approach is misguided and I support what Mr Goepel said earlier, namely that it would make sense not to regulate dairy production now in the context of the health check, but rather when we finally have the market analyses which have been promised for so long, but which have still not materialised, and that we should then come to a reasonable conclusion in the dairy sector that will suit the market and the requirements of farmers.

**Vincenzo Aita**, *on behalf of the GUE/NGL Group.* – (IT) Mr President, ladies and gentlemen, I believe that today's debate and the vote that will follow represent an important stage for Community policy on agriculture.

I believe that there is a need, because of what has happened in recent years, and chiefly in the last two years, for an even stronger common agricultural policy (CAP) in Europe. Instead, through this lengthy work and the work that Mr Capoulas Santos has carried out, we have tackled some issues, but we have done so within an old system. The issues that have become central over these last two years are, for Europe, the following two issues, which I would like to stress. We started with the health check on the CAP, carried out in 2003.

Some data should give us pause to reflect whether we are on the right road in our work, even though excellent work has been done over this year and a half. We are losing a huge number of jobs in employment, approximately – from Eurostat data up until 2005, so we do not know what has happened in 2007 and 2008 – two million employees, whom we have lost in this stable, seasonal and familiar employment sector. The number of holdings that we lost between 2003 and 2005 – again according to Eurostat data – is 611 000. At a time like this, of economic crisis, it happens that the Member States intervene strongly with the banks



and industry, but in no country is a debate going on about the state of agriculture, because everything is expected to be achieved by Community policy and the CAP.

Through the action we are taking, I believe that we are going against the real needs of farmers and the action that they in fact require: namely, to help these businesses to emerge from a situation of subordination to processing and marketing, because the other fact – and I am just finishing – is that the agricultural companies have lost income share over the last two or three years, to the benefit of the transformation of the marketing industry.

These were the issues that we ought to have tackled, and on this point the assessment is very negative with regard to what we will be voting on in the Chamber the day after tomorrow.

**Witold Tomczak**, *on behalf of the IND/DEM Group.* – (PL) Madam President, financial discrimination against family farms and against new Member States are two basic mechanisms of the common agricultural policy which weaken the EU and conflict with its principal aims. The proposed changes do not do away with those mechanisms. How can we reform European agriculture fairly if we ignore 95% of all farms? These 95% are family farms, no larger than 50 ha. However, they receive only the leftovers of the EU's agricultural subsidy pot. The richest farmers, of whom there are only 1%, receive over EUR 9 billion, in other words, more than 90% of all farms. This policy hits at family farms, which are the backbone of European agriculture. The outcome of the current and proposed agricultural policy will be continued depopulation of the countryside, environmental degradation and loss of food security for regions, states and the EU as a whole.

**Peter Baco** (NI). – (SK) The Commission proposals for monitoring the health of the common agricultural policy (CAP) were formulated under conditions quite different from those under which we find ourselves today. Today we must pay greater attention especially to steadying the increasing volatility of agricultural markets, accelerating the process of alignment with world prices, emphasising the irreplaceable role of agriculture in society, strengthening the systems of the CAP and above all making better use of the potential of the discriminated agriculture of new Member States.

The amendments tabled by the Committee on Agriculture and Rural Development have unfortunately provided only a partial correction to the Commission's inadequate response to the acute needs we face today. For example, the Commission has pushed through the implementation of progressive modulation in an attempt to demonstrate to EU citizens its ability to eliminate high farming support levels.

This is contrary to the increasing need for higher intensity of production factors concentration. However, it is totally absurd not to be willing to accept proposals to treat farms not as the property of landlords, but as rational and viable federations of small landowners who would not be able to compete with each other. Hence each individual shareholder has to be accepted as one farmer.

I therefore call on Mr Barnier, President-in-Office of the Council, to make some room in Council debates for a proposed solution to this problem.

**Neil Parish** (PPE-DE). - Madam President, let me begin by offering my thanks to Commissioner Mariann Fischer Boel; Mr Barnier, President-in-Office of the Council; Mr Capoulas Santos, rapporteur; and also Lutz Goepel, for the cooperation we have had, as well as all members of the committee for their hard work, because we are 27 Member States and, whilst we do not quite have 27 positions on this report, we do still have quite a number, and we came together in committee to reach what I consider is a sensible compromise. Let me also thank the Commissioner for her cooperation and help and in particular Michel Barnier, because we have had enhanced cooperation, if not codecision.

We have to move forward now and adopt a report and reach a compromise and a position in order that farmers in Europe know exactly where they are going.

There is a need for the production of food – we saw that clearly last year – and we need to free up farmers from bureaucracy; we need simplification. We also need farmers to make business decisions for themselves. So we have to move forward. Yes, we need some crisis management, but we must not return to the days of having intervention – the balance must be right.

Many of us fly around Europe and when we land we like a soft landing, and milk quotas also need a soft landing. We do need to free up the market. The Commissioner said that last year there was a demand for dairy products, this year not so much – but next year there could be a greater demand again and we need the flexibility to meet it.

Agriculture and the rural environment are one and the same and we have to move to make sure that we deal with climate change and the management of water, that we look at biofuels and biogas and that we really put Europe in a good position. We must not go backwards, because we are in a good position when it comes to the WTO. Let us go forward and actually reform the agricultural policy.

**Brian Simpson (PSE).** - Madam President, I would first of all like to add my thanks to our rapporteur for all his hard work on this delicate subject.

However, despite his great efforts, I am afraid that I and my national delegation cannot support this report. I believe that the CAP is in need of radical reform. It needs to move away from the old direct subsidy route to a system that is market orientated and that values rural sustainability and the environment, and recognises efficient farming instead of propping up inefficient farming. Whilst this report in itself is not a major reform document, it does set the tone for future reforms beyond 2013. That is why I am disappointed in the outcome of the vote in the Agriculture Committee, which yet again – it appears to me – has resulted in that committee turning its back on a fundamental reform of this discredited system.

In particular, I highlight compulsory modulation. I cannot support a position that will see less money going to rural development and furthermore removes the need for Member States to cofinance new modulation money. I also cannot support the Committee view that we should also step back from full decoupling, but I reserve my biggest fear for the Commission. Your position, Commissioner, on compulsory modulation is right. Your position on decoupling is right. For once, we have a Commission that seriously wants to reform the CAP, but faces a Parliament that always fails to deliver on this issue and believes that the challenges we face could be solved by sticking to the old discredited system. Hang tough, Commissioner, you are right and, sadly, I suspect this Chamber will be wrong.

**Jan Mulder (ALDE).** - (NL) Madam President, as you are aware, I am less than enthusiastic about all the health check proposals. If I was a farmer, and I had calculated in 2005 what to expect up until 2013, then I could expect – if you will bear with me – an 8% cut due to modulation, a 10% cut due to the national reserve and potentially a 9% cut due to capping high bonuses, so a total cut of 27%. How can an average farmer in future rely on a European government that delivers on its promise? Mrs Buitenweg said the 27% was inconsequential, but I think it is a fair chunk out of what was promised. I am also opposed to this modulation, therefore, and I would prefer the capping of these total bonuses to be much more limited.

As for this national reserve, I think we should seize the one opportunity that we have, namely we should develop an insurance scheme that provides cover against animal and plant diseases as soon as possible across the whole of Europe. Sooner or later, as a result of people travelling so much, Europe will face another contagious animal disease, and our budgets are not prepared for this. If this were to happen again, I would not know where the Commission would get the money from. This is where an insurance scheme would come in.

With regard to milk quotas, we can only note that an increasing number of markets are developing internationally. It is not a good thing for Europe, I think, if we were to say to the Americans or the Brazilians, for example, that that market would be theirs if they wanted it. We should take part in it too, which is why a soft landing of the milk quotas is necessary.

We could take three measures: reduce the superlevy, gradually increase the quotas and settlement, every year, of what has not reached full milking capacity among the farmers that have milked to full capacity and have even exceeded capacity.

**Gintaras Didžiokas (UEN).** - (LT) First of all, I would like to thank all those who worked so hard on what are complicated, important and, in my opinion, the most important law-making projects of the year, especially rapporteur Mr Capoulas Santos. I do not have much time, so I can only touch on the most important questions which concern farmers in my country.

First of all, there is the equalisation of direct payments after 13 years. This is very important and if we are talking about solidarity, honest competition and the common market, then we must behave accordingly. We must ensure that support is allocated correctly.

The second very important thing is the necessity to abolish the restrictions on land area according to the condition of 30 June 2003. If we are talking about food shortages, world famine and finally biofuels, then let us allow farmers to exploit the opportunities of existing resources.

Most importantly, we must protect the funding of the European Union's common agricultural policy and not allow the fragmentation of the agricultural budget to the benefit of all sorts of dubious ideas.

**Alyn Smith (Verts/ALE).** - Madam President, I congratulate and thank all colleagues in bringing us to a successful conclusion today. But I would echo colleagues' disappointment that we could have gone a bit further and been a bit more ambitious, but let us remember that the health check was only ever about a health check: the fundamental reform will come later and that is what we need to focus on today.

As we look towards 2013 there is certainly a lot to do, because we have a common agricultural policy that, like any good compromise, leaves nobody particularly happy. So I pick up on Neil Parish's comments, and Mr Pieper's also, that we need to look towards the future about what the common agricultural policy is designed to achieve. We need to bring the reform of the Structural Funds particularly into this discussion, because the CAP as it stands is overcomplicated, convoluted and difficult to get public support for, whereas the Structural Funds would be a much cheaper, more effective way to deliver public environmental goods. We need to remember that the CAP is about the provision of direct support to producers of quality local food. If we remember that, we will not go far wrong. That is the big prize and today is a step on the road towards that.

**Ilda Figueiredo (GUE/NGL).** - (PT) It is with some concern that we are participating in this debate on further modifications to the common agricultural policy (CAP) as, in essence, these aim to ensure greater liberalisation and subordination to the international markets, without taking into account that agriculture is a strategic sector and that food security and sovereignty are fundamental in guaranteeing quality food for the population of our countries.

Likewise, the lack of social sensitivity with which this whole reform is being pursued, without taking into account the current serious unemployment situation, is unacceptable. This is threatening to destroy what remains of family-based agriculture, with the reduction in support for small farmers, the announcement of the end of the milk quota system, the renationalisation of the CAP and the continued injustices in the allocation of support being particularly serious.

We therefore insist on the proposals that we have tabled to guarantee support for producing farmers, to combat instability in productive sectors due to price variations and to prevent the decline in the rural world and the desertification of many regions.

**Georgios Georgiou (IND/DEM).** - (EL) Madam President, firstly we have a debt of gratitude to our colleague Mr Luis Manuel Capoulas Santos and to everyone else involved in producing this praiseworthy report.

The Greek rural areas in which people working with tobacco live are the poorest in Greece; I fear that they are also the poorest in Europe in absolute terms. The people who live there have no work other than tobacco and they are asking for nothing more than for the tobacco scheme to be extended to at least 2013. They are also asking, if at all possible, for the injustice of 2004 to be restored and for the 50% tobacco subsidy to continue under the first pillar, but only from 2010, in order to support their income. This demand is a humanitarian rather than a technical demand.

**Jim Allister (NI).** - Madam President, in the time available I will focus on the milk sector because – as the Commissioner knows from our meeting last week – it is in trouble in my constituency in light of the plunge in the price. That fall in price strengthens me in my view that abolishing milk quotas is premature and imprudent and will do nothing to stabilise the market.

Likewise, reducing the range of available market-management measures seems to me unnecessary and foolish in light of the instability now affecting the market. We need meaningful market-management opportunities if a bottom is to be put, and to be kept, in this market. Without this, we are headed for anything but a soft landing for milk.

I regret, therefore, that at a time when some Member States are showing flexibility – with France diverting underspend to the sheep sector and Germany talking about a milk fund – the Commission wishes to bind itself by reducing its scope for action by needlessly abrogating market-management measures.

**IN THE CHAIR: MR DOS SANTOS***Vice-President*

**Agnes Schierhuber (PPE-DE).** – (DE) Mr President, Commissioner, Mr President-in-Office of the Council, first let me thank the rapporteur for the legislative proposal and the rapporteur for the own-initiative report. The 2003 and 2004 reforms were important stages in the reformation of the common agricultural policy (CAP). The thorough examination of the CAP is not a fundamental reform in itself, but rather another important step in securing a modern, multifunctional and competitive common agricultural policy. Nothing has changed in relation to priorities. The first concern is food production, followed by fodder and then the supply of energy.

The significance of milk production, particularly in mountainous areas where grassland farming is often the only option, has already been discussed. In this case we are preserving jobs, not just the environment, something equally important in my opinion. I believe that preparing for the soft landing following 2015 is an important issue. At present I oppose a general increase in the milk quota. I believe that we should be cautious at a time when we have this high milk surplus. Anyone who points to food prices as a reason for increasing quotas fails to recognise that a dairy farmer receives less than 30% of the sale price, while the sale price in the supermarkets – even in my own Member State – is currently the same as it was 25 years ago.

It is important that the second pillar should be stabilised without eroding the first. We welcome the re-evaluation of Article 68 thanks to the Member States' autonomy of decision. I am also pleased that an agreement has been reached on the milk fund, including in relation to production in mountain areas and disadvantaged regions.

Finally, may I say that I hope very much that the Council and Commission will reach a compromise in the coming days. I am certain that the common agricultural policy will be developed to ensure that we also have multifunctional, sustainable agricultural production in all regions of the EU in the future.

**Rosa Miguélez Ramos (PSE).** – (ES) Mr President, Commissioner, we agree with the aims of this 'health check', but not all the proposed measures.

The threats posed by new climate, financial, health and other risks indicate that the common agricultural policy, far from being obsolete, is needed to play a fundamental role in global food security and the preservation of our rural communities.

We naively believed, at the time of the 1992 MacSharry reform, that food self-sufficiency was definitely assured and that the market would put everyone firmly in their place. However, we have realised that the increasingly globalised market is not responding to the dream of constant agricultural production with safe food at reasonable prices throughout Europe.

The increase in the price of raw materials – now falling again – was a salutary lesson for us, accompanied as it was by the increase in feed and fertiliser production costs, and has dragged a number of sectors, such as the sheep and beef sectors, into deep crisis.

Commissioner, this 'seesaw' effect seems likely to continue. I want to particularly mention the sheep and milk sectors. The sheep sector is in decline. It needs Community support, as called for by Parliament last June, and Article 68 will not be enough.

As for the milk sector, the soft landing requires a transitional period so that the sector can adjust and adapt without the rigidity currently being caused by the scarcity of quotas. In addition, Commissioner, the situation is not similar or the same in all Member States.

**Donato Tommaso Veraldi (ALDE).** – (IT) Mr President, ladies and gentlemen, I should like to thank the rapporteur for the excellent, positive and intelligent work he has accomplished. The subject of the state of health of the common agricultural policy (CAP) is actually a very important one, because it aims to improve the competitiveness of the European farming industry.

I feel it is appropriate to emphasise just two issues: the increase in milk quotas, providing for greater growth for countries in deficit and for those countries where the national quota is being exceeded, and the extension until 2012 of coupled support for tobacco cultivation.

In relation to the latter, despite the strong resistance to reviewing the 2004 agreement, given that a large group of countries considers it morally unacceptable to subsidise tobacco because of its effects on public

health, I would like to point out that production of raw tobacco in Europe accounts for no more than 4% of world production and that the European Union is the leading world importer of raw tobacco from non-EU countries, to cover over 70% of its own requirements.

Therefore, I believe that we have a duty to find a fair solution to avoid further repercussions in terms of the economy and employment, to avoid causing a wholesale abandonment of tobacco-growing.

**Andrzej Tomasz Zapałowski (UEN).** – (PL) Mr President, one of the most important tasks which has faced and continues to face the common agricultural policy is to ensure the agricultural self-sufficiency of the individual European Union states. Reading the conclusions of the review, I see that the changes it proposes include most of the mechanisms intended to improve the situation with production in individual markets. This is a good thing. Nevertheless, I am concerned at the lack of agreement on an overall change in the approach to aligning subsidies for all states of the EU at the same level, which would promote healthy competition within the Community and outside it.

Actually, the review has confirmed the fact that protectionist attitudes towards national agricultures by the so-called old EU Member States in relation to those of the newly acceded States still persist in the European Union. The fact that I am yet another speaker making this point indicates the seriousness of the problem and the Commission's continued disregard of it. It is very important that Parliament has also noted the unfairness of the initial allocation of milk quotas. It is a good thing that, however timidly, we are now attempting to deal with this problem.

**Marie-Hélène Aubert (Verts/ALE).** – (FR) Mr President, Commissioner, Mr Barnier, European Development Days have been held over the last three days, during which frequent reference was made to the food crisis that is seriously affecting the poorest countries. All the speeches emphasised the prevailing need for developing countries to develop their own agriculture by making optimal use of their land and natural resources.

Incidentally, the lyrical musings of those who, yesterday and again today, called for a reduction in state intervention and public spending, all-out liberalisation, privatisation and the relegation of agriculture to an almost prehistoric activity, this U-turn, therefore, in favour of huge public investment in agricultural production and food sovereignty, all seemed simultaneously laughable and scandalous.

The future of agriculture in developing countries is directly linked to our debate today. Unfortunately I do not feel that this common agricultural policy (CAP) health check, which was begun before the food riots and the disastrous disruption of the markets reached their peak, takes account of the situation of the farming community in the South or draws the full conclusions from the serious crises that we now face in ecological, social, economic and financial terms.

I am therefore very sorry that the robust relationship between northern and southern agriculture receives so little attention, both in the Commission's proposals and in Parliament's report, and the jeopardising of the EUR 1 billion pledged shows that there is still a long way to go.

**Sylwester Chruszcz (NI).** – (PL) Mr President, Polish farmers and farmers from Central and Eastern Europe joining the European Union have been treated as second-class citizens, and this applies, *inter alia*, to subsidies and milk quotas. We are now seeing a growing tendency to retain this discrimination and unequal treatment beyond 2013. Please bear in mind that a large proportion of farms in the eastern part of the EU are family farms. Those are the families affected by decisions made in Brussels and Strasbourg. Those are the farmers who voted to join the EU, having been promised equal treatment from 2013. Should we now tell them that they have been deceived?

I appeal to fellow Members to ensure that our common agricultural policy is not common only in name. Expressions of noble sentiments accompany actions which could harm Polish and European agriculture, and we cannot agree to that.

Farmers from the Solidarity Trade Union are protesting in Brussels today. They want to draw the attention of EU authorities to the difficult situation of milk and cereal producers. I support them and think that the protests in Brussels are the best proof that all is not well with agriculture. There must finally be an end to the unequal treatment of old and new Member States.

**Esther Herranz García (PPE-DE).** – (ES) Mr President, the vast majority of farmers and stockbreeders are waiting on the decisions and agreements that the Agriculture and Fisheries Council will adopt between today and Thursday on this common agricultural policy (CAP) health check. They are waiting because this is not

a simple review, but will lead to profound changes, such as the disappearance of many holdings, if the cuts in direct aid proposed by the European Commission go ahead.

Modulation is the central point of this parliamentary report and could be one of the few elements in Parliament's opinion with some impact on the negotiations being conducted by the EU's Agriculture Ministers.

For years we have been opposing any increase in what we euphemistically call 'modulation' because, if the rural development policy lacks sufficient funds, this is not due to a lack of resources within the CAP budget, but rather due to the total lack of political will to provide an adequate Community budget for this essential pillar.

Do we want to liberalise the markets? Of course we do, but subject to the same requirements and conditions for all producers, both inside and outside the Union.

At the moment, the European Union is playing with the future of many farmers and stockbreeders. In particular, I must mention fragile sectors such as the sheep, beef and tobacco sectors, the survival of which in many producing areas will depend on this health check.

Some producers, such as sheep producers, are not asking for aid. They simply want to be allowed to withdraw from the market with dignity, because they have done their sums and the only way to survive is to reduce the volumes produced. The abandonment of production is therefore the only way out that we have left for many producers whose place will undoubtedly be taken by imports from third countries, because consumers will not stop consuming and the world will not stop rapidly increasing the number of consumers.

Parliament should give a cautious opinion which the Council must heed. I must thank the Chairman of the Committee on Agriculture and Rural Development, Mr Parish, for the steps he has taken to ensure that Parliament is heard and not ignored as the Council and the Commission have so blatantly done to date.

**Csaba Sándor Tabajdi (PSE).** – (FR) Mr Barnier, Mrs Fischer Boel, I hope that Mr Capoulas Santos's excellent report can form a sound basis for a compromise within the Council during the French Presidency and I hope that the European Parliament and the Council will both tame the Commission.

Which means, as I have already quoted from Saint-Exupéry, that the Little Prince tamed the fox. I hope that we will succeed in doing so tomorrow. Totally scrapping the intervention mechanism is highly dangerous for Europe and for European food safety.

Punishing large-scale farmers will be extremely damaging to European competitiveness, and in the case of livestock farming, it is important to help farmers who have no land.

**Anne Laperrouze (ALDE).** – (FR) Mr President, at the beginning of the 2000s we set the financial framework of the common agricultural policy (CAP) until 2013. Farmers have made investments based on those figures. Now, will we decide, half-way through the campaign, to reduce the payments that they are entitled to expect? This is unfair.

I am against modulation as recommended by the European Commission or the Capoulas Santos report. The CAP is intended to support and give structure to agriculture. By way of example, we are seeing a general slump in livestock farming in favour of imports of sheep from third countries. Livestock farmers need a CAP that supports them. Ewe premiums are required, then, as well as environmental bonuses for keeping pastures and national reserves to deal with the ravages caused by outbreaks of disease, particularly bluetongue disease.

Minister, Commissioner, ladies and gentlemen, farmers are counting on us!

**Liam Aylward (UEN).** - Mr President, I am sure the Commissioner and the President-in-Office of the Council would expect me to call for the implementation of the key recommendations of the sheep report, which was passed overwhelmingly here in this Parliament.

On modulation, I would be against the figure of 13% by 2012, and I believe that it should not be compulsory and that each Member State should have the flexibility to decide. On milk quotas, I would like to see an increase of 2%, rather than the 1% proposed, and countries that have the capacity to produce milk should be allowed to do so, leading to a soft landing in 2015.

But, most important of all, at the last CAP reform we were promised simplification and, if there is something that drives farmers crazy, it is bureaucracy and red tape. There are now more officials representing the Commission, Member State departments of agriculture and local authorities policing farmers than there are

police on the streets fighting crime. This is ridiculous: farmers should be allowed to get on and farm and produce the necessary food that is required for an ever-increasing population.

Let me say from a personal point of view that, in my country, there will be no Lisbon II unless this matter is addressed.

**Véronique Mathieu (PPE-DE).** – (FR) Mr President, the report that we will vote on tomorrow represents the conclusion of a year's work and negotiations dedicated to the future of the common agricultural policy and of our farmers. It was actually on 20 November last year that Mrs Fischer Boel came to give us her proposals regarding the health check.

Now, following the Lutz Goepel progress report, we have the Capoulas Santos report on the Commission proposal. Both our colleagues should be congratulated for their excellent work. The European Parliament's Committee on Agriculture and Rural Development has managed to stand firm in the face of the Commission's initial proposals, which we felt were far too liberal.

I shall remain vigilant with regard to the milk sector and particularly the measures preceding the scrapping of quotas. I am thinking, in particular, of mountain-based milk producers, who must not be the poor cousins of this reform, and we will need to ensure that they are not left out since they will need to be supported more than the others.

I do not wish to play the role of doomsayer for them, but how can we imagine the French dairy industry consolidated into a single region? I therefore welcome wholeheartedly the proposal to set up a 'Milk fund' and the proposal to evaluate, from 2010, the raising of milk quotas in accordance with market trends.

Calculation, by the Committee on Agriculture, of progressive modulation is, in my view, fair and would enable us to enhance regional development and rurality, and to preserve biodiversity in a sustainable manner.

I also welcome the clarification of cross-compliance, the implementation of which was, up to now, a real headache for farmers.

I also hope that we keep the 'Tobacco fund', which allows us to keep our small farms in Europe as well as significant employment in a region where nothing else can be farmed and which allows us to avoid imported products.

Finally, Mr Barnier, we have very much appreciated your involvement throughout these negotiations. You have managed to show a great deal of patience and determination and you have not rushed things, far from it. It was a real pleasure to work with you. Your work with us has been invaluable. I know that we will be able to count on you.

**Lily Jacobs (PSE).** – (NL) Mr President, in the sixties, Sicco Mansholt, a prominent member of my party in the Netherlands, created European agricultural policy, and we are proud of this. His vision was to ensure that there was enough safe food for all Europeans and decent incomes for farmers. These are ideals that I am upholding here again with all my heart. Much has changed in the last 50 years though. There is a rapidly growing world population, climate change, globalisation, unfair trade and speculation regarding food prices, with the recent food crisis being a case in point.

The discussion about the health check is mainly about resources, instruments and clever exemptions. I regret the fact that, in the run-up to 2013, the bigger picture is fading into the background. It is time for an intelligent update of our agricultural policy in which we hold onto Mansholt's ideals, but throw out the obsolete bits, such as export subsidies and product subsidies, for example. It is high time for fair trade and for more attention to sustainability, health and innovative solutions for the challenges we are actually facing. We owe this to the rest of the world, our future generations and the European taxpayers.

**Kyösti Virrankoski (ALDE).** – (FI) Mr President, the goals of agricultural policy under the Treaty are to develop agriculture, safeguard the income levels of farmers and reasonable consumer prices, stabilise the markets and guarantee supply.

The health check for agriculture, apart from anything else, conflicts with the first goal, and for that reason it would actually mean changing the Treaty. Aid for farmers would be cut, thus breaking the promises made earlier. Consumer prices could rise. A restriction on intervention purchases and the elimination of milk quotas would increase market fluctuations. Last year we spent more than EUR 500 million on milk export

subsidies. Decoupling aid from production would decrease production, whilst its acceptability would grow more uncertain.

The health check lacks solidarity, more than anything. The Commission's proposal in no way reflects the principle whereby people must also be able to engage in sustainable agriculture in those areas which are worst off in terms of natural conditions, even if the European Council has confirmed that three times. The family farm is too weak a negotiating party when up against multinational food giants and global market forces. That is why we need an agricultural policy.

**Sergio Berlato (UEN).** - (IT) Mr President, Commissioner, ladies and gentlemen, our primary aim is to ensure that Europe has a common agricultural policy after 2013. We believe that this is a fundamental point, not only in order to protect the agricultural sector and the socio-economic fabric in our Member States, but also because at the dawn of the third millennium it is more strategically vital than ever to guarantee Europe's food security.

Commissioner, we would like to stress the fact that we need to continue to implement policies of support for each individual common organisation of agricultural markets (CMOs), where necessary, and specifically we believe that:

a) In the tobacco sector the decoupling of aid must provide for the option to maintain partially coupled aid up until 2013, in order to avoid the total abandonment of production, because that would jeopardise entire sectors, creating unemployment and also various economic and environmental problems in particularly disadvantaged areas. I would like to remind the Commissioner and the President that the European Parliament has already expressed its support, by a large majority, on this issue.

b) In the milk sector, in order to rebalance the market in the short term and to make it possible to exit with a soft landing from the quota system in the long term, it would be advisable to increase quotas by 2% in every marketing year during the 2009-2010 and 2014-2015 periods.

**Sebastiano Sanzarello (PPE-DE).** - (IT) Mr President, ladies and gentlemen, I would also like to congratulate the rapporteur, Mr Capoulas Santos, and Mr Goepel, on the excellent work they have produced.

We are debating a common agricultural policy (CAP) that was born in the late 1990s and which itself gave birth in 2003, in a globalised world, in which there was a surplus of production, in which we sang the praises of the excessive assistance given to agriculture. We came up with decoupling, modulation, conditionality and an excessive amount of red tape in the system for granting assistance, and within a few years we achieved a development that had been imagined, as Mr Barnier said. This development that we had imagined turned out thus: we entered into production deficit, we had a supply problem, particularly for grains, we went into deficit in Europe in meat production and we are seeing an inconceivable number of jobs being lost.

I therefore believe that the approach that the Commission adopted in modifying the 2003 position should end in the next few days together with the French Presidency, and that we should review the position adopted on these issues, and on modulation, which seems excessive. In removing resources from producers and then transferring them to the second pillar, we are taking resources from those who are investing and producing daily in agriculture, from those whom we are asking to respect the land and the health of food products, whom we are asking for safety at work, whom we are asking for animal welfare, whom we are asking for high nutritional value and safety in our food, we are taking away their support in an increasingly competitive and globalised world.

We therefore need to think again, particularly in relation to milk quotas, in countries such as Italy which have for 20 years already been suffering this tragedy of a deficiency of production, despite having significant potential. Coupled aid ought to be maintained: I endorse what my fellow Members said in this regard on tobacco, because there are 500 000 families in Europe living off that sector and removing coupled aid would undoubtedly reduce them to poverty without contributing, if that is the issue, to a reduction in the number of smokers.

**Vincenzo Lavarra (PSE).** - (IT) Mr President, Commissioner, ladies and gentlemen, I am very happy to see the evidence of a very positive codecision process in agriculture, which been possible through the enhanced cooperation between the Council, the Commission and the European Parliament. This is a good omen and I am sure that you will permit me to congratulate Mr Capoulas Santos on his balanced report on modulation, on young farmers and on security in the workplace, as well as in relation to the new challenges.



We are going through a difficult transition: we know about the soft landing and decoupling, and other innovative measures. As we go through this transition we must protect farmers who will be faced with the removal of milk quotas, as well as disadvantaged areas such as those in the tobacco sector, and we should take the opportunity of this shift to embark upon a serious rethink post-2013 to update the aims and new missions of the common agricultural policy (CAP) and to launch a debate on a way to overcome the dichotomy between the first and second pillars.

**Mairead McGuinness (PPE-DE).** - Mr President, my thanks to the Council, Commission and rapporteur for all the hard work that has gone into this. The only thing 'simple' about the common agricultural policy, which has been ignored in this debate, is that the budget is fixed and declining, and yet the demands we are making on this policy are expanding, including climate change, biodiversity and water management. Intelligent water management is a very good idea, and local authorities need to fix leaks. How intelligent is that!

Let me move on to milk. What is wrong with providing for a 2% increase in quota and trusting farmers who can produce for the market-place to do that? This is not compulsory. Let the farmers decide. On sheep, the Aylward report has raised huge expectations which we in this Parliament support. They cannot be let down when the Council comes to its final decisions.

On modulation and Article 68, we are talking about recycling funds from agriculture to these new challenges. It cannot be done and if it is done it can only be done with fewer rules, rather than more rules, which tends to be the case.

The biggest threat to the CAP and to European farmers is in the budget review, the legacy of Tony Blair to this institution, where financing of agriculture is under threat. In reply to the Lisbon Treaty comment from my colleague Liam Aylward, may I say that, yes, inspections did cause a problem. I would suggest that farmers in Ireland will now be *more* supportive of the Lisbon Treaty because they fear that Member States will have more control over agriculture policy and they know the dangers of that from our budget for 2009 when the Irish Government slashed support for agriculture: they trust Europe more than their Member State. We must remember that.

The biggest problem for farmers across Europe is income volatility and price volatility. We need market support measures. They have got to be more flexible and more intelligent and used when we need them, otherwise we abandon family farming and we will destroy what we have created in Europe, which is a supply of good-quality, safe food. I wish you luck in your deliberations.

**Bogdan Golik (PSE).** - (PL) Mr President, Commissioner, may I extend my special thanks to the rapporteur, Luis Manuel Capoulas Santos, for the huge amount of work he has completed during the last few months, and for his great ability to find a compromise solution.

The common agricultural policy must retain its Community character by ensuring that the whole of the enlarged European Union can compete on equal terms. Necessary conditions for the achievement of this objective include striving for uniform subsidy rates throughout the European Union. I believe that this will happen in 2013, and that no one will want to think of ways of postponing it further.

As time is short, I will limit myself to one matter only. New Member States will increasingly be included in environmental protection, food safety and animal welfare requirements. Compliance with those requirements involves huge expenditure, to be incurred within a short period of time, and for those States it will mean significantly reduced profitability of agricultural production. For this reason, synchronising full introduction of those principles must be delayed until all payments and subsidies have been equalised.

**Ioannis Gklavakis (PPE-DE).** - (EL) Mr President, Commissioner, I should like to congratulate Mr Capoulas Santos on his very fine report and I should also like to thank the coordinator and shadow rapporteur, Mr Goepel.

I shall comment briefly on three points: first and foremost, as far as we are concerned, the existing tobacco aid scheme should be maintained until 2013 and 50% of financing should be kept under the first pillar and not transferred to the second pillar. I think this is both unfair and unjust. Why do I think this? Because you only want to apply it to tobacco. Secondly, I think this will be catastrophic for over half a million families, especially in my country, where most are poor, small-scale tobacco farmers who will abandon their farms and move to the large towns, which is extremely dangerous for the environment and the countryside.

I should like to clarify something here. We are all against smoking, but we must not confuse two things: for as long as people in Europe smoke cigarettes and the European industry needs tobacco, it makes more sense for us to produce it than to import it.

Secondly, it also makes sense to maintain the existing special entitlements scheme, especially for special fodder rights.

Thirdly, I am against the minimum thresholds for granting direct aid proposed by the Commission, whereby the Commission says that anyone receiving less than EUR 250 a year or cultivating less than one hectare a year should not be financed. For goodness sake, the European Union wants to support both large and small producers. We need them all, but most of all we need small-scale farmers. This being so, I call for this to be revised and for aid to be granted to farmers, however small their farms may be.

**Katerina Batzeli (PSE).** - (EL) Mr President, firstly I should like to congratulate Mr Capoulas Santos on his report. Mr Barnier, Mrs Fischer Boel, regardless of the schools of thought, which illustrate that each of you has a different approach to the common agricultural policy and its role in the development of the European Union, we have achieved the unachievable; in other words, you are generating a lack of trust and disappointment among both small-scale and large-scale producers. In other words, with the across-the-board cut, with the proposals for further cuts in the value of entitlements in a period in which the cost of production has risen, we have disappointed both large-scale dairy farms and small-scale producers in small and mountainous areas.

A proposal for tobacco in which the Commission is proposing a scandalous 50% reduction without any justification on the basis of the Treaty or even of the horizontal policies of the common agricultural policy does not inspire trust. Another distinction is the exemption of small farms of 10 hectares, which for Greece in particular means that the island areas will be excluded.

Commissioner, I am aware of your communication policy and I have the greatest respect for you. You speak of a soft landing. Be careful which airport we are going to land at. There is also an airport in Guantanamo.

**Esther de Lange (PPE-DE).** - (NL) Mr President, we have already heard a great deal during this morning's long debate. Fortunately, I managed to give the Commissioner a portion of school fruit before we started, so hopefully with that snack, we will be able to carry on discussing this important topic for a while longer.

I should like to turn my attention away from school fruit, though, to the subject of milk. Quite apart from the discussion about all kinds of technical instruments, it is, to my mind, impossible to explain to the European citizen that we have paid EUR 340 million in superlevy, while we all remain nearly 1% under the European quota. This lack of logic will in any event need to be addressed in the Council.

Moreover, as I have stated before, the Commission proposal of an annual quota increase by 1% is very 'skimmed', in my view, and this could easily be increased to 'semi-skimmed' in the Council of Ministers later. After all, with 1%, we are leaving opportunities unused within the EU and the world market. The argument I have heard before in this debate, namely that our quota system would automatically give us a good price, is far too short-sighted. This is also clearly evident from the price development since 1984. Needless to say, mega stores like they have in the United States are unthinkable in our region. We will need to put safety nets in place for very lean years and for unforeseen circumstances, such as animal diseases.

Also, and I think this is just as important, I would urge the Commission to look at how the returns are divided across the food production chain. While supermarkets currently work with economic margins of some 20% and the distribution trade with margins of nearly 10%, many primary producers – the farmers – without whom none of the food would be there – are working with negative returns at the moment.

Back to the main topic, though. As I said, we are talking about our daily bread here. Food security should therefore be paramount in this debate, but mainly also in the debate on agricultural policy after 2013, because I think the last thing we need is to have to establish in due course that we have become just as dependent on far away countries for our daily bread as we are for energy.

**Giovanna Corda (PSE).** – (FR) Mr President, Commissioner, Mr Barnier, ladies and gentlemen, I am extremely grateful to our colleague, Mr Capoulas Santos, for this tremendous work he has done, and in good humour, it has to be said.

The task of the common agricultural policy (CAP) has always been to guarantee the supply of food for everyone. This aim is even more justifiable today, since the crisis we are experiencing leaves both consumers

and farmers vulnerable. It is essential to guarantee consumers access to food products, but also to guarantee farmers a decent income. We must therefore encourage and help young farmers to establish themselves and to develop their activities since it is they who will help to feed the planet in the future.

I should like to emphasise the difficulties encountered in the sheep and goat sectors, with regard to which Mr Capoulas Santos has been very sensitive. It is vital to give them support not only in terms of meat, but also in terms of milk, a sector I am very familiar with in Sardinia.

**Jean-Paul Denanot (PSE).** – (FR) Mr President, thank you for the work done, and for the conclusions and guidelines that have come out of the common agricultural policy (CAP) health check and Mr Capoulas Santos's report.

Agriculture is, indeed, an economic sector that cannot respond to market signals alone. Agricultural activity certainly affects food self-sufficiency but also, as we see too often, regions and employment.

Scrapping market instruments would be a serious blow to our agriculture. Decoupling, for example, presents real problems for certain areas of livestock farming, namely suckler cows and sheep, and I am very pleased to have heard Mrs Fischer Boel speak just now on this issue.

What is more, it is clear that strictly adhering to historic references would pose a major obstacle to any possible reform. I still believe, however, that the issue of the second pillar of the CAP is an essential one since rural territories need to rely on agricultural activity in order to develop employment in rural areas. We must, therefore, think about this issue of the second pillar without, of course, cutting off the first.

**María Isabel Salinas García (PSE).** – (ES) Mr President, firstly, I should also like to congratulate the rapporteur, Mr Capoulas Santos, on his magnificent work. I believe he has achieved balance and moderation in his report.

At this stage in the debate, I feel it is vital to send a message of stability to our farmers. More than ever European farmers need stability and solutions. They need long enough transitional periods as well as the continuation of specific measures for struggling sectors.

Commissioner, the same solutions cannot be used for all sectors. You must remember that we have sectors that are experiencing real difficulties. The common agricultural policy must not be the problem, but rather the solution, and for that we need a strong first pillar.

We believe and trust in rural development, but we do not believe that the modulation proposed by the Commission is the answer. Rural development should not be strengthened to the detriment of the first pillar. We agree that the Single Payment Scheme must be simplified by revising the market instruments. However, this does not mean dismantling them.

If we get this right, we will be laying the foundations for a common agricultural policy continuing well beyond 2013. If we get it wrong, we will put many European farmers out of business.

**Alessandro Battilocchio (PSE).** – (IT) Mr President, ladies and gentlemen, I welcome the great efforts made by Mr Capoulas Santos, our rapporteur, to ensure that the common agricultural policy (CAP) stays closer to farmers and European citizens, rather than the needs of the market, and to reconcile the various concerns that arise when there are so many challenges in play.

It is therefore vital for the 27 Member States to take a joint approach to the sector, but it is important to maintain the market support and management instruments for key products. I am thinking, for example, of the dairy sector or aid for tobacco, the elimination of which would certainly not help to cut the numbers of smokers, but instead would lead to the abandonment of an important European product and the social fabric which is linked to it.

Such instruments must, however, always take into account the extreme variety of agricultural circumstances in Europe. The system of milk quotas currently in force, for example, is a response to criteria that are now obsolete. The 1% increase proposed in the compromise is not enough to meet the domestic demand of the majority of Member States. We therefore need a more flexible system that gives every individual Member State the option to respond to its own needs, and this would also promote European competitiveness in the sector on the international market.

**Avril Doyle (PPE-DE).** – Mr President, I strongly agree with Minister Barnier when he talks about food sovereignty and its importance, and with Commissioner Fischer Boel when she talks about the importance of climate change on the agriculture agenda today. Can we please marry these two concepts?

It is expected that the growing worldwide demand for dairy products – which will be up to a 35% increase by 2020 – will lead to some intensification of Irish dairy production, making it most likely that our suckler herd will be affected if a reduction in our cattle numbers has to be considered to meet EU climate change targets under the effort-sharing proposal. Ireland's food production system is accepted as one of the most efficient in the world in terms of emissions per unit of food produced. Any shortfall of world food markets – if Ireland cut its livestock numbers – would be most likely to be filled by countries with less sustainable farming systems and systems that generate far higher levels of emission, due to the less efficient nature of their herd management or the age profile of their herds and deforestation.

**Paulo Casaca (PSE).** – (PT) Mr President, Commissioner Fischer Boel, Mr Barnier, a health check should serve to correct those aspects which are not totally right. In the legislation on agriculture in the outermost regions, there is one aspect which is not right. This is the regulation of sugar in the Autonomous Region of the Azores.

I want to urge both the Commissioner and the Minister and also all Members to look at the amendments that I have tabled in order to consider what is at stake, as it is easy and simple to solve this problem. However, if this is not solved, it will result in unemployment and the failure of a sector, with extremely serious consequences for the Autonomous Region of the Azores.

I would insist once again that you give this your utmost attention.

**Francesco Ferrari (ALDE).** - (IT) Mr President, ladies and gentlemen, I believe that the situation that has arisen recently deserves thanks on our part both to the Commissioner and to the rapporteur. I would like to thank the rapporteur for the work he has accomplished, because when we discuss agriculture we are discussing food, and therefore the issue is an extremely delicate one.

I would like to talk about two key points: the first is the issue of milk quotas. I welcome the consensus reached on the 1% level – which could also be increased to 2% – but the greater problem will arise after 2014 when, if the landing is not a softer one, there will be enormous problems for those who have made investments in recent years, and enormous losses for agricultural companies relating to this sector. The other aspect or issue relates to controls on agricultural prices. A year ago, there was a food problem linked to cereals, and now the prices of maize and wheat have halved as compared with last year, while the consumer prices for pasta, bread and feed are still high. Perhaps there was a mistake in planning or not enough control ...

**Zbigniew Krzysztof Kuźmiuk (UEN).** – (PL) Mr President, the European Commission has proposed common agricultural policy spending limits for the various Member States up to 2013 and beyond. If we convert these sums into amounts per hectare of arable land, what emerges is a huge disparity in support per hectare between the different States: in Belgium it amounts to approximately EUR 490, in Denmark EUR 390, in Germany EUR 340 and in France EUR 260, whereas in the new Member States it is much less: EUR 210 in the Czech Republic, EUR 200 in Slovakia and only EUR 190 in Poland.

In a situation where the production costs of old and new Member States are rapidly converging, and the European Commission is proposing decoupling financial support from production, retaining these differences not only no longer has any justification in fact, but also discriminates against farmers in the new Member States. If the position of the Commission and the Council on this issue does not change, we will forever have two common agricultural policies: a richer one, targeted at the old Member States, and a poorer one, which will become the lot of the new Member States.

**Elisabeth Jeggle (PPE-DE).** - (DE) Mr President, Commissioner, Minister, I want to keep my contribution brief and would like to focus on the fact that we are responsible first and foremost for 500 million consumers in the European Union and then for the farmers in the European Union, who produce food for these consumers. We are equally responsible for both large and small farms. We are responsible for farms in disadvantaged areas, in grassland regions, and particularly in all areas relating to dairy and meat production.

Commissioner, I wish to thank you for your positive consideration of the milk fund, something I have been demanding for two years, namely since the debate on the mini milk package and the abolition of support measures in this area. I am convinced that this mechanism will enable us to provide help if we do not first withdraw the money from other farmers, but rather use the resources that have been freed up by the abolition of the market support measures.

**Marian Harkin (ALDE).** - Mr President, in this debate we must speak of food safety, food traceability and, above all, food security. We cannot decouple these issues from our discussions here today and we cannot ignore the fact that the number of farmers continues to decrease very significantly year on year.

An increase in compulsory modulation is quite simply putting your hand into the pocket of Europe's farmers. The value of the single farm payment has fallen by approximately 15% since 2005 due to inflation and other issues and yet the proposal is to cut it further.

Simplification seems to be the buzzword. However, in Ireland at least, the numbers involved in policing farmers have escalated. In recent weeks we had a number of helicopters, flanked by 61 ground inspectors, counting sheep in the hills of Connemara, a small area where the price of sheep would not even repay the investment by farmers. To some, it more resembled the invasion of Iraq rather than the benign hand of Europe. This is wasteful and conveys an image of an over-bureaucratic Europe, acting in a totally disproportionate manner.

**Astrid Lulling (PPE-DE).** - (DE) Mr President, while I am unhappy with the compromise, I can live with it, because it may be possible to prevent the greatest damage to our farmers if we do not cut direct payments as the Commission so disastrously proposes.

If this money goes into the milk fund, the cut will hurt even less. Unfortunately I read this morning that the Commissioner had taken to the barricades again, opposing the milk fund. It does not matter to Luxembourg's farmers if we do not cut direct payments up to EUR 10 000 because all full-time farmers are above this limit. The priority must therefore be to avoid cuts or to keep them as small as possible. Otherwise there will be no future for full-time farmers in Luxembourg.

**Giovanni Robusti (UEN).** - (IT) Mr President, Commissioner, ladies and gentlemen, I think that this is neither the time nor the place to enter into substantive debate. The European Parliament has the authority merely to express an opinion on the only issue where the EU has the power of life and death, and on which half of the budget is spent.

My view is that the health check is conservative; globalisation, which is a goal the EU also has, is paid for by agriculture: the victim of the endless quest for an impossible role of mediation. My role as an MEP, however, shows the lack of transparency in the application of the common agricultural policy (CAP). The Commissioner signed Regulation No 250 in 2008, but the Member States are ignoring it and this will continue to be the case after 30 June 2009 too.

I would argue that the only way left to us in which to proceed is to apply to the appointed control bodies, but we need to remember that we ought to move the debate on agriculture policy in the direction of citizens, who should be provided with information if we wish to take the right route. If we do not, we will continue to jeopardise the agricultural world, which is a victim of its continuing isolation.

**James Nicholson (PPE-DE).** - Mr President, I would firstly like to refer to milk. I am not in favour of a 2% increase. I would support a 1% increase because, although a lot has been said about soft landings, I do not believe it. I think the world is changing as we sit here. Over recent months the milk industry, which 12 months ago was certainly a successful part of our produce, is longer so because of changing world markets.

I would like to say to the Commissioner that I am a little concerned about Articles 68 and 69. I believe that you can take the word 'common' and remove it forever from the common agricultural policy. I would be very careful about this to ensure that we do not give too much responsibility, and that money can simply go back and Member States can create an uneven playing field.

On modulation, I believe we should stick to single figures, but let whatever we have on modulation be mandatory. Let everybody throughout Europe pay the same level of modulation from the second pillar.

**Katerina Batzeli (PSE).** - (EL) Mr President, I should like to add a number of points: firstly, we need a reinforced first pillar under the common agricultural policy (CAP) so that producers can meet the market's current needs and problems. Secondly, any additional differentiation will create income insecurity among producers. Thirdly, the recommendation for new support mechanisms, such as the mutual and production security fund, cannot be financed with additional expenditure and, fourthly, cofinancing of the first pillar of the CAP opens the door to future cofinancing of the common agricultural policy.

**Colm Burke (PPE-DE).** - Mr President, I wish to congratulate the rapporteurs on their work on the CAP health check, as it is important to highlight the increased work of Parliament in this process, and I would

also like to welcome the attitude of the Council and the Commission in these negotiations. I believe that it augurs well for future negotiations when Parliament will enjoy full codecision with the Council on agricultural matters.

Coming from an agricultural area in Ireland, it is sad to see that in recent times farmers have turned against the EU project for various reasons, one of which is the perceived lack of transparency of negotiations in the Council. However, if and when the Lisbon Treaty is adopted, Parliament will be centrally involved and thus there will be a bigger role for open, transparent debate on CAP-related issues, leading to greater legitimacy amongst the farming community.

The way forward in Europe is for Parliament to be fully involved in the decision-making process, and that will only be finally achieved by having codecision.

**Czesław Adam Siekierski (PPE-DE).** – (PL) This is a good report. What is missing, what needs to be changed? The review of the common agricultural policy does not take sufficient account of the new situation which has arisen in the world as a whole as well as in Europe as a result of the food crisis. Too much has happened for this not to be taken into account in a meaningful way.

Many of the issues contained in the European Commission's proposals fall short of the expectations of new Member States, which demand a fairer direct subsidy system. I am convinced that the equalisation of subsidy levels between Member States is inevitable. Commissioner, the Council of Ministers meeting will be accompanied by an 8 000-strong demonstration of tobacco planters. I hope that their demands will be met.

On other issues, firstly we need to take a cautious approach to abandoning the milk quota system in 2015. We need to develop a way of approaching the situation. The milk market is unstable and must therefore be monitored. Secondly, we should retain market intervention instruments, for instance storing ...

*(The President cut off the speaker)*

**Michel Barnier, President-in-Office of the Council.** – (FR) Mr President, ladies and gentlemen, many thanks for your attention and the questions you have put to us. I should like to address several points, one by one.

Firstly, I would like to talk about modulation, which was mentioned by Mr Goepel, and by Mr Baco, Mr Sanzarello and Mrs Lulling a moment ago. The issue of the rate of modulation will be, I can assure you, a key element of any compromise. I have taken note of Parliament's desire for a compromise solution to be found. I would add that progressive modulation that is too severe could certainly cause problems for several Member States, but we must be well aware that the very principle of progressive modulation responds to a highly publicised social need. We, together with Mariann Fischer Boel, must therefore find a compromise and, in that respect, I believe that the position proposed by your rapporteur will shed light on this compromise. As for modulation, the issue of the rate of cofinancing for additional modulation is another element that must be included in the package. You have proposed 100%, which is to say no national cofinancing. That is very ambitious, but I believe that it is the right way to go.

Next, I should like to address the issue of new challenges. I fully understood the position of the Committee on Agriculture and Rural Development, considering *de facto* support of the dairy sector as one of these new challenges financed by modulation. I believe that this is one of the avenues on which we will work with Mariann Fischer Boel.

Another key issue, ladies and gentlemen, which is wide-ranging and very problematic, is that mentioned by Mr Capoulas Santos, who would like a prudent and moderate approach, a sentiment echoed by Mr Goepel and Mrs Mathieu, and Mr Le Foll just now. I have mentioned just a few names, but many of you could speak on this issue, the issue of milk quotas. There are two problems to be solved: increasing quotas and the rate of increase, and support measures.

