

## TUESDAY, 6 JULY 2010

### IN THE CHAIR: JERZY BUZEK

*President*

#### 1. Opening of the sitting

*(The sitting was opened at 09.05)*

#### 2. Documents received: see Minutes

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

#### 4. Review of the Spanish Presidency (debate)

**President.** – The first item is the statements by the Council and the Commission: Review of the Spanish Presidency. I would like to give a warm welcome to Mr Zapatero, who will speak on behalf of the Council. Mr Zapatero, you have the floor.

**José Luis Rodríguez Zapatero, President-in-Office of the Council.** – (ES) Mr President, ladies and gentlemen, I am attending this debate to report to you and to take stock of what the Spanish rotating Presidency has accomplished in these six months. When I attended at the beginning of this term, I explained to you that I had two main objectives during this political period.

The first of these was the implementation and entry into force of the Treaty of Lisbon, a treaty seeking a more complete union for Europe. The second main objective, directly related to that ambition of ever-closer unity among Europeans, was to achieve, with a view to the recovery of the economic situation, a much deeper union with regard to economic policy, to address the imbalances in our economies and to create more appropriate conditions for the European Union to improve its competitiveness and maintain its well-being.

These have been the two main objectives. I can assure you that, in implementing the Treaty of Lisbon, the Spanish rotating Presidency has discharged its functions dutifully to ensure the new institutional balance and to strengthen the new institutions that we Europeans have created for ourselves through the Treaty of Lisbon: namely, the Presidency of the European Council, the purpose of which is to strengthen European representation and ensure the continuity of political programmes within the framework of the European Union, and the High Representative, intended to strengthen common action in matters of foreign policy.

This new institutional balance also includes a fundamental watershed in the spirit and the letter of the Treaty of Lisbon. This watershed is the new role of this Parliament: a step forward in its powers to represent Europe's citizens.

Throughout these six months, Mr President, we have endeavoured to be faithful to the letter and spirit of the Treaty of Lisbon with Parliament, with the new President of the Council, and in dialogue that has always been fruitful, always positive and always easy to put into practice with the European Commission. I mention the European Commission last to remind Parliament that in its founding spirit and the spirit of the Treaty of Lisbon lies the defence of the Community institutions and the Community method, as the final guarantee of the essence and advance of the European Union. This strengthening of and co-responsibility with the Community institutions has always been, and always will be, present in Spain and within the Spanish Government.

If the Spanish rotating Presidency has learnt anything from the Treaty of Lisbon, it is that we need as much Community method as possible, and we need to strengthen the role of the major Community institutions, in terms of action and co-responsibility for the main European issues.

Ladies and gentlemen, I told you that, without a doubt, the economy – the economic crisis and the desire to put in place a common economic policy and greater economic union – had been a fundamental objective

of the European Presidency. I would like to emphasise that we have produced results of great significance during this period.

There has been a substantial advance in economic governance. The clearest evidence of this is that new instruments have been put in place to deal with difficult situations: new cooperation instruments hitherto unknown within the Union, such as support for the problematic situation of the sovereign debt in Greece, or the financial stability instrument approved by the Council and by Ecofin, and implemented by the 27 countries of the Union.

During this period, as you know, we have also adopted a common strategy for growth and employment to 2020. This is a strategy in which we have collaborated by giving support to the Commission. It is a more ambitious strategy for our competitiveness, for innovation, for job creation and for social inclusion, and a strategy with new governance. While Lisbon had a problem with governance, the EU 2020 strategy is designed to strengthen new operational principles for ensuring that both the objectives of the Union as a whole and the individual objectives of each country are met.

Alongside this, we have consolidated a new framework for the Stability and Growth Pact during this period, the details of which have still to be worked out. A new framework for ensuring more rigorous compliance with the Stability Pact, with new criteria and new mechanisms for preventative action and guarantees by European institutions

Also during this period, we have decisively facilitated the progress of a package of new regulations in the area of finance. We know that the crisis had a financial origin, not within our borders, but in the United States. We know that it had major repercussions on our financial institutions, and today we can say that, in practical terms, the financial supervision aspects have been greatly improved thanks to the decisive intervention of Parliament. In a few months, we will have a new regulatory framework for financial supervision, which will cover all financial products and ensure solutions in crisis situations. It will contain many more prevention mechanisms in the face of what may be systemic risks.