With regard to increasing quotas, I have observed that the debates in Parliament have revealed greatly differing positions. To be honest, the situation is the same within the Council of Ministers. The solution you are recommending – 1% per year between 2009 and 2010 – and then to make a decision on the basis of a report on continuing the increase, is a prudent approach, in line with the wishes of your rapporteur, Mr Capoulas Santos. At the same time, there is the issue of medium-term visibility for agricultural enterprises, as for enterprises in general. That requires plotting a course from now until 2015, and, ultimately, my feeling is that the Commission's proposal is close to a balance. We are going to work on it, and on support measures in particular, since everyone agrees on support for sensitive regions. The recommended solution of using Article 68 to implement more structural measures, would, I believe, give us a useful range of tools to support

this sector. With regard to how the financial instruments to be implemented would work, I believe that a discussion is required to find a solution that is acceptable to everyone. I am, of course, thinking of the 'Milk fund'.

I would like to say a word, Mr President, on instruments to regulate the market. I have noted the requests seeking to retain instruments to regulate the market and effective instruments. I, like you, believe that, in this new global context that many of us have referred to, for agriculture and for food, this production sector, this real economy that affects people's food supply, needs instruments for intervention in the event of serious market instability, and from this point of view, intervention is an important aspect of the negotiation.

Many Member States, like many MEPs, want to revise the Commission's initial proposals and to discuss them again. We are also going to seek a compromise that allows us to retain a genuine and effective safety net.

Lastly, I should like to talk about Article 68. There have been many debates here in Parliament, as in the Council, and a strong demand to open up the possibilities for applying this article, which arouses a great deal of interest, while preserving its commonality. Opening up the possibilities for applying this article would perhaps – certainly in my opinion – enable a move towards supporting the kinds of production such as those in the sheep sector, which has been mentioned and which needs support.

Here too, we are working with the Commissioner along these lines, just as we are going to look for solutions to improve financing conditions. I am thinking, in particular, of the demands made by many representatives of new Member States, for more fairness and equity.

Mr President, ladies and gentlemen, I have paid close attention to and taken great interest in listening to all the many detailed speeches that have been given. On the basis of the opinion that you are going to give, and I would like to thank once again the chairman, Mr Parish, the whole committee and the rapporteur, for the work that has been done, my task is going to be to secure a dynamic political compromise that enables us to adapt the common agricultural policy, while safeguarding it, in the new global context in which we find ourselves. That is the task on which we are going to work with Mariann Fischer Boel and all her colleagues, whom I thank for the spirit that we have fostered between us over the past months.

I should perhaps like to say a final word to take up a comment made just now by Mrs Aubert, who mentioned the situation of food insecurity. The Presidency is fully aware that we cannot discuss the common agricultural policy as if we were in a fortress, turning in on ourselves in Europe. It was precisely in this spirit that, on 3 July, we organised, at the European Parliament, a conference with the Director-General of the World Trade Organization, the Director-General of the World Bank, the Director-General of the Food and Agriculture Organization, many MEPs and Commissioner Louis Michel, on the question: 'Who will feed the world?' In the same spirit, we shall organise on 28 November a working meeting, again with Louis Michel, on the link between agriculture and development.

I, like the Presidency, am therefore paying close attention to what is being said about agriculture in order to preserve the European Union's agricultural and regional food model, which has supported the common agricultural policy for 50 years, but keeping a clear and empathetic perspective on what is happening in other parts of the world.

**Mariann Fischer Boel**, *Member of the Commission*. – Mr President, I have been listening carefully and I think that the record on 'catch-the-eye' shows clearly that there is huge interest in this Parliament in the agricultural sector and the consequences of the decisions that will be taken.

I should like to pick up a few of the issues that have been mentioned. Firstly, I would like to stress that I think you have either misunderstood or missed something when you tried to convince me that modulation means taking the money away from the farmers, which is definitely not the case. We need modulation because we have new challenges and we need to bolster farmers' possibilities to make investments in order to meet these new challenges. So I think, on the contrary, you can say in modulation we actually increase the funding available for the agricultural sector because there is cofinancing. That is what it is all about. If you continue to say that we are taking money from the farmers, then there is a certain misunderstanding among those of you who have chosen this argument.

Milk seems today to have been the big issue. Neil Parish said in his first speech that you have 27 Member States – 27 customers – in your committee, but, having listened to the discussion today, I would have thought that you had many more, because listening here you can pick and choose any thing from a 0% increase to a 10% increase. The presidency and the Commission are obliged to try to find the right balance.

To those who talk about a milk fund: it is strange because I still recall the 2003 negotiations where we compensated the milk producers all over Europe. Let me take Germany as an example: German dairy farmers were compensated by EUR 1 billion every year – money transferred from their milk payment into their single payment scheme. But at that stage I did not hear anyone talking about a milk fund, and that is the reason why, because we know that the dairy sector is facing difficulties, we have now added to the new challenges a milk line. I am sure that we will be able to design a very nice package for the milk producers in those areas that are facing difficulties.

I must say that I am surprised that there is so much resistance to increasing the milk quota, knowing that last year we collected EUR 338 million in superlevy from European milk producers. To me this is definitely not the way I want to go forward. I want to give farmers the possibility to respond to the markets. Increasing quotas does not mean an obligation to produce: it is only a possibility for those who are strong on the internal or the external markets. It has to be kept in mind that some of the competitive ones are paying EUR 338 million every year to stay in business.

Concerning redistribution, it is obvious that there was broad agreement that this health check was not going to be a new reform and that we were therefore building on the 2003 reform. I think both the presidency and the Commission can admit that there is strong pressure from the new Member States to get a more equal payment, and I know that this will be a discussion that will be strongly defended in the 2013 reform. We might find some solutions even now for the new Member States in the compromise, and I hope you will be surprised in a positive way.

Finally, could I just say, on the issue of tobacco that was raised, that I was impressed by Mr Gklavakis, who is always trying to convince us that tobacco is important, and we believe that is so in his own region. But tobacco is not in the health check. The tobacco reform was made in 2004 and was supported by all countries, including tobacco-producing Member States. As I have said many times, I am certainly not going to reopen the tobacco reform. But I will be open to help all those Member States, all those regions, that face problems, because there are many possibilities available in the rural development policy. I am sure we can create solutions that will soften the consequences of the decisions already taken for the tobacco producers.

I have to keep my remarks short, but my conclusion on the discussion today will be clearly that we need today, more than ever before, a common agricultural policy. I agree with Ms McGuinness that a situation where renationalisation would be the only answer would definitely jeopardise the European agricultural sector.

Let us keep our common agricultural policy with the flexibility that we have included in our different choices within the rural development policy. But we do need a common European agricultural policy. That would be my conclusion from the discussions today. I want to thank all of you for this dedicated approach.

#### IN THE CHAIR: MR BIELAN

*Vice-President*

**Luis Manuel Capoulas Santos**, *rapporteur*. – (PT) The long list of speakers and the resolute and impassioned way in which they have expressed their ideas once again confirms how much this subject means to the European Parliament and the importance that should be placed on agriculture, farmers and the rural world in Europe.

There have been no surprises in this debate because, in the main, this has reaffirmed the positions reiterated during the various debates throughout this long discussion process which has lasted over a year and, in the specific case of my political Group, another six months before that.

However, I feel that it has also been clearly demonstrated that there are no alternatives to the positions which represent the mid-ground allowing a responsible compromise that can be accepted by the majority.

The Commission and the Council have also reaffirmed their positions, but I am delighted to note the signs of flexibility and openness that have been given.

I therefore trust in your political realism, dear Mariann and Michel, and in the spirit of compromise to find a final solution which is very close to that proposed to you by Parliament on these vital issues.



I would reiterate the symbolic importance of this approach on the eve of the European Parliament assuming its codecision powers, because I hope that the problem of ratifying the Lisbon Treaty will soon be solved, given that Europe needs the Lisbon Treaty.

Mr Barnier, as I have repeatedly said, we are not yet using codecision, but we are already entering into the spirit of this. I therefore hope that the difficult negotiations expected today and tomorrow will prove to be very successful. I am sure that we will be able to find a consensual solution responding to the concerns of European farmers and agriculture who are watching us closely. We are all convinced, and this will be the best conclusion to this debate, that a common agricultural policy is needed in Europe so that European agriculture can be competitive and environmentally sustainable.

**President.** – The debate is closed.

The vote will take place on Wednesday 19 November 2008.

#### **Written statements (Rule 142)**

**Gerard Batten (IND/DEM), in writing.** – The common agricultural policy forces British consumers to buy food at inflated prices from continental farmers rather than at lower prices available on the world market. It is estimated that the CAP causes prices to be at least 23% higher than those prevailing on the world market.

It is also estimated by economists that the cost of the CAP to UK consumers equates to at least 1.2% of GDP - which is currently an astonishing £16.8 billion per annum.

I represent many people in London who struggle to pay their bills. They face ever-rising taxes and ever-rising prices. They do not owe continental farmers a living. If countries want to subsidise their agricultural industries that is their own business, but it should be paid for by their own tax-payers.

The common agricultural policy is paid for by those least able to afford it: pensioners and those on low incomes, those who pay a higher proportion of their disposable income on food. The CAP is just one of the many reasons why Britain should leave the European Union.

**Constantin Dumitriu (PPE-DE), in writing.** – (RO) I am pleased to note that, one year after the European Commission launched the consultation process for adapting the common agricultural policy to the current needs of farmers and agricultural producers, we have reached a consensus on certain specific proposals.

I feel that the compromise which has been reached on Article 68 is appropriate, especially the increase from 10% to 15% in the ceiling for creating the funds required for any new public policy strategic measures in Member States and the introduction of a clear ceiling for use in forms of specific aid.

I would like to come back to the issue concerning the deadline for the complete application of the cross-compliance package in the case of Romania and Bulgaria. Both these countries will reach the 100% direct payment ceiling by 1 January 2016. Consequently, it is fair that the deadline for the complete application of the cross-compliance package in both countries should be by then. I note with dismay that the amendment supported by us to this effect has not been adopted. Bearing in mind the importance of this issue to the new Member States, I urge my fellow Members to take this into account in subsequent discussions so that we can find a solution beneficial to both States and approved by representatives of all the EU's Member States.

**Béla Glattfelder (PPE-DE), in writing.** – (HU) Evaluating the situation does not mean simply a review of the common agricultural policy (CAP). In reality, we are talking about the reform of the CAP and a significant reduction in support to agriculture. This is unacceptable from the perspective of Hungary and Hungarian farmers.

The reforms to date have done nothing but harm to Hungarian agriculture.

In Hungary, modulation would even affect smaller 20-hectare farms. What is needed for these smaller farms is not a reduction but rather an increase in direct support. Applying modulation in the new Member States before 2013 would, moreover, be contrary to the accession agreement.

In the interest of food security, we continue to need support in aid of production and market arrangements, including grain intervention. We find it unacceptable that the intervention price should be tied to the price at Rouen port, since transport costs mean prices are lower in the more distant and especially the new Member States, and this constitutes discrimination.

We oppose an increase to the milk quota. The increase to milk quotas in spring proved to be a flawed decision, leading to a fall in milk prices in several Member States. Increasing the milk quota is particularly contrary to Hungary's interests, since we have a significant level of unused milk quota. Such a step would prevent Hungarian producers from increasing their production.

We agree with maintaining support to tobacco producers. Several thousand families earn their livelihood from tobacco production, notably in the country's most disadvantaged, north-eastern regions.

**Roselyne LeFrançois (PSE)**, *in writing*. – (FR) I should first like to commend the remarkable work carried out by our rapporteur, Mr Capoulas Santos, who has continually sought to find a balanced and stable compromise to enable the European Parliament to speak with one voice in the face of a divided and uncertain Council.

The health check we will be voting on today represents an extraordinary opportunity to substantially reflect on how we can free the common agricultural policy (CAP) from the dissatisfaction undermining it and to look ahead to the huge amount of work to reform this policy, planned for after 2013.

The CAP undeniably needs a breath of fresh air, and particularly in social and environmental terms. In this regard, I am delighted that we have managed to amend the European Commission's text in the direction of increased social sensitivity, by proposing, in particular, an increase in aid for small farmers and the introduction of 'work' and 'employment' factors in the rules for allocating aid. I am sorry, however, and it is the only reservation I will mention, that the economic and social criteria are not accompanied more by ecological considerations, since 'sustainability' must become the hallmark of our agricultural policy.

**Lasse Lehtinen (PSE)**, *in writing*. – (FI) Mr President, more should be done to ensure that agricultural aid is allocated in a way that steers agriculture in the direction of sustainable development. The existing subsidies are generally regarded as just a way of topping up the income of farmers.

Agriculture in the countries on the shores of the Baltic is the biggest polluter of the sea in that region. If we pay agricultural subsidies, this actually increases emissions into groundwater and so into the sea.

Any kind of business, including agriculture, has to participate in voluntary environmental work and projects. That is the only way agriculture can claim a right to its own existence in the future. Why should taxpayers continue to support an occupation that does harm to the surrounding areas when pollution can be outsourced by buying imported food?

Clean water is now a scarce commodity. So it is only reasonable that people should have to pay for making it dirty and that that should not come out of public money.

Agriculture has to make proper use of the countless environmental measures that exist. The recovery of phosphorus and nitrogen is technologically possible, and will also soon be financially lucrative. These precious natural resources and raw materials must be recycled as is required of other natural resources.

**Janusz Lewandowski (PPE-DE)**, *in writing*. – (PL) As expected, the health check has created an opportunity for delving deeper into the principles of the common agricultural policy (CAP) than is the case with other areas of the European Union's policy and budget.

Agricultural policy, which at one time absorbed most of the budget expenditure and will form one-third of the budget by the end of 2013, has been strongly criticised. The crowning argument concerned the disproportion between the role played by agriculture in the economy and employment and its share of the EU budget. This is a misunderstanding.

The CAP as a whole is a Community policy, and its share of the EU's aggregate public expenditure, both national and common, does not exceed 0.3% of GDP. In addition, international realities have changed, and the disaster of famine in developing countries must make us think again of the principles of support for agriculture in Europe.

The European Parliament has discussed the problem carefully, as evidenced by the many amendments. From the point of view of a state where agriculture is a relatively large contributor to employment, as is the case in Poland, it would be legitimate to raise milk quotas and to provide national support for sectors that are most disadvantaged. When considering modulation, which has proved the most controversial of the issues, it is worth remembering that the 'new' Member States will reach 100% direct subsidy level only in 2013,

and that modulation may be perceived as a harbinger of re-nationalisation of agricultural policy, which would be a disadvantage.

**Cătălin-Ioan Nechifor (PSE), in writing. – (RO)** As a representative of a region with a significant agriculture sector in Romania, one of the new Member States, I do not think that the disparities in treatment between farmers from these States and those from the old European Union States are being reduced as a result of the assessments carried out during the common agricultural policy's health check. However, it is helpful that national milk quotas for Romania have not been changed, along with the fact that Member States have the opportunity to increase their milk quotas for a certain period of time if these quotas are underused in other Member States. Bearing in mind the current crisis affecting this sector too, it is important to propose the creation of a milk fund, intended to support restructuring in this sector.

Furthermore, I think that, before applying the new regulations on dairy quotas starting from 2015, producers must have the opportunity to adapt to market changes and to invest according to market demands, bearing in mind in particular that the deadlines for investment aid applications are relatively lengthy. In addition, to enable producers to invest according to market demands, the limit on the set quota must be removed.

**Maria Petre (PPE-DE), in writing. – (RO)** I heard one of my fellow Members talking about the way to share sweets between two children. Continuing the analogy, I would like to draw attention to the fact that, if the same child were to be a Romanian or Bulgarian farmer in the future, I would say that he was going to receive what he deserved after eight years. My question is whether he will still be a child in eight years' time.

When I, as a Romanian MEP, joined the Committee on Agriculture and Rural Development, my attention was drawn to the phrase 'soft landing', which is often used when referring to milk quotas, for example. I asked then and I am still asking today: how can Romanian and Bulgarian farmers reconcile the 'takeoff' procedure with the 'soft landing' procedure? When Romania had barely started the accession procedures, a Danish partner said to me that, during this process, the trickiest chapter would be agriculture. I hope today that, two years after joining, Romanian agriculture will provide an opportunity for a united Europe.

**Dushana Zdravkova (PPE-DE), in writing. – (BG)** Continuing to reform the common agricultural policy (CAP) is important for allowing Europe to maintain its leading role in this sector. This, of course, should not be at the cost of producers or the end consumer. It is a well-known fact that the European Union has turned from an exporter to an importer of agricultural produce. This shows that the outcome of today's debate needs to be a balanced one, so that we can be sure that the interests of all citizens have been protected.

I believe that a large proportion of the Commission's proposals are beneficial to farmers in Bulgaria, particularly as mismanagement on the part of the Bulgarian Government in this sector and the abuses committed resulted in the failure to reach the results envisaged in the pre-accession mechanisms. For this reason in the past few months we have witnessed protests by agricultural producers, mainly dairy and cereal farmers. As a result, without jeopardising the full liberalisation of the market for dairy produce, it is important to provide security for those regions that are highly dependent on dairy farming for their livelihoods.

In Bulgaria, there are a large number of dairy farmers in alpine and other areas with specific difficulties. For that reason I support the idea that more funding should be allocated for their development and a specialised fund for milk producers generated.

## 5. School Fresh Fruit Scheme (amendment of Single CMO Regulation) (debate)

**President.** – The next item is the report (A6-0391/2008) by Niels Busk, on behalf of the Committee on Agriculture and Rural Development, on the proposal for a Council regulation amending Regulations (EC) No 1290/2005 on the financing of the common agricultural policy and (EC) No 1234/2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO regulation) in order to set up a School Fruit Scheme (COM(2008)0442 - C6-0315/2008 - 2008/0146(COD)).

**Niels Busk, rapporteur. – (DA)** Mr President, Commissioner Fischer-Boel, Minister Barnier, ladies and gentlemen, the Commission has tabled an extremely constructive proposal for setting up a school fruit scheme in order to reverse the unfortunate trend of increased obesity amongst European schoolchildren. It is a proposal that I warmly welcome. The World Health Organization (WHO) recommends that children eat 400 g of fruit and vegetables per day. Unfortunately, there are very few children who do this. In the EU, 22 million children are overweight and approximately 5 million children are severely overweight. The worst

thing about this is that the number is rising by 400 000 children each year. An increased intake of fruit and vegetables reduces the risk of a large number of diseases and prevents overweight and severe overweight. Eating habits are established in childhood and the indications are that children who learn to eat a lot of fruit and vegetables continue to do so as adults. It is therefore vital that we intervene at an early stage if we are to succeed in influencing our children's eating habits.

Excessive weight entails a greater risk of cardiovascular disease, diabetes, high blood pressure and certain forms of cancer. These diseases constitute an ever increasing threat to public health in the EU, and the cost of treatment weighs heavily on Member States' health budgets. The Commission refers to its impact assessment, in which two studies were carried out which shed light on the link between health expenditure and too low an intake of fruit and vegetables. Expenditure on a school fruit scheme should be viewed in this light, and therefore the scheme will represent an actual saving in the Member States' health budgets. Thus, it will, overall, have a positive effect, first and foremost on public health, but also on the European economy. Until we have achieved the objective of getting children to eat 400 g of fruit per day, it will be the case that the more fruit that children eat the greater the savings. Thus, prevention is cheaper than cure.

As rapporteur, I have proposed that we quadruple the amount that is intended to be appropriated in the Community budget. The Commission's original proposal of EUR 90 million would, unfortunately, only stretch to a single piece of fruit once a week for 30 weeks for children aged six to ten years. This is far from enough if the scheme is to have any appreciable effect on children's eating habits. One piece of fruit one day a week is not sufficient to change eating habits or to have an effect on public health. The optimum solution would be for all children to receive one piece of fruit every school day. It is therefore necessary to mobilise more funds in the Community budget.

A majority in the Committee on Agriculture and Rural Development agreed to mobilise EUR 500 million and dispense with the national cofinancing. I do not agree with this. I hope therefore that in the vote today we can sort this matter out, as I have retabled a proposal on behalf of my Group to the effect that we should mobilise EUR 360 million. This should be supplemented by the Member States' contribution and therefore will, overall, provide a far higher amount than the EUR 500 million.

A majority in the Committee on Agriculture and Rural Development also agreed that only fruit and vegetables from EU countries should be distributed under the scheme. This, for me, is far too protectionist, and will also make the scheme very bureaucratic. It must therefore be the Member States which decide – from the list compiled by the Commission – which fruit can be distributed and which fruit will be included in the scheme.

**Michel Barnier**, *President-in-Office of the Council*. – (FR) Mr President, we in the Presidency are very happy to discuss this scheme with the European Parliament, as proposed by the European Commission and brought personally – and I should like to pay tribute to her – by Mrs Fischer Boel. It is an important scheme for the nutrition of the youngest citizens, and it is a practical and effective step to combat the rise in obesity among young people.

Mr Busk has just stated the figures, and I can corroborate them: one child in five in Europe is overweight or at risk of obesity. Childhood obesity in Europe is growing by 2% per year. We must therefore encourage young people to vary their diet and to consume more fruit and vegetables.

I believe, ladies and gentlemen, that implementing this scheme, which everyone is in favour of, shows the important role that the common agricultural policy can play and does play in encouraging the consumption and, more simply, the production of healthy, quality produce. Agriculture is naturally suited to meet this dual challenge, which consists of the challenge of quantity – which was also its first challenge, with the first contract drawn up with farmers in the 1960s – but also, the challenge of quality, relating to the quality and safety of products.

That, ladies and gentlemen, proves that Europe can respond and does respond to the specific concerns of our fellow citizens and that agriculture is clearly at the centre of the major challenges faced by our society. When we talk about this 'fruit and vegetables' scheme, we are talking about a tangible, people-based Europe, centred on citizens, which Europeans expect.

This programme, ladies and gentlemen, has been very well-received within the Council of Ministers, and the debates we have had, which we will continue today and tomorrow, show that, overall, we are all making progress on this issue. It is my intention to achieve a political agreement in the Council this week. That is

why I am naturally paying close attention to Parliament's position on this issue so that I can include your position and your support in the debates of the Council.

Finally, Mr President, I should like to offer my sincerest thanks to your rapporteur, Mr Busk, for the very detailed and impassioned work he has done on this issue, and now I am happy to listen to you, and the Commissioner.

**Mariann Fischer Boel**, *Member of the Commission*. – Mr President, firstly it feels good to have Parliament behind me on the proposal on the School Fruit Scheme. I would, as I normally do, thank the committee and the rapporteur, Niels Busk, for the work that has been done.

Before I comment on some of the issues that have been raised here – and in Parliament as well – I would just like to say something about a topic that has recently been discussed at some length in the Council. A number of Member States have asked to be able, in some cases, to ask parents for a contribution to the Scheme. The arguments for and against are not straightforward. In the end, the Commission has agreed that Member States should have the freedom to require cofinancing from parents in some cases.

On the other hand, I see no reason to force this on all Member States. Therefore we would make it possible for Member States to choose whether they want to take this possibility on board. Then when we review the Scheme in 2012 we would really focus on the end-value to be gained from parental contributions.

I have said from the beginning that what we are now putting on the table is not going to solve the obesity problems among young people in Europe, but I believe that it will be a helping hand and give a clear signal from the Commission that it is important to give our young people good eating habits.

With regard to the overall budget, we have allocated EUR 90 million. I have seen some different figures, as Niels Busk rightly said – from EUR 500 million down to EUR 360 million – but the EUR 90 million that we have proposed is certainly not written in stone for the future. I think that we should also take into account in our review of the whole programme to be made in 2012 whether we need to increase the budget. I think it has been important that we have indicated that we are ready to reallocate the money. If there is a surplus of money in one Member State, it can be reallocated. That will hopefully mean that we spend the money in the best possible way.

Regarding the type of fruit and vegetables to be distributed, I feel that it is very safe to leave this in the capable hands of the Member States. Whether they want to use processed food or to deliver local fruit and vegetables – or even to have the possibility of distributing ACP bananas to their children – the final choice should definitely be made by the Member States. I think that in this way we will get by far the best result. I am looking forward to a fruitful discussion on this issue.

**Maria Petre**, *on behalf of the PPE-DE Group*. – (RO) Mr President, Commissioner, Mr Barnier, first of all, I would like to thank our rapporteur for the work he has done and the efforts he has made to reconcile the different points of view.

We all agree on how important this scheme is in terms of teaching children to adopt healthy habits and therefore combat obesity, but also in terms of helping families who cannot afford to buy fruit for their children.

I support the Commission's proposal, but I think that it absolutely must be improved. The EUR 90 million proposed in annual funding is not enough. Supplementing the funds already allocated is one of the conditions for this scheme's success. I also think that the proposal made in the Committee on Agriculture and Rural Development to rule out parents having to contribute to this should be introduced at least for the scheme's launch.

I would also like to encourage, as part of the scheme, the provision of fresh, traditional fruit, produced on the Community's territory. I would like to stress the fact that the Member States need to specify which fruit are to be distributed, taking into specific consideration the seasonal fruit and vegetables produced locally.

As required by the principle of subsidiarity, Member States should, when determining the target group, be granted sufficient flexibility to enable them, in keeping with their needs, to supply school fruit to as wide a circle of consumers as possible. The scheme should equally bring young consumers to appreciate fruit and vegetables and should therefore have a highly positive effect on public health and the fight against child poverty, especially in new Member States.

Provision may be made for joint measures to promote consumption of certain products, to be combined with an additional health and nutrition education component and to provide encouragement to regional producers, especially those in mountain regions.

**María Isabel Salinas García**, *on behalf of the PSE Group.* – (ES) Mr President, this scheme has been long-awaited by the fruit and vegetable sector, not only because of the difficulties that it is facing, but also because of the worrying decline in consumption.

This scheme is intended to improve public health and I therefore believe it should be a European scheme, with full Community financing. I do not agree that parents should have to contribute to its funding because the same thing will happen as always: those children whose parents can afford to contribute will eat fruit and vegetables in school, whereas those who cannot will be left outside the scheme.

This scheme must therefore be financed by the Community so that it can be applied uniformly. I also particularly want to say that emphasis must be placed on educational measures. This scheme must not simply involve children eating apples; rather, they must know what type of apple they are eating and what its nutritional properties are and they must understand the beneficial effects of that fruit on their health and development.

Naturally, the products must come with full quality guarantees, with priority being given, if possible, to seasonal fruit. Also, where possible, I support the distribution of fruits and vegetables of Community origin.

I believe that the beneficial effects of this scheme, which I applaud and on which I congratulate the Commissioner, will be seen immediately. They will be seen not only in the present and future health of our children and their food education, but also, and very importantly, in the fruit and vegetable sector. This is a productive sector which truly forms part of our European cultural heritage and which allows us to enjoy a balanced, healthy and varied diet.

I feel it is worthwhile trusting and investing in this scheme to distribute fruit and vegetables in our schools. In my opinion, the budget is somewhat limited so I would repeat that I support full Community financing of such an ambitious scheme.

**Donato Tommaso Veraldi**, *on behalf of the ALDE Group.* – (IT) Mr President, ladies and gentlemen, I very much value the positive and intelligent work done by Mr Busk on this proposal, which forms part of the reform of the common organisation of the market in fruit and vegetables, designed to reinforce the sector's competitiveness and the way in which it is tailored to the market, and to combat the fall in consumption.

The proposed scheme to promote fruit and vegetables in schools would help to encourage young people to eat fruit and increase consumption. In addition, the free distribution of fruit and vegetables in schools should be aimed at combating the problem of overweight schoolchildren; it is a well-known fact, unfortunately, that over 22 million children are affected by obesity.

In order to effectively implement the scheme to distribute fruit in schools, it is vital for Community aid to cover all the associated logistical costs, such as the purchase of the appropriate vending machines, which would otherwise have to come out of schools' budgets or from pupils' families. National funding ought therefore to be of an additional nature, and ought to be restricted to new schemes and the extension of existing ones.

**Alyn Smith**, *on behalf of the Verts/ALE Group.* – Mr President, there is nothing to dislike in this proposal and I commend our rapporteur for coming up with it, especially with an election in the offing. I think any politician in this room looking to June next year will be in favour of seeing Europe's children eating better and eating European local fruit. It is good news for Europe's farmers as well because this is creating a local market. It is good news for the health budget of the future and more importantly it is good news for the children themselves.

If we start children eating healthy at a young age, they will keep up the habit. Finland has demonstrated and proven that aggressive intervention at an early age does make a difference, and that is very much to be welcomed. If we speculate a little on the agriculture budget now, we will accumulate on the health budget of the future. Coming from Scotland I am ashamed to say that we have a particular interest in this, in that 21% – one in five – of our primary school children are overweight. That is utterly unsustainable. We cannot look towards a future of increasing obesity, so this is part of the solution to that and I am delighted to commend it to the House. It is good news all round.

**Bairbre de Brún**, *on behalf of the GUE/NGL Group.* – (GA) – Mr President, this proposal will fulfil the objectives of the Union in relation to the common agricultural policy (CAP) and will provide a funding framework for initiatives aimed at increasing the amount of fruit and vegetables eaten by children. This could help to combat childhood obesity and will also benefit our fruit and vegetable farmers in the long term.

Eating habits and patterns are developed during the first few years of life. As such, it is important that we are able to encourage healthier eating habits among children. The Member States should be able to choose the best method.

Research suggests that eating patterns tend to be unhealthiest in low-income households. Therefore, the distribution of free fruit and vegetables in schools could make a large difference to children's eating habits.

I welcome Mr Niels Busk's report and thank him and the Commissioner for the work they have done.

**Jeffrey Titford**, *on behalf of the IND/DEM Group.* – Mr President, this project is being dressed up as all about concern for the welfare of children. However, the real agenda is a disturbing mixture of Nanny Brussels, control-freakism, sheer naked propaganda and market fixing. Nanny Brussels likes to be in control of everything, including what we eat. Putting itself in charge of what children eat at school is the first major step in that process. The propaganda angle is that each piece of fruit will have an EU label on it and the whole project will be supported by a massive publicity campaign.

In regard to the fruit market, I understand it will create a great many opportunities for mischief such as mandatory rules that all fruit must come from inside the EU. In the case of bananas, this could at a stroke rule out British suppliers who obtain their bananas from British Commonwealth Caribbean countries, and thus it will provide a lucrative new opportunity for the French islands of Guadeloupe and Martinique.

**Christa Kläß** (PPE-DE). - (DE) Mr President, Commissioner, Minister, ladies and gentlemen, we are being bombarded with headlines. We are told that we are obese, our children are obese, we are eating the wrong foods and we eat too little fresh fruit and too few vegetables.

Five portions per day, or around 400 g of fruit and vegetables, is the recommended daily allowance for a healthy and balanced diet. It is not always easy to keep to this. Food needs to be healthy, last a long time, taste good and cost as little as possible. However, the fast pace of life today means that it is often difficult for us to balance the demands of family and work, so that we sometimes do not have enough time to cook and instead choose semi-prepared or fully prepared products. There is nothing wrong with this, provided we are aware of the importance of fresh fruit and vegetables.

People who learn to eat a diet rich in fruit and vegetables at an early stage will also maintain a healthy diet later in life. I therefore expressly support the Commission's proposal to introduce a school fruit scheme funded to the tune of EUR 90 million. What a wonderful idea, Commissioner! However, as you have recognised in your provisions, Member States must be allowed to organise the scheme according to their own national requirements. It must be possible to provide the relevant regional and seasonal produce. Member States must also develop a strategy to define the best way in which to implement a school fruit scheme and integrate it into the curriculum. Healthy eating is part of general education. Children must learn, for example, that, as well as a hot vegetable, carrots can also be enjoyed in the form of soup, salad, cakes or in baked dishes. They need to know what a potato tastes like if it is not made into crisps or chips. They need to have their interest stimulated in the many ways of preparing regional produce.

Information is the only way to lay the foundations for a healthy diet. Knowledge is the key to a healthy lifestyle. The school fruit scheme can make a valuable contribution in this context.

**Csaba Sándor Tabajdi** (PSE). – (HU) Mr Barnier, Commissioner, like every initiative, this one too has many masters. After all, seven towns laid claim to being Homer's birthplace. Many people think that this was their initiative. Based on the report of proceedings, I am proud that on 10 May 2005, in the debate on the reform of the market in fruit and vegetables, I proposed this scheme, and I am grateful to the Commissioner that it is now to become reality.

Those who have spoken before me have explained why this is very important. It is important not just from a social perspective but also in order to teach young people about nutritional culture. This is a French pear, but I will not eat it because it is forbidden to eat it here. It is very important that, when young people receive school fruit bearing the EU logo, they should know – from childhood onwards – that this is safe and not full of chemicals, but wherever possible organic.

Let us teach children about nutritional culture, as this is a very important task. I congratulate Mr Busk on this. I will not eat [this pear], because I will not break the rules, but I think that all of us can be proud of this scheme. Thank you for your attention.

**Marian Harkin (ALDE).** - Mr President, sometimes it is great to be able to come into this Chamber and support a really positive European proposal and, despite Mr Titford's attempt to deflate our good humour, today is such a day. This proposal ticks so many boxes. It promotes healthy eating habits among young children and adolescents. It enhances the overall health of young Europeans. It ensures that EU money is spent on a project that is already being shown to deliver positive results in many Member States, and it is a practical, down-to-earth, workable proposal.

I am very familiar with a similar programme in Ireland called 'Food Dudes' – because my grandson has kept me up to date. It has been shown that this programme is effective, with long-standing results across the age range 4-12 and these results stand up regardless of gender, school size and socioeconomic factors. Therefore, we are building on firm foundations.

I am happy to support increased Community funding and to give particular consideration to organic and locally produced fruit and vegetables. I want to congratulate the Commissioner and our rapporteur Mr Niels Busk, and I am very pleased to hear the response from the Council. This proposal will contribute positively to quality of life and health in the EU.

**Hélène Goudin (IND/DEM).** - (SV) Mr President, the fact that fruit and vegetables are important for people is hardly news, nor is the fact that they are important foods for children. For children to be given fruit at school is a good thing. It is good for health and provides a badly-needed energy supplement.

However, what does the proposal we are currently debating actually involve? It is in fact a pure propaganda proposal from the EU. The purpose of this initiative is to win cheap political points while presumably at the same time persuading children of the excellent qualities of the EU. The Committee on Agriculture and Rural Development has tabled some absurd proposals, including the claim that European fruit is better than any other fruit. Only EU fruit is to be provided, for example bananas from remote regions. This is downright protectionism. The intention is for children to learn that the EU is good and that fruit from the EU is even better. The Commission and the European Parliament should be ashamed of themselves.

**James Nicholson (PPE-DE).** - Mr President, I am eating an apple courtesy of Mr Busk. He is giving away apples outside so if any Members want to go and get one I am sure Mr Busk will be happy to give them an apple!

I think this is an excellent report. As Ms Harkin said, we often come to this Chamber and cannot be as glowing and look forward to such a good initiative. We must, however, provide more funds to ensure that our young people are able to access, partake of and utilise this opportunity to the full, because this is one of those rare occasions when we can offer something. We complain about the situation and read in the press and the media about how bad the problems of obesity and suchlike are among schoolchildren. Our young people today are nonetheless excellent people but have lots of pressures on them that maybe we in the past did not have. I think this is one opportunity where we can give them the possibility of good healthy eating. I welcome this, support this and offer my congratulations.

**Silvia-Adriana Țicău (PSE).** – (RO) Mr President, Commissioner, the European Commission has proposed the allocation of EUR 90 million from the Community budget for a scheme where every child aged between 6 and 10 will receive one portion of fruit or vegetables every week.

I would urge Member States to expand this scheme and its associated financing, both at European and national level, so that all children, including those of pre-school age, can receive a portion of fruit every day. I hope that we will all approve the increase in the budget to EUR 500 million. I welcome the fact that the scheme must only involve fresh fruit and vegetables produced in the European Union. They should be seasonal and come from local, organic farming.

I would like to present a similar initiative launched by the Romanian Government back in 2003, whereby all children in pre-school and primary education receive a glass of milk and a fresh roll every school day. Introducing a proper diet for children of school and pre-school age is part of the health education we need to provide for the younger generation.

**Zdzisław Zbigniew Podkański (UEN).** – (PL) Mr President, providing primary and secondary schoolchildren with fruit is undoubtedly the right idea, since it has not only an economic dimension, but a much broader



social one. This is because it develops healthy eating habits and thus improves the general health of society. There is no doubt that EUR 90 million is too little to ensure proper functioning of the scheme. The involvement of national authorities and school founding bodies as well as the community at large would therefore be desirable. I hope that the School Fruit Scheme will be widely supported and that Mr Busk's efforts will not have been in vain.

**Ilda Figueiredo (GUE/NGL).** – (PT) We would highlight the importance of setting up a proper scheme for the distribution, free of charge and on a daily basis, of seasonal fresh fruit and vegetables to schools, with priority being given to pre-school and primary-school children. This scheme is essential given its positive effects in terms of healthy eating, public health, the fight against child poverty and the encouragement and stimulus that may be given to regional products, including those of mountain regions, produced locally by our farmers.

This requires much greater funding than is proposed by the European Commission. As a result, Commissioner, the proposals tabled by the Committee on Agriculture and Rural Development, to which we also contributed, should be taken into account. I must also congratulate our rapporteur on the work carried out.

**Neil Parish (PPE-DE).** – Mr President, I welcome the Commissioner's proposal on school fruit. It is very important that we get this scheme going. I also agree with her that it needs subsidiarity, because what we want is a system that is not too bureaucratic so that we can actually get it into our schools. I also think we need flexibility on the type of fruit that we can provide, because some times of year it will be very difficult to get fresh fruit and we may occasionally need processed fruit. Let us not have too many prescriptive amendments but, rather, get this scheme accepted.

I also think that one or two of Parliament's proposals on the amount of funding needed are too much. Because, if we had codecision powers in this Parliament, we would have to sign up to the budget as well as the process. If we are to be credible in this Parliament, let us put forward a scheme that is fundable, gives school fruit to the children who most need it and then they will progress to eating fruit in the future. This is a scheme.

Let me say to Mr Titford that I am not worried whether Europe provides it, whether Britain provides it, France provides it or whatever, but what we have to be sure of is that school fruit goes into our schools.

**Christel Schaldemose (PSE).** – (DA) Mr President, ladies and gentlemen, I am, in fact, opposed to agricultural aid and any extension of this, but when it comes to improving our children's health, I think that we should actually do an awful lot. All organisations fighting against disease have unequivocally recommended the introduction of fruit schemes in schools. Even small amounts of fruit appear to make a difference to health. I therefore wholeheartedly support the Commission's proposal. However, I think that it is important for fruit and health to be the central issue. I am therefore opposed to the Committee on Agriculture and Rural Development's proposal that the fruit should only come from the EU. That is totally wrong. I think that the focus should be on children's health and not on agricultural economics.

**Michel Barnier, President-in-Office of the Council.** – (FR) Mr President, I just want to say a few words to express my feelings on the conclusions of this debate, which has been extremely lively and consensual. In general terms, I find it reflects the very original initiative of Mr Busk and Mrs de Lange. The debate shows that there is virtually unanimous support for this scheme proposed by the European Commission to encourage young Europeans to eat more fruit and vegetables. I can tell you, ladies and gentlemen, that the Council of Ministers also shares this commitment, and we will strive to achieve a consensus based on the position that you will adopt with the Council in broad terms.

I shall just return to four of what I consider to be important points from among your comments. Firstly, with regard to the issue of the budget allocated to this operation. The proactive approach taken by Parliament clearly shows that you are committed to this initiative, and I am happy about that. I shall report on this proposal to the Council and I agree with Mrs Fischer Boel that the sum of EUR 90 million referred to in the proposal is not, as she said, set in stone.

The second point I would note is that the main concern we all have is to give young people wholesome fruit and offer them a range of healthy products, with no added sugar.

The third point relates to the promotion of local products to increase awareness about the quality of Community products. I would also add, with regard to the concern just expressed by Mr Casaca about the outermost regions, that there are, on the Community market, products that come from these outermost

regions – which form an integral part of our European Union – and that are high-quality products. That is also understood in your deliberations, and this concern is also shared within the Council of Ministers.

Finally, you have expressed a position that is also in line with that of the Council: a Community framework, like the one presented to you, is required for this kind of action, but we must also give Member States the adaptability and flexibility necessary to implement this scheme as closely as possible to communities, associations and citizens.

To sum up these four points, ladies and gentlemen, I should like to repeat that this timely initiative is, certainly, limited in terms of budget, but that it is an initiative that is symbolic of a Europe that is positive and proactive, a Europe that acknowledges the new challenges of our society and above all, ladies and gentlemen, a Europe that will go into schools and be spoken and thought of favourably by the young people of Europe.

I believe that the image that we are projecting through this Commission initiative is one of a positive Europe that is focused on citizens. That is what the citizens of Europe expect.

**Mariann Fischer Boel**, *Member of the Commission*. – Mr President, I would like to thank you for the overwhelming support for this important proposal.

Let me say to Mr Titford and Ms Goudin that to say that this proposal is propaganda is pure nonsense.

*(Applause)*

This was meant – as many of you have mentioned – to give good eating habits to our school children. I am quite sure that if we manage it in a clever way, building on the experiences that we have already had from the Irish ‘Food Dudes’ programme, we can do quite a lot. Then in 2012 we can see whether we can improve the system further.

I completely agree with Ms Salinas García that we can use this in an educational way, not only to educate kids to eat more fruit and vegetables but also to try to explain where the fruit and vegetables come from, how important it is, etc.

I am looking forward, together with Michel Barnier, to finding the right balance in the Council as well to the benefit to the health of our young people.

**Niels Busk**, *rapporteur*. – (DA) Mr President, I would like to express my thanks for the many positive contributions and, in this connection, I would also like to thank you, Commissioner, for your particularly constructive cooperation. That is actually to be expected, as we always work well with you and your cabinet. I would also like to thank you, Minister. It has been an enormous pleasure to cooperate with you and the French Presidency, because you have taken the time, to an unusual degree, to really talk through the issues in depth. The Presidency does not always have the time to do this. I would also like to remind everyone in the House that all of the contributions made here called for more than the EUR 90 million to be mobilised. I would like to remind you of this with the simple observation that, if we do not mobilise more money, this scheme will become a huge administrative apparatus with very little fruit being distributed. We cannot allow that to happen if we really want to help change the eating habits of children, which is something that, unfortunately, is very much needed.

**President**. – The debate is closed.

The vote will take place on Tuesday 18 November 2008.

#### **Written statements (Rule 142)**

**Ivo Belet (PPE-DE)**, *in writing*. – (NL) We are convinced that we have to throw our weight behind projects that guarantee all young people up to the age of 12 a piece of school fruit a day. Schools play a crucial role in teaching them a healthy lifestyle. Healthy food and sufficient physical exercise help prevent obesity. Children who learn to like fruit at school will carry on eating fruit into adulthood. Many schools already make huge efforts to offer children fruit every day, but the funds to do this are too limited. European financial support for school fruit is therefore important.

We would therefore make an emotional appeal to the European Commission and the Council to support this budget increase. After all, it is the health of our young people that is at stake, and this cost would be recovered in time.

**Šarūnas Birutis (ALDE)**, *in writing*. – (LT) It is important that the principle of subsidiarity is applied in the implementation of this scheme, so that the Member States themselves decide the age of the children that the School Fresh Fruit Scheme is aimed at and which fruit and vegetables should be supplied. I also think that priority should be given to products of Community origin. However, we should not refuse products originating from outside the Community, as this would violate competition and World Trade Organization rules.

I think that the administration of this scheme should be as simple as possible, thus I propose that the rules on strategy preparation be dropped. Preparing a national strategy for the implementation of one measure and with a small budget is too strict a requirement. Instead of strategy preparation there could be the requirement to prepare national administration rules, incorporating certain provisions set out in the strategy implementation rules presented by the Commission. I would like to urge everyone to think about the need for strategy organisation when preparing the scheme implementation rules (this point is important for Lithuania because of the administration).

The implementation of the School Fresh Fruit Scheme should involve additional funds from national budgets, as the scheme should be partly funded by the Member States. However, even in the midst of the current financial crisis, we must look to the long-term prospects of protecting the health of our children and young people. Let us not cast off the weight of responsibility from our shoulders.

**Magor Imre Csibi (ALDE)**, *in writing*. – (RO) The proposal for a regulation concerning fruit for children at school is part of a series of initiatives launched by the Commission with the main aim of combating obesity and promoting a healthy diet.

The budget of EUR 90 million proposed by the Commission would have proved to be insufficient to achieve the scheme's objective. The ALDE Group's initiative to increase Community funding to EUR 360 million is an important step in the right direction. Member States in turn will make their contribution to give a final budget of EUR 720 million. I firmly believe that only with such a budget will the scheme prove to be effective. We will therefore be able to offer an acceptable number of portions of fruit per week to pupils aged between 6 and 10.

At the same time, I would encourage educational institutions to introduce nutrition lessons as part of the curriculum to explain the theory behind the role of a healthy diet. It is only by making a joint, coordinated effort that we will manage to change the eating habits of future generations.

**Urszula Gacek (PPE-DE)**, *in writing*. – I am happy to support the scheme to provide school children with fruit in order to encourage healthier eating habits in the young. Hopefully, this project will go some way towards modifying the eating patterns of the youngest members of European society. Long-term studies have shown that eating habits acquired in childhood serve as a model for life. They have the potential not only to influence this generation of children, but also their children. More interestingly it has been reported that children's food preferences have an impact on the eating habits of their parents. Let us hope that this worthwhile scheme goes some of the way towards making us all healthier and fitter.

**Bogdan Golik (PSE)**, *in writing*. – (PL) I am pleased that we are setting up a Community scheme to promote eating fruit in schools. The positive impact of this scheme can be considered on many levels: social, economic and financial.

As a member of Parliament's Committee on Agriculture and Rural Development, I can see that the scheme will have clearly favourable consequences on European agriculture and fruit farming, in the form of increased demand for fruit and the maintenance of high production levels in Europe. I am also a father, and as a father I can see a positive outcome which is hard to quantify: the health of the young generation. Increasing the proportion of fruit and vegetables in the diet of school-age children is of huge importance, as their eating habits are formed during that time.

In Poland, fruit and vegetable consumption is approximately 250 g per person per day. This level is among the lowest in the Community: only the Czech Republic, Latvia and Slovakia consume less. The Community average is 380 g, whereas the World Health Organization/Food and Agriculture Organization recommended minimum daily consumption of fruit and vegetables is 400 g. Countries such as Poland need a major school fruit promotional campaign.

I hope that the School Fruit Scheme will soon be successfully introduced in all educational institutions throughout the European Union and will remain a permanent element of its educational policy.

**Gyula Hegyi (PSE)**, *in writing*. – (HU) The European Union's desire to support the consumption of fruit in school is certainly to be welcomed. Sound nutrition in childhood offers good prospects for a healthy lifestyle later in life, and a properly educated child will popularise healthy nutrition among his or her family and friends as well. Those responsible for the scheme also need to look closely at what kind of fruit they are offering children.

It would be a serious mistake if schools were to end up with fruit filled with pesticide residues and therefore difficult to sell. As a result, the scheme needs to be set up in such a way that schools are provided only with healthy fruit containing pesticide levels well below the maximum allowable limits. It is likewise desirable, in the interests of healthy nutrition, primarily to use Community funds to provide domestic fruit that contains lower sugar levels and higher fibre, rather than to offer bananas, for instance.

**Marusya Ivanova Lyubcheva (PSE)**, *in writing*. – (BG) Commissioner,

The School Fruit Scheme is a particularly important step in several respects, by:

- providing a healthy and balanced diet for children;
- preventing disease;
- creating a new model and methodology in the diets of the younger generation which will gradually replace fast food.

This is not just a question of consuming fruit but of building healthy and balanced nutritional habits. There are plenty of specialists able to determine suitable fruits based on the relevant criteria.

On the other hand, the School Fruit Scheme will provide real support to agricultural producers and financial aid to the Member States. This is particularly important in the new Member States, which are having difficulty in the provision of catering at schools, despite all their efforts. In Bulgaria, for example, there is a state-subsidised scheme for school meals, but it is unable to cover the needs of all pupils, and help from the European Union will be extremely useful. Of course, we need to insist on the use of organic products in the scheme, and to ensure that it is effectively implemented.

**Dumitru Oprea (PPE-DE)**, *in writing*. – (RO) The illnesses from which modern man suffers are due to diet, but they can be cured through following the right diet.

I support the distribution of fruit in schools. I cannot help thinking of the fact that in Romania a glass of milk and a roll have been distributed in schools for free since 2002. While, at the start, we were happy to offer this benefit only to children in primary schools, since 2006 this measure has also been extended to pre-school children and since 2007 to secondary school children. The European School Fruit Scheme will, at least in Romania, supplement the one mentioned above.

There are numerous benefits to this. I would like to mention just two of them:

- The World Health Organization recommends that children up to the age of 11 consume at least 400 grams of fruit and vegetables per day. I am thinking in this case too of the European Parliament resolution of 25 September 2008 concerning the White Paper on diet-related health problems. Let us not forget that food and the way we eat play a decisive role in helping us to maintain our health as it is.
- Disparities will be reduced: children come from different socio-economic backgrounds, with some of them being hugely disadvantaged.

**Siiri Oviir (ALDE)**, *in writing*. – (ET) In the White Paper on Nutrition, Overweight and Obesity, which has also been adopted by the European Parliament this year, experts emphasised the fact that there are today in Europe 22 million overweight children and 5 million obese children. These experts are of the opinion that another 1.3 million new cases will develop next year.

In the World Health Organization's World Health Report, insufficient consumption of fruit and vegetables is listed as one of the seven health risks. In connection with this topic, Parliament once proposed to the European Commission that the necessary financial resources should be included in the EU budget for that purpose.

Today the European Commission has prepared a back-up measure that supports our former initiative. This measure would make it possible, in a similar way to the school milk scheme, to offer fruit and vegetables to 6- to 10-year-old children in schools in the EU from the 2009/2010 school year.

This is definitely an investment in the future that will help prevent or reduce healthcare expenditure arising from unhealthy eating habits. I hope that the European Commission will once again be willing to consider the proposals that have been made, and increase the existing fruit and vegetable scheme funding from EUR 90 million to EUR 500 million, which would make it possible to offer this measure to children on all school days, and also to a broader target group of children.

Thank you for your attention!

**Daciana Octavia Sârbu (PSE), in writing.** – (RO) The Commission's proposal to introduce the consumption of fruit in schools will be beneficial to the health of the European Union's citizens, making a significant contribution to the economic and social development of every Member State. Eating habits are formed during childhood and can last a person's whole life.

Schools are the most suitable starting point for determining this type of behaviour as the school is the second form of authority, after the family, which has direct contact with children and significant influence over them.

This scheme, combined with the launch of a nutritional education scheme in schools, would produce more results in terms of developing preferences for a healthy diet, which includes fruit and vegetables. Children need to be, first and foremost, educated and encouraged to eat this type of product with increased nutritional value so that the scheme will achieve its intended objective, in terms of preventing obesity-related illnesses, malnutrition or diabetes, which may occur in adult life.

The amendments proposed by Parliament will improve the Commission's text considerably by allocating EUR 500 million per year to finance the introduction of the scheme to provide pupils with fruit and vegetables, which will consequently boost agricultural production at European Union level.

#### IN THE CHAIR: MR COCILOVO

*Vice-President*

### **6. Draft general budget for the 2009 financial year (deadline for tabling draft amendments): see Minutes**

#### **7. Voting time**

**President.** – The next item is the vote.

*(For details of the outcome of the vote: see Minutes)*

#### **7.1. Protocol to the EC-Kazakhstan Partnership and Cooperation Agreement (A6-0416/2008, Jacek Saryusz-Wolski) (vote)**

#### **7.2. Joint undertaking to develop the new generation European air traffic management system (SESAR) (A6-0439/2008, Angelika Niebler) (vote)**

#### **7.3. Statutory markings for two- or three-wheel motor vehicles (codified version) (A6-0382/2008, Diana Wallis) (vote)**

#### **7.4. Company law concerning single-member private limited-liability companies (codified version) (A6-0383/2008, Diana Wallis) (vote)**

#### **7.5. The driver's seat on wheeled agricultural or forestry tractors (codified version) (A6-0384/2008, Diana Wallis) (vote)**

**7.6. Guarantee Fund for external actions (codified version) (A6-0387/2008, Diana Wallis) (vote)**

**7.7. Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (A6-0428/2008, Hans-Peter Mayer) (vote)**

**7.8. European system of national and regional accounts in the Community (A6-0376/2008, Pervenche Berès) (vote)**

**7.9. Mobilisation of the European Globalisation Adjustment Fund (A6-0430/2008, Reimer Böge) (vote)**

**7.10. Request for waiver of the immunity of Frank Vanhecke (A6-0421/2008, Klaus-Heiner Lehne) (vote)**

*- Before the vote:*

**Bruno Gollnisch (NI).** – (FR) Mr President, my request is based on Rule 168 of our Rules of Procedure. For 10 years, Mr President, I sat on the Committee on the Rules of Procedure, the Verification of Credentials and Immunities. I carefully read Mr Lehne's report and I must express – and I would say irrespective of the political persuasion of the Member in question – my astonishment that, at this point, we are deviating from the established case-law of the committee, which has been to uphold the parliamentary immunity of members prosecuted for political reasons.

However, Mr Vanhecke is being prosecuted as the head of the publication. He is being prosecuted for an article, whose author is known, and, according to Belgian law, as acknowledged by the report, in this situation, the head of the publication should not be prosecuted. What is more, the prosecution is based on the fact that the foreign identity of those who desecrate graves has been revealed. It was brought on the initiative of Belgian socialist councillors.

It is clear, and this is my last point, Mr President ...

*(The President cut off the speaker)*

**President.** – Mr Gollnisch, I apologise, but no debate on voting of this type is permitted; I gave you the floor for one minute to illustrate the request, but you have spoken for longer, and we cannot open a debate.

*(The request for referral back to committee was rejected)*

**7.11. Request for waiver of the immunity of Massimo D'Alema (A6-0422/2008, Klaus-Heiner Lehne) (vote)**

**7.12. Improving consumer education and awareness on credit and finance (A6-0393/2008, Iliana Malinova Iotova) (vote)**

**7.13. Consumer Markets Scoreboard (A6-0392/2008, Anna Hedh) (vote)**

**7.14. General arrangements for excise duty (A6-0417/2008, Astrid Lulling) (vote)**

*- Before the vote on the amended proposal:*

**Astrid Lulling, rapporteur.** – (FR) Mr President, I would ask all those Members who do not wish to revisit the days before 1992, that is to say, before the common market was established, to vote against the report, because what Parliament does with the votes it receives is shameful.

The report confuses everything: health, taxation and so on. Vote against the report; by doing so you will be voting for the Commission, which has made a good proposal.

*(Applause from the right)*

**President.** – It seems to me that the opinion of the rapporteur, Mrs Lulling, is clear, regardless of whether it is shared. We will move on to a roll-call vote on the entire proposal, as amended.

**Elisa Ferreira (PSE).** – *(PT)* I want to protest about the statement made by Mrs Lulling who is trying to condition the vote of Members in this House. This does not make sense.

The interpretation being given is one that we do not share. It is only in this sense that I would ask Members, who know what this is about, who know that we defending other interests, namely public health interests and the interests of citizens and countries, to vote for the report.

*(Applause from the left)*

**President.** – I would like to remind Members that at this point in the conduct of the voting procedure there is no provision for debate. Under the Rules of Procedure, the rapporteur is entitled to express her own opinion and therefore I have obviously given her that right, and I did not know whether the next request to speak was on procedural grounds. Please excuse me, everyone, but there are other requests to speak and I intend not to grant them but to continue with the vote.

### **7.15. School Fresh Fruit Scheme (amendment of Single CMO Regulation) (A6-0391/2008, Niels Busk) (vote)**

### **7.16. EMU10: The first 10 years of Economic and Monetary Union and future challenges (A6-0420/2008, Pervenche Berès, Werner Langen) (vote)**

*- After the vote:*

**Reinhard Rack (PPE-DE).** – *(DE)* Mr President, I would like to raise a point of order. We have now voted on a large number of joint amendments from the Group of the European People's Party (Christian Democrats) and European Democrats and the Socialist Group in the European Parliament. Our voting order lists always contain the abbreviation PSE/PPE-DE. Alphabetically things are quite different. Is there some procedural rule that explains the natural pre-eminence of the socialists?

*(Heckling)*

**President.** – Mr Rack, I am pleased to be able to answer you in real time, because the administrative services tell me that the indications of those who have signed amendments received jointly from the political groups are transcribed in the voting list exactly in the order of signing indicated by the groups. In this case, therefore, there is no discretion in the application of alphabetical order.

### **7.17. Application of the principle of equal pay for men and women (A6-0389/2008, Edit Bauer) (vote)**

### **7.18. Supporting early demonstration of sustainable power generation from fossil fuels (A6-0418/2008, Christian Ehler) (vote)**

## **8. Explanations of vote**

### **Oral explanations of vote**

#### **- Report: Iliana Malinova Iotova (A6-0393/2008)**

**Zuzana Roithová (PPE-DE).** – *(CS)* Mr President, the extent of the financial crisis shows that neither banks nor consumers have been taking responsible decisions. I am strongly in favour of investing in financial education and I have also approved the report, but I cannot agree with superficial campaigns and general principles. I am concerned that we have analysis as the situation may vary between the Member States. I also know that the education must be narrowly focused on the specific requirements of a range of different groups of citizens in order to be really effective.

I would like to bring to your attention some exemplary practice from the Czech Republic. For the last three years a single person has been running a website called [www.bankovnipoplatky.com](http://www.bankovnipoplatky.com). This website makes a vital contribution to the financial education of those Czech citizens who are on the internet. This shows that this issue can be solved cheaply and effectively. What is missing, however, is education for schoolchildren and the older generation and we will not manage this without public funding.

**Zita Pleštinská (PPE-DE).** – (SK) The financial crisis has provided European consumers with an excellent opportunity to check their knowledge of financial matters. They have been given a wonderful lesson in the importance of their understanding of personal finance, in savings assessment, in the use of insurance products, and in reading of ordinary bank statements and receipts. All these subjects require a knowledge of financial terminology and its correct application in the management of their finances.

For this reason I consider the report from the rapporteur Mrs Iotova to be a further important contribution from the EP in the area of consumer protection and I have voted in its favour. I firmly believe that the education of consumers must begin in primary school. The Member States should include this topic, especially finance, in textbooks of primary and secondary schools. The DOLCETA and EURÓPSKY DIÁR websites should receive more promotion.

I appreciate activities of consumer organisations aimed at educating not only schoolchildren but also teachers. Various competitions, organised with great enthusiasm, attract large numbers of young consumers. Under my patronage and within the context of consumer education for schoolchildren, the Slovak Consumers' Association is organising an annual competition called Consumers for Life. The competition is generating enormous interest and the winners will be awarded a trip to the EP.

**Syed Kamall (PPE-DE).** - Mr President, thank you very much for giving me this opportunity to offer my explanation of vote. I think there is probably a consensus in this room that the credit crunch and the liquidity crisis that we faced were caused by poor lending decisions taken, not only by banks – and those decisions were forced on them by the Clinton Administration and successive regimes which suggested that banks should lend to communities that were deemed uncreditworthy – but also by consumers making poor decisions. Having been encouraged to take out loans which they perhaps could not afford to repay, they then found themselves bearing the brunt of being unable to pay those loans.

This highlights the importance of consumer financial education. However, we seem to be falling into the trap of thinking that, whatever the problem, the EU has a solution. If you look at the solutions listed here on the Commission website, in the Europe Diary, they actually do very little to address the issue of consumer education. We should be looking at community organisations – like the Croydon Caribbean Credit Union in my constituency – that help solve these problems at the community level and not the European level.

**- Report: Astrid Lulling (A6-0417/2008)**

**Astrid Lulling (PPE-DE).** – (FR) Mr President, I asked Parliament to vote against the report since only a small minority voted for guide levels lower than those currently applied.

I should like to point out that the Commission is not in favour of guide levels. In 2005, this House voted in favour of the Rosati report to abolish guide levels, and now we are taking a step backwards and reducing what we voted for. Most Members do not know what they voted for.

Now we are reducing the current guide levels by 50%, which is to say, instead of 800 cigarettes, you have voted for 400, instead of 10 litres of spirits, you have voted for 5 litres, instead of 90 litres of wine, you have voted for 45 litres, instead of 110 litres of beer, you have voted for 55 litres. You are taking a step backwards and halving current levels for purchase by private individuals.

I believe that the message to Commissioner Kovács and the Council of Ministers is, all the same, clear; there are only five Members who, in the end, are not going to vote in favour of my report. I would therefore like the Council to know that the Commissioner – as he said yesterday evening – agrees with indicative limits, but those which currently apply. This must be clear, Mr President; as rapporteur I must say this because it is essential in order to interpret the vote.

**Daniel Hannan (NI).** - Mr President, it is my privilege to represent the handsome villages, the rolling downs and the bluebell groves of the English Home Counties. Like every other MEP for South-East England, I have received dozens of heartbreaking complaints from constituents who have suffered from the arbitrary confiscation of legally purchased alcohol and tobacco at the Channel ports.



Labour's repeated hikes in the excise duty have served to drive income that ought to be coming to retailers in my constituency across the Channel. In time, jobs have also been pushed from the English Home Counties across the water. Revenue that ought to be coming to the British Exchequer is instead going to Continental treasuries.

The Government's response has then been to spend this dwindling income stream on hiring more and more excise officers in a futile attempt to police a system wherein most of our alcohol and tobacco had now become smuggled. That is the system which, to their shame, Labour MEPs have just voted to go back to. I think it is a disgrace.

**Syed Kamall (PPE-DE).** - Mr President, I would just like to echo the sentiments expressed by the previous speakers, Ms Lulling, the rapporteur, and my colleague, Dan Hannan, from the South-East of England.

I, too, as a Member of the European Parliament for London – the greatest city in the world and capital of the greatest country in the world – have received a number of letters from constituents complaining about the heavy-handed approach of customs and excise as they have sought to go about their life and purchase alcohol and cigarettes from the continent and bring them back for their own enjoyment or the enjoyment of their family and friends.

What do the customs and excise duty officers do in the United Kingdom? They pick on them, they ask intrusive questions, they haul them outside their vehicles, including pensioners, and they question them intrusively trying to find out exactly how much alcohol they drink and how many cigarettes they smoke in some sort of Gestapo-type inquisition. This is not the sort of behaviour we expect from law enforcement officers or excise officers in the United Kingdom or across Europe. Voting on the report today in the way we did, we have gone backwards – not only backwards before 1992 but to a period previously where there was no free movement, or very limited free movement, of goods.

**- Report: Niels Busk (A6-0391/2008)**

**Milan Gaľa (PPE-DE).** – (SK) I voted in favour of the report because the occurrence of excessive weight and obesity in the European Union has increased rapidly over the last two decades, with almost 22 million children overweight and this figure growing by up to 400 000 a year. More than 90% of childhood obesity cases are caused by poor eating habits and lack of exercise. These children suffer from serious nutritional disorders as well as joint disorders, lower immunity and an increased frequency of illnesses.

Following the approval of the White Paper on 'A Strategy for Europe on Nutrition, Overweight and Obesity-related health issues', the present directive is good news for the fight against childhood obesity. I consider the scheme to increase the distribution of fruit and vegetables in European schools as necessary. We should also give more consideration to children in pre-school institutions. Counselling and creating good and balanced eating habits would contribute more to the development of a healthy population than this distribution scheme alone.

**Czesław Adam Siekierski (PPE-DE).** – (PL) Mr President, the School Fruit Scheme as well as the School Milk Scheme and the scheme to distribute food to the most needy in the EU are marvellous EU initiatives which are very necessary and must definitely be supported. The distribution of free fruit and vegetables to schoolchildren will not only contribute to improving their health and changing their eating habits, but will also produce a positive social impact. I take a favourable view of a number of the European Commission's proposals, and consider that they will not cause major controversies. At the same time, I hope that the Commissioner, and in particular our Agriculture Ministers from the EU-27, will be slightly more generous. We must remember that the health of our children is at stake, and we should not economise on it.

**Hynek Fajmon (PPE-DE).** – (CS) Mr President, ladies and gentlemen, I voted in the same way as the other PPE-DE Group MEPs from the Czech Republic, against the Busk report on fruit and vegetables in schools. Parents should have primary responsibility for the healthy diet of their children. The European Union has no authority in the areas of either education or health. These matters must be administered by the Member States in accordance with their own national preferences. There is no rational reason for the European Union to be using taxpayers' money to pay for schoolchildren to have one piece of fruit per week. The EU should have concerns about genuine Europe-wide issues, for example, the removal of barriers to the four fundamental freedoms, and it should not contravene its own principle of subsidiarity.

**Mairead McGuinness (PPE-DE).** - Mr President, we have come a long way from the time when we were trying to keep schoolchildren out of orchards as they stole apples to the position today, where they have no

interest in either apples or orchards. So this fruit scheme is welcome. The problem is that many parents are not aware of the importance of fruit and vegetables, so it will educate children and parents about the health benefits of fruit and vegetable consumption.

Of course the key to the success of the scheme will be back in the Member States. We do not want a complicated, rule-based scheme. We want flexibility and we need to engage with teachers, in particular, who will deliver the fruit and vegetables, and with parents, so that they will ensure that children eat and enjoy fruit and veg and develop healthy eating habits throughout their life.

**Ewa Tomaszewska (UEN).** – (PL) Mr President, teenagers weighing over 150 kg are a frequent sight in American cities. I do not want us to make the same mistake. The promotion of healthy eating models and the consumption of healthier, non-fattening products in childhood and in youth are an investment in the health of future generations. They will also produce savings in the costs of treatment for diabetes and cardiovascular and bone diseases.

For this reason, a scheme which is too modest will in practice be inefficient both in terms of health and in terms of economics. That is why I supported Amendment 7, which quadruples the minimum expenditure on fruit for schoolchildren, and thus guarantees one portion of fruit or vegetables at least four days a week, not just once a week. I am pleased that it was an amendment proposed by the Commission. The introduction of the scheme should not depend on parents' agreement to cofinance it. In particular, the children of poorer parents should have the chance to receive free fruit at school, and therefore the funding for the scheme should be increased.

**- Report: Pervenche Berès, Werner Langen (A6-0420/2008)**

**Ivo Strejček (PPE-DE).** - Mr President, let me explain why I voted against the report by Ms Pervenche Berès and Mr Werner Langen. There are at least three points I would like to stress.

The very first one is that the report calls for a higher and deeper coordination of economic and financial national policies. The second is that it will entail a highly coordinated fiscal policy that will need political unification, and the consequence of the political unification is the third reason why I voted against.

I do not share the view that political coordination that eliminates natural differences among Member States will become the remedy and a healing answer to current European problems. The current European problems are the free movement of labour and the free movement of capital and services.

**Czesław Adam Siekierski (PPE-DE).** – (PL) Viewed from the perspective of the 10 years of existence of Economic and Monetary Union, we need to ask ourselves whether we truly associate the euro sign with prosperity and stabilisation. There is no doubt that there can be only one answer to this question. While accepting that there have been some negative aspects to adopting the common currency, such as price rises during the initial stage, it must be emphasised that the euro has become one of the world's leading currencies.

Economic and Monetary Union has contributed to the growth of economic stability in Member States and has also had a favourable impact on international trade, thus benefiting the EU. The positive impact of the euro became particularly noticeable most recently, when the global financial crisis made us aware of the benefits of a stable exchange rate.

**- Report: Klaus-Heiner Lehne (A6-0422/2008)**

**Siiri Oviir (ALDE).** – (ET) I would like to offer an explanation of my vote. I abstained from the vote on the application to strip Massimo D'Alema of his parliamentary immunity because, as a lawyer, I have certain reservations about our Parliament's authority in this matter, and I have no right or desire to interfere in the internal affairs of Italy.

**- Report: Christian Ehler (A6-0418/2008)**

**Gyula Hegyi (PSE).** – (HU) As draftsman of the opinion of the Committee on the Environment, Public Health and Food Safety, I welcome the result of the vote. We are talking about a technology that, if all goes well, can offer a partial solution to climate change, but we must not allow it to distract us from the importance of the entire climate package.

The new Member States, including Hungary, have significantly reduced their greenhouse gas emissions since the end of the 1980s. It would be a serious indignity if they were now punished by those who until now have

increased their harmful emissions. For this reason, we would like to achieve a proportionate distribution of 10% of the revenues from the carbon trading scheme among those Member States where the per capita GDP is lower than the European Union average.

Similarly, we would allocate 10% to those who have reduced their emissions in the past 15 years. The Committee on the Environment, Public Health and Food Safety has succeeded in gaining an exemption for long-distance heating systems from the Climate Change Levy, an achievement that must be maintained in the interest of millions of low-income European citizens. As draftsman of the opinion of the Committee on the Environment, I join those mentioned above in supporting the report.

### Written explanations of vote

#### - Report: Jacek Saryusz-Wolski (A6-0416/2008)

**Alessandro Battilocchio (PSE)**, *in writing*. – (IT) I am voting for this measure. Kazakhstan has embarked upon a process of democratisation which is proceeding more slowly than the extraordinary economic growth that the country has experienced in recent years: there is a huge presence of foreign entrepreneurs investing large amounts of capital in this former Soviet republic. Within this context, the European Union ought to be constantly encouraging action targeted at increasing spaces of freedom, democracy and social justice for Kazakh citizens, and not just acting as a trade partner with growing interests. Economic growth and democracy ought to go hand in hand.

**Dragoş Florin David (PPE-DE)**, *in writing*. – (RO) I voted during the consultation procedure for the report which approves the conclusion of the Protocol to the Partnership and Cooperation Agreement between the European Community and the Republic of Kazakhstan, and which also took into account the accession of Romania and Bulgaria to the EU. This report will help stimulate cooperation between Romania and the Republic of Kazakhstan.

**Glyn Ford (PSE)**, *in writing*. – I voted for Mr Saryusz-Wolski's report on a Partnership and Cooperation Agreement between the European Community and Kazakhstan. I did this despite my continued reservations regarding the human rights record of the Government in Kazakhstan. It is important that Parliament and the Commission continue to monitor the situation in Kazakhstan and if it worsens or even fails to improve over the following twelve months we should take action to suspend this Agreement.

**Luca Romagnoli (NI)**, *in writing*. – (IT) I voted for the report by Mr Saryusz-Wolski and, therefore, for the conclusion of the Partnership and Cooperation Agreement between the European Community and its Member States and the Republic of Kazakhstan.

I endorse the position adopted by the rapporteur, as well as that of the Council, in believing that the existence of a Partnership and Cooperation Agreement with Kazakhstan prior to the accession of Romania and Bulgaria makes it necessary to draw up a Protocol to the Partnership and Cooperation Agreement to allow the new Member States to sign it.

#### - Report: Angelika Niebler (A6-0439/2008)

**Ilda Figueiredo (GUE/NGL)**, *in writing*. – (PT) The document in question does not fundamentally alter the content of the Regulation adopted by this Parliament in November 2006, which established a public-private partnership to develop a European air traffic management system.

The amendments now proposed to the Regulation aim to recognise SESAR (new generation European air traffic management system) as a Community body and allow the application of the Staff Regulations of the European Communities to its staff. Amendments are also proposed to the quantification of the Community contribution and its transfer to SESAR, with a maximum of EUR 700 million coming in equal parts from the budget of the Seventh Framework Programme for Research and Technological Development and from the Trans-European Network programme.

The establishment of this company represents a dangerous precedent in the use of public money for private purposes. The public sector approach could have been taken to update and improve air traffic management systems, including with regard to reliability, thus guaranteeing the safety of professionals and users of airspace. We consider that these objectives will not be any better achieved by subjecting them to the interests and pressures of the private sector. For these reasons, we did not support this report.

**David Martin (PSE)**, *in writing*. – This proposal will have a substantial positive financial impact on the European air traffic control infrastructure modernisation programme. I support the proposal, the funds which are saved as a result of which will be invested in research, development and validation activities for the benefit of the entire community.

**Luca Romagnoli (NI)**, *in writing*. – (IT) I would like to declare that I voted for the report by Mrs Niebler on the establishment of a joint undertaking to develop SESAR, the new generation European air traffic management system.

It is clear that large-scale Community projects in the sector of research and technological development demand joint efforts by the public and private sectors to produce lasting beneficial effects. In this case, I believe that new generation harmonised air traffic management is necessary to sustain the future growth of air traffic in European skies in economic and environmental terms. I therefore believe that we should warmly welcome the establishment of a joint undertaking in this sphere. I would, however, like to emphasise the need to learn from the past (I refer in this case to the liquidation of the joint undertaking Galileo) and to formulate a clearer definition of the status that this legal person ought to have, so that the benefits of scientific and technological progress are not hindered by problems of a procedural or legal nature.

**- Report: Diana Wallis (A6-0382/2008)**

**Luca Romagnoli (NI)**, *in writing*. – (IT) I voted for the report by Mrs Wallis on the codification of the statutory markings for two- or three-wheel motor vehicles. As the Directive on statutory markings for vehicles of these kinds has been amended on several occasions, I believe that codification is necessary to achieve better understanding and accessibility for citizens to this Community legislation and, as a result, to the possibility of exercising the rights that are enshrined within it.

**- Report: Hans-Peter Mayer (A6-0428/2008)**

**Luca Romagnoli (NI)**, *in writing*. – (IT) I voted for the report by Mr Mayer concerning the conclusion of the Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters. I join with my fellow Member in his view that the proposal put forward by the Commission designed to replace the 1988 Lugano Convention can help to make the system for the recognition and enforcement of judgments swifter and more efficient in the areas affected, and in particular as regards the registration and validity of intellectual property rights.

**- Report: Pervenche Berès (A6-0376/2008)**

**Šarūnas Birutis (ALDE)**, *in writing*. – (LT) This proposal is particularly important because the application of the regulation control procedure strengthens greatly the European Parliament's rights to observe how implementing measures are being applied. The European Parliament is granted the right to control a draft implementing measure. Moreover, there are additions to the basic regulations, granting the European Parliament the right to oppose a draft measure or propose amendments to a draft implementing measure.

**Luca Romagnoli (NI)**, *in writing*. – (IT) I support the excellent report by Mrs Berès on the amendment of the Council regulation on the European system of national and regional accounts in the Community as regards the implementing powers conferred on the Commission. Following the introduction of the new comitology procedure, namely the regulatory procedure with scrutiny, which extends Parliament's rights of oversight over implementing measures, I believe that we need to move forward with the general alignment process recommended by the Commission so that the new procedure can be applied effectively.

**- Report: Reimer Böge (A6-0430/2008)**

**Pedro Guerreiro (GUE/NGL)**, *in writing*. – (PT) Between 2007 and 2008 Italy submitted applications in respect of redundancies in Sardinia (1 044 redundancies, 5 companies), Piedmont (1 537, 202), Lombardy (1 816, 190) and Tuscany (1 588, 461), following liberalisation in the textile and clothing sector. For a total of 5 985 redundancies in 858 companies, Italy is requesting a financial contribution of EUR 38 158 075.

As we have said before, this Fund cannot be used as a temporary 'cushion' for unacceptable socioeconomic costs resulting from the liberalisation of trade, particularly in the textile and clothing sector, and for the increasing insecurity of workers.

Given the (potential) expiry on 31 December 2008 of the double-checking surveillance system for exports of certain categories of textile and clothing products from China, we need to establish mechanisms limiting imports from any country to the EU.

Given the increasing number of companies closing down or relocating their production, the rise in unemployment and the increased exploitation of workers – particularly in Portugal – we need to halt the policy of liberalising world trade (instigated by the EU and the Socialist Government in Portugal) and defend production and employment with rights in the various EU countries.

**Luís Queiró (PPE-DE), in writing. – (PT)** The mobilisation of the European Globalisation Adjustment Fund at the request of Italy offers an excellent opportunity to consider the reactions that will be needed in the future when the combination of the effects of globalisation and the economic crisis becomes even more acute. The format of this Fund, which is based on principles restricted in their scope, suggests that the European Union regards globalisation as a fact and its negative effects as a reality to which we must adapt and not oppose. This is a realistic view with significant potential to be effective, in my view.

Understanding global changes and channelling efforts to react to these changes is more appropriate than believing in the possibility of avoiding these changes indefinitely, or even believing that this opposition is in itself virtuous. Adjustment to globalisation is a more appropriate political option than opposition to globalisation.

**Luca Romagnoli (NI), in writing. – (IT)** I support the report by Mr Böge on the mobilisation of the European Globalisation Adjustment Fund. I agree that the applications put forward by the four Italian regions comply with the requirements for determining the financial contributions as laid down in the EU Regulation and are in line with the reasons underlying the establishment of the fund. Today it is more necessary than ever to help those workers who have lost their jobs as a result of changes in the structure of world trade and to assist them to rejoin the labour market. I therefore support the application for mobilisation of the fund as expressed in my fellow Member's report.

**- Report: Klaus-Heiner Lehne (A6-0421/2008)**

**Philip Claeys (NI), in writing. – (NL)** I voted against the report for various reasons. There was no serious debate in committee. Only 7 out of the 28 members were present. In fact, it was not even possible to have a debate in the plenary meeting. Even before the vote in committee, when Mr Vanhecke was not allowed to learn the content of the report, it was discussed on Flemish public television. This is an outrage. Worst of all, though, is the conclusion of the report. They recommend that immunity be lifted, although Mr Vanhecke is not the author of the controversial text, and the Belgian Constitution clearly stipulates that only the author can be prosecuted if known.

On account of this crummy dossier, Mr Vanhecke is running the risk of losing his political rights, since the division of power and the Belgian court's independence only exist in theory. This matter is a political manoeuvre to single out a Flemish nationalist opposition leader. It is a disgrace that the EP should let itself be taken advantage of for this purpose.

**Carl Lang (NI), in writing. – (FR)** Both the Committee on Legal Affairs and the members of the political groups in plenary today have once again shown just how unimportant they consider impartiality and respect for the law to be, when compared with their obsession with getting rid of all those who are not part of their large family of Euro-federalists.

My colleague, Mr Vanhecke, is the target of a veritable witch-hunt in Belgium, the sole aim of which is to condemn him and force him to step down from the political stage. The European Parliament has forgotten that, when any request is made by a state to waive parliamentary immunity, it has a duty to apply the rules on the protection of MEPs in full, as laid down in its Rules of Procedure.

Like Mr Gollnisch, who had his parliamentary immunity withdrawn solely for political reasons in 2006, Mr Vanhecke is himself the victim of what constitutes a very real assault, by the transformation of a legal issue into a political issue. It is unacceptable for an institution to claim, wrongly, to be democratic.

**Fernand Le Rachinel (NI), in writing. – (FR)** On 13 October 1981, in the chamber of the French National Assembly, André Laignel, a socialist MP, issued his famous retort to opposition MPs, arguing that the nationalisation sought by the government was unconstitutional. In it he claimed that they were changing

the debate from a legal one to a political one and, although they were entitled to do so, in this case, they were in the wrong legally, since they were in the minority politically.

The European Parliament has clearly taken this phrase to heart since it is getting rid of all those who dare to bother it with political views that are deemed not to be sufficiently federalist or pro-European for its tastes.

My colleague, Mr Vanhecke, is the target of a veritable witch-hunt within this European Parliament, to which he was legitimately elected. This institution is totally wrong and disgraced in accepting the unacceptable: lynching one of its members by flouting all the legal principles and legal protections relating to parliamentary immunity that are currently in force.

**Andreas Mölzer (NI)**, *in writing*. – (DE) In view of this report and the associated legal proceedings by the Belgian authorities, it must be stated unequivocally that the whole process – in particular the court proceedings – represents a purely politically motivated persecution of the former leader of the Vlaams Belang party, Frank Vanhecke. Mr Vanhecke received this writ two days after relinquishing the leadership of the party.

It is also clear that, with only six months to go to the European elections, the aim is to blacken the name of the Vlaams Belang candidate for political motives. According to the Belgian Constitution, it would also have been legally necessary to prosecute the author of the article, as his identity is known, rather than the publisher. I therefore vehemently stress that a politically motivated criminal prosecution should not be seen as providing cause to revoke the parliamentary immunity of Frank Vanhecke and that this witch-hunt by the Belgian justice authorities should be condemned in the strongest terms. A similar situation arose in 2003, when criminal proceedings were initiated against Daniel Cohn-Bendit from the Group of the Greens/European Free Alliance, although this was rejected by the committee at the time because there were suspicions of political motives. The situation is the same in this case, if not even more clear, which is why I am obliged to vote against the motion.

**Frank Vanhecke (NI)**, *in writing*. – (NL) With not one of my illusions intact, I have to say that the European Parliament is turning into the disgraceful accomplice of a political lynch mob staged by the Belgian courts. In the presence of 7 out of 28 members, I was given 20 minutes in the Committee on Legal Affairs to defend myself in respect of a dossier of hundreds of pages long. In plenary – contrary to Rule 7 of our own Rules of Procedure – I have not had the opportunity at all of speaking up for myself.

Should this happen in Russia, we would be up in arms. As for me, I keep my head up and continue to stand up for the free expression of opinion in Flanders and in Europe, not least where the issue of immigrants and the danger of Islam are concerned.

**- Report: Klaus-Heiner Lehne (A6-0422/2008)**

**Marco Cappato (ALDE)**, *in writing*. – (IT) We in the Radical delegation, together with Marco Pannella, are voting against the Lehne report on the immunity of Mr D'Alema because it reaches illogical conclusions that can only derive from grounds – or reflexes – based on self-defence on the part of the Italian and European political class.

The report argues that the request for authorisation to proceed is unfounded because the intercepted material is already sufficient to support the charges against those under investigation. If the request by the public prosecutor's office were in fact directed towards charging Mr D'Alema, then the request would be unfounded, since Parliament does not have to take its decisions in accordance with Italian law.

If the intercepted material is truly useless, however, and the request unfounded and downright unnecessary, then why should the European Parliament have to decide 'not to authorise the use of the telephone interceptions in question and not to waive the immunity of Massimo D'Alema', as the report proposes? Why should we not follow the decision by the Italian Parliament, which in the context of this inquiry granted authorisation to proceed against Mr Fassino?

We willingly give credit to the ALDE Group for deciding, by choosing to abstain, not to align itself with the social unity of the Group of the European People's Party and the Socialist Group in the European Parliament on this dubious decision.

**- Report: Iliana Malinova Iotova (A6-0393/2008)**

**Adam Bielan (UEN)**, *in writing*. – (PL) In recent years, many new financial products have appeared on the market. The increasing complexity of these products makes consumers more and more defenceless, and

frequently unable, without expert assistance, to determine which financing offer is best suited to their needs. This leads to many wrong decisions, especially by those less well off.

In Poland, we come across many instances of fraud, or simply of consumers making poor financial decisions, unaware of their implications. In these circumstances, financial education is essential and is the best way of protecting consumers from making wrong financial decisions.

**Šarūnas Birutis (ALDE)**, *in writing*. – (LT) Financial education is an important matter on the EU's agenda, especially in the midst of the financial crisis. Consumers need basic skills to help them choose and completely understand information and offers. Consumers are confronted with an ever growing supply of increasingly more complex goods and services. Meanwhile consumer information and advice do not correspond with the level of complexity of financial products. As a result of this situation, consumer vulnerability as regards financial matters is on the increase.

If gaps in the knowledge and financial competence of financial intermediaries and consumers are reduced, the risk of over-indebtedness, defaulting on payments or bankruptcies will also be reduced. There would also be an increase in lender competition and the overall efficiency of the market, as consumers with more knowledge can understand how various financial offers differ and can choose the one which best suits their needs. Knowledge and skills are not currently good enough to ensure that consumers can manage their finances properly.

**Dragoș Florin David (PPE-DE)**, *in writing*. – (RO) I voted for fair, unbiased and transparent financial education, as well as for the obligation on service providers in this area to offer proper, correct information. The information must be clearly distinguished from commercial advice or advertising. I hope that Member States will pay special attention to the groups most at risk, such as young people, pensioners or workers at the end of their career.

**Bruno Gollnisch (NI)**, *in writing*. – (FR) Like many texts by this House, Mrs Iotova's report is an example of a seemingly good idea with a deceptive title. A cursory reading could lead one to believe that it is about protecting consumers by informing them of their rights and educating them about financial services; in short, about enabling them to have a responsible and informed relationship with their bank.

In reality, it is about turning people, from childhood (from primary school, so it seems), into perfect little customers of a financial system that is hungry for their savings but mean when it comes to lending, about foisting upon them all kinds of financial products which pseudo-initiates call complex and which, for the most part, are simply absurd, and about getting them sensibly to do their accounts and to prepare for retirement – with the banks, no less – even though they are also paying into compulsory public schemes.

At a time when the world's financial system has just shown how perverse it is, when the banks are grudgingly granting credit to enterprises and to individuals despite the hundreds of billions of public aid released, when workers and small and medium-sized enterprises are paying the price for ongoing financial folly and when the world's 'big players' pretend to be implementing reforms to prolong the life of this system, that this report is unconvincing is the least that can be said.

**Małgorzata Handzlik (PPE-DE)**, *in writing*. – (PL) In this time of financial crisis, this report has assumed new importance. This is because the mortgage crisis has revealed the dangers which can stem from failing to provide borrowers with appropriate information. It has also demonstrated consumers' inability to understand financial and economic information and the impact which changes in macroeconomic indicators could have on the repayment of their loans, and thus their lack of awareness of the risk of insolvency and excessive debt.

The report calls attention to the need to educate consumers and raise their awareness, and thus enable them to use their own knowledge to assess the financial products offered to them. I therefore support the initiative calling for the development of financial education programmes, especially those drawn up with potential users in mind, which take into account their age, income, education, and the area of their employment or interests. In addition, financial education programmes must be based on practical and real situations which we encounter in our everyday life.

I hope that the report will help financial institutions, as well as consumers themselves, to understand the need for financial education. I believe that both can benefit, since insolvency and excessive consumer debt represent a problem for the lending institutions whose clients are experiencing difficulties with debt repayment.

**Ian Hudghton (Verts/ALE)**, *in writing*. – I voted in favour of the Iotova report on consumer education on credit and finance. The world is heading into a period of huge financial uncertainty and many of Europe's citizens are fearful for their jobs, their savings, their pensions and their future. In such a period of uncertainty, consumer awareness of credit, debt and finance in general is surely more important than ever. This report calls for financial education to be tailored for specific groups and initiatives of this kind at an EU level are to be welcomed.

**Eija-Riitta Korhola (PPE-DE)**, *in writing*. – (FI) I voted in favour of Mrs Iotova's report on improving consumer education and awareness regarding credit and finance. This is a necessary and welcome committee-initiative report.

The crisis caused by subprime loans (high-risk housing credit) has shown that borrowers have been kept too much in the dark. This lack of information and understanding has led to a situation where they are not properly concerned about the risks of insolvency and over-indebtedness. It also has to be said that consumer awareness and advice have not kept up with the pace of complex financial products.

An adequate level of financial know-how would, in many cases, reduce the risk of over-indebtedness and defaults on payments. It would also give consumers more scope for comparing the competitiveness of loan providers, which in turn would boost the viability of the market.

I particularly support the suggestion in the report to include financial education more obviously in the national school curriculum and provide young people with all the financial information they need when embarking on their professional career in the face of new challenges with regard to how to use their income.

**Andreas Mölzer (NI)**, *in writing*. – (DE) We need fair treatment of investors and borrowers with long periods of limitation and a shifting of the burden of proof. Risks and costs must be apparent and comparable from the outset. In the case of Lehman Brothers in particular, private individuals were massively hoodwinked, for example being told that risky share certificates were secure and even being advised against selling just before Lehman went to the wall. Citizens are now faced with a wave of enforced conversions of their foreign currency loans or are required to pay up for the increased refinancing costs of the banks, contrary to public policy.

In this situation simply saying our citizens are stupid and calling for a general lesson in 'financial education' is a real slap in the face, particularly because not even the self-appointed financial gurus were able to see through the various layers of speculation. By calling for greater market efficiency instead of greater competition between lenders, this report continues to pay lip service to the myth of the self-regulating market. I cannot express strongly enough my rejection of this report.

**Nicolae Vlad Popa (PPE-DE)**, *in writing*. – (RO) I voted in favour of the report drafted by Mrs Iotova as it encourages Member States to develop educational programmes for pensioners who could be at risk of financial exclusion, as well as for young people starting their professional careers who are faced with the challenge of determining how to make appropriate use of their new income.

Consumers who do not have any financial knowledge have problems in choosing products and services which best suit their needs. It is hard for them to evaluate the advice given and they may therefore be misled, falling victim to unfair selling practices

I welcome the Commission's initiatives in the area of consumer financial education, in particular the recent setting-up of the Expert Group on Financial Education. I think however that this Expert Group on Financial Education should have clear responsibilities and powers.

The website already created by the Commission for educating consumers (<http://www.dolceta.eu>) has proved to be useful. I hope that this online tool will continue to be developed and updated in all the official languages.

**Luís Queiró (PPE-DE)**, *in writing*. – (PT) One of the most significant factors in the financial crisis has been the extreme ease of supply, or the excessive tolerance of debt. The conclusions that must be drawn from this are, firstly, that it would seem beneficial to impose an obligation on banks to ensure that those to whom they lend have the ability and are likely to repay the debt, given the facts of the crisis and its causes. At the same time, the lack of awareness among consumers as to the risks associated with credit – starting with the issue of changes in reference rates – suggests that any action aimed at consumers can and must be taken. Clearly, the pressure from an economic model based on maximum consumption will be difficult to counteract with campaigns of this type, but the effort to raise awareness is necessary and, in our opinion, useful.



In any event, this report should encourage greater transparency and the establishment of clearer rules in the conditions for services to be supplied by lenders. As for education on credit or any other type of consumption, the most important element is education in general which equips people with the tools to make daily decisions.

**- Report: Anna Hedh (A6-0392/2008)**

**Šarūnas Birutis (ALDE), in writing.** – (LT) The trust of Europe's consumers is essential for the internal market to work efficiently and thrive. The common market encompasses almost 500 million consumers and an abundant variety of goods and services.

Since 1997 the Commission has been using the Internal Market Scoreboard to monitor and draw attention to the way Member States are implementing internal market legal acts. The Consumer Markets Scoreboard determines problem areas, so it can be a universal and flexible means of reporting shortcomings worthy of attention to society, market subjects and institutions. In spite of this, the Consumer Markets Scoreboard has never been aimed at reporting to the consumer on the internal market and it is very important to rectify this. We must ensure that the market works as well as possible and that consumers are offered services whose price and quality match their expectations. For this it is not necessary to adopt more or stricter legal acts. Sometimes a more appropriate and more effective method may be the supply of information, education or self-regulation.

**Małgorzata Handzlik (PPE-DE), in writing.** – (PL) The single market serves not only businesses, which thanks to the successive elimination of barriers have the whole European market virtually within arm's reach. It was also created with consumers in mind, to enable them to enjoy the same standards in all Member States.

The Consumer Markets Scoreboard provides a tool for monitoring, analysing and identifying single market problems from the consumer's point of view. It uses indicators which include prices, complaints, satisfaction and switching. In spite of the fact that some outcomes shown on the Scoreboard seem questionable – for instance prices, because although simple to communicate and compare, the final price is affected by many variables, not always reflected by the Scoreboard – the indicators undoubtedly represent an extremely useful and appropriate method of assessing consumer outcomes in the single market.

I should like to stress that this is the first version of the Consumer Markets Scoreboard. We can therefore expect a further version which will respond to our concerns. It is important for the Scoreboard to be written in comprehensible language, easily understood by a range of users, as its results are undoubtedly an interesting source of information about consumer outcomes in the single market.

**- Report: Astrid Lulling (A6-0417/2008)**

**Jan Andersson, Göran Färm, Anna Hedh, Inger Segelström and Åsa Westlund (PSE), in writing.** – (SV) We Swedish Social Democrats in the European Parliament voted in favour of the report on the proposal for a Council directive concerning the general arrangements for excise duty and would especially like to emphasise the importance of the adoption of Amendment 48 on guide levels for importing alcohol and tobacco. The reduction (50% lower than the previous indicative guide levels) is a step in the right direction towards a more responsible policy that takes public health seriously. However, we would like to point out that we only view this as a first step towards a more ambitious policy in this area. Furthermore, we are pleased that Amendment 60 and Amendment 68 have been rejected. As a result, excise duty will continue to be collected in the country of destination.

**Hélène Goudin and Nils Lundgren (IND/DEM), in writing.** – (SV) The June List has chosen to vote in favour of the report, as we are of the opinion that it will go some way to providing the opportunity to unite requirements for efforts at national level with regard to health policy with a free internal market. However, we have chosen to vote against certain proposals that have strong federalist overtones.

The June List feels that it is very important, for example, that Swedish alcohol policy can be pursued in accordance with the values and decisions of the Swedish Parliament. This requires the payment of excise duty in the recipient country for distance selling of alcohol, for example. This would not be the case if the amendments were voted through. On the contrary, it would mean, among other things, that the provisions concerning goods acquired by private individuals would be extended to apply to distance sellers, whereby excise duty is paid in the Member State in which the goods were acquired. As the costs incurred as a result of national public health problems, such as alcohol and tobacco-related diseases, are largely funded by the national levying of tax, the proposal concerning freedom from excise duty in connection with distance selling would hamper the prospects of the public sector handling public health problems effectively.

There is also a problem from the point of view of competition, as a distance seller can offer the same product as national players, but considerably cheaper, simply because excise duty is not paid in the same country. The June List is in favour of competition, but is of the opinion that players should compete on equal terms.

**David Martin (PSE)**, *in writing*. – I support this directive, which will limit fraud and contraband cases that reduce state revenue. This modernised and simplified directive will reduce the obligations on operators while enabling them to combat excise fraud more effectively.

**Andreas Mölzer (NI)**, *in writing*. – (DE) Our tax systems are very complex and to a certain extent are really only transparent to specialists. For this reason, every attempt to improve formalities and general conditions and to combat tax fraud is to be welcomed, provided that the taxation sovereignty of the Member States is preserved and no attempt is made to harmonise tax rates by the back door.

It is equally important to have clear rules for tax-free sales outlets and for travellers themselves. This project seems to have such an objective, which is why I have voted in favour of the Lulling report.

**Luca Romagnoli (NI)**, *in writing*. – (IT) I voted for the report by Mrs Lulling concerning the general arrangements for excise duty. The provisions included in the Commission's proposal are certainly not sufficient to guarantee private individuals and companies in the EU the freedom to make cross-border purchases and sales of goods without encountering unnecessary tax obstacles.

In fact, although the Commission's proposal contains some improvements and changes, such as Article 37 (the tax markings that Member States may impose must not give rise to a double tax burden), there is a need to extend the provisions governing purchases by private individuals to distance selling, creating a genuine internal market in excisable goods purchased by private individuals for their personal use.

**Lars Wohlin (PPE-DE)**, *in writing*. – (SV) I welcome the fact that the European Parliament has finally changed its opinion and taken a more restrictive line with regard to alcohol. The result of today's vote on the Lulling report on general arrangements for excise duty will entail a 50% reduction in the guide levels for the import of alcohol. The opportunities for tax-free shopping at ports and airports will also be restricted. Another consequence of the report is that there will be nothing to prevent, for example, the collection of Swedish excise duty on goods ordered from another EU country via the Internet. On this matter, the European Parliament merely has an advisory role, but today's results nevertheless represent an important milestone.

#### **- Report: Niels Busk (A6-0391/2008)**

**John Attard-Montalto (PSE)**, *in writing*. – Far too little fruit and vegetables are eaten in the EU in relation to the WHO's recommendations of a minimum 400 grams per day. There is an obesity epidemic among children. This is particularly severe in Malta.

A high intake of fruit and vegetables reduces the risk of a large number of diseases and prevents overweight.

In 2007, organisation of the market in fruit and vegetables underwent a fundamental reform towards greater market orientation. Fruit and vegetables are now fully integrated into the single payment system.

Excessive weight entails a greater risk of cardiovascular disease, diabetes, high blood pressure and certain forms of cancer. A daily intake of 600 grams for people 11+ should be our target.

The Commission proposes an allocation of EUR 90 million in the Community budget. That corresponds to one piece of fruit one day a week for 30 weeks a year and covers children aged 6-10 years.

To achieve all the positive effects of introducing a school fruit scheme, there must be increased funding. A school fruit scheme should consist of a portion of fruit per pupil per day and not only be aimed at school children aged 6-10.

**Richard Corbett (PSE)**, *in writing*. – I welcome the adoption of the Report on the School Fresh Fruit Scheme. This proposal will produce real health benefits for millions of children across Europe.

The funding of free fruit for schoolchildren through the Common Agricultural Policy budget will show tangible benefits of the CAP to ordinary European citizens. The co-financing of the scheme by the EU and Member States will allow the extension of the existing Free School Fruit Scheme in England and the creation of similar schemes in Scotland, Wales, and Northern Ireland.

Although a larger budget than the €90m envisioned by the Commission would be welcome - as the Parliament has pointed out in its Report through its request for an increase in the budget to €500m - the creation of this scheme will give children regular access to free fruit and its attendant health benefits, such as a lower chance of developing obesity, diabetes, and other serious diseases in later life. As well as providing immediate benefits for child health, the scheme will help to shape young people's views on nutrition, creating a healthier Europe and reducing the costs to State healthcare systems.

**Hanne Dahl (IND/DEM), in writing.** – (DA) The June Movement has voted in favour of the report as a whole, despite the fact that, in principle, we are opposed to agricultural aid. We think that it is important to give children healthier eating habits. However, we are opposed to the requirement for the fruit to be of Community origin, as this makes it an indirect subsidy for European farmers. Finally, we would also like the fruit that is given to the children to be organic.

**Dragoş Florin David (PPE-DE), in writing.** – (RO) I voted in favour of better financing for this scheme, as well for defining more clearly the products which can be included in this scheme. The statistics show that there are approximately 22 million overweight children in the EU, with more than 5 million obese children, mainly due to the excessive consumption of products with high levels of fat, sugar and salt. Against this background, it is more than necessary for the EU and Member States to get involved by creating healthy eating habits, especially by providing a varied range of seasonal fruits. I also voted in favour of increasing the budget allocated to this scheme from EUR 90 million to EUR 500 million as the initial sum allocated to this scheme is equivalent to offering one portion of fruit to each child aged between 6 and 10 for a period of 30 weeks.

**Avril Doyle (PPE-DE), in writing.** – Although I believe parents are ultimately responsible for the health of their children, and that any school fruit scheme must be flexible enough to accommodate local, regional and national conditions, I welcome this report.

There is an obesity epidemic among children and it is estimated that there are 22 million overweight children in the EU, 5.1 million of whom are considered to be severely overweight. Children in the EU are not eating enough healthy food and healthier options need to be made available. I hope this proposal can go some small way towards alleviating childhood obesity.

**Lena Ek (ALDE), in writing.** – (SV) There is no doubt that children feel better for eating fruit. Apples, bananas and oranges prevent obesity and keep us healthy. In a way, therefore, it is understandable that many people have today voted in favour of a proposal in the European Parliament to subsidise fruit for school children in the EU.

The problem is simply that the responsibility for our fruit consumption does not lie at EU level. It is first and foremost the parent's responsibility to instil good eating habits in their children. In second place the responsibility lies with the municipalities and in third place with the State. As a federalist, I would like decisions to be made as close to citizens as possible. This is, in fact, something the EU wants too. According to Article 5 of the EC Treaty, decisions that it would be more appropriate to take at a lower level shall be taken at that level. I therefore voted against the Parliament's proposal to increase the fruit budget from EUR 90 million to EUR 500 million.

In the EU, we should work to lower emissions and increase mobility and to combat crime. More fruit, better exercise and fewer sweets are issues that are much better dealt with by schools, parents and local politicians.

**Edite Estrela (PSE), in writing.** – (PT) I voted in favour of the Busk report on the proposal to set up a scheme to distribute fruit in schools because I feel that Community support for the free distribution of these products to children is vital in promoting healthy eating habits in the European Union and, consequently, improving the health levels of Europeans.

The increasing prevalence of obesity and overweight among the European population, particularly in infancy, is the result of combining poor eating habits with a sedentary lifestyle. We therefore urgently need to develop effective measures for combating this epidemic, not least by promoting healthy eating habits in the early years of life. In cooperation with families, schools can play a fundamental role in getting children to eat healthily.

**Ilda Figueiredo (GUE/NGL), in writing.** – (PT) We support this report to which we contributed several proposals. Despite opposition from the European Commission, the report defends the distribution, free of

charge and on a daily basis, of fresh fruit in schools to improve the quality of health and life of children, particularly children from more disadvantaged backgrounds.

Our support for this scheme takes account of the need to encourage young people to appreciate fruit and vegetables, which will have a very positive effect on public health and the fight against child poverty. However, in order to be effective, this scheme must be extended to a wider range of children which means that, in the future, it must be extended to other age groups and deprived sectors of society. This scheme must incorporate Community preference, in other words priority for national and local production, and its financing must come from the Community to ensure greater social cohesion.