In line with this, I also applaud the decision of the European Council to improve confidence in European financial institutions through the publication of 'stress tests' for our banks. There is no doubt that this transparency formula will enable some of the confidence that has been called into question during this period to be restored.

In short, Mr President, ladies and gentlemen, there have been substantial advances with regard to economic union. I would just like to state that these advances should, in my opinion, be permanent because of two fundamental factors, which, in particular as a consequence of the economic crisis, have been the subject of profound public political debate and reflection among Europeans during this period.

One relates to the strengthening of the Stability and Growth Pact, in both its preventive and its corrective aspects, in order to apply both incentives and sanctions, as the Spanish rotating Presidency advocated from the outset. The other relates to the macro-economic supervision that is developing indicators for evaluating competitiveness and imbalances within the framework of coordinated action.

With regard to the entry into force of the Treaty of Lisbon, I would like to emphasise the institutional balance, as I did at the beginning of this speech. As the first rotating Presidency since the Treaty of Lisbon, I have to say that we signed a good treaty. It is a better treaty. It is a treaty that seeks the closest possible union. However, it is a treaty that requires great political will from all 27 Member States. It requires the 27 governments to have the political will to hand over powers to the President of the European Council, to give ever more capacity for initiative to the Commission and, of course, to recognise the now decisive, pivotal role that the European Parliament has.

And if the Treaty of Lisbon is, above all, the way towards the closest possible union, even the closest union of Europeans will not be real or visible if it is not recognised from outside. The road towards the closest possible union will therefore necessarily involve a foreign policy with ever more unity, ever more common ground, and a strengthening of the single voice that many of us pro-Europeans would like Europe to have in the world.

With regard to this, allow me to make a very brief reference to the steps that we have taken towards this objective of strengthening foreign policy. Firstly, in April, the rotating Presidency fulfilled the mandate of the European Council by adopting a political decision on the European External Action Service. On 21 June of this year, Parliament, the Council and the Commission reached a political agreement on the launch of the new European External Action Service, on which Parliament needs to state its position in plenary during

this very part-session. I hope the result will be positive, as, without a doubt, this is a new and important pillar of the common foreign and security policy that we would like to have.

Alongside this, our Presidency has given its active backing to the High Representative for Foreign Affairs and Security Policy, who has taken part with the Commission and the Council in the preparations for a number of summits during this period – with Russia, Japan, Pakistan, Canada, Morocco, Latin America and the Caribbean. These have borne important fruit in the form of commercial agreements that strengthen the economic position of the European Union, open up prospects in many Latin American countries and, without a doubt, extend the already strong links between the European continent and Latin America in cultural, economic, political and social areas.

In the same way, we have strengthened neighbourhood relations. We have held a summit with Russia and, although we have not held one with the United States as was on our initial agenda, I must point out that we have reached a number of very significant agreements with the United States during this period. These include agreements on the fight against terrorism and legally and politically far-reaching agreements such as the SWIFT Agreement, in which this Parliament also played a decisive part – in a matter that was certainly not easy – and on which it needs to announce its position in plenary during this part-session. There was also an economically important agreement signed on 24 June relating to air services between the United States and the European Union, known as the ‘open skies agreement’, which will see the creation of a common transatlantic aviation area, accounting for 60% of global passenger traffic.

In the Mediterranean area, one of the areas that is very sensitive for the European Union, as you know, the Presidency, in agreement with the institutions, decided to postpone the Union summit on the Mediterranean provisionally until November, in the light of the conflict situation that existed in the area. We also believe that attempting to hold this Union summit on the Mediterranean in June might have entailed a risk of failure for the Union, and that there is likely to be a much more suitable and constructive time for the role that the Union needs to play in the Mediterranean, which is to contribute to dialogue in the Middle East.

I would emphasise that, under our Presidency, cooperation policy was discussed in the European Council for the first time during a specific debate within this august institution. In events that were of great interest to citizens and had a major impact because of their destructive power, such as the earthquakes in Haiti and Chile, the Presidency had a significant presence within the cooperation and solidarity effort, in coordination with the Commission, the Member States and the High Representative.

There have been important advances in the process of negotiation with Croatia, with the closure of three chapters and the opening of five. With regard to Turkey, chapter twelve was also opened. The process of negotiation of the Association and Stabilisation Agreement with Serbia was unfrozen, as a result of which all Balkan countries are currently involved in the process of European integration, and the European prospects of the Balkans have seen an important advance.