This scheme could serve as an example of a policy ensuring true solidarity between countries. We hope that all this does not simply end up as another propaganda campaign and that agreement can be reached in the Council to make the necessary funds available so that it can effectively be applied in all countries.

**Glyn Ford (PSE), in writing.** – I support the Committee on Agriculture's proposal for a School Fruit Scheme but along with my British Labour colleagues I want to retain an element of national co-financing to ensure an increased coverage. Equally I support the reference to organic, local and regional products, but this cannot entirely replace the necessity of best value for money or variety. In the South West of England I would welcome the exchange of our splendid local varieties of apples and pears for the bananas of Cyprus and the Canaries.

**Neena Gill (PSE), in writing.** – I am very pleased that the health of our children is being tackled at European level.

Obesity amongst children is a growing concern in Europe, and even more so in the UK where almost 25% of the population is obese and 10% of children are overweight. This issue is a serious concern to many of my constituents and I welcome an initiative to tackle it.

Addressing eating habits in childhood is key to preventing obesity later on in life, and the consumption of fruit and vegetables is proven to reduce the rate of obesity and cardio-vascular diseases.

In the UK, the appeal of convenience food is leading to the development of bad eating habits, which in turn cost our health service an annual GBP 6 billion. It is clear, then, that supporting this initiative also makes good economic sense.

This is why I voted in favour of this report and I hope that Member States will make effective use of the funds to fight what is becoming a real problem for our children.

**Hélène Goudin and Nils Lundgren (IND/DEM), in writing.** – (SV) An already bad idea from the Commission has been made even worse by the amendments tabled by the European Parliament's Committee on Agriculture and Rural Development, particularly when the committee wants to increase the expenditure ceiling from EUR 90 million to EUR 500 million at tax payers' expense. The committee emphasises that this only concerns fruit that originates within the Community. Fruit originating elsewhere is totally unimportant.

The committee's proposal, which, in a big brother-like manner, states that seasonal fruit should be distributed, giving preference to a varied range of fruits so as to enable 'children to discover different tastes', is completely ridiculous.

Once again, the European Parliament is interfering in education policy. Member States are to 'incorporate these measures in an educational manner into teaching packages on health and nutrition in schools'.

The majority in this European Parliament have a distorted view of the common agricultural policy. According to MEPs, taxpayers have a horn of plenty with money to throw into agricultural policy and rural development. Thank goodness that the European Parliament does not have the power of codecision in these areas – and that is how it should stay.

**Małgorzata Handzlik (PPE-DE), in writing.** – (PL) I am very pleased that we have today adopted the School Fruit Scheme. In the opinion on health issues associated with nutrition, overweight and obesity, adopted by the Committee on Internal Market and Consumer Protection, I wrote that special importance must be attached to the problem of obesity among children and the young, since overweight is associated with increased risk of cardiovascular diseases, diabetes, hypertension and some tumours.

The School Fruit Scheme aims to promote good fruit and vegetable eating habits and to teach schoolchildren about healthy eating. Eating habits are formed in childhood, and it has been demonstrated that people who learned in childhood to eat a lot of fruit and vegetables will keep to a similar diet in their adult life.

The distribution of fruit to schoolchildren is certain to contribute to increased consumption of fruit and vegetables among the very young, so that the impact of the School Fruit Scheme on preventing an obesity wave among European children and young people is certain to be significant. What is more, the impact will be greater if eating fruit in school is more than symbolic. I therefore note with satisfaction the vote in favour of a significant (fourfold) increase in the budget allocated to the scheme.

**Ian Hughton (Verts/ALE), in writing.** – I voted in favour of the Busk report and wholeheartedly support this initiative to provide fruit to Europe's schoolchildren. My own country, Scotland, has one of the poorest health records in Europe and the government there is actively pursuing a number of policies targeted at improving the health of children in the hope that this will improve their wellbeing in later life. This EU initiative will complement the Scottish government's work and is therefore welcome.

**Mieczysław Edmund Janowski (UEN), in writing.** – (PL) In my view, the School Fruit Scheme is of more than symbolic significance – 'here is the European Union giving something to children' – it is an initiative promoting good eating habits. It seems to me that we should include secondary school children in it as well. I should like to stress that in this way we would be helping poorer families, which are frequently unable to give fruit to their children. Naturally, it offers an additional opportunity to farmers and fruit growers. Fruit and vegetables, and in my country especially apples, are relatively easy to distribute. However, we must remember that the fruit must be of good quality, clean and fresh. We must also prepare our schools to put the scheme into effect. Realistically, it cannot be introduced earlier than the start of the 2009/2010 school year.

As far as cost is concerned, it is not astronomical: the Commission's proposal assesses it at EUR 90 million, and it could perhaps be higher. This is true, but at the same time we should be aware of the high cost of treatment of diseases associated with overweight and obesity. Let us not make this scheme a one-off initiative, just for show. Let us involve in it the national, regional and local authorities responsible for education. Let us also retain a sensible flexibility when it comes to the details of selecting fruit or vegetables, remembering that it is intended to promote our children's health in the best possible way.

**Tunne Kelam (PPE-DE), in writing.** – Having decided to vote against the report by Niels Busk, I declare my full support and sympathy for the topic debated – to provide more fruits for the schoolchildren in Europe. Increased obesity among young people is an ominous problem.

However, I support first and foremost the principle of subsidiarity. I am absolutely convinced that Member States and their Governments should be trusted in taking good care for their young generation. It is not the business of the EU to regulate concrete problems like the current one. The initiative in question is undoubtedly based upon good intentions. But starting to solve such problems with all-European regulations is neglecting the role and responsibility of the very actors in question: parents, schools, local governments and national governments. I am sure that they all have the same concerns and motivation to address the need to increase fruit consumption in their schools.

**David Martin (PSE), in writing.** – I support this scheme which provides funding for free fruit and vegetables for schoolchildren. This can only produce positive results, helping to reduce obesity among children by moving closer to the 'five a day' recommendation, which is why I have voted in favour of it.

**Erik Meijer (GUE/NGL), in writing.** – (NL) In my explanation of vote on the 2009 budget of 23 October 2008, I drew your attention to the value of the EU's involvement in providing schoolchildren with fruit. A school fruit scheme can be useful to prevent children from becoming ever more obese and unhealthy. The question is why the EU should take care of this, rather than the municipalities that organise education. Payments are currently made from the EU fund to the Member States, which are obliged to add a further sum, with the municipalities then being responsible for implementing the scheme. This way of working creates much unnecessary administration and time-consuming red tape.

During the recent budget discussion, the amount was doubled to EUR 182 million, and thanks to the Busk report, this sum will be increased to EUR 500 million in future. The Dutch Agriculture Minister, who is in favour of the present scheme, has announced in the press that she considers this enormous increase to be of no value and will be speaking out against it. Since it is not Parliament that decides on this, but the Council,

it is to be expected that this increase will not materialise. Meanwhile, though, school fruit has, in the public mind's eye, come to represent EU priorities that are wide of the mark.

**Dumitru Oprea (PPE-DE), in writing.** – (RO) I voted in favour of Mr Busk's report, based on the conclusions from healthcare organisations about the illnesses from which modern man suffers, many of which are due to poor diet. Eating fruit may help to prevent and/or cure these illnesses, thanks to the vitamins it contains.

We need to teach our children how and what to eat. This is why I believe that this may also involve education about diet, all the more so as the World Health Organization recommends that children up to the age of 11 should eat at least 400 grams of fruit and vegetables every day. On the other hand, an explosion is being observed in the number of children 'enjoying' an unhealthy, absurd and unsuitable diet, with the blame for this lying not just with the school or family, but with all of us, society as a whole. This kind of dietary behaviour needs to be stopped immediately.

School is one of the areas responsible for forming habits, which should allow us to adopt again the habit of eating fruit. For this reason, I give my total support to the distribution and eating of fruit in schools. This scheme should be on the list of main priorities in terms of decision-making factors so that it can be implemented as soon as possible.

**Neil Parish (PPE-DE), in writing.** – Conservative MEPs abstained on the Busk Report on the Commission's proposal to introduce an EU-wide School Fruit Scheme. While very keen to see healthy eating habits promoted among youngsters in the UK and the EU, we have reservations about the budgetary allocations proposed in this report, which are considerably greater than the EUR 90 million proposed by the Commission. Depending on the result of the votes, the Parliament will call for budgetary allocations of at least EUR 360 million and even as much as EUR 500 million. We believe that it makes more sense to start the scheme with a lower level of financing and review subsequently the budgetary needs in the light of experience gained – as argued for in the Commission's Impact Assessment.

**Zita Pleštinská (PPE-DE), in writing.** – (SK) The market for fruit and vegetables in the EU is currently regulated by demand. The introduction of the School Fruit Scheme will support the consumption of fruit and vegetables in the EU and will increase the demand which will not only boost public health, but it will also benefit European fruit and vegetable growers.

A high intake of fruit and vegetables reduces the risk of many diseases and prevents the occurrence of excessive weight and childhood obesity. The health perspective is therefore the most important reason for a School Fruit Scheme supporting the consumption of fruit. As eating habits are created in infancy, it is my view that it is not enough to start in schools but rather in pre-school institutions.

However, the EUR 90 million which the Commission is proposing to allocate from the Community budget will provide only one piece of fruit per week, which is not enough either to change eating habits or to make an impact on public health.

I consider a realistic budget for this scheme to be EUR 500 million, as proposed by the EP. Such a sum would provide one portion of fruit per pupil per day and at the same time would enable the scheme to target not only schoolchildren between the ages of 6 to 10 years but also younger children in pre-school institutions.

I firmly believe that the money spent on the School Fruit Scheme to support the consumption of fruit in schools across the EU will bring savings in healthcare costs for the Member States and I have therefore voted in favour of the report by Niels Busk.

**Luís Queiró (PPE-DE), in writing.** – (PT) The merits of the scheme proposed in this report are clear. Encouraging (and in some cases simply ensuring) the consumption of seasonal fruit by the youngest in society has virtuous aims, both immediately, by promoting a diet rich in variety, and in the future, in terms of developing healthy eating habits. There are, however, two points which must be raised.

Multiplying the guarantee mechanisms to ensure that the fruit offered is produced in Europe makes it feel like the motives behind this action are not just the diet of young people but primarily the promotion of European agriculture. Furthermore, although the correlation between this issue and the common agricultural policy is clear, as already mentioned, the need to tackle this at Community level is dubious. Obviously, the choice between distributing apples or Rocha pears should be left to the Member States. However, we do doubt whether there is a need to establish a Community scheme in this respect.

**Frédérique Ries (ALDE)**, *in writing*. – (FR) On 1 February 2007, when my report on promoting healthy diets and physical activity in the EU was adopted, the European Parliament delivered a number of strong messages, including the fundamental role of education in relation to nutrition and health in order to prevent overweight and obesity, which affects more than 5 million children, and the call for the Commission and the Council to take the necessary measures, within the framework of the review of the CAP (common agricultural policy) in 2008 and 2013, to enhance healthy nutrition incentives within the framework of rural development policies.

The Commission seems to have heard the message with this European scheme to distribute free fruit in schools for children aged six to ten from 2009/2010. Now it is up to the 27 Member States to play the game. Obviously a lot of time, money and staff will be needed and menus will also need to be changed in many school canteens for the WHO (World Health Organization) recommended daily intake of five fruits and vegetables (400 grams) to become more than just an advertising slogan written in small print on television screens.

**Luca Romagnoli (NI)**, *in writing*. – (IT) I voted for the report by Mr Busk on the scheme to promote the consumption of fruit in schools. It is clear that the children of the European Union eat little fruit or vegetables, partly because of the bad diets that they have in school canteens. High consumption of fruit and vegetables, however, would reduce the risk of contracting serious diseases and would prevent children becoming overweight and obese. Furthermore, eating vegetables from childhood is a good habit that continues throughout life.

I also agree with the rapporteur that the resources earmarked by the Commission for this scheme are totally inadequate. In fact, the proposed subsidy allows the provision of only one portion of fruit one day a week. It should also be said that I am, to tell the truth, pleased with the fact that the Commission is in any case taking to heart the various existing experiments with a view to making qualitative improvements to the scheme.

**Olle Schmidt (ALDE)**, *in writing*. – (SV) In Sweden, we usually tell our children that fruit is nature's own sweets. I like fruit very much myself and I think that it is a good thing for Europe's children to eat sufficient quantities of these wholesome foods. Thus far, I share the rapporteur's views. That said, the responsibility for our schoolchildren eating a sufficient quantity of apples and bananas must, nevertheless, rest with the children's parents and, possibly, the municipalities providing their education. The European Union must not play the part of a supranational fruit police. Let us instead concentrate our energy and our resources on more pressing tasks.

**Brian Simpson (PSE)**, *in writing*. – I fully support the Commission's proposals on distributing free fruit and vegetables in schools, as part of the strategy on tackling obesity among children. Not only do I fully support the use of EU money to tackle a priority public health concern faced by all Member States, but I also support the strong social element attached to the proposals, in that they will allow Member States to support children from more deprived backgrounds who tend to eat less fruit and vegetables and who tend to be more at risk from obesity. Furthermore, this is the first time that CAP money will be used to tackle a public health concern, a sign of a change in thinking on the aims of the CAP.

I am happy that Parliament has sent a strong message to the Commission and to the Council, in supporting an increased budget enabling more children to benefit from the scheme. However, I do not agree with Parliament's position stipulating that fruit and vegetables should only come from the Community. We should not lose sight of the fact that this scheme is about promoting a wide variety of fruit and vegetables to school children and tackling obesity.

*(Explanation of vote abbreviated in accordance with Rule 163(1)).*

**Bart Staes (Verts/ALE)**, *in writing*. – (NL) The battle against the bulge must start from a young age. The supply of fresh fruit in schools can be a huge incentive to eat healthily. This is why this scheme, which makes at least one piece of fruit available to each child between the ages of 3 and 10, is to be welcomed with open arms.

It is estimated that in the European Union, 22 million children are overweight, 5.1 million of whom are obese. Not only does this create many health problems, it also increases the cost of healthcare in the Member States. If the Commission endorses Parliament's proposal to increase the budget from EUR 90 million to EUR 500 million, every child can learn good eating habits from a young age. This gives them more chances of sustaining these habits and preventing obesity as a result.

This report also comments on the composition of the fruit supply. The Member States should give preference to locally produced and seasonal fruit. The report calls for health and eating advice for children, together with information about the characteristics of organic farming. I am pleased with the content of the report, and for that reason, I voted in favour.

**Catherine Stihler (PSE), in writing.** – I support the principle of trying to make fruit more accessible to young people in schools. The successful Scottish project of trying to get more fruit and vegetables available through schools has seen record numbers of children eating more healthily. The programmes have been targeted at those most in need and I would hope that this scheme would target the poorest and most vulnerable children first.

**- Report: Pervenche Berès, Werner Langen (A6-0420/2008)**

**Jan Andersson, Göran Färm, Inger Segelström and Åsa Westlund (PSE), in writing.** – (SV) We Swedish Social Democrats in the European Parliament agree with the analysis of the situation in the euro area. We appreciate the fact that social aspects of the cooperation have been highlighted and that the problems with growth are emphasised. At the same time, we do not support paragraph 40 of the report, which states that Member States outside the euro area that fulfil the Maastricht criteria and have no derogation in the Treaty should adopt the common currency at the earliest possible opportunity.

We are of the opinion that this lies outside Parliament's competence to comment on. We respect the decision taken by the Swedish people in a referendum and would like to emphasise that this is a matter that should be dealt with in the respective Member States.

**Ilda Figueiredo (GUE/NGL), in writing.** – (PT) We all voted against this report which defies the Stability Pact, fails to see the consequences of the current serious economic and social situation, ignores the worsening social and regional inequalities and forgets the rise in unemployment and poverty.

It is unacceptable that this report insists on the false independence of the European Central Bank, instead of defending its democratic scrutiny and the alteration of its objectives to take account of the need to concentrate on production, creation of employment with rights and improvement of people's purchasing power, particularly among workers and pensioners.

Regrettably, the proposals tabled by our Group were rejected, specifically those criticising the fiscal and competition policies and drawing attention to the growth in job insecurity and low pay and to the consequences of deregulation and liberalisation.

It is also regrettable that our proposal to repeal the Stability Pact and replace it with a new Strategy for Solidarity, Development and Social Progress was rejected.

**Bruno Gollnisch (NI), in writing.** – (FR) The least one can say is that the 'generally positive' assessment drawn up by the rapporteurs on ten years of Economic and Monetary Union does not seem completely objective. Not surprisingly, the few problems identified are analysed as being the fault of the Member States and of a lack of European integration.

The truth is that the introduction of the euro automatically led to an explosion in the prices of convenience goods and to a fall in the purchasing power of workers. The truth is that the Stability Pact is a budgetary and social Malthusianism. The truth is that the lack of an exchange rate policy and the overvaluation of the euro have undermined the international competitiveness of the euro area. The truth is that a single monetary policy and a single key interest rate for 11 or 15 economies with very different structures and levels of development are inevitably as ill-suited to the needs of each individual one of these economies as they are to those of the whole.

The euro has failed to bring the promised prosperity to its members, who, for the most part, are now in recession. This is because the euro, in its conception and in its operation, is not an economic tool. It is above all a powerful political tool for destroying the independence of nations.

**David Martin (PSE), in writing.** – I support this report, which calls for improved economic coordination in order to try to prevent a prolonged, deep recession. This roadmap should improve the monitoring of the financial crisis, and should provide valuable support to the economy.

**Luca Romagnoli (NI), in writing.** – (IT) I voted for the report by Mrs Berès and Mr Langen which takes stock of a decade of Economic and Monetary Union. I fully agree with the fact that the European Parliament, the



only European body directly elected by the people, has played a very important role over the first decade of Economic and Monetary Union. Parliament acts as co-legislator in the field of the internal market, in particular with regard to financial services; it conducts dialogue on the coordination of economic policies through the Committee on Economic and Monetary Affairs; it has a dominant role in monetary policy, with the appointment of the members of the ECB's Executive Board. These are only a very few of the primary functions carried out by Parliament over recent years. I would like to end by congratulating my fellow Members on the report, particularly in light of the emphasis placed upon the enlargement of the euro area as a springboard for the EU's new economic future.

**Andrzej Jan Szejna (PSE)**, *in writing*. – (PL) The 'EMU@10: successes and challenges after 10 years of Economic and Monetary Union' report is one of the most important reports presented to this plenary. At a time of financial difficulties, it provides a new framework for discussions about the economy. The report offers a detailed analysis which enables us to see the positive and negative aspects of Economic and Monetary Union. It contains interesting conclusions about the common currency, the euro.

There can be no doubt that the introduction of the euro has been a huge financial success for the EU. It must be acknowledged that it has withstood a lot of market turbulence. However, the common currency does not affect all regions in equal measure. Differences in the development rates of different European Union states are becoming increasingly more pronounced. Today, at a time of financial crisis, coordination of economic policy has become a necessity. We must also abide by the provisions of the Stability and Growth Pact.

It is extremely important to support the independence of the European Central Bank. Its powers must be limited to monetary issues, that is to maintaining price stability, and its exclusive power to set interest rates.

For these reasons, I support adoption of the report.

**- Report: Edit Bauer (A6-0389/2008)**

**Richard James Ashworth (PPE-DE)**, *in writing*. – The Conservative Party has recently published "Fair Play on Women's Pay: A six-point plan to overcome the gender pay gap". The Conservative Party wants to help to stamp out the pay gap once and for all.

This includes compulsory pay audits for employers who are found to discriminate, new measures to help women into work and up the careers ladder, and extending the right to request flexible working to all parents of children aged eighteen or younger.

Equal pay is crucial for a fair and equal society, but national governments and parliaments are generally best placed to act in ways that are most effective for their own societies and economies. This recommendation by the European Parliament is over-prescriptive at the EU level.

The Bauer report is not one we can support, however, as the request for a new legislative proposal on equal pay is based on Article 141(3) of the EC Treaty which is covered by the Conservative Party's pledge to opt out of the Social Chapter.

**Charlotte Cederschiöld, Christofer Fjellner, Gunnar Hökmark and Anna Ibrisagic (PPE-DE)**, *in writing*. – (SV) The gender pay gap is a huge problem and something that both individual workers and social partners have a particular responsibility to address. This type of discrimination violates basic provisions of the Treaty and employers who do not take responsibility for this should even now be prosecuted in court.

However, this is contrary to our fundamental view of the Swedish labour market and the parties' responsibility, as per current legislation, to create new legal instruments to direct wage formation at EU level or by means of a state wage policy. Wage formation is not, and should not be, an EU competence.

As our request to remove references to new legal instruments for directing wage formation at EU level was given a hearing, we have chosen to vote in favour of the report as a whole. Unfortunately, the report still contains a number of undesirable details, such as the proposal for an 'equal pay day'. Parliament's persistent habit of requiring the proclamation of days, weeks and years for various phenomena is placard politics which does not distinguish between different subject matter. On the contrary, the subject matter itself is viewed in a banal and casual way.

**Carlos Coelho (PPE-DE)**, *in writing*. – (PT) The gender pay gap is a problem throughout Europe. The Community legislation on equal pay for men and women, in force since 1975 and revised in 2006, is clearly inefficient.

We applaud the rapporteur for asking the Commission to submit a legislative proposal by 31 December 2009, based on the recommendations contained in the report. We also congratulate her on the responsible and serious way in which she has presented her recommendations, which are focused on the central issue, unlike some of the amendments tabled by the socialists which do not help to solve this problem as they consist of details from political folklore or recommendations which are unfeasible given that they fall outside the competence of Member States.

In Portugal, between 2005 and 2006, despite identical circumstances, the gender pay gap increased by 8.9% under the current government. The unemployment benefit paid to women in 2007 was 21.1% less than that paid to men. The amounts paid to women, including with regard to extended benefits, are below the poverty threshold and actually fell between 2006 and 2007.

The Portuguese Social Democrat MEPs support this report. In spite of socialist folklore, we do not confuse the essential with the additional and we will not allow the additional to destroy the essential, namely to change an unacceptable situation of discrimination.

**Brian Crowley (UEN), in writing.** – The principle of equal pay for equal work helps to remove discrimination against women in the workplace. But we must go further in protecting women's rights. The aim of this report is not only to enhance the value of women's work but improve the quality of public services also.

More than 30 years after the introduction of equal pay legislation, women in the EU earn 15% less than men and progress has been slow in closing the gender pay gap with men. Twenty years ago, the gender pay gap in Ireland was about 25% and now the gap is 13%. Even with this progress, the gender pay gap remains a serious cause of concern. New challenges arise, particularly in this economic climate, which need to be identified and solved.

Many women continue to be concentrated in a narrow range of occupations, in part-time and low-paid work, and in jobs where their skills and contributions are undervalued. We need a multifaceted approach. We need to increase the labour market participation by women. We need to improve child care services and child benefits to help reintegrate women with children back into the work place.

**Dragoş Florin David (PPE-DE), in writing.** – (RO) I voted in favour of abolishing direct and indirect discrimination, social and economic factors, as well as segregation on the labour market. The report urges a neutral professional evaluation which should be based on new systems for classifying and organising staff, on professional experience and productivity, evaluated primarily from a quality perspective. It is also being proposed to arrange a European Equal Pay Day to make the general public and employers aware of wage inequalities.

**Avril Doyle (PPE-DE), in writing.** – I supported this report as we need proper enforcement of existing laws on the principle of equal pay. However, while the enforcement of existing laws on the principle of equal pay for the same work and for work of equal value is crucial to achieving gender equality, the restoration of choices to all women is also very important. There needs to be flexibility in the system and a proper work/life balance. Women must be given: the choice to marry or not; the choice to have children or not, to have a career, to have further education or not, to stay at home, to go out into the workplace, to start a business or to have access to property. The challenge is to ensure that economic pressures do not remove these choices.

**Edite Estrela (PSE), in writing.** – (PT) I voted in favour of the Bauer report on equal pay for men and women because it is unacceptable that women earn less (the difference in the EU is 15%), even though they possess more skills (58% of graduates and 41% of doctorate holders are women).

The report suggests ways of revising the current legal framework, including proposing the introduction of penalties for non-compliance and calling for greater dialogue with the social partners. The principle of equal pay for equal work or for work of equal value is not just a fight of women, but of all society. Women are needed in all areas of business, particularly in those traditionally regarded as masculine. This is proven by the fact that women make good managers.

In the current context, and to achieve the growth and employment objectives of the Lisbon Strategy, the active participation of women is essential.

**Ilda Figueiredo (GUE/NGL), in writing.** – (PT) Although the report has been adopted with most of the amendments tabled during the debate in the Committee on Women's Rights and Gender Equality, which made it into a good report, the PPE-DE Group could not refrain from weakening its scope during the vote in plenary, knowing that an absolute majority of 393 votes was needed.

As a result, certain proposals have regrettably fallen and are not contained in the final resolution, including some detailed recommendations on the content of the new proposal requested from the European Commission on compliance with the principle of equal pay for men and women.

However, this is still a positive resolution which we voted for. We would stress the need for measures which value work, which give priority to employment with rights and a fair distribution of wealth, which help to overcome pay differences and stereotypes linked to certain tasks and business sectors that discriminate against women, and which value the professions and activities in which women predominate. These particularly include the retail and services sectors, and industries such as cork, textiles and clothing, footwear, food and others where very low pay exists in the professions and categories dominated by women.

**Neena Gill (PSE), in writing.** – I am speaking on this today as the gender pay gap is a concern to many of my West Midlands constituents, as well as to most of us here.

The gender pay gap in the UK is wider than the European average and women have recently received the dire news that this gap is now increasing.

Equality between men and women is a fundamental right and a democratic necessity. Only with the equal participation of all our citizens will we achieve the EU objectives of growth, employment and social cohesion.

Economic arguments to change are compelling: unlocking women's potential could contribute up to 2% of GDP. In times of financial instability, it is crucial to ensure that our economy uses all the resources it has. It is also crucial to make sure that women do not suffer even more.

Although legislation has been passed and initiatives have been proposed, it is not enough. Many of my constituents are in favour of stronger action to fight the gap.

This is why I welcome this report and proposals to introduce pay audits and attribute more power to equality bodies.

**Hélène Goudin and Nils Lundgren (IND/DEM), in writing.** – (SV) After careful consideration, the June List has chosen to vote in favour of the report. Increased equality on the labour market, reduced pay gaps between professional women and men and equal pensions are important objectives in a just society. Thus, the ideas for more statistics, revised legislation and training to counteract common notions in society concerning gender are important.

However, the June List is critical of the EU's seemingly insatiable need to incorporate more and more policy areas within its sphere of competence. It is our fundamental view that issues relating to regulation of the labour market should primarily be dealt with by individual Member States and should not be taken up at EU level.

**Ian Hudghton (Verts/ALE), in writing.** – The principle of equal pay for men and women is explicitly stated in the Treaty of Rome and it is therefore a scandal that such huge disparities between the genders still exist across the EU. It is therefore essential that the European institutions take real action in this area and I accordingly voted in favour of the Bauer report.

**David Martin (PSE), in writing.** – The pay gap, which was one of the objectives of the Lisbon Strategy for growth and jobs but which has not been adequately addressed by some Member States, has a serious impact on the status of women in economic and social life. I support this report, which will address women earning 15-25% less than their male counterparts in Europe.

**Angelika Niebler (PPE-DE), in writing.** – (DE) In today's vote I voted in favour of the report by my colleague Edit Bauer. However, I did not find this easy as I have some reservations about the content of some points.

A policy of equality has existed at European level for almost 50 years. For the last 50 years we have had a clear statutory framework. Nonetheless, despite all our efforts in the direction of equality, both at European level and in the Member States, we still have not succeeded in fully eliminating the discrimination against women in terms of pay.

The call for new laws as formulated in the Bauer report should be rejected. It is not possible to achieve a change in attitude in our society through legislation. Experience in recent years shows that the causes of the pay gap between men and women are mostly outside the ambit of the legal system and that legal regulations cannot by themselves improve the situation of women in the labour market.

New laws simply create more bureaucracy and thus increase the burden on small and medium-sized enterprises in particular. For this reason, I am in favour of a more consistent implementation of the existing regulations to abolish gender-specific pay differences and against additional legal regulations.

**Dumitru Oprea (PPE-DE), in writing.** – (RO) I voted in favour of Mrs Bauer's report, given the gender inequalities which, unfortunately, still exist. Equality between women and men is a fundamental value of the European Union.

Promoting the principle of equal opportunities between women and men is a relatively recent concern for the European Union – featuring in the Maastricht Treaty or Amsterdam Treaty – although various aspects have been highlighted by many declarations or international agreements, such as the Declaration on the Elimination of Discrimination against Women of 1967.

In Romania two of the fields in which the majority of workers are women would be health and social services and education (69.5%). Professions and workplaces dominated by women still tend to be undervalued compared to those where men predominate. Inequalities and discrepancies in applying gender criteria have a definite impact on pay. The average wage difference between women and men is 8.5-15%, and even bigger in the private sector, in the latter's favour. This contravenes Directive 75/117/EEC relating to the application of the principle of equal pay for women and men.

**Rovana Plumb (PSE), in writing.** – (RO) Unless we have equal pay for women and men, we will find it difficult to achieve the objectives proposed for 2010: improving living conditions, achieving economic growth and eradicating poverty. The fact that in the European Union women earn on average 15% less than men and need to work roughly until February (418 days per year) to be paid the same amount as men sounds an alarm bell. Specific measures need to be taken to combat this.

Equal representation in the European Commission and European Parliament may be our political signal for a better representation of women in all decision-making bodies and, implicitly, for eliminating these pay gaps.

I voted in favour of this report and I congratulate the rapporteur.

**Luca Romagnoli (NI), in writing.** – (IT) I voted for the report by Mrs Bauer on the application of the principle of equal pay for men and women. For years this age-old problem has been under debate: it is disconcerting to note that, in some EU countries, differences in pay are primarily attributable to the high level of job-related segregation and the impact of the pay structure. We therefore need multi-faceted policies targeting the implementation of legislation that already exists, but which is not very effective. I applaud the work accomplished by my fellow Member, which is designed to consolidate the legislation in force, but to take into account the fact that it is difficult to influence economic segregation through legislation of this type. Finally, I support the cause because we need to have pay policies designed to reduce inequalities in pay and to achieve better pay for low-paid workers, among whom women predominate.

**Catherine Stihler (PSE), in writing.** – The creation of a European Equal Pay Day is something I support. The fact that women are still discriminated against, being paid an average 15% less than their male counterparts for the same work, is totally unacceptable in 2008.

**Georgios Toussas (GUE/NGL), in writing.** – (EL) The Communist Party of Greece voted against the report, because it uses equal pay to reduce working women's rights to the lowest common denominator. Working women should not forget that, on the pretext of applying the euro-unifying legislation on gender equality, the EU and the centre-left and centre-right governments of the Member States have proceeded to abolish their vested rights, such as the ban on night work for women. The EU and the New Democracy and PASOK parties have used the same legislation to engineer an increase in the retirement age for female civil servants in the name of abolishing discrimination and of gender equality.

Not only does the report fail to address the real causes of unequal pay between men and women for the same work, and the fact that women and young people are the first victims of part-time work, flexible contracts of employment and flexicurity, on the contrary, the solutions it proposes move in precisely this direction. The argument of 'reconciling family life and work' is used to generalise flexible forms of employment for women and propose hot money from public funds and public works contracts and financing as a reward for 'good capitalists' who apply what is self-evident: an equal day's pay for an equal day's work for men and women.

**Graham Watson (ALDE)**, *in writing*. – This report makes recommendations to the European Commission on applying the principle of equal pay for men and women, and that principle is the key to ensuring dignity, fairness and equality in pension entitlements.

For years now I have strongly backed the Plymouth Senior Citizens' Petition calling for the just treatment of older women.

I was proud to submit three amendments to the Bauer report, reflecting the Plymouth campaigners' demands, and I am delighted that all three have been accepted.

The European Parliament has recognised that many women lose out on earnings as a result of their work caring for children and older people. It has called on the Commission to eliminate the risk of poverty among pensioners and secure for them a decent standard of living. And it has set as a goal the equality of male and female pensions, including the retirement age.

Now we need the European Union and national governments to take heed of these words and turn fine sentiments into forward steps.

Pension equality for senior citizens is a worthy goal, and I am proud to support this report.

**- Report: Christian Ehler (A6-0418/2008)**

**Jan Andersson, Göran Färm, Anna Hedh, Inger Segelström and Åsa Westlund (PSE)**, *in writing*. – (SV) We have chosen to abstain, as we think that it is, in principle, wrong to pre-empt the legislative process that is currently in progress concerning precisely these issues in an own-initiative report.

**Adam Bielan (UEN)**, *in writing*. – (PL) I support Mr Ehler's report for two reasons.

Lacking its own raw materials, the European Union is becoming one of the largest energy importers in the world, increasingly dependent on external oil and gas suppliers. These are the sectors associated with the greatest geopolitical risk. Coal reserves will remain available for longer than oil and natural gas reserves, and may acquire strategic importance for us, in the event that energy supplies are threatened for political reasons.

In addition, producing energy from fossil fuels such as coal can be viable in spite of stringent environmental standards, and this offers good prospects to European and Polish mines. The introduction of clean coal technologies will contribute to the significant development of Poland's infrastructure and its economy.

**Šarūnas Birutis (ALDE)**, *in writing*. – (LT) The Commission communication on 'Supporting early demonstration of sustainable power generation from fossil fuels' is a very important step towards further discussions on political and financial measures. Today it is obvious that the European Union will only be able to implement its ambitious goals in the area of post-2020 climate policy if it ensures the use of broad CO<sub>2</sub> capture and storage technologies at power stations. We really must make progress in preparing and adopting legal regulations on geological capture and storage of CO<sub>2</sub>.

Although at the moment attempts are being made at European level to adopt a directive on geological capture and storage of CO<sub>2</sub> as quickly as possible, there is a shortage of appropriate initiatives at national or regional level, which are particularly necessary in the area of transport infrastructure.

**Charlotte Cederschiöld, Christofer Fjellner, Gunnar Hökmark and Anna Ibrisagic (PPE-DE)**, *in writing*. – (SV) For as long as fossil fuels are required to meet the EU's energy needs it is important to support initiatives that aim to alleviate the environmental effects, for example using CCS (Carbon Capture and Storage) technologies.

However, we are of the opinion that proceeds from auctioning emission allowances should go to the respective Member State and not be earmarked for different projects. Otherwise, there is a risk of the emission allowances system becoming ineffective and controlled from the top.

**Dragoş Florin David (PPE-DE)**, *in writing*. – (RO) I voted for this report because it emphasises the importance of increasing the allocation of European funds for research, aimed at implementing new technologies for capturing greenhouse gases, especially CO<sub>2</sub>, particularly funds aimed at implementing pilot projects which will raise the profile of this research, along with the opportunities offered by it and the safety of new technologies. Europe cannot give up yet the biggest energy resource it owns, fossil coal, as many of the Member States still guarantee their energy independence by processing fossil coal. We need to guarantee

future generations that producing electricity from fossil fuels is sustainable and causes as little pollution as possible.

**Avril Doyle (PPE-DE), in writing.** – I supported this report, as it is in line with the amendment I tabled on the financing of large scale CCS (Carbon Capture and Storage) demonstration plants, in my report on the review of the EU's Emissions Trading System.

Our dependence on fossil fuels is likely to persist for some time and we should be exploring all options in order to mitigate their harmful effects. CCS extracts and buries the carbon from any hydrocarbon source rather than allowing emissions to enter the atmosphere. If implemented without delay and given proper financing CCS could reduce CO<sub>2</sub> emissions in the EU significantly.

**David Martin (PSE), in writing.** – This report recognises the need to reduce emissions from fossil fuels which will be used to bridge the gap until we can become reliant upon renewable energy sources, which is why I support it.

**Luca Romagnoli (NI), in writing.** – (IT) I voted for the report by Mr Ehler on supporting early demonstration of sustainable power generation from fossil fuels. It is clear that the European Union will only attain the ambitious targets in its climate policy if it succeeds in ensuring broad use of CCS (Carbon Capture and Storage) technologies in power stations.

The strategic importance of coal must not prevent us from finding a way to use this precious resource in a manner that does not have an impact on climate. In addition, I agree with the rapporteur on the paucity of measures adopted by the Commission to ensure that such ambitious projects can be completed by 2015. Finally, I welcome the assessment made by Mr Ehler, stressing the absence of an appropriate legislative framework that has financial resources available to it. It is absolutely vital that we remedy this absence.

**Elisabeth Schroedter (Verts/ALE), in writing.** – (DE) By adopting the Ehler report the European Parliament has decided on a completely outmoded energy strategy. CCS (Carbon Capture and Storage) is intended to make production processes that are damaging to the climate seem 'climate friendly'. However, it does not avoid or reduce CO<sub>2</sub> production, as would be the case with renewable energies for example. In the opinion of the Group of the Greens/European Free Alliance, massive public funding of CCS makes little sense at an economic level. This money would be put to better, more sustainable use if it were invested in research into the more efficient use of renewable energies.

The Ehler report goes further than the Commission: it seeks to use European structural funds for CCS investment, which will deny these resources to disadvantaged regions and their sustainable development plans. A CDU member who represents Brandenburg, Mr Ehler is seeking to put money in the pocket of Vattenfall, Europe's fifth-largest power company, enabling it to open more lignite mines in Lusatia (Brandenburg/Saxony), threatening more villages with resettlement. It is known that Vattenfall intends to generate power from lignite for the next 50 to 60 years, even though this is only possible with an efficiency factor of less than 50%. Energy-intensive CCS technology will reduce this by a further 10% to 15%. This is a retrograde step, which is why we do not accept this report, but instead have lodged an alternative proposal.

## **9. Corrections to votes and voting intentions: see Minutes**

*(The sitting was suspended at 1.05 p.m. and resumed at 3.05 p.m.)*

**IN THE CHAIR: MR PÖTTERING**

*President*

## **10. Approval of Minutes of previous sitting: see Minutes**

## **11. EU response to the world financial crisis: follow-up of the informal European Council from 7 November and of the G20 Summit from 15 November 2008 - Commission's legislative and work programme for 2009 (debate)**

**President.** – The next item is the joint debate on the EU response to the world financial crisis and the Commission's legislative and work programme for 2009.

**Jean-Pierre Jouyet**, *President-in-Office of the Council*. – (FR) Mr President, Mr President of the Commission, ladies and gentlemen, the effects of the financial crisis on the economy are becoming more clearly apparent. The Commission's autumn forecasts predicted a significant downturn in growth in the European Union for next year. Several Member States have already entered into recession, and, in 2009, economic growth could, at best, remain at zero in the European Union.

Furthermore, financial tensions are beginning to have repercussions on the financing of economic institutions. Public authorities within the Member States are making every effort to ensure continuity in the financing of businesses and households facing the growing risk of credit restrictions.

Europe and its international partners are therefore facing the worst financial crisis since 1929 and they must face up to an economic slowdown on an exceptional scale. As you know, since our last debate on 8 October, the Council Presidency has pursued only one objective and held only one conviction: the essential unity of Europeans in the face of the global financial crisis.

Faced with the threat of a real breakdown in the European financial system, the French Presidency has succeeded in promoting a European action plan to support, as a matter of urgency, financial institutions threatened by the crisis, and together the Member States have decided to guarantee interbank financing and to recapitalise the banks.

The effectiveness of this joint European action was also demonstrated last weekend at the G20 summit meeting of Heads of State or Government in Washington, attended by President Barroso. Europe, represented by the President of the Council, President Sarkozy, and by the President of the European Commission, Mr Barroso, initiated this historic summit. It demonstrated great unity in giving the Council Presidency, on 7 November, clear positions to defend with our major partners.

We can now feel very pleased about the outcome of this approach, since the summit's conclusions keep the main issues that Europe upholds – that is, transparency and responsibility – central to the functioning of the international financial system. We have also achieved positive decisions in line with the European Union's proposals, such as registration of rating agencies, the principle of monitoring or regulating all the activities of financial institutions, and linking remuneration with the avoidance of excessive risk taking.

For the first time all the major economic and financial institutions have agreed to respond strongly in order to avoid a recurrence of a crisis of this magnitude. They have all agreed on an ambitious plan of action, which the Finance Ministers will have to spell out in detail in the weeks to come.

The European Union will obviously have to continue to bring all its weight to bear in international discussions. You know that you can count on the French Presidency to promote European unity and thereby to offer a common ambition with regard to fundamental reforms on all the issues identified in Washington. We are counting, of course, on the Czech Presidency to take these initiatives forward.

With regard to rating agencies, accounting standards, monitoring of hedge funds, the fight against tax havens, the accountability of private institutions and the reform of multilateral financial institutions, the European Union must continue to speak out strongly in order to achieve definite results.

It must also, in terms of Community legislation, quickly take up its responsibilities by speeding up the adoption of the measures proposed by the Commission regarding the supervision and regulation of banks and rating agencies.

The French Presidency knows that it can count on the full and active involvement of your Parliament and its groups, and for this I am grateful to their chairmen. Europe will thus be able to assume a position of strength at the next international meetings scheduled for 2009.

These initial results in the financial sector are evidence of the effectiveness of Europe's united approach. Nonetheless, they are only one part of the European response to the crisis. Indeed, this united approach must also inspire the European Union and its Member States to respond to the effects of the crisis on economic growth.

The Council Presidency stands firm in its conviction on this issue. Just as in the financial sector, the Member States will not achieve any concrete results in supporting growth unless they cooperate closely with each other, and, beyond that, with their major international partners. The G20 summit delivered a strong message in this respect. We have to involve, on a global scale, all the macroeconomic instruments in order to avoid a long-term slowdown of the economy.

As the situation has developed, the central banks have reacted quickly by reducing interest rates. The Presidency welcomed the European Central Bank's robust decision, at the beginning of November, to reduce its interest rates by 50 basis points, and on several occasions we have applauded the ECB's action in response to the financial crisis and its active participation in the deliberations of the Eurogroup and the European Councils.

With regard to budgetary matters, the G20 has indicated that significant room for manoeuvre should be used wherever it exists. The Member States of the European Union have responded to this call by saying that we should use all the room for manoeuvre permitted by the Stability and Growth Pact when there is a sharp turnaround in the economic cycle.

The French Presidency, working closely with the Commission, intends to do everything possible to ensure that national plans in support of the economic cycle are closely coordinated with Community initiatives so as to maximise the economic effects as a whole.

We are expecting, Mr Barroso, new proposals by the end of the month. It is a matter of finding responses that can be applied at Community level and of harnessing all instruments with the capacity to help support the European economic cycle. Certain European budget appropriations – I say this because I was present at the debate in this House – could be rapidly mobilised to respond to the slowdown.

Furthermore, while ensuring the proper functioning of the internal market, we should also ensure that all the flexibility of European state aid rules is used so that the Member States and the European Union give effective support to those economic institutions that are most threatened.

We also want the European Investment Bank to be fully involved in the efforts to support the European economy. Resources, as you know, have already been made available to ensure financing for small and medium-sized enterprises. The support measures should be part of a more global plan, making it possible, in particular, to support the sectors most at threat, as the entire EU car industry is today.

These additional efforts at Community level will need to be actively enhanced at Member State level by means of closely coordinated national recovery measures. Looking ahead to next month's European Council, the Presidency intends to lead the discussion between the Member States on the priorities for such recovery action. Several Member States have said that they were considering support measures for certain sectors of industry.

Such measures must be the result of consultation between partners in order to be fully effective and to preserve the integrity of the internal market, and the Ministers for Economic and Financial Affairs, together with Commissioner Almunia, will prepare the European Council discussion on these themes at their next meeting on 2 December.

Mr President, Mr President of the Commission, ladies and gentlemen, the European Union has shouldered its responsibilities effectively within a few weeks in the face of an unprecedented destabilisation of the world economy. Europeans have managed to unite in the face of immediate danger in order to take effective and urgent action. We must learn all the lessons from this action, which has been crowned with success. This European unity must be preserved so that we continue to act together, so that, faced with our partners and alongside our partners, we press for a fundamental reform of the financial regulatory system, and so that, together, we deal with the turnarounds in the economic cycle.

In this way, we – Council, Commission and Parliament – shall prove together that the European Union has the means to effectively take control of its destiny and to do what all Europeans expect, that is, to act as a global player.

*(Applause)*

**President.** – Thank you to the Council's representative, Mr Jean-Pierre Jouyet. I am very pleased to see so many members of the European Commission here. The vast majority of the members of the Commission are present and I now have the pleasure of inviting the President of the Commission to address us.

**José Manuel Barroso, President of the Commission.** – (FR) Mr President, Mr President-in-Office of the Council, ladies and gentlemen, first of all, I should like to commend the European Parliament's excellent decision to organise two debates in one today: on the European management of the global financial crisis, in the wake of the G20 summit in Washington, and on the Commission's work programme for 2009.



This double debate perfectly reflects the political reality to which Europe must respond: rising to the challenge of an emergency whilst resolutely continuing with the fundamental work already begun.

You will therefore not be surprised that the Commission's work programme for 2009 also has a dual purpose: continuity and action in a time of crisis. I shall come back to that.

First of all, however, I should like to return to the assessment of the Washington summit, which was also given by Mr Jouyet on behalf of the French Presidency. Allow me to remind you that the political initiative of starting a global process for reforming the financial system came from Europe, and I think we can congratulate ourselves on that. The European Union was equal to the challenge. It was also from Europe that the key issues in the debate came. I am not going to repeat them as we spoke about them together, in this House, last month.

The guidelines laid down by the extraordinary meeting of the European Council on 7 November, inspired by the joint work of our three institutions, served as a platform for the discussions. The Commission made proposals. The President of the European Parliament, Mr Pöttering, also took part in these discussions, and we worked out a common position. I invite all those who are sometimes inclined to criticise to look at the proposals that we, as Europe, have made and at the results of the G20.

We need, of course, a bit of distance in time to judge whether an event marks a turning point in history, but my feeling – and I should like to convey this to you very openly – is that this first meeting of the G20 Heads of State or Government genuinely marks the beginning of a new era in the collective steering of the global economy, and perhaps more than that, since the crisis has made the protagonists realise the need for a global approach to global problems. That is my feeling.

The Washington summit also laid the foundations for a new global governance based on the principles of a market economy, but an economy as envisaged by Europe is not just a market economy; it is, as we say very often in Europe, a social market economy. That is one of the European Union's assets.

In fact, the G20 reached agreement on four fundamental decisions.

Firstly, not necessarily in terms of importance, but in terms of the order of the decisions, an action plan for the short and medium term to reform the financial markets, to avoid further crises and to protect consumers, savers and investors.

Secondly, the principles of a new global governance to rectify commercial, monetary and budgetary imbalances that are detrimental to the global community.

Thirdly, and this is the question that I believe needs to be discussed most urgently, the need for coordinated action to stimulate the global economy and minimise the consequences of the crisis for the jobs and purchasing power of our fellow citizens.

Fourthly, the need for open markets and the rejection of all protectionism. That, moreover, is why we shall endeavour to reach a consensus by the end of 2008 on ways to conclude the Doha Round for trade and development.

At the same time, the summit has sent out a clear signal, which will, I believe, be very important to Europeans. Economic and financial issues must not be dealt with in ways that are detrimental to the other global challenges, which also call for a collective effort, namely, achieving the Millennium Development Goals, energy security, combating climate change, food safety, the rule of law, combating terrorism, poverty and disease.

I personally emphasised this point. I even said that, in my opinion, it would be obscene to discuss major issues of global finance and ignore the needs of those who do not have enough to eat or do not have access to clean water.

*(Applause)*

A new chapter in politics is now beginning, and we must write it rapidly and in practical terms. In this sense, we must make matters clear. If Europe has played a major role with its proposals to the G20 and if it has made itself heard, it is because it was united. I should like to say once more how proud I am of the excellent cooperation we have achieved between the French Presidency and the Commission, and also with your institution, the European Parliament.

The European Union now faces a real challenge to continue to speak with one voice. Sometimes it will be difficult, but it is the condition that is vital for our success.

Be that as it may, in Europe we have not been slow to take some very important decisions already. After successive European Councils and debates with the European Parliament, the Commission has already made some important legislative proposals, which are now before the co-legislators. On 29 October we also outlined an economic recovery programme that we are going to formalise with a document that the Commission is to adopt next week.

This is where the Commission's work programme for 2009 comes in. Of course, we have already covered much ground over the past few months. Of course, we are still going to make headway with certain elements by the end of the year, but there will be many things left for us to do next year, too.

This programme contains four priorities on which we were, moreover, broadly in agreement with the views of the European Parliament during the September debate on the annual political strategy for 2009.

The first of these priorities is self-evident: growth and jobs. In 2009, we will initially strive to achieve two things: limiting the consequences of the economic slowdown on jobs and businesses in Europe, and continuing with our reform so as to be better prepared for the post-crisis period. We must apply to the real economy the same approach that we used successfully when the financial crisis erupted: defining clear principles and coordinated measures at European Union level. I think, in fact, that our citizens would not understand if the governments of the 27 and the European institutions, having been able to agree on a common platform to respond to the financial crisis, were not now capable of working out a common platform to respond to the economic crisis. The least we can do, therefore, is to accept the principle of coordination between all the Member States and, of course, with the European institutions.

Such is the framework of the recovery plan that the Commission will present on 26 November under the umbrella of the Lisbon Strategy. We have the instruments in Europe, we have the Lisbon Strategy for growth and employment, we have the Stability and Growth Pact, and we can demonstrate that these instruments, with political will, and especially with European will, can respond to the crisis that we are currently going through.

We are living in exceptional times, and they call for exceptional measures. We need a genuine common strategy to bring together the conditions for an economic recovery, a programme that seeks, above all, to limit the impact of the crisis on citizens – households, workers, entrepreneurs – a programme that uses all available levers – fiscal, structural or regulatory, both at European level and at national level – in a coordinated effort, and on this point also, I want to say how much we have appreciated the cooperation of the European Central Bank up till now.

No Member State, in fact, could emerge from this crisis by means of national measures alone. Our economies are much too interdependent for that. One of the most interesting results of this summit in Washington is that everyone understood that, with globalisation, even those who had been least exposed to financial market integration now know the effect of interdependence. If the entire world is ready to accept the effects of interdependence, we in Europe must not only recognise this interdependence, but must also be able to respond in coordinated and consistent ways.

That is why we believe that we need a budgetary stimulus programme in order to sustain demand, to exploit synergies and to avoid negative chain reactions, a programme of measures that are timely, targeted and temporary: the three 't's'. We need these measures urgently, and that is what we shall propose to our Member States.

I am thinking above all about efforts to encourage training and retraining, to invest more heavily in innovation, interconnectivity and in transforming Europe into a low carbon economy. I am thinking above all of the need to adapt certain sectors of our economy to our other goals of combating climate change. This will be a splendid opportunity to show that the agenda to combat climate change is not an agenda against economic growth. On the contrary, it will perhaps be an agenda that encourages modernisation of European industry.

I am also thinking about increased efforts to reduce administrative costs for businesses and thereby unlocking the potential of SMEs in particular, a central feature of our Better Regulation Review in January 2009.

We are increasingly committed to the goals of better lawmaking, that is, 'better regulation'. We must reduce all unnecessary administrative burdens, especially for small and medium-sized enterprises.

The Social Agenda for opportunities, access and solidarity is also part of the European response to the economic crisis, because there will be social difficulties to be dealt with, we are not denying it, particularly as a result of an increase in the rate of unemployment, which now seems more than likely. That is why we must move forward the Social Agenda. I would emphasise, in particular, the measures to promote consumer interests and to open up the job market to young people, but there will no doubt be many other issues that we shall want to discuss with the European Parliament.

With regard to finance, I am relying on the Members of this House to swiftly adopt the Commission's proposals on capital adequacy, deposit guarantees and rating agencies. It is essential to re-establish a climate of confidence. In 2009, the Commission will take concrete measures to strengthen the regulatory framework of the European financial system. It will look into the regulation, supervision and transparency of financial markets, including the areas mentioned in the Rasmussen and Lehne reports. It will let you have, before the spring Council, the first analyses of the high-level group responsible for financial supervision, which we have set up.

To conclude this first part of the debate, I think that, in spite of their negative effects, crises always have one virtue. They shake up our fixed patterns of thinking and our certainties, giving a certain plasticity to situations and leaving the flexibility necessary for remodelling or reshaping them.

I would like once more to convey to you very sincerely and very openly the feeling that I had in Washington last weekend. I saw an open-mindedness that, frankly, we would not have had a few months ago. It is the crisis that has changed many attitudes. There is now an openness not only among the great powers but also among the emerging powers, towards changing the world and promoting European values: the value of freedom and the value of solidarity. In the case of Europe, I believe that this is the moment for it to make its mark on the course of events.

*(Applause)*

**President.** – Mr President of the Commission, thank you for your contribution. I am sure my fellow Members will allow me to observe that, in recent weeks, when you have had to attend a marathon number of sessions, you have always – in my opinion – upheld Community law in a clear manner, as is naturally your duty. This is very important in relation to our governments. You need to meet the demands of the European Parliament, as well as the demands of the various governments. This was clearly so in your case and I would like to thank you on behalf of the European Parliament for your efforts at this difficult time.

**Joseph Daul, on behalf of the PPE-DE Group.** – (FR) Mr President, Mr President-in-Office of the Council, Mr President of the European Commission, ladies and gentlemen, the current financial crisis does not, as some people have said, constitute the defeat of capitalism but is well and truly the result of a political error, that is, the inadequacy of rules and controls on the quality of financial products in the US since the 1990s.

It is the result of a lack both of market transparency and of an effective financial markets monitoring body. The centre-right political family is not and never has been in favour of a financial system without rules or arbitrators; we are now paying very dearly for the economic and social consequences of this. What we, the centre-right, advocate for the global economy is the European model of a social market economy, which has proved itself. What we, the centre-right, are asking is that, in difficult times, we focus our attention on the situation of people who work and who save, and on that of entrepreneurs, and especially of small and medium-sized enterprises, who take risks every day to create growth and jobs.

We will only guarantee a future for them if we stand up for our model of society and if we maintain the conditions for a free, fair and transparent market, conscious of our responsibilities and faithful to our values.

Ladies and gentlemen, I would also like to express my Group's great satisfaction that, in this crisis, as in the Georgian crisis this summer, Europe, when it wishes, has a presence in the world, makes itself heard and influences its partners. What I mean here is that Europe, which supports a model of society that is unique in the world and which puts people at the heart of that model of society, is a major tool in the context of globalisation.

The Council Presidency with Mr Sarkozy, supported by the Commission and its President, Mr Barroso, have shown that there can be a common, consistent approach by the 27 Member States, even on very sensitive and complex matters, and that Europe can have an influence on the world if it tries to stand united.

It was thanks to repeated requests from the Council Presidency and the Commission President that the G20 meeting was made possible. This meeting of the richest countries and the emerging economic powers

was both a symbolic and a historic event, but it also resulted in concrete measures that our Group strongly supports. The G20 has, indeed, identified the causes of the problem, worked out a strategy and planned a timetable. Disgruntled people say that it is not enough and that it is too late. I have some questions myself, such as why in Europe did we not pre-empt the crisis when the warning signs were already there last year? Why did our supervisory authorities not monitor more closely the quality of US financial products? We have to have an answer to the question of what happened in our big banks, where the top floor did not know what was going on with our computer-game players on the third floor.

It is our duty now to take action to stimulate our economy, to stimulate growth and thus to limit the impact of this crisis on social cohesion. We must simplify the internal market, invest in research, strongly support our SMEs and help families in difficulty. We must do all that without putting a strain on public finances, for example, by considering Euro-bonds as an additional source of funding and by keeping up the impetus of reforms undertaken at national level, which are now more necessary than ever.

Mr President, ladies and gentlemen, in the face of a historic crisis, global governance has made an advance that is also potentially historic. We must go further, while guarding against the danger of protectionism, which is always detrimental to the poorest countries in the world.

It is in times of crisis that we can take brave measures for the future. Mr President of the Commission, it is in a time of crisis that we can change some rules, and only during a time of crisis because, after the crisis, everyone forgets very quickly.

Europe must not deviate from this path. Europe, united, showed that it was able to find solutions to the crises and to help our fellow citizens to overcome this crisis, which will continue to pose huge problems for us during the coming months. I would say to you quite simply that Europe must be united, Europe must be strong, and above all, Mr President of the Commission, that we have felt the symbiotic relationship between the different institutions, Parliament, which I will mention first, the Commission and the Council. That is how we will succeed and set an example to our fellow citizens.

**Martin Schulz**, *on behalf of the PSE Group*. – (DE) Mr President, ladies and gentlemen, the fact that the G20 states have held a meeting shows that progress has been made. The fact that they have convened in this way indicates that the world is changing, that we are developing into a multipolar world in which the European Union can, and will, play a central role if it stays united, if we do our homework and if we actually perform the task that we have been set.

Therefore the decisive issue is, President of the Commission, whether we have enough time. From your speech, I understand that you intend to present the measures, which you are going to develop in the Commission in connection with the report from Mr Poul Nyrup Rasmussen, at the spring meeting. That is too late. As far as the hedge funds and the private equity funds are concerned, we want the measures now. If I have understood matters correctly, Mr McCreevy submitted initial measures concerning the banks to the Commission last week. It is only a very small package. If we want credibility, we need to discuss the rating agencies now. We want to discuss the regulation of these agencies as quickly as possible. We want measures in connection with the private equity funds and hedge funds now. We want to discuss managers' salaries now. We want to discuss short selling now. The fact is, people are already getting used to the situation. We are experiencing a financial crisis and large-scale discussions are taking place but the ladies and gentlemen from the world of finance are already taking up their positions again. I would like to read you a short quote from a letter from Mr Ackermann, the Chief Executive Officer of Deutsche Bank, to George W. Bush – two very interesting correspondents. We must prevent, writes Mr Ackermann, the public sector from taking a permanently larger role in the international financial system. No, this must not be prevented, it is precisely this that is the aim of the action which we are now taking, namely that there is more regulation and more international cooperation to enforce this regulation.

We have now reached a decisive crossroads, a decisive point in time when we have to ask ourselves the following question. In the future, will there be stricter requirements, stricter controls and, I might add, legal prohibition of certain types of speculation and abuse or are we protecting banks, are we protecting funds from collapse? They gratefully accept the money and then carry on unimpeded. It is almost like giving a burnt-out gambler, who has lost everything in a casino, more money just for him to happily carry on just as before. No, what we have to find out is who owns the casino, what rules are used for gambling, how the winners are taxed and, most importantly, whether the procedures in the casino are transparent and whether those who are responsible for what goes on there can also be brought to account. That must be our goal. The goal of the EU must be to define its own rules which the EU itself then enforces within the G20 countries and in the international organisations.

Things cannot go on in the same way as before. We must also be clear in our minds that we have a responsibility towards the ordinary citizens of the European Union whose money is used to pay for the disasters that others have caused. I will give you a brief example. Just imagine, Mr Barroso, that you go to your bank. You are one of the better paid people in Europe, just like I am. You go to your bank and say: 'Here is EUR 1 000 and I would like a 25% rate of return.' The man in the bank would reply: 'Mr Barroso, are you feeling unwell? You are usually such a sensible person. You actually seem really rather clever.' However, when Mr Ackermann speaks to his shareholders and says: 'We want returns of 25% this year', he gets a standing ovation. At long last, we have to close the gap between the philosophy of these people and everyday life. It is not acceptable that in international business, dealings are done based on these cool, cold considerations of financial returns alone. In order to achieve this we need the rules to stop this kind of abuse.

(Applause)

If, in the next few months, by the end of this parliamentary term, we have acted sensibly, we will have closed the gap between the business world's perception and what it views as the real world, and what the ordinary people, the people in the companies, perceive as being the real world. The real world in companies is the world in which the money that has been thrown away, and the money for the deficits which the community of states now convening is confronted with and which have to be financed by means of rescue packages amounting to billions of euros, has to be taken from taxpayers' wallets and from the real economy. Therefore we cannot limit ourselves to just rescuing the banks and the funds. Investment in the real economy is also of primary importance. We must secure jobs. We must protect the economy from collapse. Yesterday, my friend Mr Steinmeier presented an interesting plan, a plan which aims to revitalise investment in all national economies in the European Union and which, above all, presents the Commission with one particular question. Can we use the resources that we have already set aside for the next six or seven years for investment in infrastructure, in the Lisbon Process, in research, in qualifications and in setting up a telecommunications infrastructure in Europe? Can we invest them now in order to trigger employment and growth quickly? In my opinion this issue is just as important as regulation of the international financial markets.

I believe that we have reached a turning point. Thank you, Mr President. You pointed out that I might have been wrong about when the Commission will be ready. Be ready before the spring meeting. Be ready soon, because the horse racing will start again in the spring and so Mr McCreevy will once again no longer be here. We need the Commission's measures now, as soon as possible. I expect you to make the relevant proposals here in December.

(Applause)

**Graham Watson**, *on behalf of the ALDE Group*. – Mr President, I should like to congratulate the President of the Commission: this was the first time the Commission has been represented at such a summit and it is, indeed, very welcome.

I would also like to congratulate the President-in-Office, not only on the excellent work that he has done for the French presidency, but also on his reward, at the presidency of the *Autorité des marchés financiers*.

If 1989 was a decisive victory for the free market economy, then 2008 must be the year in which we remind ourselves of Adam Smith's warning that unbridled free markets have their limits. Adam Smith, in the *Wealth of Nations*, foresaw many things, and there are many lessons there for us in what he said.

My group welcomes the success of the G20 meeting. We welcome its commitment to a shared belief that market principles, open trade and investment regimes and effectively regulated financial markets foster the dynamism, innovation and entrepreneurship that is essential for economic growth, employment and the fight against poverty.

After 1929, countries made the mistake of seeking individual salvation. This time we have recognised that salvation must come collectively. Many of the measures proposed in the Commission's work programme for 2009 will help us on that road. I congratulate the Commission on that work programme, especially on the plan to ensure regulation and oversight and transparency of financial actors and significant capital market investors. Free markets thrive on transparency and honesty.

In the current difficulties, some are still seeking scapegoats. They are arguing that warning bells were not sounded. But they were! Otto Graf Lambsdorff and Jacques Delors and others wrote a letter to the Slovenian presidency very early this year warning of the dangers of the overheating of the world economy. Jean-Claude Juncker reminded us last night, in his excellent speech in our debate on the 10th anniversary of the euro, that the Eurogroup made a number of representations to the Americans and others about the dangers that

we were facing. Liberal Democrats are not going to waste time looking for the guy who failed to spot the iceberg: we will concentrate on getting people into lifeboats.

We are concerned by one aspect, however, of the European Union and the G20's response. Our Heads of State and Government appear to believe that we can go back to business as before, that all that is needed is economic growth. I fear they simply have not understood so many of the lessons of the last 30 years in politics. The recession should be a good time to take stock. Even with the recession, world GDP is forecast to double in the next 20 years, and yet that growth is based on finite resources, on failing to factor in the cost of waste, and on another coal-fired power station in China every week.

The Presidency Note of 28 October to inform the EU's preparatory summit on 7 November had four innovation points. One of them was about sustainability. It said that internationally coordinated macroeconomic responses, based on promotion of environmental investments, including in developing countries, are important. Well, clearly, some minister or official in the French presidency has been doing some joined-up thinking. But that did not get into the agreed language which passed for the conclusions of the preparatory summit, which talked only about climate change in one sentence in a list of other challenges. Nor did it get into the G20 conclusions, other than as the penultimate point in the penultimate point, which talked about examples of other critical challenges, mentioning climate change as No 2.

There is no contradiction between Keynes and fighting climate change. A modern-day Maynard Keynes would put people back to work installing solar panels and wind generators on every house in Europe, fostering innovation and providing jobs simultaneously. A modern-day Roosevelt, seeing that we have a global economy of which the contours are drawn in the computer campuses of West Coast America, the factories of China and the coal centres of India, would have us seek a global culture, global governance and a coherent vision of global concern. That is the way forward. It will never again be business as before.

**Brian Crowley, on behalf of the UEN Group.** – (GA) Mr President, Mr President of the Commission and Mr President-in-Office of the Council, I firmly believe that the European Commission has adopted a strong position by acting directly and decisively to deal with the crisis in the international financial markets. The bottom line is that the European Union, the United States, India and China must work together to ensure that there are common rules and standards in place to control international financial services from now on.

It is inevitable that, in every crisis or every point of danger, people say that it will never be the same again. Yet, if we study history – not just economics – it does all go in cycles. It does all come around. Even the simplest of fishermen would be able to tell you that the tide comes in and the tide goes out.

That is in no way to excuse the problems that we now find ourselves in or to excuse those who have precipitated this crisis by reckless lending, dubious practices and, most particularly of all, when everything goes wrong, by running to the father and mother countries and saying 'bail us out'.

The biggest danger there is today – in business, economics, employment and in social life across Europe – is not just the financial crisis, but the fact that banks will not lend money for working capital to small and medium-sized enterprises to allow them to grow and to take opportunities. There is no point in making solar panels if you do not have the people to put them on the roof. If you do not have people to put them on the roof – who can pay for them and buy them – you will not have people who will make them.

The reality that we are looking at here today is that the crisis we now face in the current economic turmoil presents us with an opportunity to correct the wrongs of the past and to ensure that we now invest in research and innovation and use that money to find new ways of dealing with problems and finding solutions to the problems that people face in their lives, as well as ensuring that we give hope to people. Sometimes people forget that what people really need is encouragement, an idea to go forward and a slap on the back saying that they do a good job, because there is a desire for hope.

The G20 and the actions of the Commission and in the presidency in bringing forward this G20 meeting – albeit with a lame duck presidency in the United States – is forcing India and China to come to the table and to say that they now have responsibilities as emerging economies. China and India have a role to play with regard to what must be done.

My last point is that I would hate people to think that this crisis means that we must put the hindrance of the block on the innovation and creativity of the peoples of Europe. If we want to feed our people, give them equal rights and certainty and lift them out of the trap of poverty, our first responsibility is to ensure that they have money through jobs, that the countries have money to invest in social services and health services

and, most importantly of all, that we give them the tools and the skills of education and training to be able to benefit from those new challenges that come before us.

**Monica Frassoni**, *on behalf of the Verts/ALE Group.* – (IT) Mr President, ladies and gentlemen, the financial crisis is now biting the real economy too, as we might in any case have easily predicted. We believe that this is the price that the European Union is paying for the delay in constructing or even the refusal to construct a European regulatory system and to establish in good time financial solidarity mechanisms and banking supervision that is worthy of the name.

Those responsible for this delay, and the advocates of this approach, which has placed Europe in a situation of extreme insecurity and recession, include you, Mr Barroso, you and the majority of your Commission. Mr President, I would like you, when you eloquently debate and talk of possible solutions, to say loud and clear that those who wanted rules and transparency, those who refused the totem of deregulation, were right, and I and a section of my committee – one of whom is even sitting behind you – were wrong. This is the only way that what you say today can be credible, and I am sorry but it is not true that the majority of the Member States was opposed to all these things.

As I have said to you on very many occasions between 2004 and now, you have systematically chosen to align yourself with the national governments, instead of with Parliament, and with industry rather than with consumers. If I were somewhat of a moralist, I would even say that you have aligned yourself with the strong rather than with the just. This approach, put forward by Joschka Fischer in his famous Humboldt speech laying down for the Commission a simple role of acting as secretariat for the Council, is faithfully reflected in the work programme that you are presenting to us today, in the priorities of internal and external policies.

Regarding the priorities in external affairs, I would particularly like to stress a continuing, reprehensible lack of attention to the issue of human rights, starting, of course, with China. There is also a rather superficial defence of the Doha Agenda, without the realisation that the financial crisis has removed all the assumptions on which it rested. On internal policies, regarding immigration, once more your Commission has in recent years ceded to the pressure of the Member States, and this is why today, when we talk about legal immigration, in reality we are referring to legislative instruments which remain very weak, and exactly the same can be said with regard to social policy.

Mr President-in-Office of the Council, Mr President of the Commission, this is certainly not the way to succeed in setting in motion what the Greens have for many months now been calling the Green New Deal, and which today is very much in fashion. A Green New Deal has a very specific meaning and it is certainly not that confused babble that can be heard circulating and which in fact means 'everything as before with a little bit of green here and there'. We are talking about a joint long-term investment strategy to achieve the aims of energy efficiency and an environmental shift in the economy, reductions in CO<sub>2</sub>, with an enhanced role for the European Investment Bank, which ought to be, however, consistent in its decisions on who and what to finance.

There should be no ambiguity on useless mega-infrastructures or on nuclear power or on windfall funds for projects that are not good ones. There should be no public funds or blank cheques for the car industry, as it now is. This would be like carrying on throwing money down the drain, and we, I believe, do not want to throw any more money down the drain.

**Roberto Musacchio**, *on behalf of the GUE/NGL Group.* – (IT) Mr President, ladies and gentlemen, only a few days ago in this very Chamber President Sarkozy told us that the crisis that we are experiencing is structural and that what is needed is a rethink of capitalism itself.

Naturally, I think that rather than escaping from the crisis of capitalism we need to escape from capitalism in crisis; in other words, we need to start to think about a new future which provides for a genuine transition to an economy which is described in social and ecological terms, an economic democracy based on equity and cooperation rather than on inequality and war.

Above and beyond these substantive differences, however, which do count for something, I can see that very little remains of the solemn statements on the rethinking of capitalism in the rather modest and fairly disappointing outcome of this G20, for which Europe also bears some responsibility. Certainly, it has been discovered that *laissez-faire* dogma can be falsified and that therefore there can be huge public intervention and even nationalisation, but all this will not change the underlying philosophy that created the structural crisis.

Certainly, it is said that we need rules to reduce the risks of speculation, but there is no idea of intervening with regard to this financial speculation – for instance with a Tobin Tax on transactions – and we are not touching the Stability Pact that, in this time of recession, is likely to dramatically worsen lives in this continent of ours. However, most of all, we are not asking ourselves what lies at the bottom of this crisis and so we are not succeeding in tackling it.

I would point to just two issues: the first is the systematic devaluation of work that has been pursued with *laissez-faire* policies over recent decades, which has ended up by creating, as well as injustice and suffering, a significant part of the lack of financial liquidity. In 1929 John Maynard Keynes proposed that we should invest in salaries and jobs, but today this is not being done.

The second is the ecological and energy dimension of the crisis, which calls for decisions that are much clearer and starker than the stammering of the G20, but on the other hand it is very difficult for those who created the crisis to resolve it. We need a clear, different signal from the left.

**Hanne Dahl**, *on behalf of the IND/DEM Group*. – (DA) Mr President, like other speakers here today, I would like to quote Keynes. It has seldom seemed more appropriate. I will quote in English:

‘Speculators may do no harm as bubbles on a steady stream of enterprise. But the position is serious when enterprise becomes the bubble on a whirlpool of speculation. When the capital development of a country becomes a by-product of the activities of a casino, the job is likely to be ill-done.’

The Commission’s proposal for a solution to the financial crisis really beats about the bush. The EMU structure is not a bulwark against general crises, and certainly not financial crises. The four freedoms and the restrictive Stability Pact do not make things any easier; in fact exactly the opposite. We need to redraft the institutional framework for the economy and economic policy. It is all very well to suggest that a new financial architecture will be created, but the structure has not been described well enough to have a chance at architectural college, or on an economic course. This is surely connected to the understanding of the crisis. Naturally enough, the initial focus was on doing something about the liquidity crisis, to ensure the supply of lubricants. In this regard, the various countries have chosen slightly different models – that is the way of things – but what does the Commission actually mean when it says that the EU shall (and I will quote from the programme):

‘ensure that the restructuring of the banking sector is done in a way which will ensure fair and healthy competition in the sector for the future’.

Does this mean that the public sector is required to inject capital? Is that what this sentence means? I would also like to ask the Commission whether new credit rating agencies are to be set up. Many of the old ones have, in any case, proven to be totally untrustworthy. What does the Commission mean when it talks about the ‘structural reform agenda’? Does it mean labour market reforms, ‘flexicurity’, without security? Is it the intention that increased job insecurity should be the workers’ contribution? In general, it is unclear whether or not the Commission intends wages to be a crucial competitive parameter. Are wages viewed solely as costs? We also need to view wages in relation to the effect they have on demand. Finally, I would like to ask a question on behalf of my colleague, Mr Blokland, who is the first vice-chairman of the Committee on the Environment, Public Health and Food Safety, relating to the environment: when is the Commission going to publish the national emission ceilings?

#### IN THE CHAIR: MRS KRATSA-TSAGAROPOULOU

*Vice-President*

**Jana Bobošíková (NI)**. – (CS) Ladies and gentlemen, I am delighted that the preposterous idea of the Council President, Mr Sarkozy, to alter the foundations of capitalism failed at the talks in Washington. I hope that the European Union will see the return of a rational spirit which respects the freedom of the market as a fundamental value and a precondition of prosperity. This applies even in times of crisis. I believe therefore that neither the European Commission nor the Czech Republic, which is taking over the Presidency, will succumb to illusions of their own grandeur and infallibility and that, in contrast to the French Presidency, they will abandon the absurd and above all hazardous attempts to use taxpayers’ money to override the natural economic cycle. I am also delighted that the G20 rejected protectionism. After all, it is well-known that those who exchange some of their freedoms for greater security end up losing both.

Ladies and gentlemen, the current crisis was not caused by capitalism but by the greed of irresponsible banks that were unwilling to bear the risk for their own decisions. This kind of thing represents a threat to the free market just as much as excessive government control does. Simply to pump money into banks without



securing direct influence over how it will be used is therefore a theft of the hard-earned money of our citizens. We must keep an eye on the banks to ensure that they use the money not only for improving their own balance sheets but also for lending to businesses. To allow managers to accept financial assistance without the government dictating how the money should be spent amounts to a denial of the principle of political responsibility. This is tantamount to an immoral payment for losses incurred through the unprincipled operations of financial institutions, with neither the institutions nor the actual managers bearing ultimate responsibility.

**Jean-Pierre Jouyet**, *President-in-Office of the Council*. – (FR) Madam President, I shall be very brief, because this has been an extremely fertile debate, but I should like to make five observations before ceding the floor to President Barroso. The first is that we all agree on the historic and highly innovative nature of the G20 meeting. This global step is innovative and historic, but so was the initiative taken by Europe, as the President of the Commission has emphasised, this being a Europe that acts on the international stage, as Joseph Daul stressed, whenever a common will emerges.

Secondly, we all agree that what is happening, whether we like it or not, marks a break and that, as Mr Watson stated, we cannot go back to business as before but must be imaginative in the ways in which we respond to this crisis.

My third observation is one that several speakers have made, including Mr Schulz, chairman of the Socialist Group in the European Parliament, and Mrs Frassoni, and it concerns the importance of remaining truly responsive, of maintaining our momentum and rapidly adopting any essential legislative measures, particularly those relating to financial regulation.

My fourth observation is that action is needed to lessen the highly detrimental impact of this financial crisis in terms of both relations between the financial system and SMEs, as Mr Crowley indicated, and the link between social regulation and economic recovery, to which Mr Daul referred. It is also essential to act on the basis of a broad vision, taking account of the elements of Keynesianism that can be enlisted in the fight against climate change, as Mr Watson, chairman of the Group of the Alliance of Liberals and Democrats for Europe, suggested.

Lastly, as you emphasised, Mr President of the Commission, and as several speakers and group chairmen emphasised, the important thing is to consider all the dimensions of the crisis. As you said, it is a development model which is at stake, and there is a need, as Martin Schulz pointed out, to reappraise the demarcation lines between the role of the public sector and that of the private sector. As you stressed, and as others have said, including Mrs Frassoni, it would be wrong to focus solely on the financial world and forget the most disadvantaged, the weakest, those who are starving, whom you also mentioned, Mr President. I also endorse the view that we must re-examine the foundations of the system; if greed forms part of those foundations, there will be no alternative but to re-examine them.

Lastly, it must be appreciated, and this is my final point, that the crisis should not cause us to slow down or to be faint-hearted but rather to respond more quickly and to remain ambitious in our development objectives and in our environmental aims and our fight against climate change.

(Applause)

**José Manuel Barroso**, *President of the Commission*. – (FR) Madam President, since we have decided that I should now present the whole work programme for next year, I should like to answer Mr Schulz's specific question before continuing my remarks. Today the Commission approved its response to the two reports – the Rasmussen report and the Lehne report – and you can see how we intend to monitor the various elements and how we have already initiated such action. It is a very wide-ranging response and we shall present other proposals, some of which, indeed, we have already presented. When I spoke about the spring meeting of the European Council, I referred to the findings of the high-level group I set up under the chairmanship of Jacques de Larosière. As far as the proposals are concerned, Mr McCreevy, the Commissioner responsible for these matters, tells me that those on hedge funds and private equity in particular, which may be the very proposals you had in mind, can be presented soon; in principle, they will be ready for presentation in December.

Moving on to the Commission's work programme for 2009, it is, as I have said, inextricably bound up with a specific political context. I must tell you that the financial storm is still raging, that it is not yet over, and that we are on the verge of a serious economic slowdown. This is why we must waste no time in pursuing the efforts that have already been launched to adapt to the globalisation process and to modernise. It is not

a case of our having just discovered the need to respond to globalisation. I must emphasise that, within this Commission over which I have the honour of presiding, we have been referring for a number of years to a new era. What this means specifically for Europe is that we must promote our values and defend our interests in the context of the globalisation process. It is precisely in this context that we must present ambitious proposals. The present crisis, however, must not distract us from the other priorities of our work programme, which, in fact, are also priority responses to the challenge of globalisation. I refer especially to the struggle against climate change and the pursuit of sustainable development. These are priorities for 2009, which assumes special importance as the year of the Copenhagen Conference.

May I warmly commend the huge volume of work that the European Parliament has been putting into the climate and energy package. We face exceptional circumstances, and I am proud to see the response of the European institutions, which have risen to the challenge. I firmly believe that, by working together, we shall achieve our common goal of a political agreement in December. To be perfectly honest, I am convinced that such an agreement will also serve as a catalyst for a European strategy designed to obtain an ambitious agreement in Copenhagen.

I have no wish to exaggerate what is at stake, but we must all be aware that Europe is putting a great deal of its credibility on the line in this debate, in which it is the main driving force. It was Europe that launched the global debate on the fight against climate change. It was we who told the US Government that it needed to do more. We have said the same thing to the Russians, the Chinese and the Indians, telling them that we must not give up at a time when the prospect of better cooperation with the new US Government is on the horizon. Let us not give any sign of being about to scale down our ambitions. I believe that would seriously dent our credibility.

Tomorrow we shall propose a truly golden opportunity, and we have no right not to seize it. For this reason, our response to the economic crisis must demonstrate that programmes to fight against climate change can also be part of an economic response strategy. I should not like to see the kind of stand-off that sometimes surfaces between those who champion the economy or industry and those who promote the sustainable-development agenda. In actual fact, the two things go together, and I must applaud what some of you have said to that effect.

Another priority is a people's Europe. In 2009 the Commission will devote itself particularly to the quest for progress in the European area of freedom, security and justice, for example, by establishing the common immigration policy and integrating it into the broadest policies of the European Union, such as its growth, competitiveness and social-inclusion policies, by making the European immigration network operational and finalising the common European asylum system for 2010, by reinforcing compliance with the rules governing consumer protection in Europe, by improving mutual recognition of certain instruments of civil and criminal law, such as judgments and inheritance settlements, and by combating new forms of criminal activity, such as child abuse and cyberattacks.

The other priority for 2009 – and I am moving on very quickly, of course, because of the time factor – is Europe's role in the world. Here, too, challenges await us, namely the enlargement process and reinforcement of the neighbourhood policy, as well as the establishment of closer relations with developing countries, especially those in Africa. This is a categorical imperative, and I must remind you of the need to approve the Commission's proposal on agricultural aid in developing countries. It is a question of credibility. Once again, we cannot confine ourselves at major summits to the discussion of financial matters. We must show that we do not hold discussions with the large emerging powers alone but that we are also concerned about the developing countries, especially the countries of Africa.

Our relationships with these countries are also an important factor in the resolution of a number of global issues. Let us not forget that we have major meetings like next year's Copenhagen Conference to enable us to engage more effectively with them on common issues such as energy security, the fight against climate change and migration, as well as the completion of the Doha Development Agenda and the pursuit of bilateral trade negotiations.

It clearly emerged from the Washington summit that there is an urgent need for a global trade agreement. Doha, moreover, besides being a trade agenda, is also a development agenda. I believe that we are now closer to the right track, for the real alternative to Doha is not the *status quo* but rather, because of the present financial crisis, the option of turning in on ourselves, the possibility that countries in various parts of the world will take backward steps on tariffs and enact unilateral measures to protect some sectors of their economies. In that case, economic nationalism would resurface on a grand scale, with a return to protectionism

that would damage the global economy and, I need hardly add, the European economy too. As you know, Europe is the leading power in terms of trade.

Last week's summit has also strengthened my determination to pursue relations with Russia based on mutual interests. These relations will sometimes prove difficult. There are issues on which we have different positions, but I honestly believe that last week's summit in Nice confirmed that it is better to engage with Russia than try to isolate it. Russia is also a major partner on the global stage.

Lastly, the intense pressure to which the world has been subjected in 2008 has demonstrated how important it is to share a common vision with the United States. A fantastic opportunity is now opening up with this new administration in the United States. During his election campaign, the President-elect made very clear statements on matters such as the fight against climate change and the adoption of a more multilateralist approach. Let us grasp this opportunity and present ideas for an agenda to deal with globalisation. We face some very formidable common challenges, and I believe that more active cooperation between Europe and the United States can make the world a better place.

Ladies and gentlemen, in 2008 Europe has provided evidence of unity in the way it has coordinated its actions in major crises. Georgia and the financial crisis have made the Union more efficient. A united approach is the only path to pursue if we want to meet the challenges of 2009.

In a few months' time, 375 million electors will be summoned to the polls to exercise their great democratic right to choose a new European Parliament. Let us take advantage of the momentum that recent crises have lent the Union. They have opened people's eyes to the merits and the effectiveness of the European dimension as a means of guaranteeing their economic, social and environmental welfare and protecting their interests while reaffirming their values. I believe that today, in the midst of this crisis, clear opportunities are there for the taking. For example, there is a far more favourable climate than there was a few months ago for recognition of the importance of our currency, the euro. Let us therefore seize this opportunity. I believe it is important, at least for all those who believe in the European project – and I think they are in the majority – to be more upbeat in conveying the European message and not to keep succumbing to cynicism or inertia.

To that end, I do believe it is incumbent on our institutions to work together. I know that there are times when the Commission, for example, could more easily court popularity in some circles by making proposals that the Member States would be sure to reject out of hand. That is not the way I look at things. I certainly do favour an ambitious outlook, but it must also be realistic, for we have to act with the other institutions and with the Member States, which are all democracies, otherwise they would not be members of the European Union.

The Commission will continue to play its part, to perform its role as a driving force and initiator, but in so doing it will not act against the Member States and Parliament but rather with the European Parliament and with the Member States. I believe it is increasingly necessary to adopt this attitude. Any other approach would be a form of populism. Making proposals as a mere publicity stunt is also a form of populism. Another form of populism involves making proposals under the guise of Europeanism when we know that they have no chance at all of being approved. Our role in the European Commission, of course, is to act as a driving force but at the same time to seek consensus with the other institutions. That is how Europe can stay at the heart of the action, where it has managed to position itself. Interinstitutional cooperation has enabled it to play a key role in setting the international agenda.

We are at a very important political juncture for Europe, perhaps even a turning point. Europe also carries great expectations. It is by continuing to take initiatives and to plan ahead together that the Union can best meet these expectations, and that is precisely the spirit which will inspire the European Commission in 2009.

*(Applause)*

**Hartmut Nassauer (PPE-DE).** – *(DE)* Madam President, ladies and gentlemen, there are three main crises that demand action from us. The first is the financial crisis – as has already been discussed – which is encroaching on the real economy to an ever increasing degree. Secondly, we must not forget the crisis involving the Treaties which underpin our Union, reflected in the fate of the Treaty of Lisbon. Thirdly, there is an EU crisis with respect to its acceptance amongst the public, which is, I believe, an important aspect to mention ahead of the elections.

Mr President, you have presented a work programme for the rest of the term of this Parliament and of your Commission, and I would like to say that the Group of the European People's Party (Christian Democrats) and European Democrats will be happy to follow the main principles of this programme. We will support

you. However, we will put different emphases on some aspects. Emphasis will be placed in line with expectations. These expectations are aimed at the last few months of your term of office and maybe even beyond.

The PPE-DE Group would like to see itself reflected in the Commission's actions. We are aware that other groups are making the same request, and rightly so. We will rely on your political skills for the response. You have rightly made employment and growth your highest priority. The response is increasingly linked to the issue of how we should react to the financial crisis. We support the measures required in connection with the regulation and transparency of the financial markets. We need extremely specific proposals for reorganising the regulation of the financial markets as quickly as possible.

The implementation of the action plan from the Global Financial Summit is surely first and foremost the concern of the nation states. However, in view of the globally interconnected markets, close cooperation in connection with all regulatory measures – if only to prevent various different standards from being applied – is imperative. This represents a broad and important area of activity for the coordination work of the Commission.

Regulation – and we must not forget this – is not an end in itself, but, in a particular crisis, it is a tool used to achieve certain goals. We need to keep reminding ourselves of this fact.

You mentioned the climate change and energy package which is scheduled to be adopted by December. I am sure this goal enjoys broad consensus within Parliament. The PPE-DE Group – and I want to make this absolutely clear – also wants this problem to be solved before the end of this legislative term. It is a strategic aim. However, you are asking a lot of Parliament. Based on the current situation, we can assume that just after the December summit we will be presented with a package containing hundreds of pages in one language and we will be expected to say yes or no to it.

While we respect the goal that we also share, this is a significant abuse of the rights of Parliament and its Members, and maybe we will be able to come up with something more ingenious than this unrefined option.

**Hannes Swoboda (PSE).** – (DE) Madam President, Mr President of the Commission, at the end of your speech you said that we must send out a clear signal to the electorate. I totally agree.

However, when I take a look at the programme, the theme often seems to be 'carry on as before'. That may be the right thing to do in some areas but in other areas – above all in the area that we are discussing today – it cannot be right. We have to send out the signal that we have learnt from the crisis and that we are going to act differently to the way we have acted in the past. If you add the sentence, 'Europe benefits from open societies and open markets but rules have to apply to both of them', then it would be right, but perhaps not clear enough. We need rules so that Europe can benefit from open societies and open markets. This must be made clear and it has not always been the principle followed by the Commission.

In your composition – if I may put it that way – you mention a 'sudden crisis of confidence'. For a long time now, Mr Poul Nyrup Rasmussen has been pointing out what might happen. Mr Schultz has also been talking about it for a long while now. The crisis in confidence was therefore not that sudden. Yet some people in the Commission were of the opinion that we do not have to regulate anything, that it would turn out alright, that the market would regulate everything. However, that was not what happened and change must be made.

(Applause)

My second point is this. There is a subject which is still not part of this programme but which is very important for the citizens of Europe, namely the general public and public sector services. I mention this specifically because a crisis has now developed in some countries in connection with the postal service. This is not the fault of Europe or the Commission alone. However, it can be attributed to a particular attitude, namely that the market should rule in all sectors and it should be open in every respect, thus giving some postal services the incentive to acquire higher profits elsewhere instead of providing services to consumers, to the general public.

This is taking us in the wrong direction. At the very least, I would have liked to have seen an unambiguous statement at the end of your programme indicating that you will speak up for these public sector services and say how they should be dealt with, both regionally and locally, and that the market does not regulate everything after all.

Finally, I would like to endorse one of your points: we have a new US Government. I would like to ask you, Mr President, the Commissioner and everyone else to use the time and the next few weeks to work with this government to ensure that we create a genuine partnership for a European, and also global, social market economy. Let us take advantage of the opportunity afforded by a new US President.

*(Applause)*

**Diana Wallis (ALDE).** - Madam President, as regards the world financial crisis and the Commission legislative work programme, in a sense, the latter should be our response to the former. Now, perhaps some would say that we have not one crisis, but several: financial, of course, but environmental facing up to climate change, confidence in Europe after the Irish vote, and security after the recent events in Georgia. But perhaps without in any way belittling what confronts us, for 'crisis' we should probably read 'challenges' – challenges to Europe to really step up to the mark and fulfil its role.

Europe is surely the best equipped region of the globe, with our institutions really able to get at these issues and challenges which go beyond national reach, beyond the control of any individual Member State. We, above all, should be able to respond together through a strong and collective response to give confidence to those whom we represent: Europe's citizens.

Let me give you an example. In respect of the financial crisis I believe this Parliament can rightly claim to have been at the front of the game. We had a strong foretaste in the work we did in our committee of inquiry into the collapse of Equitable Life. It was the first warning shot of the financial crisis to come. This Parliament made a number of recommendations coming out of that inquiry in June last year, recommendations about financial regulation, about administrative cooperation between regulators, about access to redress and compensation – in short, on most of the topics in the financial sector where our citizens need most reassurance at the moment.

Those recommendations would repay attention from the Commission but most particularly from the Member States, particularly the British Government, which has yet to respond to it fully, and more importantly yet to compensate Equitable Life victims, despite pushing its own way to the front of the queue against the Icelandic banks.

The financial and other challenges that face us need us to act together in solidarity, not just with an eye to national protectionism if we are to emerge unscathed as a continent. Our group, the ALDE Group, intends to respond to the work programme with a positive and progressive resolution. Many of my colleagues will give details of some of the items, but we will emphasise above all an open Europe, a green Europe, an entrepreneurial Europe and a safe Europe.

**Ryszard Czarnecki (UEN).** – *(PL)* Madam President, Mr President, the financial crisis and in time also an economic crisis will affect all of Europe, and therefore we must bear responsibility together and make our decisions together. Since all Member States will be affected by the crisis and will face the task of counteracting it, slowing it down and mitigating its consequences, all Member States must decide together about the joint action to be taken.

A situation such as the one prevailing today, whereby the EU is divided into Europe A – the euro area countries with the addition of only Great Britain – and Europe B – which consists of the new Member States together with Sweden and Denmark – represents a division of the EU, all the more so now that we are facing a crisis. It represents a negation of one of the basic principles on which the operation of the European Community has hitherto been founded: the solidarity principle. This is not the way, Mr Barroso.

The Commission's action plan, put forward 13 days ago, confuses fundamental matters with unimportant ones and with matters which may have been important at one time, but have lost their importance in the face of the economic crisis. At the present time, economic growth and fighting the increasing threat of unemployment are a hundred times more important than climate change issues. I am glad that the European Commission regards further expansion of the European Union, that is the inclusion of the Balkan countries, as a priority. The real issue here is to stabilise this explosive region of Europe, since stabilisation of the Balkans will mean lower costs for European taxpayers: the citizens of our Member States.

**Hélène Flautre (Verts/ALE).** – *(FR)* Madam President, it is indeed the task of the European Commission to guarantee transparency, better information and protection for our citizens and consumers, as Mr Barroso rightly said.

There is, however, one domain, Mr Barroso, in which your Commission has been particularly unsuccessful in that respect, namely the authorisation procedures for genetically modified organisms (GMOs). These procedures have drawn criticism from all quarters. They ought to be reviewed at the next meeting of the Council of Environment Ministers on 4 and 5 November. There are 44 European regions that have declared themselves GM-free. Six Member States have invoked the safeguard clause for Monsanto maize. In the face of opposition from a large majority of Europeans, what are you doing, Mr Barroso? You are fast-tracking marketing licences. You are issuing approvals, meekly following the advice of the European Food Safety Authority, whose opinion is itself based on toxicity studies conducted by bio-engineering companies.

European procedures in their present form are a veritable sieve through which the commercial interests of agribusiness can percolate freely. People want to know about the toxic effects of GMOs, and they must be told. Do you yourself know how toxic they are, Mr Barroso? Do you know? What effects does the toxicity of GMOs have on public health and the environment? Why is there no requirement to publish the raw data on which the findings of studies are based? Why are tests not compulsory after three months? Why make do with studies conducted by the companies themselves?

The public are entitled to transparency, to information, to discussion. These should be the aims of the Commission when it comes to approving GMOs. What we want, Mr Barroso, is the publication of raw data. We want to see dissenting studies, we want public debate, and we want long-term testing. We want to know the health impact of GMOs.

Your initiative, Mr Barroso, to create a group of sherpas from the 27 Member States to bypass the Presidency's *ad hoc* group and to bypass your own Commissioners who are competent in these matters sows confusion and obscurity in an area where it is your responsibility to guarantee the clarity and reliability of procedures.

You want the public to have confidence in Europe, do you not, Mr Barroso? Then prove it!

**Sylvia-Yvonne Kaufmann (GUE/NGL).** – (DE) Madam President, the result of the G20 summit is a reduction in the lowest common denominator. Regulation and transparency are supposed to prevent another financial crisis. However, the specific measures to be implemented are still undecided. The International Monetary Fund (IMF), which plummeted people throughout the world into poverty and despair due to its neo-liberal structural adjustment policy, is now due to become the overseer of the global financial market. A departure from the system of global redistribution, which is primarily responsible for the crisis, is not even being attempted. It is paradoxical that up to now the inconceivable amount of EUR 2.5 trillion has had to be found in order to rescue banks throughout the world. However, there has never been such concerted action for any human disaster. With this amount of money we could have combated the most severe poverty in the world and saved the climate.

What are the consequences? A social global economic order must replace the free market economy and the United Nations should play a leading role in this. A new global financial order must promote social welfare policies, stop the process of impoverishment and make progress with respect to ecologically sustainable economic activity. The European Union can play a decisive role in shaping this new order, provided that it demonstrates that the recession, as a consequence of the financial crisis, is being combated successfully by united European action. However, this will only work if the EU puts its own house in order first.

The President of the Commission, Mr Barroso, said earlier, 'Extraordinary circumstances require extraordinary measures'. Correct, but then act with courage. Have the courage to replace the practically obsolete Stability Pact for Europe with an economic and social pact which obliges all the Member States to coordinate their economic and financial policies with each other. Then have courage and show the Commission's colours at long last, and, with no ifs and buts, put the subject of social justice at the top of the European agenda. Once again, social aspects are not given a high enough priority in the legislative and work programme. Social pressure is only mentioned in a vague manner, as something that one has to respond to in times of economic emergency. Why do you not mention the grave social problems specifically? Why do you not say quite clearly that the ever-widening gap between rich and poor is no longer acceptable? Why do you not say quite clearly that profits being privatised and losses being nationalised is no longer acceptable? I ask myself when the Commission, faced with the drastic situation with respect to unemployment, poverty and inequality, will finally understand that we cannot keep going on as before, as suggested in the work programme. Neo-liberalism has plainly and simply ruined the economy and a wind of change in Europe is long overdue.

**Paul Marie Coûteaux (IND/DEM).** – (FR) Madam President, I am struck – and I believe I am not the only one – by the antithesis between the most cogent contemporary evidence and what I am hearing in this Chamber, particularly from the representatives of the Council and the Commission, but also from my

dyed-in-the-wool Europhile colleagues. In the face of this antithesis, I cannot help thinking of Byzantium, of the balsamic and self-satisfied utterances of the Byzantine administrators at a time when their world was sliding into oblivion.

What we have here is not a mere crisis – surely a ludicrously inadequate term to describe a recession – but the collapse of the very foundations of the globalisation process that left such a mark on the 20th century. I do not see this as a credit crunch. It is a credo crunch; it is your political credo that has been thrown into crisis, and I ask you to have the courage to acknowledge the real gravity of the situation. I do not have the time to enumerate all the tenets of this credo, but the liberalisation of credit and these stacks of loans are obviously the consequence of blind faith in the invisible hand and perhaps even in the inevitability of progress.

It goes without saying that the answer is government control of credit. By the same token, free trade – the accelerated spread of free trade – is no solution. On the contrary, the solution is to revert to protecting our borders, as our peoples are well aware. Political power should not be usurped by superstructures such as those we have here, and in that respect the failure of the Treaty of Lisbon should set you thinking. What is needed is a return to the real legitimate authority, namely the sovereign state.

**Luca Romagnoli (NI).** - (IT) Madam President, ladies and gentlemen, the financial crisis and the slowdown in the economy underline the central role that the Member States and then the European Union ought to play in ensuring socio-economic welfare, but it should also be stressed that politics ought to take back full control of the economy and combat in every possible way the virtual finance that still controls the destinies of millions of people.

Reducing the impact of the global slowdown on the European economy, in terms of employment and economic activity, ought to mean promoting an approach based on the European social model. This ought to be the priority for 2009: employment and social protection for growth. Finally come practical steps to reform the rules of the European financial system, at last, after the banking and finance system has been allowed to plunder and squeeze public assets and private individuals.

The Commission's strategy to support those who are losing their jobs seems to me to be too little, too late, just like the support for small and medium-sized enterprises and investment in research. Above all, I note that the speeding up and implementation of cohesion programmes is distracting attention from other needs. Before worrying about creating confidence in the markets, governments and commissions ought to re-establish citizens' confidence in the independence of those who govern them from the influence of off-shore finance.

**José Manuel García-Margallo y Marfil (PPE-DE).** – (ES) Madam President, I am not really going to talk about the diagnosis of the financial crisis. We all agree that this started as a crisis of liquidity which then became a crisis of solvency and which has ended up as a crisis of confidence, resulting in a lack of credit which has now damaged the real economy.

The response, contrary to what has been said here, has not been a united European response. In the best-case scenario, it has been a coordinated response. You may say that, in the current situation, nothing more can be done. However, I believe that more can definitely be done.

As regards the financial rescues and also liquidity and solvency, it is shocking that three institutions are assisting the markets and giving loans all at the same time: namely the European Central Bank, the European Investment Bank and the Commission itself. All three are competing with each other, to everyone's detriment.

As regards fighting the crisis in the real economy, the Washington Summit announced budgetary remedies but did not say what these would be. Some countries will opt to reduce taxes, whereas others will opt for a public spending programme in the purest Keynesian style. We would do well to find out whether, if all these actions are not coordinated, those which work will benefit those which do not. We would also do well to lay down rules on the Stability and Growth Pact.

In international terms, it is true that my country of Spain and also the Czech Republic and the Netherlands were present in Washington but did not attend the preparatory meetings, and no one can guarantee that they will do so in the future. I should like the Council and the Commission to tell me how they plan to reform the Executive Board of the International Monetary Fund and what they plan to do so that all the countries that should be represented in the Financial Stability Fund.

I will end with a warning. Parliament is being asked to cooperate with the Commission's plan: we always have done. If the Commission had heeded the warnings that we have been giving since 1999 in repeated reports ignored by the Commission and Mr McCreevy in particular, things would now be very different.

**Robert Goebbels (PSE).** – (FR) Madam President, 2009 will go down in history as the year of the second great global economic depression.

In his book on the 1929 crisis, John Kenneth Galbraith wrote, and I quote: ‘The singular feature of the great crash of 1929 was that the worst continued to worsen’. The subprime mortgage crisis has triggered a deflationary spiral which is not only ravaging the financial system, having wiped out more than 60% of the global value of shares.

This liquidity and solvency crisis is increasingly affecting the real economy too. The term ‘real economy’, as opposed to the financial sector, is interesting. It emphasises the virtual nature of most financial assets. In the wake of the debacle in the financial markets, we are experiencing the great resurgence of national governments. We have seen a succession of summits. The Washington summit produced an impressive catalogue of commendable intentions. With the gift of hindsight that characterises the leaders, great and small, who govern us, vigorous measures have been prepared with a view to assessing risks properly and avoiding excessive leverage effects. Supervision is to become more effective without stifling innovation. ‘Hear! Hear!’ we say, while awaiting details of an appropriate system of regulation that will avoid any excessive risks without falling into the trap of overregulation.

The return of national governments to the role of market regulators has to be welcomed, but the unfortunate thing is that this often means the return of the self-seeking nation state.

In a more open world than that of 1929, any national action will quickly run out of steam. The recession calls for action in a spirit of international solidarity. The European Union must mobilise all its forces, pool all available national budgetary resources to invest them as a matter of priority in infrastructure for growth and bolster purchasing power.

President-elect Barack Obama is said to have the intention of launching an economic recovery programme costing the equivalent of four per cent of US GDP. The 27 Member States of the Union, which are collectively less indebted than the United States, should make a similar effort in order to pull Europe and the world out of a financial crisis that threatens to bring distress to everyone.

**Jean Marie Beaupuy (ALDE).** – (FR) Madam President, Commissioner, ladies and gentlemen, in 2009, as we all know, there will be European elections. The year 2009 will also see the appointment of a new Commission. In 2009, there will, of course, be changes of presidency. However, the importance of all these things is only relative. Life goes on, and our citizens expect our institutions to respond to their concerns, always with an eye to the future, pursuing long-term objectives and able to initiate immediate action to achieve them.

In this spirit, I wish to emphasise two fundamental areas of action for 2009. The first, which has been mentioned by every speaker, is to respond to the financial crisis. I certainly noted, as every one of us did, the gold stars that the Commission and the Presidency were awarding themselves. I would go so far as to say, Commissioner, that we can celebrate having scored the first goal, but the match is not over.

As a result, if I may make a suggestion, the Presidency and the Council should get a move on and strike while the iron is hot so as to ensure that the 27 Member States come up quickly with effective responses to the financial crisis. As is often said, however, one crisis invariably conceals another; unless we wish to be taken unawares by the next crisis too, the programme for 2009 must be able, as President Barroso seemed to indicate that it will be, to respond to the challenges confronting us.

As my colleague Mrs Wallis has said, this is why we in the Group of the Alliance of Liberals and Democrats for Europe are making a number of proposals. Some of my colleagues will be speaking about some of these proposals. I should like to emphasise one of the points that I consider essential and on which we intend to focus sharply, namely the need to ensure that, in 2009, your Commission takes full account of the Structural Funds, which currently make up 36% of our budget and which will enable us to take far more effective action, to engender solidarity between our regions and to avail ourselves of the instruments without which we cannot meet the challenges of our age.

Lastly, as winter sets in, let us not forget the housing crisis. We are counting on you to take action in this domain, Commissioner, particularly in response to our two requests for studies on the housing problem.

**Mario Borghezio (UEN).** – (IT) Madam President, Commissioner, ladies and gentlemen, unfortunately, seen from our point of view, this crisis has necessitated a restructuring of our continent’s banking landscape, but



has not led to the emergence in Europe, to speak plainly, of a group of serious financial operators genuinely able to plan the future framework of the markets. This is not apparent, and cannot be seen.

One thing is, however, certain: all the regulations envisaged by the G20 will remain as just many words if tax havens remain inviolable. That is the major issue which is missing, and which is not mentioned in the official discussions of the Member States; those tax havens that make it possible to completely circumvent the rules that we wish to put in place, that are being promised on the financial markets. When he was a senator, President-elect Obama proposed severe measures against tax havens and we may well wonder whether, as a new president, in view of the web of high finance that seems to have controlled movements and, above all, in view of generous multimillionaire funding of the elections, he will have the courage to act on this issue and to convince not only the United States but also Europe and, in particular, Great Britain.

I believe that instead of general declarations of principle we ought to ask for effective, concrete initiatives to be adopted, that are truly capable of bringing about a recovery of the economy and production, as is needed to prevent further economic crises and to escape from the current crisis.

In view of the current situation, featuring general and widespread indebtedness of the market and violent deflation due to insufficient monetary circulation, it is absurd to suggest further indebtedness of the Member States to private central banks to provide liquidity to the credit system itself and to the consumer market.

I would like to end with one remark: it seems to me certain and clear that there is a chance that the crisis will lead to the proposal of a world body for the economy, as well as for politics; that world order which until a few months ago was feared by all, avoided by all but which today we seem to feel has become inevitable, and to be welcomed as if it were salvation. No to globalisation!

**Rebecca Harms (Verts/ALE).** – (DE) Madam President, firstly, I would like to say that everything that the Commission and the Council have said today about a ‘New Green Deal’ in the light of the global financial crisis is, in my opinion, incorrect and that as yet no political resolve of any kind is behind the pronouncement of the ‘New Green Deal’.

For several months now, European industrial organisations have been mobilising against our European climate and energy strategy. The proposals made by Commissioner Dimas, Commissioner Piebalgs and Mr Michel in connection with development policy have been systematically softened up, diluted and delayed. This attitude has not been abandoned in any way in the light of the financial crisis; instead industry has begun to use the financial crisis to exert even more pressure against a systematic climate and energy policy.

I believe that this fact has to be recorded at this point as the truth will out and no progress will be made by only claiming to develop a new policy. If you take a closer look at the current dialogue, the negotiations on climate policy between the Council, the Commission and Parliament, you will be able to see that I am right. This is because these negotiations are not exactly characterised by ambition, but by precisely that outdated industrial policy that nobody here wants to hear anything about, or so we are told.

The President of the Commission, Mr Barroso, and the Commissioner for Industry, Mr Verheugen, are, in my opinion, responsible for this. I am in favour of this Parliament finally deciding to show their support for those people, such as Mr Dimas and Mr Michel, who actually do stand for sustainable strategies. What is needed at the moment is sincerity.

Mr Steiner from UNEP (United Nations Environment Programme) presented a very good plan in London the week before last. Let us get down to business and stop making vacuous speeches as was the case in the first part of the debate. In the next few weeks we will have the opportunity to bring the dialogue to a conclusion, and then we will be able to assess whether the Commission and the Council have just been faking it today or whether they were serious.

**Esko Seppänen (GUE/NGL).** – (FI) Madam President, Commissioner, the world is suffering from ‘Mad Money Disease’. It is an American disease that has been caused by cheap, loose money. The value of property was harmonised when investors were collectively drunk on the stock exchange and on heat around real estate. Spreading through the stock exchanges in the form of derivatives and swaps, the disease became a pandemic. Now it is time for the hangover.

The United States of America is the fatherland of capitalism, where money is the mother tongue and where power is wielded by the dictatorship of the market. The government oversees all and, as the writer of the rules, has become satanised: there are no legal barriers or ethical restrictions when it comes to the lust for

mad money. There they had the most colossal growth boom in economic history, which was consumption without saving, and the United States became the world's biggest debtor.

Then the China Syndrome-like reactor that is Wall Street suffered a meltdown and the system was suddenly full of toxic securities and radioactive debt. They are killing off the sick banks that have suffered the excesses of speculation. Whereas the speculator's profits were once privatised, now the losses are being socialised, and private debt is being replaced with public debt. The markets were free, and nothing and no one protected capitalism from itself, the totalitarianism of money. The investment banks were like a swarm of locusts in an open field.

The value of currency trading in the markets is 125 times the practical value of the money itself. Most of the loose cash is virtual 'funny' money, which is now returning to the banks' balance sheets as a series of write-offs. It is a threat to the credit recession: there is a danger that the debt and bank crisis will become an all-embracing economic crisis, manifesting itself in hunger, unemployment and poor social health. We know who the guilty ones are: the number of victims remains to be seen.

**Kathy Sinnott (IND/DEM).** - Madam President, I should like to say to the Commissioner that now and in her coming work programme she will be dealing with the financial crisis. This crisis has hit different countries around Europe in different ways, but one thing is certain: the financial institutions in all countries have, to some degree or other, bought toxic US mortgage debt based on subprime lending. Do you know to what extent Europeans have bought devices such as CDOs, which had been represented to them as having a certain rating by the American rating companies, but which, in fact, on subsequent examination after they blew up, proved to be toxic bonds? They were found to be dodgy projects. It seems to me that there must have been wholesale misrepresentation of the quality of the debt by these agencies for such a huge amount of it to have been sold so easily.

I would like to know if the facts about the claims made when selling these devices have been examined yet by the Commission, and, if so, to what extent is it thought they have been misrepresented? If this is the case, I would also like to know if the Commission thinks that there is any recourse in law against the rating agencies for those who have suffered from their negligence or worse, since at this stage our whole financial structure has been attacked by them.

**Andreas Mölzer (NI).** - (DE) Madam President, the EU is currently enjoying increasing popularity and greater trust, as the nations and the public are seeking protection behind the walls of the EU, hoping that they are strong enough to combat the financial and economic crisis.

Due to the size of the internal market and due to the euro, the Union has undoubtedly got a better chance of overcoming the crisis. However the Union also has obligations and it must fulfil its obligations to the sovereign and to the citizens, by protecting them from unbridled greed and the consequences of globalisation. A response to the crisis must not only consist of many billions of euros worth of loans for the automotive industry; small and medium-sized enterprises, which, after all, are the largest employers, must also be supported. On no account must the European workforce be condemned to unemployment in favour of a wave of 'blue card' skilled labour from third countries.

Therefore it is the EU's responsibility to ensure that its citizens do not soon wake up to a Europe without the last remains of their national wealth, in a Europe of mass immigration.

**Giles Chichester (PPE-DE).** - Madam President, things rarely happen at convenient times and any crisis, by definition, is going to be inconvenient. The financial and economic crises currently confronting us are unwelcome in themselves, but they also come in the closing months of the Parliament and the final year of the Commission, when all of us might normally be thinking of the next election and new appointments.

This Commission work programme almost has the feel of a 'business as usual' exercise, yet the situation demands fresh thought on how to head off what threatens to be a deep recession. It presents Europe with a big challenge because most measures of fiscal policy need to be taken at national level, yet the EU has a crucial role of coordination. The magnitude of the challenges facing us makes that particularly important.

In the field of energy, we have a pretty good idea of things that need to be done, but most of them are on a timescale well beyond the next year or two, so perhaps the only area where swift action – which could help – could be taken is in the field of energy efficiency measures. Specifically, allowing lower VAT for improvements in the energy efficiency of buildings and launching an information campaign to encourage a change in people's behaviour are two specific ways to help the situation.

Beyond that, it seems to me that there will never be a better time to set up one of the EU's famous groups of wise people – and in this case I suggest it should be wise men and women – to reflect on the challenge we face and come up with original solutions beyond the short-term remedy of throwing money at tax giveaways. I hope that Council and Commission will give this idea a fair wind.

**Poul Nyrup Rasmussen (PSE).** - Madam President, we are in the middle of a vicious circle now in the sense that, when the economy becomes negative, financial institutions get further losses on their balance sheets, which means that there will be further strains on the interbank market, which leads to further credit constraints, which leads to further negative growth. People will not be capable of understanding how we can use taxpayers' money to save the banks and not use taxpayers' money to create some jobs. That is why I would focus today on how to reassess this credit crunch, but also – and first and foremost – the recession we are in the middle of.

As I see it we are at risk of negative growth next year in the European Union as such of -1% – not only -0.3%, but -1%. If we take that prospect – which is not unlikely – our aim and our duty are to avoid that recession. Minus one percent next year will correspond to a Growth and Stability Pact of more than -3%. My point is that we cannot save the Growth and Stability Pact by doing nothing. It will get worse if we do not do something.

Now, what something can we do? I know it is not easy. I know there is disagreement among governments, but I think that the Commission has a duty to try to bring all the governments together to get one easy job done. I know that in Berlin you are saying 'no thanks' to coordination because that means further expenditure from the German Government to other governments. I would say that you do not need to do that, dear friends in Berlin. We can do things together without having further expenditure from one government to others. It is about understanding that by investing at the same moment in time in the next couple of years you will have added value.

The International Monetary Fund (IMF) has made one simple calculation. Imagine that the G20, all of them, invest just 1% more of their GDP in jobs. If they do that simultaneously then there will be an extra percent for free. So what I am saying is that every government in Europe can make it, if they do it together. If every government in Europe were to invest 1% of their GDP to counteract the recession, were to do it intelligently, and were to do it socially for more and better jobs, caring for the most vulnerable groups, then they will have an extra percent for free.

That is why I simply must appeal to the Commission, Vice-President Wallström, asking you to present one simple scenario showing what would happen if all our major governments were to do what I am saying here, showing that all of them will be better off, not only in jobs, but also in public budgets and also in the Growth and Stability Pact. It is a simple exercise. If you do not have the instruments, I have. I would willingly advise you how to do it.

*(Applause)*

#### IN THE CHAIR: MRS ROTHE

*Vice-President*

**Andrew Duff (ALDE).** - Madam President, the crisis is going to have a dramatic effect on the future of the euro. Denmark and Sweden should become members before they expected, and in Britain, too, it is time for the debate to begin.

In 1997 Mr Brown established five famous so-called tests before we could adjudge sterling's accession to the single currency. Suddenly, in this crisis, all these five are met. The pound has fallen to a competitive exchange-rate level, labour markets are flexible, the City, once so proud, now risks being pushed aside by stronger supervision and regulation inside the euro zone, and the economic cycles of Britain and the euro zone are now completely in sync as we plunge into recession at the same time.

Mr Brown's cleverly disguised appearance at the Paris Eurogroup summit was a notable achievement of the French presidency. I appeal to Mr Brown to now change the terms of the debate inside the United Kingdom. If he fails to achieve that, the pound will be like a permanent ping-pong ball, bouncing in an uncontrolled manner between the big footballs of the euro and the dollar.

**Irena Belohorská (NI).** – (SK) As a Slovak MEP I appreciate very much the entry of Slovakia into the euro area. We have here clear evidence that predictions and visions from experienced economists often do not

come to fruition. Sixteen years ago European forecasters and economists rejected the idea of an independent, viable Slovak Republic. Slovakia is currently the leader of the twelve new Member States in terms of economic performance.

I recommend that the European Commission should focus directly on citizens and their needs, instead of producing economically worthless forecasts when setting its priorities. I am thinking here mainly of health and of high-quality social conditions for a decent standard of living. At a time of economic stress and social pressure we must not forget people's health.

The free movement of people within the European Union is not backed up by access to healthcare, especially not in the area of prevention. Another area is the need to secure the effective implementation of cross-border patient care. A healthy Union cannot exist without healthy citizens.

**José Ignacio Salafranca Sánchez-Neyra (PPE-DE).** – (ES) Madam President, it is clear that the Commission's work programme for 2009 in the area of foreign policy, as in all other areas, is indissociable from the international financial crisis, as the Commission President, Mr Barroso, has told us.

By this we understand that it is right to support reform of the Bretton Woods institutions, encourage the resumption of conversations on the World Trade Organization and closely follow the attempts to reform the United Nations system and bodies which will begin in February.

It is also clear, Madam President, that we must establish a new relationship with the incoming administration in the United States, a country with which we agree on many issues, but also disagree on others, such as the death penalty, the International Criminal Court and the Kyoto Protocol in particular. We must agree positions on the next Copenhagen Summit, the laws with extraterritorial effect and other aspects.

It is also important to agree positions on the Central Asia issues: the nuclear crisis in Iran, the announcement of a calm and responsible withdrawal from Iraq, and the US administration's request for an increased western presence in Afghanistan. We must also look at how the breakdown in negotiations in the Middle East can be resolved.

Talking about the American continent, Madam President, it is vital to support the efforts of the Commission, and Commissioner Benita Ferrero in particular, to conclude association agreements with Central America, and especially the new direction to be taken in the negotiations with the Andean Community.

Further to the strategic association which the European Commission has initiated with Brazil and Mexico, this process could perhaps also form the approach to be taken in the negotiations on the Mercosur agreement, which have been stalled for too long.

On our continent, Madam President, we must drive forward the association agreement with Russia, but only on the basis of respect for international law. In this context, we must very clearly emphasise respect for borders and human rights, develop the neighbourhood policy and, at the same time, promote association and stabilisation agreements.

As stated by the Commission President, it is clear that we have much to do with regard to the situation in Africa. Madam President, I feel it is very important, once the reform (through the Lisbon Treaty) and enlargement processes have been completed, for the European Union to adopt or rather resume a basically geographical status, taking into account that, between now and the year 2050, China and India will absorb 50% of the world's gross domestic product, as previously happened in around 1800.

To this end, Madam President, advance planning is needed and I can say, Madam Vice-President, that our political Group will support the Commission in this work.

**Pervenche Berès (PSE).** – (FR) Madam President, with regard to the G20, I believe that the European Union went to that summit with good proposals. When one reads the conclusions of the summit, they seem to be somewhat lacking in bite. How are we going to deal with the issues of rating agencies, hedge funds and tax havens? Good intentions abound, but if we rely entirely on self-regulation and codes of conduct, we shall not succeed. Let us be realistic and ambitious.

As far as the representation of the European Union is concerned, the picture, quite frankly, was less flattering. We need to make progress. This is something that the large Member States must recognise, but so must the small ones, which sometimes provide the heads of IMF (International Monetary Fund) departments and have

no wish to relinquish these positions. Every country must play its part so that we can improve the future representation of the European Union.

With regard to the real economy, I heard what President Barroso said, and I was quite surprised. In his view, when the Commission exercises its right of initiative, it is engaging in populism. This being the case, I invite the Commission to adopt the proposals made by my colleague Poul Nyrup Rasmussen, even though it might regard them as populist. The fact is that, if we take no action in the realm of the real economy, we shall experience the same collapse and adopt the same strategy for economic recovery that Ireland has launched to rescue its banking sector, an 'every man for himself' strategy which, at a time of global crisis in a globalised economy, cannot possibly succeed.

That would be a waste of public money and would not in any way help the European Union to catch up with the United States, which has already devised a large-scale recovery plan.

We must think European, we must think global, and our national action must be concerted and coordinated, with scope for the Commission to take initiatives. That is what we expect from its communication of 26 November. We expect an ambitious European recovery plan.

**Lena Ek (ALDE).** - Madam President, a crisis should not only be a time for action but also for reflection. Getting the climate package together will not only save the climate – saving us from disasters and epidemics and avoiding costs – but is also the best preparation for times to come. In a recession we must prepare for the time afterwards and for new markets. I think that there is a danger today of us throwing good money after bad.

When we are over this, will consumers really want to buy a big high-consumption car, or will they want a small, smart car? I once had a professor in my student days who said: 'when in doubt, leave it out'. What we need instead is a green new deal for investments, innovation research and energy smart technology, including in cars. We need a green new deal for new jobs and new wealth in a sustainable way.

The ALDE Group will work for an open, green, safe and entrepreneurial Europe, and in these areas we will support the Commission's work programme.

**Manfred Weber (PPE-DE).** – (DE) Madam President, Madam Vice-President, today I would like to talk about internal security and the work programme. However, before I do this I would like to mention another issue. We spend all our time talking about the banks. A few weeks ago in my local area, a large company with 2 000 employees filed for bankruptcy and the employees are facing ruin because the banks are cutting back the lines of credit. This shows that the crisis is already hitting the real economy in no uncertain terms and therefore I propose to the Commission that we take a look at one of the responses and investigate the law on subsidies, which we are now abandoning as far as the banks are concerned and that suddenly has no effect any more, and change it in light of the present crisis. In this way we can also help the medium-sized enterprises.

However, the main topic I want to discuss concerns the Commission's work programme and the subject of internal security. On reading the programme I was disappointed, because in addition to the economic issues there are also other major challenges. I can see that enormous achievements have been made with the Schengen Information System (SIS). Switzerland is now joining, and even before joining, it has reported significant successes due to access to the SIS. Nevertheless, the programme does not seem to explain how the Commission wants to finally get SIS II up and running. It is delayed month after month and no progress is made.

We are also not making any progress in the second area which is of extreme importance with respect to police cooperation, namely the fight against organised crime and practical cooperation between police organisations. We are lacking a clear legal framework. Unfortunately, I have also found nothing on this subject in the work programme for 2009. I should like to see more commitment in this area.

Thirdly, migration, the migration network, immigration and the blue card, which we will discuss tomorrow, are described in the programme. The general public would go along with increased openness for immigration if we explain to them clearly that we are fighting against illegal immigration and that we will also bring an end to this illegal immigration. This is one of the interconnections that we must not overlook.

**Jan Andersson (PSE).** - (SV) Madam President, Commissioner, it is good to have a joint debate about the economic crisis, the downturn in the real economy and the Commission's work programme. These issues belong together. It is also good that the Commission is proposing coordinated efforts. However, in my opinion, this is not so clearly reflected in the work programme.

Voices have been heard within the Council to the effect that we should now cut down on environmental investments and our ambitions relating to the environment. I totally disagree with this view. Nor do I share the view, as expressed by a number of others, that we must now cut back in the social area. In fact we must do the opposite. What we need is investment in research and development, new environmental technology and a new infrastructure that is much more environmentally friendly than the infrastructure we have today. We must train the workforce and ensure that young people get the right training so that we maintain our competitiveness, but also strengthen individuals for the future.

If I then turn to the work programme and look at the social area, I can see that this is not a Commission that has prioritised the social area. Allow me to give two examples. We have listened to Mr Rasmussen; now I think we in the social area should also be heard. The report that I was responsible for dealt with equal treatment on the labour market within the EU and the right to take industrial action for equal treatment. The Commission must now respond to this with concrete measures for equal treatment on the labour market in the EU by amending the Posting of Workers Directive and by means of a social protocol. That is the first issue. The second is what is happening in the area of the working environment, where we are seeing an increase in the number of accidents throughout the EU, at least in certain Member States, because we are giving this area lower priority. This is also something that the Commission must respond to so that we tie together long-term sustainable development, that is to say economic, environmentally-friendly and social development.

**Malcolm Harbour (PPE-DE).** - Madam President, I want to talk from the perspective of the Committee on the Internal Market about what is going on in the real economy. I went to see some small businesses two weeks ago – successful companies supplying aerospace, automotive, energy industries.

Their problem is that they have taken on lots of skilled people but their order book has slowed down or, in some places, collapsed. They are the people that we need to be thinking about because if they are not there after this recession, if those skills are not there, then we are in serious difficulty. These are the companies that we want to invest in new products, in new services, to develop and train those staff that are there.

So I say to the Commission that small businesses are going to be the engines of job re-creation. We have a Small Business Act going through here now. The implementation of it is probably in this rather long and tedious document somewhere, but surely you, the Commission, should be looking at the real priorities for bringing in some of the things that we have worked on here that will actually help the real economy. That is where your priorities lie. I do not get any sense that this is a real response to the crisis at all.

There are some nice words at the front here but I do not see the programme as changed. So my message to you, Mrs Wallström – and I hope you will take it back to President Barroso – is that this is not good enough. And, we need real action on the things that are going to make real differences to jobs out there now and in the future.

Of course, the other people who can help us are those public investors, the people who are keeping and sustaining projects and construction, sustainable building, buying greener vehicles and particularly investing in the next generation of telecom networks.

I will just conclude on this crucial point. Next week the Council (and I am sorry the minister is no longer here) will have the opportunity to sign off a common position on the Telecoms package that will pave the way for that investment.

We hear that some Commissioners are not keen on that. Well, I hope you will tell them that it is crucial for the future of the European economy that that package is approved by the Council next Friday.

**Ieke van den Burg (PSE).** - (NL) Madam President, I should like to make a preliminary observation. It is true, as has been said by many people, that Europe should play a greater role on the world stage, but Europe should also speak much more with one voice rather than it being fragmented as it is at the moment. The large Member States will need to conform and recognise that we now have to show a united European front. After all, the leading role in regulation, re-regulation, supervision and the improvement of the financial markets is not the brainchild of Gordon Brown or Nicolas Sarkozy, but the European institutions. We in Europe should now defend what has been set out.

Apart from the agenda for the financial markets, all attention should now go to the economic crisis we are facing. All the alarm bells are ringing. Here too, while we should act internationally, we in Europe should also act in a more European manner, with a European rescue plan. This should not just be more of the same; we would like to see a real U-turn. The Brueghel economists have really lost their faith and now plead in

favour of more spending. Reserve should turn into thought-provoking policy. In my view, what they propose, this one percentage point, is far too little and we will not get there with the 1% reduction in VAT they proposed, because the figures of the decline are much bigger. In the Netherlands, for example, the building industry is facing a 20% decline, so I think that we should apply the low VAT rate there to ensure that the housing market across Europe receives a shot in the arm.

**Lambert van Nistelrooij (PPE-DE).** - (NL) Madam President, Commissioner, as coordinator of the Group of the European People's Party (Christian Democrats) and European Democrats for regional policy, I want to help find solutions in a very proactive manner. Europe should indeed come up with an action plan now. I endorse Mr Barroso's position in this respect.

Investment through the Structural and Cohesion Funds – with EUR 60 billion a year from Europe, doubled to EUR 120 billion by the Member States – would make it possible to be active and more flexible and to gather speed. This concerns specific investments, both through the Lisbon Strategy in terms of knowledge and through the Gothenburg Strategy in terms of energy and ecology.

It is about jobs, as ever. It is about retraining people who have lost their jobs so that they can find their way in the new economy. Only with this attitude and with people who have sound qualifications can we, after the crisis, look forward to the future again.

The programme as it stands needs to be finely tuned in a number of areas. For example, the 2007-2013 regulations can become more flexible. Funds can be transferred within the operational programmes in the Member States themselves. Funds that have not yet been allocated – and these involve quite large sums – can be spent more quickly. We can translate the position adopted by Parliament, namely to use funds not yet allocated under the n+1, n+2 and n+3 rules in the current period, as well as possibly funds left over from the previous period, into action.

We would ask the European Commission – and I know that Mrs Hübner is on the case – to draft an amendment package to demonstrate our dynamism to the public before next year's elections. We are eagerly awaiting these proposals and would urge you to react promptly. Congratulations to the Commission so far, but more efforts will need to be made in future, something which Parliament is prepared to do.

**Enrique Barón Crespo (PSE).** – (ES) Madam President, Commissioners, ladies and gentlemen, the G20 Summit has set a very ambitious agenda, which is simply to ensure that financial globalisation is subject to rules. In Europe this means learning from our experiences and taking advantage of the lessons of capitalism which is an interest-based system in which, without rules, if you are too greedy, you can end up with nothing.

The Commission President has raised certain issues with us so as not to give in to populism, but there are things that can be done. Mad cow disease taught us that you cannot sell harmful and rotten products in supermarkets or butchers' shops and that there must be rules.

In Europe we can do things if we learn from our mistakes, as has happened in my country. For example, we could decide that the banks, building societies and financial institutions must establish funds for times of crisis or also, Madam President, that off-balance-sheet transactions and unproven securitisation processes are prohibited. This would be a step towards the prudent management that financial institutions should practise and that we have still not achieved in Europe.

I believe that the Commission would do well to also work in this area.

**Ingeborg Gräßle (PPE-DE).** – (DE) Madam President, Commissioner, ladies and gentlemen, in the face of the financial crisis, enormous amounts of money are suddenly being freed up, including sums to ease the economic crisis. If I understand my colleagues correctly, we all also want to ensure that this money can flow.

I would like to tell the Commission, at this early stage, that we expect it to do its job. This means that the issue of regulating this money remains on the agenda. Therefore it is not possible for us to be satisfied with the work programme that the Commission has submitted for 2009. We are disappointed that this aspect of your work has not been the central focus. The Barroso Commission has achieved a lot with respect to this issue but it also makes it clear to us that it does not consider the subject important for 2009. I would like to advise you against this.

We are also disappointed that the Anti-Fraud Office is not being better equipped with a new legal basis. There is a risk that the Council will reach a deadlock as the 27 Member States can no longer come to an agreement

on the subject of combating fraud. We also have expectations of the Commission in this regard, expectations which, after reading the work programme, do not seem to have been fulfilled.

We are also disappointed not to find more detailed information on the national statements. If we are exercising more freedom for expenditure on the one hand, we must also make sure that the Member States are subject to appropriate obligations.

What I do not understand is that the Barroso Commission does not want to develop and demonstrate its greatest success: the disclosure of the recipients of subsidies. Why are you not using this to disclose how EU money is being spent? Why are you not analysing whether we are actually achieving our political goals using the information gained from this data?

I believe that we are right to have high expectations of you, that we should expect more than has been presented in the legislative and work programme. However, you should definitely use our critical solidarity and our questions for further development.

**Stavros Lambrinidis (PSE).** - (EL) Madam President, prime ministers in the midst of a crisis should be jointly planning their social, not just their economic interventions. Obviously the banks had to be saved, but Europe should already be focusing on directly rescuing people on low and average incomes and stimulating employment and social cohesion.

The social state and social cohesion cannot be at the tail end of open and uncontrolled markets or of the economic policy of Europe, a survival bait that we throw to all those who are foundering in times of crisis. On the contrary, they are the core of European economic growth and that is how they should be treated.

Secondly, in order to achieve this, we need to urgently adjust the terms of the Stability Pact; we need a new social Maastricht, a sustainable pact for growth, employment and social protection based on strict rules and preconditions.

Thirdly, Europe should be at the global vanguard of innovation and new technologies by investing capital in education and research into green development; this is, of course, something which will mean a huge increase in the European budget. We need at long last to move forward.

Sun, wind and water will be the oil of the future. Whoever makes early use of them will create millions of jobs for their citizens and a prosperous society. If Europe gets left behind, as some people are saying now, the America of Barack Obama, whose election we are all hailing, will take the lead and we shall lose out.

Fourthly, we need new market transparency, control and supervision rules. The current system which caused the crisis, in which profits are reaped by a few private individuals and society as a whole bears the losses, will result in new crises.

**Robert Sturdy (PPE-DE).** - Madam President, at a time when the world is seeing the most important financial crisis that has ever hit us, we are looking at a failure so far on the Doha Round. It is of crucial importance. I have just spoken to Baroness Ashton – or Commissioner Ashton as she is now – and I do believe that she is taking us forward in a progressive and futuristic way. The financial crisis has to be underlined, as has the need to deepen Europe's relationships with its key partners, including the new US Administration, but probably more importantly when the Director-General, Pascal Lamy, is up for so-called re-election – we will see whether or not he gets the post, but there is a good chance that he will. We need more action and less rhetoric in this.

Brown has called for leaders to avoid putting up barriers to trade and investment during the times of economic crisis. This is crucial to the WTO negotiations. The EU must not be Dickensian in its approach to the way in which we approach trade. We must open our barriers. We must not put in place trade defence instruments. Reform is only going to be successful on the grounds of a free market principle. That includes, as I say, open trade and investment.

Last week Pascal Lamy met with the G20 to work with a proposal that will see a possibility of a settlement coming up in the short term. We hope to see something even before Christmas. That is the way the Commission sees it at the moment. I congratulate the previous Commissioner and the present Commissioner on their approach. The EU has led for the first time in the trade negotiations and must be congratulated.

**Andrzej Jan Szejna (PSE).** – (PL) Madam President, the informal meeting of the European Council and the G20 summit in Washington attempted to respond to the most important current challenge: the financial



crisis which, without a doubt, represents a defeat for neo-liberal economic theories. The declarations issued by those meetings resemble nothing so much as closing the stable door after the horse has bolted, and I was sorry to hear Mr Barroso say that it was only the crisis that has changed their thinking.

They have failed to address the burning issues of how to arrest the recession, how to create new jobs and, finally, how to combat climate change without incurring unnecessary economic costs. European Socialists have long since been calling for a reform of financial markets and for coordinated action by European Union governments.

It is my view that we cannot concentrate just on financial markets, where financial institutions and greedy managers have brought about the present situation. We must protect our citizens against food, energy and rent price rises so as to maintain their real income levels and thus to protect their purchasing power: the consumer demand which, together with investments and exports, has such a significant impact on economic growth in the European Union. We must also protect the profitability of small and medium-sized enterprises.

If the climate and energy package is retained in its present form, especially where the emissions trading scheme and the demands on power plants and heavy industry are concerned, I must warn that in Poland and in other new Member States this will lead to considerable costs and above all a tremendous increase in energy prices. Fighting climate change is a legitimate objective, but the battle cannot be fought by means which will quickly lead to another crisis, when we have not yet managed to overcome this one.

**Carmen Fraga Estévez (PPE-DE).** – (ES) Madam President, as regards the plans for the fisheries policy, certain proposals that we have been waiting for have been so long coming that what we now need is a fixed work programme allowing us to determine with greater certainty those issues that will come before us in this parliamentary term.

Despite our requests in this respect, and aside from the reform of the monitoring policy which has just been presented, we have so far been unable to obtain any better idea of what is to come.

The Commission document tells us that one of the priorities will be the presentation of the Green Paper on the reform of the common fisheries policy. However, in reality, this simply represents the start of a debate which will not end until 2012.

The promised reform of the common organisation of the markets also appears in the communication, but we are again unsure whether this will reach us in the first half of 2009.

I want to point out that there is a whole series of issues which, either because of international commitments, such as fisheries agreements, or multilateral obligations, such as the need to transpose the recommendations of the regional fisheries organisations into Community law, should appear in the legislative programme.

There are also other issues, such as the future of European aquaculture or the proposal on discards which appears and disappears like a ghost from the Commission's work programmes, which we believe should also become priority issues, given the importance attributed to them by both the sector and this Parliament.

We therefore hope, Madam President, that an amended work programme for 2009 will be presented as soon as possible, taking into account these repeated requests from the European Parliament.

**Harald Ettl (PSE).** – (DE) Madam President, those that are weakest economically are always the ones to suffer the most in times of financial crisis. Incomprehensible financial services products, the quality of which were no longer assessed by rating agencies, lack of transparency and the erroneous belief that the market regulates itself only added to the casino mentality. Unfortunately, the Commission also vehemently refused to consider legislative regulatory measures for the financial market and showed itself to be totally resistant to advice from the European Parliament.

However, the task we now face is to put this behind us and to learn political lessons from it. Employees who are losing their jobs now, and who have to accept substantial losses to their pensions due to the high-risk investments of their pension funds, will have to bear the costs in several ways. The priorities now, after and in the light of the analysis of the situation, are the introduction of an emergency plan, better control mechanisms and damage limitation, as well as securing access to loans for emerging economies and developing countries, in order to be able to create sustainable growth once again. Just as important is that the principal sceptics with respect to the necessity for a larger EU budget must have now understood that we have to set up a stronger tool as a precautionary measure in order to be able to deal with crises more effectively.

**Philip Bushill-Matthews (PPE-DE).** - Madam President, I would just like to make a small and medium-sized intervention on my favourite subject of SMEs. I was delighted that Commission President Barroso made many remarks about SMEs in his opening comments. But if I have a concern, it is a concern that he talks words – as one has to when one talks – but we have not yet seen enough action – a comment that Malcolm Harbour made earlier on today.

I notice that in section 3 of your Legislative and Work Programme for 2009, a very important section entitled 'Better regulation – delivery on promises and change of regulatory culture', there is a comment that 'a simpler and better regulatory environment without unnecessary administrative burdens will, therefore, remain a key component of the Commission's legislative work'.

With due respect, Commissioners – and I speak as a great fan and supporter of the Commission in this regard – I have not yet seen evidence of this being in this legislative programme. There is a lot of talk of that: yes, we will do it, we will reduce by 25% – but where is the beef? Where is the reduction? We have not yet seen it.

So, going back to the heading 'Better regulation – delivery on promises', if there is one word that you remember for this legislative programme, Commissioners, that word must please be 'delivery'.

My final thought is that I do recognise that changing culture takes time and also, speaking as the coordinator for employment and social affairs for the PPE-DE Group, I do realise that the committee on which I have the great good fortune to sit is not always the greatest ally in the cause of better and simplified regulation. But I have to suffer in this committee, and my invitation is that one of you should come and suffer too – if only briefly – because we may be part of the problem. But if we could somehow create a new precedent that, ideally, the Commission President would come and address our committee, maybe that would help make our committee help your work, and we could then become part of the solution.

**Erika Mann (PSE).** – (DE) Madam President, I would like to address one issue that until now has not been addressed very often, namely the role of the state. We can see that integration into the global economy also means that we have to increasingly learn that the state has to integrate internationally and globally, so that it is at all capable of interceding and exercising the necessary controls.

I think that the European Union has an excellent opportunity to take on this role. We can see that more and more trust is being placed in it. We should do everything we can to show that this trust is justified. This includes the European Union examining its legislation once again. I can see Commissioner McCreevy sitting there. I would advise him with great urgency to approach the Volkswagen Law in a different way to what he has planned. This would be a significant signal that he has understood the sign of the times.

I would also like to express my support for Mrs Gräßle. She is absolutely right that we have to be much more stringent with the control measures and I wish that the European Union also understood how to organise itself on an international level. Why not approach the World Bank and the International Monetary Fund with a single voice? It works wonderfully with the World Trade Organization, but we have not learnt how to do this in another sphere. I also hope that you will all give your support to making G20 an organisation that will continue for a long time.

**Piia-Noora Kauppi (PPE-DE).** - Madam President, I think lots of things have been said about the financial crisis but it is very important to have one viewpoint. We are too self-critical at the moment in this Parliament and also too self-critical vis-à-vis the EU institutions.

Let us not forget that we have had a very radical overhaul of our financial services legislation during the last eight years. We have proper laws. We have proper regulations and the supervisory system has also been improved. Of course we could not avoid the crisis, but we were not the birthplace of this crisis: it was born in America. It was born in the United States because of their lack of regulation, their lack of supervision and their lack of proper implementation.

We should avoid over-reacting in Europe. This is not the proper time to give in, having good impact assessments and a better regulation agenda, as Mr Bushill-Matthews just said. This is the perfect time to have well-targeted, well-prepared proposals and take them through. If we react incorrectly it might have serious consequences. It might even bring a more serious crisis upon us. For example, if we accept legislation which makes it more difficult for financial markets to recover, it is not to the benefit of European citizens.

We should now take it coolly and we should try to avoid improper, ill-targeted and ill-prepared legislation and not be too self-critical. The Commission should be thanked for bringing through this very important change in European legislation and supervisory regime.

**Gunnar Hökmark (PPE-DE).** - Madam President, we are in the midst of a deep financial crisis that is unique from very many perspectives. It is unique because it is the first global financial crisis we have seen and we are also in a recession in the world economy.

But it might be good to have some sort of perspective on the events and the developments we are going through, because we have also seen 25 years of unprecedented and unique global economic growth that has made it possible for more than two billion people to leave poverty.

I must say I have heard very little of this from that part of the Chamber here tonight when they are saying that the open economy has failed. Is it a failure that two billion people have left poverty? Of course not. But we do see a new structure in the global economy today, and the fact that the meeting in Washington was a G20 meeting and not a G7 meeting is an expression of the new reality we are living in. I think that is good, because the whole dominance of the transatlantic economy is not there any more. In general, that is a good thing because it means that other parts of the world have been able to develop prosperity.

It has, during this period, created imbalances: huge surpluses in countries such as China, and huge deficits in countries such as the US, coupled with a unique and artificially low interest rate in the US economy which has increased the credit volume more than ever.

It is interesting to note that we have had the same debate in this Chamber with colleagues from that side calling for lowering interest rates even further. Had we done so, the problems in Europe would have been even bigger than they are.

Now we need to see to it that we can restructure and recover the global economy, and I think that the European Union has an important and crucial role to play in that. We need to make sure that we do what was said at the Washington meeting, secure free trade and open markets and say 'no' to protectionism, because that would hinder recovery more than anything else. We need to make sure that the regulatory framework of the global financial markets catches up with the reality of how the world economy looks today. That is our task, and we must take a lead in that and develop prosperity even more.

**John Purvis (PPE-DE).** - Madam President, there is a grave danger of rushing to excessive misguided regulation and to unintended consequences. An example in the new capital requirements directive is the proposed 5% retention of securitisation proceeds. This will only clog up credit creation. Lack of securitisation possibilities is the principal reason that credit has dried up now. We need the banks to lend but no, this misguided principle, which lacks an impact assessment, will prevent a restart of securitisation and the credit which our business and industry so badly needs. Ask the motor car industry how it will prosper if securitisation is snuffed out.

That is only one example. If we suspend true and fair accounting, if we go out of our way to kill hedge funds and private equity and incentives to innovators, risk-takers and even bankers, as Mr Schulz and the Socialists require, we will only delay and kill altogether that recovery.

**Proinsias De Rossa (PSE).** - Madam President, a number of speakers here – including my colleague, Brian Crowley, from Ireland – have blamed the bankers for acting like bankers, maximising short-term profits to the limits of the law. This crisis was allowed to develop because governments everywhere abandoned their responsibility to sufficiently govern the economy, including banks. Most of those in power have ignored history and accepted the ideological mumbo-jumbo which we have just heard now from the last three speakers that the market is a self-balancing natural phenomenon and government has no role in interfering with it.

The fact is that Adam Smith's invisible hand is a pickpocket. The pockets that are being picked are the pockets of working people who are losing their jobs, families who are losing their homes, and those who are poor already and who are losing their savings and pensions. It is not bankers and right-wing politicians who are losing. This will happen again unless we clearly define a new economic framework which enables us to ensure that banks and industries serve society and enable governments to govern in the public interest.

**Olle Schmidt (ALDE).** - Madam President, I think Adam Smith has been very successful, especially in Ireland! I think we are aware of the consequences there.

(SV) Madam President, Commissioner, I think it is important that, through the G20 summit, the EU and the world have taken action and have said they are willing to continue to act together. This is something new in world politics. A European and global system for supervision represents further important steps. Let us then ensure that we create flexible rules for the future, not in order to solve yesterday's problems.

I would like, in all humility, to issue three warnings: a warning against over-regulation, which could slow down the world economy even further; a warning against too large a state aid package to rescue industries in crisis – we have a few examples at home in Sweden, as the Commissioner knows very well – and a warning against protectionism and closed borders. We must not fall into the same sort of crisis we had in the 1930s.

**Marie Anne Isler Béguin (Verts/ALE).** – (FR) Madam President, I shall address myself to the Commission because the representative of the Council is no longer here. I truly believe that Mr Barroso's proposals will not resolve the current crisis, because he has forgotten one factor, namely the causes of this crisis. These are our production-driven system and our concept of development, which destroy and exploit the planet and its people.

The crisis is not over; I believe we must be aware of that. Indeed, I think it is only beginning; our society has been sent reeling, and there is far more to come. As I see it, while the leaders of this world, with its globalised economy, are failing to recognise the need to change course, our fellow citizens, for their part, are unable to understand how billions of euros can be found to bail out banks today and the motor industry tomorrow at a time when the content of housewives' shopping baskets is being steadily whittled away.

You propose economic recovery measures, but if it is the same thing that has been tried over these past years and has led to chaos, you are on the wrong track. I believe we really must reduce our ecological footprint. That is the issue. How do you intend to resolve it?

*(The President cut off the speaker)*

**Mairead McGuinness (PPE-DE).** - Madam President, we talk sometimes about grand designs and great plans and ambition. I was touched recently by the words of the Canadian finance minister who spoke about being boring, unexciting and prudent. I suggest that maybe we look carefully at what he had to say, because he said that good regulation begins at home and before we start looking at the world we need to look at ourselves – although I am inclined to the view that excessive regulation is as bad as none whatsoever. Therefore, we need to be very balanced in this.

But, whatever we do, there are people now in business, on farms and in households who cannot get small amounts of credit to keep themselves going. I was on a farm in Ireland recently and they could not renew their EUR 25 000 overdraft. This is a really serious problem and we need to address it.

On the work programme, we will have the budget review, the implementation of the health check and review of fisheries. It will be a busy year and I wish you luck.

**Margot Wallström, Vice-President of the Commission.** – Madam President, thank you for all these interesting interventions. Maybe this is another mission impossible to try to collect and respond in a satisfactory way to all Members' different views on the legislative and work programme. They range from GMOs, as we heard, through fish to the WTO and the whole financial crisis. So I might not have the time or the possibility to respond in a fully satisfactory way to all your detailed questions.

I would first of all say that there has been nothing like 'business as usual' since we entered this crisis. By my side you see my colleague responsible also for much of the response, as well as Mr McCreevy behind us here, and they will know better than anyone else that we have had to work on this from the very first moment. I would also say the Commission has responded to the financial crisis with unusual speed. I remember that in the past we congratulated ourselves on responding within three months to one of the oil spills that we had and we thought that that was a kind of record, but this time we actually managed in 24 hours to get proposals on the table and to adopt important proposals. So I think that there has been nothing like business as usual and we will not see anything like business as usual from now on. We have to continue to respond to a recession that we have already seen the beginning of. So that is absolutely clear.

I also think that all your interventions have illustrated the need to get the balance right. To get the balance right in terms of environmental concerns as well as the social issues – all of these have to be covered. But why do you believe that what you find in the strategic initiatives like the report on the Lisbon Strategy for growth and jobs and proposals beyond 2010, a European framework for recovery, financial markets for the future package supervision, will not contain the social issues and cover the whole sustainability criteria? Of

course it has to reflect that balance, and that is what we will work on, as well, in completing it with the very detailed proposals that will have to come on-stream from now on. So that balance, and also getting the balance right between regulation and letting the market work, is crucial to us and something that we are fully aware of.

I think that this also will affect our credibility because it is only when we also fill out these strategic initiatives, the things we have listed as strategic and priority initiatives, with the very concrete follow-up and implementing measures that we gain credibility and that we can also continue to play a leading role within the G20 or in the IMF context or affecting the rest of the world on energy and climate as well; we will get this credibility from delivering what we have promised in this work programme.

We have appreciated very much the dialogue that we have had for a long time now with the different committees in Parliament and the kind of overall political debate that we have engaged in and I want to thank you very much for that. I think that helps us to deliver. It helps us to also bring the right details to the lists of proposals.

But, as you know and as is clear also from our work programme, this is a very peculiar time because it is a kind of transition, with a new Parliament, a new Commission; and, with the elections to Parliament coming up next spring, you have also asked us not to go on delivering when you can no longer receive it and do something meaningful with it.

I must just mention one more thing, and that is SMEs, because several of you have mentioned the small and medium-sized enterprises. Of course they will be absolutely key to any success in dealing with the financial crisis, so we will deliver, we have already produced a SME business act and of course there is a follow-up, an implementation of the business act.

The same is also true for the social package that we presented. Now it is a matter of the implementing measures. So if you do not find every proposal in every area in this particular proposal, that does not mean that we have stopped working on it or that we will not come back with detailed proposals, but the balance is absolutely crucial.

And when we speak with one voice, it helps if we have one message as well or a coordinated message in everything we do and I think that will remain crucial for all of us.

Let me finally say that in this Legislative and Work Programme you will see that we have for the first time identified communication priorities and since this is my portfolio I want to underline this and remind you all that we proposed four items to become joint communication priorities for next year: the EP elections of course, energy and climate change, the 20th anniversary of the fall of the Berlin Wall and growth, jobs and solidarity, meaning that the package also covers fighting the financial crisis.

We are already working together to prepare work on these priorities and I can assure you that we will contribute to the work that Parliament is doing in preparing for the elections; tomorrow I will talk to your Bureau's working group on communication to see how we can help and support and back Parliament's work plans for communicating the EP elections.

So that will be very important work for us. If we want to keep credibility and legitimacy, we have to mobilise voters to make sure that they cast their vote in June next year. With a combination of good policies and good communication I think we can actually face the difficult year ahead with at least a little confidence, and if we work together, the confidence will be even greater.

**President.** – The debate is closed.

The vote on motions for resolutions on the Commission's legislative and work programme for 2009 will take place during the December session in Strasbourg.

#### **Written statements (Rule 142)**

**Adam Bielan (UEN), in writing.** – (PL) The recent Washington summit was basically the start of a process to which national leaders must become committed in order to minimise the impact of the global financial crisis.

In an era of globalisation, when the economies of individual countries are closely interlinked, international cooperation aimed at arresting the crisis must be a priority. What I have in mind is not only a common EU

position on many issues, but also specific joint action and practical intervention aimed at mitigating the effects of the financial crisis.

Experts maintain that the Polish economy is one of the few that will be able to withstand a possible economic depression, though no one can predict the scale that the crisis might reach globally.

We must even now be prepared to introduce appropriate crisis prevention measures, with the governments of the various states playing a key role. Where necessary, they should offer capital support to financial institutions threatened with bankruptcy.

Once again, may I emphasise the important role the state has to play in preventing a global crisis, through intervention in local financial markets.

**Daniel Dăianu (ALDE), in writing.** – In a way, this is a key part of solving the problem, for unless we can achieve a truly common stance in the EU, achieving effective global rules for the financial markets becomes wishful thinking. Sensible people would say that a massive failure of both regulation and oversight, as well as the flaws revealed in a highly simplistic economic philosophy, provide a clear answer as to what to do.

Some still argue, however, that soft regulations should be the lynchpin of the new system. In my view, they are wrong – either if they genuinely think so, or are driven by parochial interests. The world has changed dramatically in the last couple of decades. The decline of a misleading paradigm (which equates free markets with no regulations) has to be seen in conjunction with a rising multipolar economic world in the attempt to forge a new international financial system.

Arguably, the fate of an open world economic system hinges on the latter. I hope that the new American administration will be forthcoming in this respect, but we at home in Europe have to rise to the momentousness of this period. Some of our own bickering and inability to compromise serves as no good omen in this respect.

**Gábor Harangozó (PSE), in writing.** – (HU) Our first task is to restore confidence on the financial markets, in order to prevent a further deepening of the crisis. From this perspective, politics bears enormous responsibility.

Not only do we need rapid and confidence-building macro-solutions, but we need to prevent a similar financial crisis from occurring again.

All this is not simply a minor hurdle for blind capitalism, as we have heard it said in recent times, but rather a marvellous opportunity to bring about a much more effective as well as legitimate financial and supervisory regulation.

At last we can now humanise capitalism!

We must also be attentive to the fact that the crisis threatens not only banks and big business, but causes daily problems for citizens as well.

We need a sustainable solution for addressing the crisis, and if this means we have to reshape the world, then we will have to make it much more just, humane and rational.

There are regions in Europe where even before now life has seemed hopeless. Besides fixing the economy, we need to focus on concrete solutions for the most disadvantaged, that is to say, those who suffer and will suffer most from the effects of the crisis and who face the greatest economic and social hardships.

If we do not do this, the average person will survive the crisis and grow again, but we will entrench destitution for a long time.

**Mieczysław Edmund Janowski (UEN), in writing.** – (PL) The financial crisis has engulfed the whole world. In my view, this is an economic crisis, while finance, which normally greases the wheels of the economy, is truly in the grip of a typhoon. René Thom's catastrophe theory seems to have been validated. At the same time, its moral aspects need also to be noted, and this has been pointed out by many economists.

At this point, let me quote Ettore Gotti Tedeschi: 'Is it consistent with logic and ethics to create an illusion of development based solely on the growth of private consumption, is it consistent with logic and ethics for the growth of consumption to be absorbing the growth of social costs (pensions and health services), thus provoking tax rises, is it consistent with logic and ethics to transform a society of savers into a society of

debt-ridden consumers, and is it consistent with logic and ethics to force the globalised man to seek work far away from home?’

The cost of this lack of an ethical dimension will be high, because we are paying for greed and for risks taken with other people’s money by irresponsible individuals who have created tax havens for themselves. It is the taxpayer, both in Europe and in America, who has to pay for this rapacity and dishonesty. We are becoming poorer. Banks are becoming less important in the economy which, producing less, needs fewer workers, and thus a domino effect is created.

Today’s markets need certainty and observance of rules. We need measures to shield the very poorest and at the same time to protect our assets from being bought up for next to nothing. At least several years will be needed for this emergency treatment to work.

**Richard Seeber (PPE-DE), in writing. – (DE)** A particularly welcome feature of the Commission’s legislative and work programme are the measures planned to combat the economic crisis in Europe. Next year, European politics must manage to identify long-term prospects for the EU and, in cooperation with the general public, limit the adverse effects that the crisis in the financial market is having on the entire European economy.

The effects of crises such as this are often only felt in the real economy at a later point in time. In addition to action taken by the individual states, Europe must introduce measures in order to keep the negative consequences to a minimum.

The year 2009 will be decisive in the fight against climate change.

Next year, Europe will have the chance to set itself up as a strong international partner in connection with environmental protection issues. Establishing the EU’s negotiating position for the United Nations Climate Change Conference in Copenhagen is not only a high priority as far as environmental issues are concerned, there are also interconnections to other political fields. The European Union can prove itself to be a pioneering force, not only with respect to the continent of Europe but also in connection with protecting the climate on a global basis.

Nevertheless, next year we must ensure that ongoing work is not forgotten due to the important forthcoming initiatives.

Even though the state of the common agricultural policy has been reviewed this year, the interests of the agricultural sector must continue to have high priority within European politics.

**Georgios Toussas (GUE/NGL), in writing. – (EL)** The credit crunch, this deep crisis in the capitalist system, is the current scourge of workers, exacerbating the problems of unemployment, undermining social insurance and pension systems and further reducing the income and standard of living of working class families.

Capital and its political representatives are placing the burden of the credit crunch on the shoulders of workers and are attempting an all-out attack on workers’ rights in order to safeguard their profitability.

The Council and the Commission in their statements and the European Parliament are adopting the positions of capital and persisting with the same catastrophic economic and monetary policy by calling for faster capitalist restructurings and reforms at workers’ expense. They support Economic and Monetary Union, the Maastricht Treaty and the four freedoms, the Stability Pact and the reduction in social spending within the framework of financial discipline. They are calling for stricter supervision of the Member States by the EU and they welcome and are strengthening its socially uncontrolled role in order to support capital more effectively. They are calling for faster and more faithful application of the anti-labour Lisbon Treaty and the general orientation of the economic policy of the EU.

The experience of workers and the working class itself is leading them to rebut and counterattack the policy of barbarity.

**IN THE CHAIR: Diana WALLIS**

*Vice-President*

## **12. Question Time (Council)**

**President.** – The next item is Question Time (B6-0484/2008).

The following questions are addressed to the Council.

Question No 1 by **Bernd Posselt** (H-0794/08)

Subject: Christians in Turkey: Mor Gabriel monastery

What is the Council's opinion of the situation of Christian minorities in Turkey, and in particular the current state of the dispute about the partial expropriation of the Mor Gabriel monastery in Eastern Turkey?

**Jean-Pierre Jouyet**, *President-in-Office of the Council*. – (FR) Madam President, may I reply to Mrs Harkin by telling her that the Council attaches great importance, as it has demonstrated on several occasions, to the question of religious freedom in Turkey.

The specific case to which Mrs Harkin refers is still under examination by the Turkish courts, and it is not for me to comment at this stage, but we are monitoring this case very closely.

In general terms, your question relates to religious freedom in Turkey. This is a very important subject, and there is an urgent need for Turkey to make progress and adopt concrete measures with a view to establishing a proper judicial framework. These matters are constantly being raised by the European Union in the context of its dialogue with Turkey and were specifically addressed at the last meeting of the EU-Turkey Association Council on 27 May 2008. On that occasion, while noting the Turkish Government's declared intention and renewed undertaking to pursue the reform process and tackle the existing shortcomings, the European Union emphasised the need for such undertakings to be translated quickly into effective concrete measures.

Some advances are observable: Turkey has taken action, for example by adopting amendments to the law governing foundations in February 2008. Thanks to these amendments, the ban on foreigners establishing foundations in Turkey has been lifted, and the principle of reciprocity now applies.

In spite of these commendable features of the law governing foundations, however, there is still a need to resolve the numerous difficulties that religious communities and minorities continue to experience, particularly as regards their legal status and, I must stress, their property rights.

Accordingly, the question of religious freedom was raised once again in the framework of the political dialogue at the ministerial meeting in Brussels on 15 September, and the Council can assure Mrs Harkin that it will continue to monitor very closely the issue of religious freedom, including the implementation of the new law governing foundations, and that it will raise this matter with the Turkish authorities at every level at which it sees fit to do so.

Unfortunately, I have just learned that Mr Posselt actually asked the question. That is not what I had on my sheet of paper, and I do apologise, Madam President.

**Bernd Posselt (PPE-DE)**. – (DE) I am much obliged to the President-in-Office of the Council. That was my question. Thank you for the very good reply. France has traditionally had a long-standing connection with Christians in the Near and Middle East. I would like to ask an additional question. In addition to its religious function, Mor Gabriel is the cultural and economic centre of the Assyrian Christian minority in the region. What is the Council doing to protect this minority, whose existence is under threat? What is the Council's stance on building churches – which continues to be very difficult in Turkey – as far as other Christian communities are concerned?

**Jean-Pierre Jouyet**. – (FR) Madam President, let me begin by offering my sincere apologies to Mr Posselt for my inadvertent error. I hope he did not take it personally. In answer to his question, we are extremely vigilant, as I said in my initial remarks, on the exercise of religious freedom in Turkey, as in other countries, and on the guarantees given by national authorities, especially with regard to minorities.

In Turkey, as in some other countries, the minorities happen to be Christian, and, as Mr Posselt indicated, we are particularly watchful in these instances. The case of the Mor Gabriel monastery is pending, and we shall have to await the judgment regarding that monastery.

As far as our dialogues with the Turkish authorities are concerned, as part of the negotiations on what we call the revised Accession Partnership for Turkey, it is very clear that everything relating to fundamental freedoms, to religious freedom, and to the need to take the measures required to establish a climate of tolerance in which full respect for religious freedom can be guaranteed, has been raised and is at the heart of our dialogue with the Turkish authorities. I should like to reaffirm that, Mr Posselt.



**Reinhard Rack (PPE-DE).** – (DE) Mr President-in-Office of the Council, problems with Christian churches are not restricted to Turkey itself, but are also to be found in the north-east of the divided island of Cyprus.

Are discussions taking place on this issue at Council level and, in particular, are there any actions involving Turkey in order to ensure that it uses the influence that it undoubtedly has in this area in the correct way?

**Jim Allister (NI).** - I would like to direct the Minister's attention to the sustained campaign against the very tiny Protestant community in Turkey, epitomised at present by the farcical trial which has been going on for some months of two young men – Turan Topal and Hakan Taştan – who have been on trial charged with insulting Turkishness. Their crime, apparently, is the practising of their religion. With such a view of freedom of religion, is it not clear that Turkey has a very long way to go indeed before it meets the basic standards of human rights and of freedom of religion?

**Jean-Pierre Jouyet.** – (FR) Madam President, in answer to Mr Rack's question, we are, of course, well aware of the strong Turkish influence on the northern part of Cyprus, and we shall raise these problems. As you know, a delegation of elected representatives from Northern Cyprus will be visiting the European Parliament on Thursday, and that will be an opportunity to express our deep concern about these matters.

Let me reassure Mr Allister by telling him that we naturally monitor the fate of all confessions, and I thank him for reporting the case of these two young men from the Protestant community who have indeed been subjected to threats or aggression because of their religious beliefs. We shall therefore bring this point to the attention of the Turkish authorities, Mr Allister.

**President.** – Question No 2 by **Manuel Medina Ortega** (H-0796/08)

Subject: New migratory pressures on Europe

In recent weeks an increase has been felt in the migratory pressure on the Mediterranean countries of the European Union.

Is the Council considering new diplomatic measures or other types of action to help those countries hold back the fresh wave of illegal immigration currently affecting that area?

**Jean-Pierre Jouyet, President-in-Office of the Council.** – (FR) Madam President, in reply to Mr Ortega, if I am not mistaken, but you have already helped me with this, Madam President, the migratory policy that the European Union intends to implement is based on a principle of solidarity, solidarity between the Member States, especially those which would be subject to a strong migratory pressure, and solidarity with the countries of origin, to respond, in particular, to the underlying causes of poverty.

This principle is at the basis of the global approach to migration defined by the European Council in December 2005. This global approach to migration aims to strengthen dialogue and cooperation with the migrants' countries of origin and transit. It intends that the dialogue with these countries will cover all the dimensions of migration, especially legal migration, the prevention of and fight against illegal migration, and also the link between migration and development.

Subsequently, the European Council has constantly reaffirmed the necessity of pursuing this approach, intensifying it and making its implementation increasingly effective.

It was in this spirit of cooperation between the countries of origin, transit and destination that the first EU-Africa Ministerial Conference on Migration and Development was organised in July 2006 in Rabat. A second Ministerial Conference on Migration and Development will be held in Paris on 25 November 2008. It will be invited to adopt an operational programme, which will last over several years and consist of a series of actions that the partners concerned with the migratory flow along the western African routes will be asked to implement, especially related to the prevention of and fight against illegal immigration and human trafficking.

Border management, including reinforcement of the physical and human resources and operational cooperation with Frontex, is also an area of primary importance in the dialogue and operational cooperation with third countries, especially those on the Mediterranean rim. Thus, for example, the Joint Operation Hera 2008, carried out under the aegis of the Frontex agency, has achieved a significant reduction in the number of migrants landing on the coast of the Canary Islands.

In the same spirit, migration issues will form part of the questions addressed in the negotiations that the Commission is going to open this month with Libya, in the light of the mandate given to it by the Council in September, with the aim of concluding the framework agreement between the European Union and Libya.

Finally, as you know, the principle of responsibility was reaffirmed in last October's European Pact on Immigration and Asylum. The pact also underlines the need for solidarity with the Member States who are exposed, due to their geographical situation, to an influx of immigrants or whose resources are limited, and invites the Commission to present solutions which, in a spirit of solidarity, will take into account the difficulty faced by these States.

**Manuel Medina Ortega (PSE).** – (ES) President-in-Office of the Council, I agree with the approach taken by the Council. The question is whether we can adopt concrete measures: time is passing and the problems are getting ever bigger. In particular, the Mediterranean countries are facing difficulties. Some have the economic resources to tackle these, whereas others do not, for example Malta which, due to its small size and limited resources, is facing enormous difficulties.

There are also problems deriving from international rules, such as the Hague Convention on Protection of Children which effectively prevents children from being returned to their families of origin. I do not know whether the Council has taken into account that the rules on protection of children are written in such a way that we find ourselves in this absurd situation where children come to Europe and cannot be returned, even to their families of origin, despite these having been identified.

Finally, I must mention the more specific issues: I know that, at the moment, there are some specific initiatives with African countries, for example Mali, to set up immigration centres so that the countries of origin or transit can manage this problem themselves, in order to avoid the dramatic situation where dozens of people perish in the sea while trying to unsuccessfully reach our coasts.

**Jean-Pierre Jouyet.** – (FR) Madam President, I thank Mr Ortega for his constructive, pertinent questions. He is quite correct. We have to ensure the reinforcement of states with fewer resources: the case of Malta is perfectly clear, I know. We need to consider redeployment to strengthen the resources around Malta, and we also need to look at ways of reinforcing the Frontex mechanism in this respect, especially in Malta's case.

Secondly, as Mr Ortega knows, there will be a second EU-Africa Ministerial Conference on Migration and Development in Paris, on 25 November 2008, to follow up on the Rabat Conference, and in this framework there will be three technical meetings on legal migration, illegal migration, and migration and development. I promise that I will ask the General Secretariat of the Council to report more precisely on the standard for the protection of minors, as I am unable at the moment to give an answer.

As for the third element, as regards Mali, Mr Ortega is perfectly correct to underline the significance of these agreements. What we wish to do as the Presidency, and what we also invite the Council to pursue, is indeed to conclude such agreements with the countries of origin of immigration. It is in that respect that codevelopment and dialogue with the countries of origin are important and, for me, this agreement with Mali will serve as a reference. This is what I wished to say to Mr Ortega.

**Bernd Posselt (PPE-DE).** – (DE) My question relates to the Union for the Mediterranean, initiated by President Sarkozy. Can it be used as an effective tool with regard to this matter? I would like to mention two specific issues. Firstly, the immigrants from North Africa: what is being done to create jobs there? Secondly, the transit immigrants from West Africa: is it not possible to create reception centres in North Africa itself?

**Jean-Pierre Jouyet.** – (FR) Madam President, I wish to say that Mr Posselt's question is pertinent. The Union for the Mediterranean is, to begin with, a union for practical projects. It also has an intercultural vision. It is obviously linked to economic development, and everything related to codevelopment is included in economic development. Thus, in one way or another, I can confirm to Mr Posselt that these aspects will be dealt with at the appropriate time, in the framework of the projects and discussions on economic development between the two shores of the Mediterranean.

**President.** – Question No 3 by **Luis Yañez-Barnuevo García** (H-0798/08)

Subject: Opening of dialogue in Cuba

The Council Conclusions on Cuba of 23 June 2008 have been very well received in Cuban democratic circles, which appreciate the fact that the unconditional release of all political prisoners is a key priority for the EU and that it supports respect for human rights and genuine progress towards a pluralist democracy.

In line with the commitments the Council made in its Conclusions, can it indicate what effective measures it is taking to further develop dialogue with the representatives of civil society and the democratic opposition?

**Jean-Pierre Jouyet**, *President-in-Office of the Council*. – (FR) Madam President, Mr Masip, as you have underlined, the Council did indeed decide, on 23 June, to resume relations with Cuba, in light of certain recent positive human rights developments.

The Council first decided to resume a dialogue, without pre-conditions, between the European Union and Cuba, based on reciprocity and dealing with all issues of mutual interest. This dialogue is seeking concrete results, especially in human rights issues. In this framework, Mr Masip, the first session of the political dialogue between the European Union and Cuba at ministerial level was held in Paris on 16 October.

Secondly, in its conclusions of 23 June, the Council reaffirmed that it would continue its dialogue with representatives from civil society and the democratic opposition during high-level visits, where questions on human rights will always be raised. If necessary, meetings with the opposition will be organised in the framework of these visits.

The Council also stressed that the Union would continue to offer, to all sectors of Cuban society, its practical support for peaceful change on the island. To apply these conclusions, the organisations which represent this opposition will be regularly invited to present their views on the current political developments at the time.

Finally, the Council reaffirmed that the Union stands ready to contribute constructively to the development of all sectors of Cuban society, including development cooperation and, in the context of this commitment, as you know, Commissioner Louis Michel has just been on an official visit to Cuba to agree the outlines of this cooperation and practical projects which may be initiated.

Besides Mr Michel's visit, you will see that the Council has introduced many measures in application of the June conclusions and, next June, at the end of the Czech Presidency, the Council will begin to assess the political dialogue with Cuba and assess its results. The dialogue will continue on these bases, if it appears that Cuba is meeting the expectations expressed by the Union, especially on human rights issues.

**Antonio Masip Hidalgo (PSE)**. – (ES) Thank you very much, Mr Jouyet, on behalf of my colleague, Luis Yañez-Barnuevo García, a person of dignity and democracy who supports the Cuban opposition and the Cuban people.

You must keep up with your efforts to maintain these priorities and to keep the focus on this dialogue with the Cuban opposition. We have to achieve democracy in Cuba and ensure Europe's commitment to Cuba.

**Zita Pleštinská (PPE-DE)**. – (SK) Despite reports of 'changes' in Cuba, the facts show that Cuba is still not a free and democratic country. The reason for imposing political and diplomatic sanctions against Cuba has still not gone away, since 55 of the original 75 dissidents still remain in prison.

In my view, any political decision of the European Union on ending sanctions against Cuba should have been preceded by a transparent assessment of the situation's development, particularly in the area of human rights and civic freedoms for citizens of Cuba.

What has the Council done and what will it do in order to secure the release of all political prisoners from Cuban prisons?

**Bogusław Sonik (PPE-DE)**. – (FR) Madam President, Minister, I was thrown out of Cuba in May 2005. On arrival at the airport, I was expelled due to being an MEP. I recently requested a visa to be sure that I would be able to cross the border and it was refused. May I rely on you, on the Presidency, to ensure that an MEP is free to visit Cuba?

**Jean-Pierre Jouyet**. – (FR) Madam President, I wish to reply to Mrs Pleštinská and then to Mr Sonik. The 1996 Council common position remains valid. It recommends encouraging a transition process towards democratic pluralism and respect for human rights and, to this end, intensification of the dialogue with the Cuban authorities and with all sectors of society. The European Union declares itself ready to support the process of opening up the country, as the Cuban authorities progress along the path of democracy.

As for your situation, Mr Sonik, I have noted it and it is evident that, for all MEPs, we must show the greatest vigilance and give you our support in your actions. That is the Council's position.

**President.** – Question No 4 by **Robert Evans** (H-0801/08)

Subject: Lessons from the financial crisis

What lessons has the Council learnt from the current financial crisis? What short-term and long-term measures are presently under discussion?

Do these talks involve Iceland and other European countries outside the EU whose economies are nevertheless closely interlinked?

Question No 5 by **Mairead McGuinness** (H-0830/08)

Subject: Member States' responses to international financial crisis

Does the Council consider that the interventions of individual Member States to protect their banks and economies against the worst impacts of the international financial crisis are a retrograde step?

Question No 6 by **Gay Mitchell** (H-0832/08)

Subject: EU response to the financial crisis

With confidence in the financial markets at a low and the banking sector in disarray, is the Council working to tackle the crisis and restore confidence by implementing a coherent and combined approach, or is it felt that Member States are better prepared to manage the financial turmoil unilaterally?

Question No 7 by **Dimitrios Papadimoulis** (H-0840/08)

Subject: Financial crisis and the Stability Pact

The global financial crisis has exposed the inconsistent behaviour of European Union governments and the European Central Bank, which are able to find funds to save banks from collapse, thereby breaching the provisions of the Stability Pact, when for many years they would not permit the slightest departure from the Pact's rules in order to meet important social needs.

What is the Council's view? Does it consider that, in the light of recent events, there is a need to review the provisions of the Stability Pact and the one-dimensional concept of the market economy, which has been the sole ruling principle for the development of Europe?

Question No 8 by **Laima Liucija Andrikiene** (H-0875/08)

Subject: Eastern Europe's situation and prospects in the context of the financial crisis

Eastern Europe's fragility in the face of the financial crisis is a matter of concern for EU policy-makers. Leaders of Eastern European states feel that their economies are more vulnerable than their Western partners. What main threats could the Council highlight for the Eastern European countries and Baltic States in particular in this financial crisis? What prospects does the Council see for the Eastern European countries and Baltic States in particular in the near future (2009-2010) and in the longer term?

**Jean-Pierre Jouyet**, *President-in-Office of the Council.* – (FR) Madam President, I will try to reply to all of the questions relating to the financial crisis affecting the world's economy over the last 15 months or more, and which continues to affect the finances of the European economies.

As regards the Union, I would remind you that the European Council of 15 and 16 October stated its commitment, under all circumstances, to taking all necessary measures to maintain the stability of the financial system, support the major financial institutions, avoid bankruptcies and assure protection for savers' deposits.

As for the financial system, the European Council also made a forceful call for all players in the system to act responsibly, especially in the banking sector. It stressed that the real performance of company directors should be reflected in their remuneration, including severance payments and everything relating to golden parachutes. Similarly, it agreed to ensure that stock option arrangements should lead neither to excessive risk-taking nor to an over-emphasis of short-term objectives.

Following this meeting, the informal meeting of the Heads of State or Government on 7 November, whose task was to prepare the coordinated European approach for the G20 meeting, which took place last weekend in Washington, had the objectives of taking quick decisions on transparency, worldwide regulation standards,

especially accounting standards, financial supervision and crisis management, of preventing conflicts of interest and of creating an early warning system, in such a way as to create saver and investor confidence.

To reply more particularly to the honourable Member's question, tabled on behalf of the Socialist Group in the European Parliament and echoing the question from Mr Evans, on the practical measures being examined to respond to the crisis, I wish to refer to the reform of the Capital Requirements Directive, which the Council is currently considering. The work of the Council on this proposal is already well advanced. The Commission has also just proposed a regulation on an approval system for rating agencies. This proposal is going in the same direction, insofar as capital requirements depend on the ratings awarded.

As for the protection of savers' deposits, the Commission has proposed to amend the current Directive to increase the minimum guarantee to EUR 50 000, with a further increase to EUR 100 000 planned in future. The European Parliament and the Council are in the process of considering this proposal.

I also note, following the European Council of 15 and 16 October, the introduction of the financial crisis team. This team, as you know, is an informal mechanism for warnings, information exchange and assessment among the representatives of the Council, the President of the European Council, the Commission, its President, the President of the European Central Bank, the President of the Eurogroup and the governments of the Member States, as well, of course, as the President of the Economic and Financial Committee, which is the linchpin of this early warning team.

To reply to the questions put by Mrs McGuinness and Mr Mitchell, I would stress that the European Council approved an action plan to offer Member States a complete common framework of national rescue and aid measures for the financial sector. The European Council called on Member States to take into account the potential effects of their national decisions on the other Member States. We also recognise that Iceland has experienced severe difficulties. A message of solidarity was sent to this country by the European Council in October. There were meetings in the wings of the Ecofin Council on 4 November and, finally, with the Council of the European Economic Area, I personally met representatives from Iceland and believe that we were able to find satisfactory solidarity mechanisms and also adapt the agreements which unite us with this country in the framework of the Council of the European Economic Area.

As for the question raised by Mr Papadimoulis, on the Stability and Growth Pact, I would remind you of the conclusions adopted by the Council on 7 October, in which it confirmed its desire to see the pact applied, whilst taking into account the exceptional circumstances with which we are familiar. Implementation of the 7 October decision must, of course, take account of the G20 conclusions, which call for the use of all available resources to sustain activity.

To respond now to the question from Mrs Andrikienė, I would remind you that, according to the Commission, Hungary, Lithuania, Estonia, Bulgaria and Romania are affected more severely by the financial crisis than the other Member States. These States have, for years, benefited from favourable external financing conditions, creating, of course, deficits in the current balances of payments and an accumulation of external debts. It is evident that, now, financing conditions are much less favourable and the problem facing these States is one of refinancing their external debt.

As for Hungary, the Council has just granted a loan of EUR 6.5 billion in the framework of the mechanism for medium-term financial assistance for balances of payments. In addition to the Council's loan, there are loans from the International Monetary Fund, for EUR 12.5 billion, and from the World Bank, for one billion. I do not know if the latter is in dollars or euros.

With current funding of EUR 12 billion, there is a risk that this mechanism will prove inadequate to meet future requirements, so this is why the Commission has just proposed increasing the assistance available to this country to EUR 25 billion. The Council has asked Parliament to give its opinion on this proposal.

**Peter Skinner (PSE).** - I welcome Council's remarks and the general approach to the financial services crisis and, indeed, I hope that we will be able to build on the recent G20 results. As you mentioned, we need to build on that movement to create global results for global regulations and particularly financial supervision.

I have to say that financial supervision requires financial support as well. We have seen this. This is taxpayers' money, of course. But supervision, to be appropriate, needs appropriate solvency, not just for banks but also for insurance companies. I wonder, therefore, if you will also support group supervision and group support as stated in Solvency II, something not mentioned in your list of financial regulations, but which was thought up outside a time of crisis and could help us in crisis. If this is the case, perhaps the presidency could explain

why, on 2 December, it intends to delete group support from this proposal, and realise how unhelpful this can be.

**Mairead McGuinness (PPE-DE).** - Our questions were framed some weeks ago and the situation is now worse than, and different to, the situation then. So, on that basis, could I ask how united the Council is in its joint action, and, where you have a situation in which Member States have to act alone, is the system working effectively?

**Gay Mitchell (PPE-DE).** - Is it not time we had something like a Marshall Aid Plan, perhaps a Sarkozy Plan for Europe?

How would you fund that? Supposing China was to lend money to the European Investment Bank or the European Bank for Reconstruction and Development and you were to give grants to Member States – that would not affect their debt/GNP ratio.

How would you refund it? From the customs and excise that you would collect from trade and perhaps from an extra 0.5 % VAT contribution from the Member States who would draw down this facility.

Will you give consideration at your December meeting to a Marshall Aid-type plan and stop tinkering at the edges? We are now just entering into this recession, and, if we take it head on with calculated risk, we can see our way through it.

**Dimitrios Papadimoulis (GUE/NGL).** - (EL) Mr President-in-Office of the Council, even Mr Prodi, the former President of the Commission, said the Stability Pact was stupid, because it only cares about inflation, deficit and debt, at a time when Europe is sinking into recession and needs measures which will foster development, employment and social cohesion.

My question is: are you considering replacing rather than just relaxing it? If you cannot or will not, then please convey to the Council President that this crisis dumping must stop.

**Laima Liucija Andrikiienė (PPE-DE).** - (LT) Mr Jouyet, you spoke about Hungary and the solidarity shown towards Hungary, which is encouraging, but I am also very interested in the other countries you mentioned: Bulgaria, Romania and especially Lithuania. Can Lithuania also expect the solidarity of the European Union in the current financial crisis?

**Jean-Pierre Jouyet.** - (FR) Madam President, to reply to the honourable Member who echoed the question from Mr Evans, you are perfectly correct. Issues of solvency not only affect banks, but also concern insurance companies, and our monitoring mechanisms need to be adapted to deal with groups in this sector which may be consolidated or transnational.

This is why we are determined to bring a satisfactory conclusion to the work on the Solvency II directive. We are hoping the work will be concluded as quickly as possible and we support the Commission in the performance of its work. We are hoping to find a compromise on this issue, but it is clear that we need features which will strengthen solvency monitoring at the insurance group level.

To reply to Mrs McGuinness, I think that the response from the G20, the way it was prepared, the fact that there is an action plan agreed by the G20, shows that the Council was united in its action. I would remind you that, in the context of this action plan, there are also those who say that we should call on all the resources available to maintain activity; in this action plan you have very practical financial regulation measures that I listed just recently, which I do not intend to repeat, and whose rapid implementation we are awaiting at European Union level. We have requested, not only in response to the financial crisis, but also to the economic crisis, that the Commission takes the legislative or practical initiatives required and that the House supports these by adopting the texts required as soon as possible.

As regards the coordination of the Member States, I would say to Mrs McGuinness that I think it is important that the early warning team, this coordination team, should function correctly in the framework of the Economic and Financial Committee plus the representatives of the Member States and the various institutions concerned, whether this be the European Central Bank or the Eurogroup.

As for Mr Mitchell's speech, I think that, without mentioning the Marshall Plan, and in application of the G20 principles, and speaking in the name of the Presidency, we wish to see all the levers for action at Community level put to use, combined with those at national level: whether these be existing loan facilities from the European Investment Bank, the resources available in the Community budget which should also

be used to sustain activity, the resources, of course, available in national budgets, especially those relating to future spending and business support projects, or even, at Community level, the relaxation or adaptation of certain rules to help those sectors in greatest difficulty. From this point of view, we are looking at things with the greatest pragmatism, but it is clear that we must act in this area. You are, in any case, quite right, and the Presidency shares your point of view entirely.

As for what Mrs Andrikenė said, I am sorry, but Hungary has received financial aid. The Fund, as I said and can confirm, has granted EUR 12.5 billion, with EUR 6.5 billion from the Union, and it is clear that this solidarity is benefiting the countries affected by serious crises in their balance of payments and with problems in refinancing external debt.

Rest assured that, within the Union, we are implementing the required solidarity mechanisms. We were faced with a particularly serious situation in the case of Hungary. I alluded to Iceland too. We have found ourselves in a difficult situation. If, and I do not wish it, the Baltic countries or certain countries with which you are most familiar should find themselves in the same difficulties, the same solidarity mechanisms should come into play. That is the Presidency's position and, of course, there can be no unity without solidarity.

I wish to say to Mr Papadimoulis that, first, I do not always agree with President Prodi. It is like that sometimes. Secondly, there is a need for a certain budgetary discipline. Thirdly, as I said in referring to the G20 conclusions, it seems obvious that these principles need to be adapted to the exceptional circumstances, and that exceptional measures are required. It makes sense, and here I do agree, that one should never be dogmatic. Finally, and fourthly, as for tourism, I know the Council President sufficiently well to know that he has other favourite spots and that he is putting all his energy at the service of the European Union. I trust you note that this is essential for us.

**Josu Ortuondo Larrea (ALDE).** – (ES) Mr Jouyet, through the financial technique of securitisation, US subprime mortgages have been included in the mortgage notes and other funds purchased by European banks and citizens.

Does the Council know how much of this financial garbage has been sold to us from the other side of the Atlantic?

**Avril Doyle (PPE-DE).** - I would like to know whether the French presidency finds itself isolated at the Council table in any way in terms of its historic fondness for regulation of the market and, in this particular instance, for financial services.

**Jean-Pierre Jouyet.** – (FR) Madam President, to reply to the honourable Member, I do not have the exact figure in my head. The orders of magnitude that I am familiar with are really high and the excesses of securitisation, mainly from across the Atlantic and which have spread to Europe, are greater than the GDP of many Member States, or even of the EU. It is really considerable. That is what I can tell you. Securitisation has, therefore, left us to deal with a destabilising shock of an unprecedented severity. That is what I can tell you today.

To reply to Mrs Doyle, I hope here that, as with other issues, we are not totally isolated and that the Presidency is confident. Financial regulation is certainly not an easy matter, Mrs Doyle, but I think that we are making progress. This afternoon, we have had exchanges in your House with the President of the European Commission and we are relatively confident about the action plan as defined by the European Council and as shaped by the whole of Europe at the informal meeting of the Heads of State or Government, and then guided by the work of the G20 this weekend in Washington.

There is no longer any argument, I would say, at least about the theory. We have to deal with this lack of regulation. There is no need or desire for more regulations, but we have to adapt some of them and need to ensure there is a system which is secure and transparent for savers and investors. I think the whole world agrees with us on this. Thereafter, it is a question of adjustment.

**President.** – Question No 10 by **Hélène Goudin** (H-0806/08)

Subject: Political responsibility for abuses that occur during EU military operations

Testimony has emerged in Sweden that the French military force involved in EU operation Artemis in Bunia, Congo, engaged in the torture and fake execution of a prisoner. This incident is alleged to have taken place on 13 July 2003 and has been investigated by both the Swedish and French armed forces. This incident raises many issues regarding future cooperation.

Are there any guarantees that the forces sent by EU Member States on EU operations observe signed conventions and have competence under international law? How does the Council intend to follow up the findings of the current French investigation into the Bunia incident?

Question No 11 by **Hanne Dahl** (H-0807/08)

Subject: Political responsibility for abuses that occur during EU military operations

Testimony has emerged in Sweden that the French military force involved in EU operation Artemis in Bunia, Congo, engaged in the torture and fake execution of a prisoner. This incident is alleged to have taken place on 13 July 2003 and has been investigated by both the Swedish and French armed forces. The Swedish evidence gave contradictory accounts and the French investigation came to the conclusion that no abuses had occurred, but the incident does raise a number of issues for the future.

Who should assume political responsibility for excesses committed by a Member State's military force engaged in an EU operation abroad? If a Member State's military force is found guilty of a war crime during an EU operation, is it possible to suspend that Member State from EU operations for a lengthy period in order to defend the good name and reputation of military forces from the EU Member States?

**Jean-Pierre Jouyet**, *President-in-Office of the Council*. – (FR) Madam President, these are serious questions raised by Mrs Goudin and Mrs Dahl. I can assure both them and your House that the operations of the European Union are carried out in compliance with the conventions protecting human rights and international law.

This principle is clearly specified in all planning documents approved by the Council and included in the individual instructions which are given to active forces. This is what is known as the 'soldiers' corps'.

Where certain individuals deployed in foreign and defence operations go beyond their duties, the disciplinary and legal consequences fall within the competence of the Member States. All Member States adhere to the conventions that protect human rights.

In the case referred to in this joint question, allow me to take off my President-in-Office of the Council hat to say this: for the sake of transparency, the French authorities, after contacting the Swedish authorities, carried out a thorough inquiry. This inquiry was carried out for the French authorities by the Inspectorate for active forces and national defence.

This inquiry showed that the young man captured by French forces on 13 July 2003, during Operation Artemis in the Democratic Republic of Congo, suffered neither torture nor cruel treatment. Thus, the serious accusations levelled against the French and Swedish forces are unfounded.

**Hélène Goudin** (IND/DEM). - (SV) I should like to ask the following question: this young man has, as we know, disappeared. How is it possible to prove that nothing has happened to him?

**Hanne Dahl** (IND/DEM). - (DA) Madam President, I would like to follow up the question by asking for clarification as to whether, if there is doubt about whether a Member State complies with the international conventions in connection with an operation for the EU, it is possible for the Member State to be excluded from participating. I think in some cases it could be necessary and quite important to be clear on that.

**Jean-Pierre Jouyet**. – (FR) Madam President, without going to extremes, I want to give a factual reply to the questions from Mrs Goudin and Mrs Dahl, and so I will give your House, as well as my hat, the information from the report on the inquiry carried out by the French Inspectorate for active forces and national defence.

For the House's information – I am not obliged to deal with these questions as part of my functions, but I will do so – I will summarise for you the inquiry into the occurrences of 13 July 2003 in Chem-Chem camp in Bunia, in the Democratic Republic of Congo. This inquiry, carried out with the support and cooperation of the Swedish forces, shows that the young man captured by French forces on 13 July 2003, during Operation Artemis in the Democratic Republic of Congo, suffered neither torture nor cruel treatment. He was detained for several hours in the camp, then released. The inquiry was ordered on 31 March 2008 by the head of the army, to complement the preliminary inquiries carried out by the Swedish and French authorities in their respective countries. There was very good cooperation between these authorities and, as a result of the inquiries, it appears that the serious accusations levelled against the French and Swedish soldiers and the two colonels involved are unfounded.



To conclude, it is evident that the protection of human rights and the international conventions must be respected in every phase of foreign policy security and defence operations, from planning to the implementation phase, and this must be achieved, especially, by continuous training for the teams in this sphere.

**Paul Rübiger (PPE-DE).** – (DE) Mr President-in-Office of the Council, I should be interested to hear what you view the role of the UN to be as far as these issues are concerned. Do you think that the UN will have a job to do in these areas?

**Mairead McGuinness (PPE-DE).** - I am reassured by your comments – both with your French hat and the wider Council hat.

But would you not agree that this incident, and any such incidents like this, are very bad from the point of view of our EU operations and that we need to be very clear and very careful about how we handle any such reports so that we deal with them timely and that it does not cause a slur, if you like, on our good work?

**Jean-Pierre Jouyet.** – (FR) Madam President, as for what Mrs McGuinness said, I share your opinion entirely. It is evident that, whatever the foreign operations, whether pursued in the framework of European Security and Defence Policy or in a joint framework, they should obviously be announced and reported on. Transparency must be absolutely vital.

I am in full agreement with Mrs McGuinness and this is why we need to develop everything to do with 'Military Erasmus'. I hope that the work of the next European Council, which will be held in December, can expand on the aspects relating to training and the exchange of best practice and experiences between the Member States in the framework of the European Security and Defence Policy.

In response to Mrs McGuinness, I think that this is an extremely important element, if we wish to develop a strategy for European security and presence on foreign soil. You are quite right, Mrs McGuinness.

As for Mr Rübiger's question, this will be dealt with tomorrow morning in our debate on the Democratic Republic of Congo. I believe that the UN's role is indeed important. The question is how its resources can be strengthened and complemented.

**President.** – I see Mrs Dahl asking for the floor again. I can only give you one supplementary question and that is it, I am afraid. I am sorry, but that is it.

*(Interjection from the floor)*

I am not in a position to force exactly what you would like to hear, maybe. The President-in-Office has answered, and I am afraid that has to be an end to it unless you address further correspondence.

Question No 12 by **Marie Panayotopoulos-Cassiotou** (H-0808/08)

Subject: Coordination of national social security systems

Will the Council say what progress has been made in the process of updating and simplifying European legislation on the coordination of national social security systems, the first stage of which was the adoption of Regulation (EC) No. 883/2004<sup>(2)</sup>, to enable EU citizens to move freely within Europe, whilst retaining their rights and social benefits (health care, pensions, unemployment benefit)?

What stage has been reached in the adoption of an implementing regulation to replace Regulation (EEC) No. 574/72<sup>2(3)</sup>, which will also contain provisions designed to strengthen cooperation between national agencies and improve methods of exchanging data?

**Jean-Pierre Jouyet, President-in-Office of the Council.** – (FR) Madam President, to reply to Mrs Panayotopoulos, I would say to her that the Council fully shares her opinion on the need to reach an agreement, as soon as possible, on the proposed regulation setting out methods for applying Regulation No 883/2004, which relates to the coordination of social security systems.

<sup>(2)</sup> OJL 166, 30.4.2004, p. 1.

<sup>(3)</sup> 2 OJL 74, 27.3.1972, p. 1.

This means establishing the conditions for the adoption of this regulation in order to complete, by May 2009 if possible, the reform of the coordination of social security systems. This proposed regulation, presented by the Commission in January 2006, has since, given the breadth and highly technical nature of its provisions, been subject to chapter-by-chapter examination under the successive Presidencies.

Thanks to the sustained efforts of the preceding Presidencies, partial general approaches have been adopted. This process was completed last month under the French Presidency with the adoption of the partial general approaches on the two remaining chapters, relating to benefits for accidents at work and occupational illnesses and also death benefits.

Meanwhile, Parliament gave its opinion last July at first reading. The Council welcomes the broad convergence of views with Parliament. It sees in this the fruits of some highly constructive cooperation, initiated between the two institutions from the very beginning of the examination of this text.

The adoption of a common position on the draft regulation is, for the French Presidency, one of the major steps towards increasing personal mobility within the Union. This is why the Presidency will do whatever it can to have this common position adopted at the Council meeting on 15 December, so that Parliament can adopt it in its part-session next January.

**Marie Panayotopoulos-Cassiotou (PPE-DE).** - (EL) Madam President, I should like to ask the President-in-Office of the Council about the new Commission proposal 2008/414 on the rights of patients to cross-border services.

What is the French Presidency's position on this new proposal?

**Jean-Pierre Jouyet.** - (FR) Madam President, it is clear to the French Presidency that we must support this proposal from the Commission.

In practical terms, it facilitates the procedures for insured persons, speeds up the response and processing times for cross-border situations by institutions in the various social security spheres, such as accidents at work, occupational illnesses and invalidity. We need to make progress to adopt rules on this issue. As you know, the French Presidency asked Alain Lamassoure, whom you know, a question about ways of overcoming the obstacles to cross-border mobility. Harmonisation in the social security sphere is one of the responses.

An appropriate balance has to be found between maintaining national social security traditions, which are important in each of our Member States, and making the changes which are vital for facilitating cross-border mobility.

In this framework, we support the proposal you mentioned and the Presidency, under the aegis of Xavier Bertrand, is making all possible efforts to achieve its adoption.

**Paul Rübzig (PPE-DE).** - (DE) I believe that one of the biggest problems that we have is double taxation within Europe, which, in the area of social security in particular, unexpectedly leads to additional tax burdens. I would be interested to know whether an initiative from the French Presidency of the Council is to be expected.

**Avril Doyle (PPE-DE).** - With electronic transfer of payments and the ease of electronic reimbursement, surely it is not beyond the collective competence and wit of European institutions to put the technology in place to allow the essential single market right of freedom of movement or cross-border mobility of all our citizens – including the disabled and old age pensioners and others – or is it the fact that there is no collective will to do so? Is any country standing in the way of a collective resolution to this problem?

**Jean-Pierre Jouyet.** - (FR) Madam President, I wish to reply to Mr Rübzig and Mrs Doyle, as these are questions which have already caught my attention.

Firstly, I think that Mrs Doyle is correct. All technologies, and electronic technologies are especially useful here, should be used to facilitate the processing of patient files.

Secondly, Mrs Doyle, we are in favour of a collective solution, providing that, in the cause of mobility, we do not threaten each country's social security traditions.

Thirdly, I agree with Mr Rübzig. It has been seen that there are legal issues relating to contribution payment problems, relating to double taxation. Mr Rübzig is correct.

To give you my own view, having considered these problems closely only last week, as we come from border countries, Mr Rübig, I think that national administrations are not always properly trained, confident or sufficiently motivated to solve this type of problem. This seems to me, to reply to Mrs Doyle, the real difficulty. That is why a collective Community approach is required. The Commission, really, has to push hard. The Presidency is pushing this work forward too, because there is administrative, bureaucratic and cultural reluctance in each of our Member States.

Now, the question of cross-border mobility is a real issue for European integration, for developing a new European generation and simply for allowing our citizens to see the practical advantages of the European Union. There are far too many administrative obstacles to these cross-border movements, especially in the social and fiscal spheres.

That is a real issue. I believe that this also requires in-depth reforms and coordination between the Community institutions, especially the Commission, and the national administrations.

**President.** – That concludes Question Time.

Questions which have not been answered for lack of time will be answered in writing (see Annex).

*(The sitting was suspended at 19.05 and resumed at 21.00)*

### IN THE CHAIR: MR DOS SANTOS

*Vice-President*

## 13. Publication and translation obligations of certain types of companies (debate)

**President.** – The next item is the report (A6-0400/2008) by Mrs P-N. Kauppi, on behalf of the Committee on Legal Affairs, on the proposal for a directive of the European Parliament and of the Council amending Council Directives 68/151/EEC and 89/666/EC as regards publication and translation obligations of certain types of companies (COM(2008)0194 - C6-0171/2008 - 2008/0083(COD)).

**Piia-Noora Kauppi**, *rapporteur*. – Mr President, this report is part of the simplification package on company law. It is very important that in the European Union we try to simplify the environment for companies to flourish and to create growth for the European economy. The aim is to diminish administrative burdens as regards publication and translation obligations of certain types of companies. The proposal is part of the wide-ranging administrative burden reduction exercise; it would free up and redirect business resources and thus enhance the competitiveness of European economies.

Nowadays, under the First Company Law Directive, companies need to publish certain information in the national gazettes that has to be entered into the Member States' commercial registers. In most cases, publication in the national gazette entails additional costs for the companies without providing any real added value. The objective of this proposal is therefore to remove any additional publication requirements in national law that cause additional costs to the companies.

Anyhow, the Commission leaves flexibility for Member States concerning these additional publication requirements. It is still possible for Member States to have additional requirements, but these should be covered by the single fee proposed for the new electronic platform.

Member States should all have electronic platforms containing the full information and providing access to this information in the companies' electronic file in the register. This would be a cost-effective and easily accessible way of providing all the necessary information regarding the companies. Some Member States already have these electronic registers and databases, but others do not have this kind of digital database.

The most important thing is to introduce the single fee set by the Member States that covers all the costs related to the publication and administration requirements. This single fee should also cover any additional national requirements for the publication of information in local and regional newspapers as well.

However, the Committee on Legal Affairs also wanted to introduce some flexibility regarding these costs and we now say that, if there are well-founded reasons, it would be possible for Member States to have additional fees.

Regarding the 11th Company Law Directive, this proposal deals with the translation requirements for documents to be filed in the registers of company branches. When registering a branch, companies also have to file certain information in the register of the company branch. This often leads to significant additional costs for companies as they not only have to ensure the translation of certain documents into the language of the Member States where the branch is situated, but also have to comply with sometimes excessive requirements for certification and/or notarisation of that translation. So now we are trying to ease translation obligations by having this certification and authorisation abolished.

The objective is to reduce the costs for translation and certification to the minimum. This also leads to benefits for companies by achieving a certain reduction in costs while ensuring the reliability of the translations.

I agree with the Commission proposal and tried to keep my wording as close to the Commission proposal as possible. However, it was not possible to reach a consensus based on the Commission proposal here in Parliament.

In the report we introduced some amendments to clarify the practical implementation of the provisions relating to publication costs and translation provisions, and we also introduced some technical amendments in order to ensure correct cross-referencing with the Second Company Law Directive.

The Committee on Legal Affairs introduced three compromise amendments tabled by several colleagues to the effect that these additional publication requirements may be permitted if they are well-grounded, but we put them into recitals – they are not in the articles. I think it is very important that there is a recommendation in the recitals for the Member States to use this flexibility, but we do not call on them to do so. If the Member State feels that its companies really need to have this publication in the national gazette – and this is really something that Member States want – they can do that, but we have not put any call to this effect into the articles.

The second issue is that I, personally, tried to introduce a transition period, which I still think would be a very good way forward. During the transition period these publication requirements would be there, but once the transition period is over we would have only the electronic database. I think this kind of proposal for a transition period would also be in line with the issue of internet penetration, namely that some Member States have better internet penetration than others; maybe after the transition period we could then make sure that there is enough distribution of information in all Member States. In this way we could take into account the fact that internet penetration in all the Member States is not at the same level.

**Charlie McCreevy**, *Member of the Commission*. – Mr President, I would like to thank the rapporteur for her work on this file, which has turned out to be more complicated than expected. We are taking our commitment to reduce regulatory burden on companies very seriously and are grateful for Parliament's continued encouragement in this regard.

However, it is difficult not to be disappointed with some of the proposed amendments to the First Company Law Directive. Let me recall that the European Parliament, in its resolution of 12 December 2007 on the Commission Work Programme 2008, welcomed the Commission's determination to reach the goal of a 25% reduction in administrative burdens on undertakings at EU and national levels by 2012. Parliament stated that it would regard this as a key priority for the coming months, in particular as regards SMEs, and as an essential contribution to reaching the Lisbon targets. Parliament therefore underlined that it would examine legislative proposals in this light.

Furthermore, in its resolution of 21 May 2008 on a simplified business environment, Parliament supported this specific proposal for modifications to the First Company Law Directive, agreeing that it should be easier for companies to publish statutory information. In particular, Parliament strongly supported the use of new technology.

However, the Legal Affairs Committee's report that is now on the table completely undermines the objective of the Commission's proposal. The Commission's impact assessment estimated the reduction potential at about EUR 600 million per year. Under the draft report, Member States could not only continue to impose all current administrative burdens on companies, but add new ones. So, whereas the Commission proposal is based on the idea that the new publication tool of an electronic platform should replace the current cumbersome publication methods, the draft report would, instead of reducing administrative burdens, add new ones.

The objective of the Commission's proposal has been supported by an overwhelming majority of stakeholders. It was also supported by a very large majority of Member States in the discussions in the Council that have

taken place so far. But adopting the directive in the form currently proposed by the Committee on Legal Affairs would risk jeopardising the credibility of the entire administrative burden reduction exercise.

To the extent that the objective of the Committee on Legal Affairs amendment is to secure the financing of newspapers that currently depend on the fees for company publications, this objective can in principle be shared by the Commission. However, other ways for this financing have to be found. It cannot be imposed on the companies by obliging them to comply with publication obligations that do not provide any significant added value in today's technological environment.

**Margaritis Schinas**, *draftsman of the opinion of the Committee on Economic and Monetary Affairs*. – (EL) Mr President, on behalf of the Committee on Economic and Monetary Affairs, I should like to convey our opinion to you. We endorse to a large extent the root cause of this Commission proposal, which is well structured and, of course, is designed to minimise administrative burdens.

We think that, alongside translation, the simplification of procedures and the recognition of translations by other certified translators from another Member State is absolutely justified and fully endorse this approach.

Now I come to the question of publication. Our committee believes – as the Committee on Legal Affairs, in my opinion quite rightly, believes – that, in addition to companies, there are also citizens who also have the right to know. Unfortunately, Commissioner, citizens do not have the same access to electronic media to which your initial proposal directed them.

We live in a pluralistic Europe, with different models and different values. You, as a Commissioner from Ireland, know that the outcome of the referendum in your country, the perception of many of your fellow countryman about one model for all of Europe, cost us dearly. We do not therefore want to introduce this model in Europe, knowing full well that in my country, in my region, access to the Internet is restricted. Why should we therefore deprive these people, these European citizens, of the right to learn about things which concern them via other traditional channels?

I therefore consider, Commissioner, as do the Committee on Economic Affairs and the Committee on Legal Affairs, that the electronic platform must be compulsory and quite rightly so. However, it must not be the only platform. We must allow all European citizens to access information. We do not want a situation in which someone in a region of Europe has to find out what is going to happen in his region on a BlackBerry, because where I live many people do not have a BlackBerry.

I therefore consider that, as the representative of the Commission, and I believe that we should send the Council the same message, you must take serious account of the position which we expressed unanimously in the Committee on Legal Affairs and by a large majority in the Committee on Economic Affairs. May I say that, if you are thinking about ignoring it, I would advise you to think again, because it is only through productive democratic dialogue that we can find mutually acceptable solutions for the benefit of the many, not just the few.

**Georgios Papastamkos**, *on behalf of the PPE-DE Group*. – (EL) Mr President, the European Council in March 2008 ordered new, fast-track legislative initiatives to be taken in order to improve the business environment for companies in the Union by reducing administrative obligations and costs. In my opinion, the Commission's proposal for a directive which we are debating contributes little to the objective set.

The core problem for companies, especially small and medium-sized enterprises, is that objective conditions are needed for improving the bureaucratic, legislative and fiscal environment in general and we expect an even more substantial contribution on the part of the Commission in this direction.

In this particular instance, the main purpose of publishing companies' annual accounts and other financial statements is to apply the principle of transparency and publicity in commercial activities. However, the low level of penetration of the Internet in a significant number of Member States of the Union does not constitute an adequate guarantee.

Apart from that, having compulsory records in purely electronic format would also mean the loss of thousands of specialist jobs in traditional printed media. Furthermore, the press is an essential component of the principle of the transparency and democratic life of the Union, the contribution of which to the multilingualism and diversity of the European Union is beyond question.

I consider that the safety valve of adopting a single fee and of maintaining the parallel facility to publish in the printed media, in conjunction with the introduction of an electronic register, as formulated in the

consensus reached and voted by all – I repeat all – wings of the Committee on Legal Affairs, is the balanced and rational solution needed.

In closing, allow me to emphasise that what is required of the European Parliament and what it has a duty to provide is productive consent to Community lawmaking whilst retaining the full independence of its legislative will. It is the will of the Committee on Legal Affairs, as already formulated, that plenary adopt the report by Mrs Kauppi, whom I congratulate on her work.

In post scriptum to you, Commissioner, I do not know if the consensus proposal by the Committee on Legal Affairs comes as a disappointment to you, but I should like to say to you and I honestly hope that, as soon as the Lisbon Treaty enters into force, the culture of cooperation between the Commission and the European Parliament will – and must – change. That is what we are waiting for now; that is what the democratically elected European Parliament is waiting for.

**Ieke van den Burg**, *on behalf of the PSE Group*. – Mr President, firstly I shall say something about the procedure. It is a pity that we did not discuss it this morning, Commissioner, when we were sitting together, because I was a bit surprised that you are so harsh now in your speech to Parliament. On the procedure, I am particularly harsh on the way that the French presidency has dealt with our proposals, in not meeting any requirements to negotiate or try to have a dialogue on a possible compromise.

It is the same for the Commission. With these types of issues it is normal to try to get together and find a solution that meets the concerns of the different parties. I regret that this has happened, and I hope that in the time between the plenary and the vote in committee there will be an opportunity to do that.

On the content, I think we do not differ so much. I am also very much committed to relief of administrative burdens. I am always pushing for the XBRL system in accounting and this type of electronic platform. I think we all agree that it is necessary, precisely because in some Member States the electronic society is not yet completely in place. It is necessary to have this temporary transitional solution so Member States still have the option of using this type of paper registration.

This is really a temporary problem and there could be a pragmatic solution. I heard this week that it is only 20 years since e-mail was first used and since the first internet connection, so in 10 to 20 years' time it will be completely normal for everything to be processed electronically. It is only a very temporary problem that we are facing and we should not make a big issue of it. We should try to find a reasonable, pragmatic solution in the spirit of what you are always telling us you want also.

**Jean-Paul Gauzès (PPE-DE)**. - *(FR)* Mr President, Commissioner, ladies and gentlemen, I first want to thank our colleague, Piiia-Noora Kauppi, for her excellent report and for her efforts to allow a reasonable solution to be found to the various issues, especially that of the platform.

The proposed directive is part of the wider action undertaken to reduce the administrative burden on companies, to reduce the restrictions upon them and increase their competitiveness. We, of course, actively support this objective which will benefit SMEs. We approve the creation of an electronic platform containing all information and the principle of a single fee to cover all of the costs related to the necessary publications.

It is appropriate, however, to provide the best possible information and to allow continuation of the usual publication methods, which are still needed, especially in the printed press. The text proposed by the rapporteur after negotiations, and unanimously adopted by the Committee on Legal Affairs, will allow the Member States to provide for the retention of the usual publication methods, as their cost is included in the single publication fee.

We have therefore, Commissioner, complied with the spirit of the proposal by making the platform a requirement and by maintaining the principle of a single fee. We have, however, taken account of the reality in various countries without the IT infrastructure that some other countries have, and which have information habits that should not be ignored.

Commissioner, you know that the citizens' views have to be taken into account and that Europe must not appear to be a source of new restrictions or difficulties. This is why we are looking for the flexibility to take into account the realities of the different Member States, whilst retaining an economical system.

You harshly said, Commissioner, that the Committee on Legal Affairs' proposal undermines the Commission's position. I do not think this is accurate, nor is it accurate to say that the Committee on Legal Affairs' proposal

introduces new formalities. On the contrary, it is agreed that these are existing formalities which will be retained and we obviously reject the introduction of new formalities.

What is needed, Commissioner, I believe, is for Europe to show it is capable of reducing bureaucracy and administrative burdens, whilst respecting national identities.

**Manuel Medina Ortega (PSE).** – (ES) Mr President, I want to thank the Commission for having presented this proposal. I believe it is positive and will help us to reduce unnecessary administrative burdens.

As previous speakers have said, this Parliament has a duty to bring down to earth the Commission's very generous and very altruistic proposals. The reality is that we have 27 countries with different legal systems and very different languages which means that, in each country, we must adapt to the realities of that country, including on the issue of languages.

However, as mentioned just now by Mr Gauzès and also by previous speakers, it is vital that the recognition of these national specificities does not lead to increased costs, that fees are uniform and that governments, if necessary, shoulder this additional cost.

However, there is also another issue: the issue of translations. In the European Union we do not have a common language. Different languages are spoken in all the 27 countries, and even within some of these countries, such as the Commissioner's. We have to live with this.

Also, in legal terms, we are faced with a reality in which legal documents differ. The Committee on Legal Affairs has, for example, proposed amendments on the certification of documents, together with the certification of translations. At this moment in time, the Committee on Legal Affairs is preparing a report on the recognition of certified documents in various European Union countries, which should complement this report.

Finally, I believe that the Commission has done well in presenting this proposal. The rapporteur has done a magnificent job and we have all tried to develop a proposal for a legislative text that can be recognised throughout the Union, thus guaranteeing rights and which is based on the reality of a Union that is still being constructed, that has different national legal systems and that has different levels of access to electronic communications.

**Françoise Grossetête (PPE-DE).** – (FR) Mr President, firstly I wish to congratulate Mrs Kauppi, the rapporteur, on her excellent work as, thanks to her, the Committee on Legal Affairs has found a compromise which was, I recall, Commissioner, adopted unanimously. This is, then, a clear signal. It will reconcile the need of companies, especially SMEs, for administrative simplicity and the citizen's right to information, whilst leaving Member States the option of retaining publication requirements, if they so wish.

I am convinced that the European Parliament will follow the lead from the Committee on Legal Affairs. The 27 Member States have their traditions. Some advocate the Internet exclusively. Others still use more traditional paper methods of communication. These traditions have to be respected. Let us not forget that 50% of Europe's citizens have no Internet access. If the information were only available on a single electronic platform, those unable to access the Internet, or who prefer to use paper, would be unable to receive information about companies in their region.

I believe that the European Parliament well understands that simply abolishing the publication of judicial and legal announcements in regional newspapers, for example, would have disastrous consequences. As a result, the Member States must be able to organise the distribution of information via complementary channels, under specific conditions.

Commissioner, this is not an ideological debate. Do you not think, in the current circumstances, that you have other things to do instead of hindering something which is working well in the Member States?

In seeking always to simplify, there is sometimes the risk of making things more complicated. Reducing costs? Yes, but at what price? Easing the restrictions to increase competitiveness? Yes, but what happens to competitiveness when the simplification risks severely damaging the economy of an entire sector? There is a strong desire for the Commission to take notice of the fact that we support solutions which will allow the printed press to overcome the difficulties it currently faces.

Commissioner, you should not be impervious to the traditions of the Member States. By acting in this way, you are responsible for risking redundancies for a certain number of journalists and a lack of information for a large part of the population.

We are looking for a balanced directive incorporating the electronic platform and the single fee. We are convinced that we have achieved this solution, and you must respect the European Parliament's vote.

**Lidia Joanna Geringer de Oedenberg (PSE).** – (PL) Mr President, the European Parliament has long been raising the issue of unnecessary and disproportionately high administration costs imposed on European enterprises. These costs not only make doing business more difficult, but represent a barrier to meeting the challenges of today's highly competitive world economy.

It is therefore pleasing that the Commission has finally turned its attention to this issue, proposing to apply the fast-track procedure to the amendment of the 1st and 11th Company Law Directives, which will contribute to a faster improvement of European enterprises' business environment. In the case of the 1st Directive, the elimination from national law of all additional disclosure requirements which increase enterprise costs seems very appropriate indeed. The proposed electronic platform with full information about companies will provide an economical and easily accessible solution, as will the single payment covering all costs, whether administrative or associated with disclosure requirements.

The proposal relating to the 11th Company Law Directive concerns the translation and certification of documents to be entered into the commercial register of a branch of a company established in a different Member State. The mutual recognition of translations proposed by the Commission as a way of reducing the administrative burden will undoubtedly contribute to reducing the costs borne by companies, while ensuring the reliability of the translations. Finally, may I congratulate the rapporteur, Mrs Kauppi, on the excellent report.

**Costas Botopoulos (PSE).** – (EL) Mr President, Commissioner, I should like to use the privilege of being the last speaker to make a political comment and two technical comments on the directive which we are debating.

My political comment is that today we are witnessing a rare moment in the European Parliament: complete unanimity in all wings of the House, from the right wing to the left wing, on the direction in which Parliament wishes to take a specific legislative initiative. Numerous members have said and I too wish to emphasise the fact that this is a rare occurrence and must of necessity be taken into account in the Commission's final decision.

We are not undermining the Commission's proposal. We are trying to modernise it and make it more human, more logical and more practical. That is my political comment.

I have two brief technical comments: on the question of publication, Members have said and I too shall add that it is absolutely fair and absolutely right for the Member States in which access to the Internet is severely limited to be given the facility, alongside the general rule of electronic publication, of publication in the press for obvious social and financial reasons.

I should like to comment briefly on the question of translation, with which there is no problem whatsoever. The facility for there to be just one recognised translation gives us a practical solution. The question of translation raised here is not a question of language, it is not a question of transparency, it is not a question of style. It is a practical question which can be very simply resolved by recognising the translation.

There is a distinction, therefore, between the political issues and the technical issues. We are not undermining the proposal, we are improving it.

**Charlie McCreevy, Member of the Commission.** – Mr President, let me begin by saying that if Ieke van den Burg had raised this issue this morning, I gladly would have dealt with it. I had asked you whether there were any other issues you would like to raise and, if you had, I would have spoken to you about it. If you had raised any issue at all – including the weather in Ireland – I would have discussed that with you as well. I have no problem doing that.

I do not have any problem at all as to what the European Parliament decides, because that is your job and that is what you must do. But the background to this particular proposal has to be kept in mind and, since I appreciate your position, I would ask you to appreciate mine.



This particular proposal was put forward in the context of reducing the administrative burden on small companies. It was part of the simplification of the business environment. There are estimates of what this proposal would achieve: reducing the cost annually by EUR 600 million. So the reason for putting forward this proposal was to reduce administrative costs for small business. As I pointed out in my earlier remarks, the whole project of reducing costs has been welcomed by the European Parliament in various resolutions.

So this is the context in which this was put forward. With the idea of bringing down administrative costs and simplification for smaller business we came up with this particular proposal.

You can hardly expect me then to accept amendments by the European Parliament that go in totally the opposite direction by not reducing administrative costs but increasing them. If the European Parliament feels that, in this particular instance, the balance of advantages weighs further in keeping this the way they want, so be it. That is a perfectly legitimate viewpoint. But this cannot be reconciled with the original objective which you brought forward, which was to reduce costs. If Parliament and others feel that for all the reasons you have outlined it should be kept like this, you can hardly expect me to stand up and agree with you that this is going to reduce administrative costs when it is going to do the opposite – in fact it is going to add to costs rather than reduce them.

The amendments tabled by the two European Parliament committees mean that the only change that Member States would have to implement following the adoption of this directive would make the use of an electronic platform mandatory. No reduction in the current administrative burden would be achieved by the savings which we expected from our original proposal, which have been assessed, as I said, in the impact statement, at around EUR 600 million per annum. So adopting a directive that leads to no reduction but only to cosmetic changes would definitely give a bad signal concerning the overall reduction of the administrative burden that we have been talking about.

So I would ask Members of the European Parliament to respect my position also. If the view of Parliament seems to follow that particular line – and there will be a vote on it tomorrow – that is your view and you are fully entitled to that position. I have no difficulty with it. But you have to respect my position in that I can hardly accept amendments that go in the opposite direction to the original purpose of bringing this forward in the first instance. We should not fall out about it, but I will not be in a position to turn logic on its head and say that what the European Parliament is doing is all right, because it is increasing administrative costs rather than reducing them.

I can listen to the reasons you put forward for keeping it as it is – and perhaps there is some validity in them – but that is not what we started off doing; that is not the reason why we brought forward this particular proposal. So, *c'est la vie!*

**Piia-Noora Kauppi**, *rapporteur*. – Mr President, I would like to make a comment about the procedure. Mrs van den Burg already said that the French presidency has not behaved very well with this dossier. We have tried to propose several possibilities for triologue meetings to discuss possible compromises. Unfortunately the French presidency is unwilling to come to these meetings. They are unwilling to organise meetings in the Council working group in order to discuss the way forward. Also they are not present here today to discuss this very important matter.

The view of the Committee on Legal Affairs gives a lot of flexibility for the Member States. It gives much more flexibility than my personal view. However, the view of the Committee on Legal Affairs is going as far as we can possibly go. This is the only proposal on the table in Parliament at the moment. My opinion is that if the Council is not able to accept Parliament's view, i.e. the view of the Committee on Legal Affairs – which is to be voted on tomorrow – as we have requested them to do, then we have to go to second reading.

We cannot allow Council to play us. If this is not accepted in the form voted on tomorrow by Parliament, we will certainly have a delay in the process. Perhaps we will not have this project ready before the elections and there is a risk perhaps that the Commission will withdraw the proposal. I think that it would be very disappointing if Council does not have a qualified majority behind it and does not come up with proposals on how to reach a compromise.

We would be willing to discuss compromises. I would personally be very happy if the Council would propose something in the triologue meeting on which we could then base the compromise, but it is hiding and not coming to meetings and it is not organising trialogues. It leaves us in a very difficult situation.

That is why I am upset about the discussions about the procedure. I hope that the Commission does not withdraw the proposal. I hope there will still be an opportunity to have a compromise that would suit all the Member States and also the European Parliament.

**President.** – The debate is closed.

The vote will take place tomorrow.

#### 14. European statistics (debate)

**President.** – The next item is the report (A6-0349/2008) by Mr A. Schwab, on behalf of the Committee on Economic and Monetary Affairs, on the proposal for a regulation of the European Parliament and of the Council on European Statistics (COM(2007)0625 - C6-0346/2007 - 2007/0220(COD)).

**Andreas Schwab, rapporteur.** – (DE) Mr President, Commissioner, firstly, I am sorry to see Commissioner McCreevy leaving the Chamber as with this dossier he could have experienced the conclusion of a very successful and relatively lengthy procedure with the European Parliament. This experience is now reserved for you, Commissioner Almunia. I am pleased that today we can bring a successful, lengthy process to its conclusion at first reading, with a large degree of consensus. To begin with, I would also – in contrast to the previous dossier – like to thank the Slovenian and French Presidencies of the Council for the sustained and sometimes difficult negotiations that you have conducted in order to reach a compromise.

This dossier also involves reducing the administrative burden with regard to statistics within the European Union, as well as for companies at local level. Therefore I believe that we can put this report in the context of reducing bureaucracy. In Germany, for example, the proportion of costs for official statistics is, according to calculations by the *Deutsches Institut für Wirtschaftsforschung* (German Institute for Economic Research), less than 10% of total bureaucratic costs when analysing the entire economy. This is approximately EUR 230 million. If we, as the European Union, really can take this situation in hand, I believe that we will make an important step towards less bureaucracy by reducing statistics-based obligations. Thank you, Commissioner Almunia, for your proposal.

Now I would like to discuss the new regulation on European statistics specifically. The regulation on European statistics represents the legal structure for producing statistics at European level and revises the existing basic legal framework for producing statistics at European level. Even though the shadow rapporteurs from the other Groups are not present this evening, I would still like to take this opportunity to thank you for the constructive cooperation. The discussions were not easy but they proved successful in the end.

The proposal is part of a whole series of regulations which the Commission has adopted in the current legislative term in connection with producing and distributing statistics and which were debated in the Committee on Economic and Monetary Affairs. We will make the following changes to the contents of this regulation proposal. We will redefine the European statistical system and fix its activities within Community law. We will define the role of the national statistical offices within the European statistical system, while at the same time ensuring that the subsidiarity principle continues to be fully applied in the Member States, as is prescribed, and we will strive for reference to the European Statistics Code of Practice and its entrenchment in Community law. In this respect, a response is being made to the difficult situation concerning statistics after the introduction of the euro in some of the Member States of the European Union. Finally, the proposal sets up two different bodies – an ESS Partnership Group and an ESS Committee – which together replace the former Statistical Programme Committee.

The clear-cut committee vote and a successful dialogue prove that coherent legislation has been achieved. In the minutes that remain, I would like to present this legislative project once again in connection with two important issues. We have been able to ensure that, in the future, this regulation will enable Eurostat to gain faster, unrestricted access to all the statistical data which is required to collect important economic criteria. In this way, we will provide a bit more transparency for statistics at European level and therefore make the euro area that bit more competitive. This is good news, particularly in the light of the financial crisis and the difficult discussions concerning the statistical system.

Secondly, I believe that it is very important that this report reinforces the scientific independence of statistics even more. This is a positive signal to the staff working in this sector. Finally, I am grateful that a compromise with all the Member States has been achieved. I know – even though the Council's benches are empty this evening – that it was not easy for many people, but I believe that with this regulation proposal we are able

to satisfy all those involved and that we can be happy with the regulation. I would like to thank you for listening and for the successful cooperation.

**Joaquín Almunia**, *Member of the Commission*. – (ES) Mr President, ladies and gentlemen, official statistics undoubtedly play a fundamental role in today's society. Institutions, policy makers, economic operators, markets and individuals rely heavily on statistics to describe as accurately as possible the developments in economic, social, environmental, cultural and other spheres.

Statistical information underpins transparency and openness of policy decisions, and official statistics therefore represent a public good providing a basis for the smooth functioning of democracy. At European level, European Statistics are increasingly important for the development, implementation, monitoring and evaluation of policies decided here, in this Parliament, and in the Council, and that we propose from the Commission.

The objective of the Commission proposal being debated today is to revise the basic legal framework governing the production of statistics at European level. I want to welcome the rigorous work carried out in a constructive spirit by this Parliament, and in particular by Mr Schwab as rapporteur and by Mrs Ferreira – who is not here today, but is represented by Mrs van den Burg – and Mrs Starkevičiūtė, who worked in cooperation with Eurostat and the Commission to arrive at this debate.

This revision is led by changes in society and the need to more clearly define the role of the European Statistical System (ESS). The previous Regulation on this subject dates from 1997 and, since then, many things have changed which have necessitated this revision. This revision will give a new impetus to the established cooperation between the national statistical institutes of our 27 Member States and Eurostat and will undoubtedly lay down the foundation to address the statistical challenges of the future.

Furthermore, this revision is the culmination of a series of measures undertaken by the Commission since 2005, with the support of this Parliament and the Council, to modernise the governance of the European Statistical System. In this process, the European Statistical Governance Advisory Board and the European Statistical Advisory Committee have been set up and will shortly begin work.

In this respect, as proposed by the new regulation, in order to enhance trust in European Statistics, the statistical authorities must enjoy professional independence and ensure impartiality and high quality in the production of European Statistics, in accordance with the principles laid down in the European Statistics Code of Practice endorsed by the Commission in its Recommendation on the independence, integrity and accountability of national and Community statistical authorities.

I should also mention, among the principles having guided the Commission proposal and set out in Mr Schwab's report, the objective that the proposed improved regulatory environment for European Statistics should respond to the need to minimise the response burdens on businesses and contribute to the more general objective of a reduction of administrative burdens arising at European level.

I must conclude, Mr President, by once again thanking the rapporteur, Mr Schwab, and the whole of the Committee on Economic and Monetary Affairs for their excellent work aimed at giving the Union a more solid and reliable statistical structure which will, in a context of total security, prove extraordinarily useful in these times of crisis in which the production of statistics, particularly statistics on public accounts, will play an even more crucial role.

**Ieke van den Burg**, *on behalf of the PSE Group*. – Mr President, there are times when politicians might like to influence statistics – particularly at the moment. If the statistics on the economy are so bad, you might wish to take them away and dream that it is different and that this does not influence the spirit of consumers etc.

I fully agree with what everyone says about this report: that decent, true and fair statistics are an important instrument for politics and that this is an important reason to have independent statistical bodies to present these statistics.

I would also like to congratulate the rapporteur and the Commission on the proposals on this regulation. We had good cooperation with the Council to reach compromises on what we have stated in this document. It is important to have these independent bodies to have a clear contact point for the Commission in the Member States and for this European system of statistics to include the statistics code of practice, which has been elaborated by the experts, into European legislation. I think this is a good achievement and I hope that it will really work and help us to overcome the bad statistics and really try to face the recession that is coming and get clearer measures to counter it.

**Margarita Starkevičiūtė**, *on behalf of the ALDE Group.* – (LT) We are considering a very important document, which should help reform the European Statistical System. I would like to point out, as my colleagues did, that the European Parliament rapporteur, the Working Group on Statistical Reform and experts from the Council, the Presidency and the Commission were very thorough in their preparation of this document. It is a splendid example of our joint efforts. In the last few days, weighed down by various problems, perhaps we have sometimes blamed each other, but if we all work together, we can achieve really good results. The ALDE Group supports the proposal presented and hopes that it will lay out our regulations in the area of statistics.

Above all, statistics must be reliable, protected from the influence of various interest groups. Today doubts do still occasionally arise, especially as regards the quality of state financial statistics. When talking about financial market statistics, there are problems of confidentiality and here we also have to work with the European Central Bank.

The quality of statistical data depends not only on the quality of work done by specialised institutions, but also on the methods used and we would like academic institutions to play a more active role in the preparation of these.

The gathering of statistical data must be organised more effectively using data from existing state registers, applying generalised methods and thereby reducing the administrative burden of statistical reports on business. There are certainly many untapped reserves in this area.

Economic and social development is dynamic in today's world, therefore statistical data should be presented in a more effective manner, so that decisions can be taken more quickly. Let us hope that statistical reform will also help solve this problem.

The European Statistical Programme is financed by the European Union budget. I would like to hope that the proposals presented will help these programmes to be better coordinated, which will allow Community capital to be used more effectively.

**Joaquín Almunia**, *Member of the Commission.* – (ES) Mr President, I simply want to reiterate my thanks to the rapporteur and the Members who have just spoken for their excellent work. As said by Mrs Starkevičiūtė, working together produces results like these which are positive for everyone. What I hope, as do we all, is that, through these excellent statistics, we will shortly be able to offer our citizens good news on the economic situation.

**Andreas Schwab**, *rapporteur.* – (DE) Mr President, Commissioner, ladies and gentlemen, many thanks for the constructive comments at the end, and above all for the constructive cooperation. I do not want to repeat anything that has already been said. Therefore I would like to mention two items that, in my opinion, should be thought through as a follow-up to the discussion on this report. Firstly, the fact is that we have been dealing with Article 285 of the EU Treaty, which discusses the scientific independence of the statistical authorities. In this report we have now also placed a strong emphasis on professional independence as we have discovered that there have been difficulties in this regard in the past. It may also have to be enshrined appropriately in primary law at some point, to ensure long-term clarity. However, I would expressly like to add that, with regard to German law, this does not mean that there can be independence with respect to professional supervisory regulations.

Secondly, this report places setting priorities for producing statistical data and recording it very much in the foreground. Mrs Starkevičiūtė has also pointed this out. Commissioner Almunia, I hope that by setting these priorities we can also manage to reduce the statistical burden for medium-sized companies in the medium term, as we will be able to search for data which we actually need for our statistics in an even more targeted way. With this in mind, thank you very much. I hope that the vote is completed quickly tomorrow.

**President.** – The debate is closed.

The vote will take place tomorrow.

## **15. A facility providing financial assistance for Member States' balances of payments - Financial support to Member States (debate)**

**President.** – The next item is the joint debate:

- on the report (A6-0450/2008) by Mrs Berès, on behalf of the Committee on Economic and Monetary Affairs, on the proposal for a Council regulation amending Regulation (EC) No 332/2002 establishing a facility providing medium-term financial assistance for Member States' balances of payments (COM(2008)0717 - C6-0389/2008 - 2008/0208(CNS));

- the Commission statement on financial support to Member States.

**Pervenche Berès**, *rapporteur*. – (FR) Mr President, behind this obscure title, each person is assessing the importance of the discussion we are holding this evening following Hungary's request for financing, which was first made to the International Monetary Fund (IMF). The European Union has looked at the issue to verify the conditions under which it could give its support to one of the Member States.

It is true that there was a discussion amongst the members of the Committee on Economic and Monetary Affairs as to why Hungary first approached the IMF. That is a question for Hungary as a country, as a member of the European Union of some years standing, and also for the institutions of the European Union in the sense that, manifestly, at this stage, we have been unable sufficiently to develop this climate of confidence, this climate of solidarity, this climate of cooperation to allow a country like Hungary, in its current difficult situation, to consider that its first circle of solidarity, its first circle of cooperation, should be the European Union.

I believe, finally, that the plan implemented for a balance of payments assistance facility, on the basis of Article 119, achieved on the initiative of the Commission and Mr Almunia, whom I thank, will allow an appropriate solution to be found jointly with the IMF.

Evidently, we all think now that, unfortunately, Hungary's situation is not an isolated case, and we must in some way consolidate the cushion which will allow the European Union to meet such requests.

In the resolution that we adopted in the Committee on Economic and Monetary Affairs and that I hope will be supported by plenary tomorrow, we ask the Commission to examine how and whether the banks of some Member States of the Union have helped to aggravate this situation. I believe that this is important information for the European Parliament to have in the coming debate, and which, doubtless, Jacques de Larosière's group will examine thereafter.

We have also said that we think, essentially, that the Council's proposal was to raise the level of the facilities to a given threshold, which we have accepted, believing that this, perhaps, will not be the last discussion we will have with the Commission. At this stage, we understand that this is the basis for agreement in the negotiations with the Council and, therefore, we accept this situation.

In the future, we hope that the European Commission, Council and Parliament will all regularly approve these amounts, because, in 2002, when the European Parliament voted on the Regulation we are now amending, we asked for a regular update to be organised. Evidently, and unfortunately, I have to say that we were right. We are now therefore asking you for it again, Commissioner, and I believe it is reasonable to ask that it be carried out in that manner.

Finally, in the Committee on Economic and Monetary Affairs, I asked for the tools and processes of Article 100 of the Treaty to enable us to act to support some Member States more widely, and not just on balance of payments problems. Unfortunately, I was not supported by the Committee on Economic and Monetary Affairs in this matter, but I am using my position as *rapporteur* to urge the Commission to examine this mechanism which the Treaty offers us and which, to date, we have failed fully to exploit.

**Joaquín Almunia**, *Member of the Commission*. – (ES) Mr President, Mrs Berès, ladies and gentlemen, when the founding fathers of the European Union drafted the Treaty of Rome, they had the foresight to include, in one of its articles, a mechanism to help Member States whose balance of payments was seriously threatened.

That foresight in that article of the Treaty of Rome has been passed on through successive treaty reforms and is now in Article 119 of the current Treaty. After many years of non-use, this legal basis has now been used by the Commission to assist a Member State which needed urgent help, namely Hungary.

This article of the Treaty was developed in a 2002 Regulation which is what we have used in the case of Hungary and which is what we are now proposing to amend with regard to the maximum ceiling of the amounts that can be made available to help Member States facing this kind of difficulty.

Yesterday we debated in this House the ten years of Economic and Monetary Union. This afternoon we have debated the economic situation. Yesterday and again today we have discussed the problems caused by this situation and, unfortunately, there are some EU Member States which are outside the euro area and whose macroeconomic and financial imbalances are putting them in a particularly vulnerable position, given market pressures.

In the case of Hungary and in light of these difficulties, at some point the Hungarian authorities contacted the International Monetary Fund (IMF). Immediately after establishing contact with the IMF, they contacted the European Commission.

As I have said to the Hungarian authorities, this was not the right procedure for a Member State. The logical procedure is firstly to contact the European authorities and then, if necessary – and in the case of Hungary, it undoubtedly was – to jointly contact the IMF.

I must say to you all that the IMF and its Managing Director, Mr Strauss-Kahn, have proved to be absolutely open to this cooperation between the IMF and the European Commission, the European authorities and the EU Member States which are members of the euro area and need to access the facilities provided by the IMF.

In the case of Hungary, we have acted in cooperation. Although the procedure was not started correctly, the end result has been right as we have acted in cooperation. The European Union is providing Hungary with EUR 6 500 million within a global aid package worth EUR 20 000 million. This same approach, but in this case using the right procedure of firstly contacting the European authorities and then jointly contacting the IMF, is now being used in the case of another country.

Unfortunately, the situation is proving so difficult that this may not be the last case, or at least we should be prepared for there to be other cases, other Member States which need this type of help. That is why, at the same time as we presented the Council with the proposal to help Hungary, by using Article 119 of the Treaty and the 2002 Regulation, we also presented a proposal to raise the maximum ceiling of the facility established by the 2002 Regulation to EUR 25 000 million.

Hopefully we will not have to use these funds, but we cannot rule out this possibility. If we have to use them, then we must demonstrate our solidarity, as the founding fathers did in the Treaty of Rome in 1957, and we must also plan for a possible increase in the ceiling above EUR 25 000 million, if this proves necessary. As a result, I would ask Parliament, when discussing this issue in the future, if this proves necessary, to show the same willingness that I am pleased to witness here today. I would ask Parliament to give its opinion quickly and flexibly on help that, due to its very nature and characteristics, will be urgent.

There are elements in the motion for a resolution tabled by Parliament, together with the debate on the proposal to raise the ceiling of the balance of payments facility, with which I agree. These involve concerns about the vulnerability of some of our Member States and about the need to assess how we can protect ourselves and protect those Member States affected by this particular vulnerability, as in the case of Hungary, but which may also arise in the case of other countries.

We have to make this defence of the stability of Member States' economies and financial positions compatible with the free movement of capital and with the principles on which the internal market is based. However, we must be aware that we have to react to unnecessary risks and situations in which certain private interests may threaten the higher interests of Member State citizens and the economic and general security of our States.

I have taken due note of the suggestions made in this motion for a resolution. We will assess these in the Commission and report our findings to the Committee on Economic and Monetary Affairs. As stated by Mrs Berès, these will also be conveyed to Mr De Larosière so that his group can present its findings within the period set for its work, in other words by March.

**Zsolt László Becsey**, *on behalf of the PPE-DE Group*. – (HU) Thank you for the floor, Mr President. As a matter of fact we are faced with a sad situation, since we need to debate a request for immediate assistance. I would say, however, that I can make a positive comment because the European Union has finally, after a lot of searching – which was far from easy – discovered Article 119 and the legal basis on which it can provide such assistance. For a long time, as the news wafting in from Hungary indicates, they could not find a legal basis for doing so.

Before going any further, let us examine the reasons for this. One reason is convergence – as we debated yesterday – or rather the lack thereof. In recent years, there has been no reinvestment in capital movements

from east to west within the EU, and consequently there is an enormous capital drain from eastern Member States to the western ones. This means we face an ongoing imbalance of payments, which, moreover, will prevent true convergence.

The other problem is that obviously the surveillance system is incomplete, since the countries which do not use the euro can simply run up debts in foreign currency. If I have heard correctly, until now the European Union did not entirely have the power – though in my view it does have a voice – to tell these countries to ‘be careful, do not allow the population and businesses to run up endless and irrational debts in foreign currency, because there could be trouble if there is a crisis’, and so the problem has indeed arisen.

Therefore, surveillance must be extended to cover this, and should already have been extended long ago, for as I say, the Commission has a strong voice in Central and Eastern Europe, and can open its mouth.

The crisis has now arisen. The Hungarian Government first ran to the International Monetary Fund (IMF) out of fear, this we know, but they say that they did of course try to approach the EU as well, and that the latter tried systematically to find a legal basis. The government also say that they lack sufficient capacity to analyse the crisis. To this I say, let us create it. It should not be the case that everyone has to rely on the IMF whenever they need crisis analysis. What will the outside world think of us, if we try to use IMF funds to rescue Member States of 1-1.5 million inhabitants from an imbalance of payments?

A crisis mechanism will not work when a system, at times of crisis, has to stop a capital drain from a non-euro area country, for instance in the monetary sphere, for that is when the drain really begins to operate. Even the European Central Bank cannot do much, since in spite of coverage in forints, it does not really want to help with the liquidity problem, although all Hungary needed was foreign currency liquidity, since the banks were not heavily in debt.

As far as the Hungarian report is concerned, its 2006 analysis began with an improving situation. It reminds me a bit of Chernobyl in 1986, when on the first day they reported that there was no problem, and thereafter the situation was steadily improving. In the end we worried that there would be negative radiation. In this case as well, everyone is forgetting. We started out with what happened until 2006, and since then there has been a serious lack of surveillance of currency flows.

This EUR 25 billion ceiling, I would like to observe, seems very low. It includes from the outset that we want to work with the IMF, whereas it is hard to imagine a more terrorising situation than relying on the IMF.

It would be very important, of course, for the European Parliament to be involved and at the same time to act speedily. In my view, the two are now happening at once, and for this I am grateful to the Commission as well as to Parliament. I would, however, reiterate that we should create a mechanism which will prevent a recurrence of the various misfortunes that occurred in relation to the Hungarian crisis, and which has done nothing to increase the prestige of the European Union in Central and Eastern Europe. Thank you for the floor, Mr President.

**Szabolcs Fazakas**, *on behalf of the PSE Group.* – (HU) Thank you for the floor, Mr President. Commissioner, ladies and gentlemen, as I am not a member of the Committee on Economic and Monetary Affairs, please allow me to approach the question before us from a different perspective. Last year’s financial crisis in America has reached Europe this year, and our financial markets, which we had believed to be stable, were shaken in their very foundations.

Instead of devising a unified EU solution, it was only after long hesitation that we were able to address the crisis with an individualised, harmonised response that is costing several billion euro per country. These individual national solutions cannot be the way to handle crises in the new EU Member States, which are unable on their own to move billions of euro. Initially, these countries trusted that, since their banks did not get involved in dubious, speculative overseas transactions, this international credit crisis might not affect them.

The lack of liquidity and crisis of confidence that accompanied the international financial crisis has, however, greatly shaken the finances of those States that rely on foreign credit, and the speculative attacks on national currencies further contributed to this turbulence. In this situation it was important for the new Member States to receive not only moral but concrete, tangible financial assistance from the European Union, and for the EU to extend its protection to those countries that have not yet joined the euro area.

This is not just solidarity, as inspired by the fundamental European value, but a shared European interest to avoid a domino effect by preventing even a single bank – not to mention an entire country – from becoming insolvent.

Bearing this in mind, we are now looking at raising the facility from EUR 12 billion to EUR 25 billion. In this context, the European Central Bank provided Hungary, which was most severely affected by the crisis on the money markets, with a rescue package of EUR 6.5 billion euro. This was a very fair and dignified solution, since Hungary has not only spearheaded reform and European unification for decades, but has also, since last year, halved its approximately 10% budget deficit, in accordance with the convergence programme adopted in 2006; that programme has been implemented systematically since that time, and the deficit this year is being reduced to 3%.

In order for the consolidation process required by the EU to continue, assistance is needed from international financial bodies. As a consequence of the financial and credit crisis, the entire world economy is now facing difficulties; yet individual EU Member States are trying to deal with these with their own instruments and in accordance with their own very specific goals. In order that the new Member States, which do not have such instruments at their disposal, should not lose out in the process, what is needed in order for Europe to weather the crisis jointly is not only to harmonise current actions but to adopt a common European strategy to deal with the economic crisis.

I hope that this financial rescue package constitutes the first rung on this ladder, and that once it has been adopted, we will be able to concentrate all our efforts jointly on solving the crisis of the real economy. Thank you for the floor.

**Zbigniew Krzysztof Kuźmiuk**, *on behalf of the UEN Group*. – (PL) Mr President, speaking on behalf of the UEN Group on the Council Regulation establishing a facility providing medium-term financial assistance to EU Member States, I should like to draw attention to the following issues: first, the situation in world financial markets is having an increasingly adverse impact on the real economy, with the result that GDP is expected to fall in 2009 in the US and in many of the European Union's most developed states.

Second, since those countries constitute the main market for the new EU Member States, this threatens their economic growth and will therefore have an adverse impact on their balance of payments. Third, this being the case, we must definitely support raising the ceiling of Community financial assistance to EUR 25 billion for each Member State not in the euro area, because only a ceiling this high will guarantee the effectiveness of any assistance granted by the Community.

Fourth, should a Member State outside the euro area need immediate financial support, the Council, European Commission and Parliament should act with sufficient speed to prevent confidence in their effectiveness being undermined.

Fifth and last, we welcome the European Commission's rapid response to Hungary's financial needs, granted in spite of the fact that Hungary had in the first instance approached the International Monetary Fund and not the European Commission.

**Nils Lundgren**, *on behalf of the IND/DEM Group*. – (SV) Mr President, Commissioner, ladies and gentlemen, when I read up on the subject that we are now debating, the balance of payments problem, I felt like Marcel Proust with his madeleine cake, *In Search of Lost Time*. There is an aroma of the 1950s and 1960s about the approach to the problem.

The balance of payments problem? This is something that we are to set aside EUR 25 billion for. Why on earth should we do this? Is this what we are doing today? This is intended for those countries, those poor countries, as I understand it, that are in the EU but not in the currency union and that may then need to be rescued from a fate worse than death: the balance of payments problem. This has, in that case, been created by the European Union itself, of course. What we are talking about here no longer exists in fact.

My own country, Sweden, is part of the EU and loyally supports it, implementing everything that is decided there much better than most other countries, but we have not joined the monetary union. Wisely so, in my opinion. However, if we should now experience problems in Sweden, will we then have a balance of payments problem? The answer is, of course, no. Naturally, it is possible to imagine that Sweden could start to mismanage its economy and experience a much higher rate of inflation and increase in wages than other countries. What happens then? Do we get a balance of payments problem? No, the Swedish krona falls to compensate for



this. Nothing else happens at all. This is also the case in other countries in the same situation, for example in the United Kingdom.

What is the problem then? Well, the problem is that, if these countries are members of the European Union – which they should be – but are not members of the monetary union – which they should not be – then they are to be forced, as you intend, to keep a fixed exchange rate with the euro. The worst-case scenario is to be forced to keep a fixed exchange rate with your most important trading partners. It is clear that if a country mismanages its economy, experiences a higher inflation rate or suffers a structural setback in its most important export industry, its exports will decline and its imports increase. Suddenly the question is, how is this to be financed?

This is, however, a totally artificial situation. It is thoroughly old fashioned for countries that are not members of the monetary union to choose to fix their exchange rate and then need to be rescued by the International Monetary Fund or the EU or by anyone else. Why, for goodness sake, should this happen? It is a form of economic policy that is completely out of date. Either a country joins a monetary union – that could be right sometimes, I agree – or it remains outside, standing on its own two feet with its own independent monetary policy, and takes care of itself. If the country takes care of itself, nothing in particular will happen. If it mismanages itself, the currency will fall to compensate for that. This is not particularly dangerous, either.

I would therefore like to point out that, while we are discussing whether we should set aside EUR 25 billion for this purpose, it is a purpose that is actually not at all necessary. It is a problem that we have created ourselves, or rather *you* have created yourselves. Put an end to it. Those countries that are members of the EU but have not joined the monetary union should maintain a regime with a floating exchange rate. Then the problem disappears.

**Sergej Kozlík (NI).** – (SK) The limit for mutual assistance to an EU Member State that is not a member of the euro area and that is experiencing balance of payment difficulties or is facing the risk of serious problems as a result of an overall disequilibrium in its balance of payments is currently EUR 12 billion. The examples of Denmark and Hungary show that the consequences of financial crises in some states can be so great that, if such a crisis occurred in a larger state, then this limit would be too low.

I would therefore like to stress that I do not consider the primary reason for increasing this limit to be either the expansion of the European Union or the greater number of states outside the euro area, as is stated in the explanatory report. We need to be aware that the financial problems in some Member States are mainly the result of inconsistent economic and social policies. These problems are aggravated and made more profound by the financial crisis, thereby creating pressure for increased levels of assistance. Hungary is just a typical example.

I support increasing the limit on medium-term assistance to EUR 25 billion. I also support, however, the opinion of the European Parliament that there is no need to create a special process allowing the Commission to revise this limit outside the usual decision-making procedures. I believe that such an approach will maintain high levels of diligence in the assistance system while also giving sufficient scope for action.

I mention this as Hungary is a textbook example, since its political leadership has been unable to decide on reform and recovery measures for a long time. In the final analysis, the adoption and implementation of such measures could also lessen the impact of the financial crisis in this country and reduce the need for financial assistance from the European Union.

On the other hand, however, I must defend Hungary over the fact that the new rules for financial markets must not allow excessive flow of liquidity from subsidiary banks to parent banks and that a sufficient level of supervision must be maintained over national central banks.

It is true that he who acts in haste may pay twice over, but it is also true that he who takes in haste will not always pay back on time or in full. It is therefore essential for the system to set out clear rules in respect of assistance, based on a regime of recovery measures which covers both schedules and matter-of-fact issues.

**Dariusz Rosati (PSE).** – (PL) Mr President, Commissioner, may I begin by responding briefly to two statements made by fellow Members. First, I should like to point out that countries not in the euro area are not required to maintain a fixed exchange rate with the euro. Poland is an example of a country with a floating exchange rate. Second, I should like to say that even a country which has a perfect domestic policy and makes no mistakes could be affected by the crisis, due to the contagion effect. Of course, the Hungarian situation largely

originated in incorrect government policy, but Hungary had also been affected by a flight of capital, which was not the result of the Hungarian situation, but had external causes.

Commissioner, I wish to support the Commission's proposal. It seems to me to take into account the fact that we are all in a single market, and that the situation of individual countries is of importance to the other countries. We should therefore be aware of the ties that bind us and feel a sense of joint responsibility for our partners. The proposal is also an expression of European solidarity, which should be among the main values underlying our actions.

The amount of EUR 25 billion proposed by the Commission seems reasonable, though of course there could be situations requiring more money, and therefore I also support the proposal to grant the Commission the right to decide to revise the ceiling where there is an urgent need to do so. It is my view that using the full procedure involving the consent of Parliament or a parliamentary consultation would be impractical in such circumstances. Let us suppose that a crisis occurs in the summer, when Parliament is not sitting. It is hard to imagine that we would wait six weeks for Parliament to convene before helping the relevant state. I therefore support the Commission's proposal granting it the right to raise the ceiling within a very short period of time.

May I also say that I see the proposal as lacking a reference to possible action on the part of the European Central Bank. The Bank granted a loan to Hungary. This action should be coordinated, and it is my view that a reference should be included. Finally, I think that the proposal should not refer to Article 100 of the Treaty. Article 100 deals with quite different situations and should therefore be treated separately.

#### IN THE CHAIR: Edward McMillan-Scott

*Vice-President*

**Edít Herczog (PSE).** – (HU) Thank you, Mr President. Commissioner, Mrs Berès, it is precisely the principle of solidarity that makes Europe more than an economic association and enables it to display the features of a strong political community. When the crisis began, it seemed for a moment that Europe would split in two economically and socially, but thanks to rapid and effective action by the Commission, we were able to prevent that from happening.

Hungary turned first to the European Union to ask for its assistance. However, the EUR 20 billion which we needed in support, or financing, would not have been possible from that source alone.

Ladies and gentlemen, I would like to thank the Commissioner and the European Parliament for their quick response, for the solidarity of our colleagues, which shows the value of being European. Thank you for your attention.

**Harald Ettl (PSE).** – (DE) Mr President, the proposal concerning amending the Regulation on assistance for Member States which are not part of the euro area, in order to increase the ceiling from EUR 12 to 25 billion, if they are hit by grave payment difficulties, has been made at the last moment.

The primary requirement for ensuring that these *ad hoc* measures work is that the EU does not make the same mistakes as the International Monetary Fund (IMF) with respect to counter demands. At the IMF, Mr Strauss-Kahn alone is not a guarantee of a sensible policy. We know the shock therapies used for countries devastated by crises in the old neo-liberal style only too well.

We also know those who have previously profited from this only too well. I hope that better, more sustainable stability will be achieved using the EU tool, based on the example of Hungary. Hungary shows us in particular that the EU has to realise that it was the conservative opposition that obstructed Hungary's premier with respect to stability and reform measures. The stability of Hungary will certainly not be achieved by curbing social expenditure alone, social expenditure which is actually not too high anyway; this will only help the anti-European right-wing populists. Yes, Hungary has been put under pressure, especially due to the rapid depreciation of the forint, which hedge funds have been partially responsible for.

In the case of Iceland, the IMF has demonstrated that it is still enforcing shock therapies, for example by imposing high base interest rates to the detriment of the national economy concerned, in this case the national economy of Iceland. Commissioner, please take into account that I do not want my neighbour Hungary to be plummeted into social conflict due to corrective measures such as this based on counter demands. Hungary needs confidence-building, supportive action from the European Union, which, after all, will help not only Hungary but all of us.

**Paul Rübige (PPE-DE).** – (DE) Mr President, I believe that this debate is taking place at exactly the right time.

I would like to remind you that Hungary is the country that has used the budget deficit to the greatest degree: minus 5%. This shows us that stability in this country also has a political background. It makes no sense that, in the future, we abandon the state – and after all, this refers to all the taxpayers – to the risks involved in some businesses. In this case I completely agree with Mr Ettl, we cannot burden the taxpayers with the risks of hedge funds and derivatives as this would lead to limited purchasing power.

This is precisely what we need in Hungary: more purchasing power. We need people to invest in the country and in the companies again and this means that we need tax reductions so that investment is possible once more and not only for companies but, above all, for employees. I believe that I am drawing the right conclusions. Decisive factors are that allowances are granted, for example for energy efficiency measures, that investment bonuses are given, and that appropriate progressive depreciation is carried out.

I would like to ask Commissioner Kovács, who comes from Hungary, to set up appropriate initiatives at European level.

**Mairead McGuinness (PPE-DE).** - Mr President, I came down to the Chamber while I was watching the debate in my office just to make, I suppose, a broad point.

In Ireland we have the bank guarantee scheme, because of the financial crisis, and we have more unity now in the EU as to how we deal with this. But we now realise that our banks will need to be recapitalised and, perhaps, as a matter of more urgency than we first thought. I wish to express the hope that that would happen, because we have a real problem, as was said by the previous speaker. We need people to spend and to invest and there just are no credit lines available. I think it is most important that something happens swiftly to restore confidence and capital to the banking system.

**Marian Zlotea (PPE-DE).** – (RO) Mr President, Commissioner, ladies and gentlemen, I am pleased that we have this opportunity this evening to discuss such an important issue, the economic crisis, which is affecting not only Member States, but the whole world.

We therefore need to find solutions to this problem. Mutual support for Member States should be one of the steps to be taken in this direction. Bearing in mind that we want EU Member States to resort to this fund when necessary, we must welcome the decision made by European political leaders at last week's summit.

I believe that this European financial assistance fund for Member States needs to be increased to at least EUR 25 billion for one reason: we need to save this market economy. Before I finish, I would like to express my confidence that we will take the measures required to overcome this crisis, both at a European and global level. We urgently need to find the resources required to avert the problems which our citizens are going to be faced with, such as unemployment. We all wish the best for the EU.

**Margarita Starkevičiūtė (ALDE).** - (LT) I would like to thank the Commissioner for pointing out quite rightly today that this problem is linked to the question of how to make the free movement of capital compatible with the stability of macroeconomic nations. I do not really like my fellow Members saying that this is a problem for the poor countries of the European Union. Ladies and gentlemen, if the economies of Germany and France were to grow by 2 and 3 percent, that would pose no problem for those of us who have integrated into the common market. Therefore, if some kind of package is also required as a stimulus for national economies, it should be implemented by the countries mentioned and then we would not be talking about stabilisation funds. In truth, we do not need that money, but guarantees that the European common market will function well and grow. If there are such guarantees, which must be achieved through our joint efforts, then all the problems will be solved.

**Joaquín Almunia, Member of the Commission.** – (ES) Mr President, I want to thank the Members for the support expressed in most of their speeches for the Commission's decisions and proposals on this issue.

I should like to make three very quick comments on three of the issues raised in your speeches. Firstly, I share Mr Becsey's concern about the risks posed by families and businesses taking on debts in foreign currencies, in countries which have a floating exchange rate and which are subject to risks of excessive volatility in their exchange rate, as was the case with Hungary. Mr Becsey knows of my concern because the budgetary and economic surveillance that we carry out in the Commission is sometimes not sufficiently heard or heeded or does not have the desired effects when comments are made on this type of risk.

We are, I believe, more effective in budgetary surveillance. The case of Hungary is very positive in this sense, given the major budgetary adjustment that has occurred in that country between 2006 and now. However, on the other hand, we have had no success in terms of the risks posed by taking on debts in foreign currencies. I hope that, from now on, given the circumstances not only in Hungary but also in other EU countries due to the crisis and excessive volatility in many financial indicators, particularly in exchange rates, this type of comment and recommendation will be heeded more.

Mr Lundgren is no longer here but he made comments that were totally incorrect. He criticised Hungary and the Commission for recommending to Hungary that it should have a fixed exchange rate, whereas the situation is exactly the opposite. In other words, the exchange rate in Hungary is floating and the excessive volatility in this exchange rate aggravated the problems and was one of the factors that caused the crisis having led to the request for this help. As a result, when criticisms are made, people should ensure that these are based on correct information and not on totally wrong information. If Mr Lundgren had stayed until the end of this debate, he would have been aware that his information was totally wrong. As he is not here, I hope that one of you will let him know.

Finally, with regard to the comments made by Mr Rübig on the deficit, it is not true that Hungary has a 5% deficit as this has been significantly reduced. In 2008 the deficit will be clearly below this figure, in fact it will be below 3%, and in the commitment made by Hungary as a condition of this help, the target deficit for next year is 2.6%. Therefore, if this target is met – and I hope that it will be – Hungary will have to face another kind of problem. Undoubtedly it will have to face this and will continue to do so, unfortunately, but at least next year it will not have an excessive deficit.

**Pervenche Berès, rapporteur.** – (FR) Mr President, Commissioner, ladies and gentlemen, I have four comments.

The first is that the Commissioner is asking us to give a fast, flexible response to any such new request. I believe that the European Parliament has shown that it can come up to the mark. Today, we are accepting the threshold of EUR 25 billion to amend the 2002 liability regulation, insofar as we know the conditions for negotiating with the Council, but of course, we are showing ourselves to be open and available to, unfortunately, envisaging other scenarios.

My second comment is to remind you that, for us, one of the lessons of this stage of European integration is that, for each Member State, whether or not they belong to the euro area, the first circle of solidarity, the first circle for discussions, should be the European Union. I hope that, today, for each of us, for the institutions and for the Member States, that is clear.

My third comment is to note with satisfaction the Commission's commitment to make public, or first to examine, then make public, both in our Economic and Monetary Committee and in Mr de Larosière's group, the lessons to be learned from the situation which has developed in Hungary.

My final comment is to note with you that, in this crisis, everyone believed that there would be two channels for transmitting the crisis, the complex financial markets on one hand and, on the other, the real economy.

In fact, we now see that there is a third transmission channel, namely, the movements of capital which can affect even simpler, less opaque financial markets. This is why the interweaving of the real economy and the financial markets, whose extent, I believe, we have yet fully to gauge, is so important. Unfortunately, we are finding out more day by day, and we are faced with an issue which needs us to show flexibility and collective intelligence to find suitable solutions.

Parliament has, I believe, once again shown its ability and desire to contribute to finding suitable solutions to each new aspect of this crisis whilst hoping that, finally, we will also find what we need to allow our economy to face the challenges in these very difficult times.

**President.** – The joint debate is closed.

The vote will take place on Thursday, 20 November 2008.

**16. Documents received: see Minutes**

**17. Agenda of the next sitting: see Minutes**

## **18. Closure of the sitting**

*(The sitting closed at 22.50.)*