In the same way, negotiations have been opened with Iceland, as approved by the last European Council, after overcoming the reservations of some Member States. That is very good news for that country and demonstrates that Europe is continuing to grow, and that the European Union continues to be a magnet for all neighbouring countries, and therefore a great model of stability and progress for the world.

I would like to end, Mr President, by making a very brief reference to some of the initiatives linked directly to the expansion of the European Union in the context of citizenship. We have taken steps towards launching the citizens’ initiative, as is well known; its implementation, through negotiations that need to be held with this House, will be a major commitment with regard to citizens’ participation in the process of European integration. We unanimously approved the mandate for the Union’s membership of the European Convention for the Protection of Human Rights, which was a major priority of the European Presidency, and we have taken steps in the fight against gender violence and in favour of equality, through the creation of the European Observatory, and by pushing ahead with the directive on a European protection order for victims of violence against women.

We also approved the action plan for the 2010 Stockholm Programme, along with the Internal Security strategy. In other areas, we carried out an initial assessment of the European Pact on Immigration and Asylum, we adopted new regulations on organ donation and transplants, and we adopted the directive on cross-border healthcare. In short, these are important issues that directly concern the interests of Europeans in their extension of rights and their promotion of greater participation in the process of the formation of European political will.

I would also like to end with a very brief reflection, Mr President. We have endeavoured during these six months to address institutional changes which, of necessity, required a response involving political vision, generosity and commitment. We set out during these six months to address the consequences of a serious economic crisis, to create confidence and unity among Europeans. We have been committed to, and worked towards, strengthening the impact and presence of Europe in the world, convinced as we are that this project has greater strength and greater vitality than when it started, with such enthusiasm and such great scope for Europeans. We are convinced that, through the Treaty of Lisbon, we can make Europe lead the world again in political stability, in being an example of democratic functioning, in economic strength, in competitiveness and in maintenance of the social model.

Finally, I would like to thank the European Parliament for its cooperation, and Mr Van Rompuy, President of the European Council, for the sincere example he sets of responsibility and leadership. I would like to congratulate the Commission on standing firm, on maintaining the Community spirit, and on being militant in its defence, despite the fact that we governments sometimes find that difficult. That, however, is what it means to integrate Europe, to have the interests of Europe at heart, and to know that that is the true path.

(Applause)

**José Manuel Barroso**, *President of the Commission*. – (PT) Mr President, honourable Members...

(ES) Mr President, ladies and gentlemen, the Spanish Presidency and the last six months have been a very special time for the European Union.

Firstly, it has been a period of profound transition, with the recent entry into force of a new treaty, which has given new powers to this Parliament, established a new relationship between the European Council and the rotating Presidency, and brought a new Commission into being, thanks to the support of this Parliament. In addition to all this, it has also been a period of great tension for the European economy, especially for the euro area. This crisis has posed us new challenges and required new responses from us.

So far, we have passed the test. We have shown that we are able to take unprecedented measures to ensure the financial stability of the euro area. Thus, we have maintained the basic principles of solidarity and responsibility, approved the rescue package for Greece, established a stabilisation mechanism – EUR 750 billion – and begun to strengthen the economic governance of the European Union to avoid and prevent future crises.

I would like to pay tribute today to Spain and its Presidency-in-Office of the Council, which has been very positive and successful, and which has taken place in a difficult and very particular context. The firm personal commitment of President Rodríguez Zapatero to Europe and to the Community spirit and method has been essential for meeting these challenges. The efforts made by all Spanish authorities have also been crucial. Thank you very much for that. I am particularly satisfied with the fact that we have worked together to achieve important results during these six months, providing the European Union with an agenda for new growth that is intelligent, sustainable and inclusive, and adopting key decisions for stabilising and strengthening the economy within the European Union.

With the adoption of the Europe 2020 strategy, we have established, for the first time, a global approach that combines an intelligent budgetary configuration with structural reforms, strengthened political and economic coordination, and the reform of our financial markets. Europe 2020 is our agenda for the European social market economy in the 21st century. It will contribute to mobilising all available tools, at all levels, for promoting the creation of jobs and taking advantage of new sources of growth.

The Spanish Presidency has been instrumental in moving this agenda forward and, in particular, in reaching agreement on the five main objectives put forward by the Commission. These objectives are important. They give Europe 2020 a political message that everyone can understand and which nobody can object to: jobs, education, innovation, the environment and social integration. I would like to emphasise especially Spain's support in reaching an agreement on the objective of the fight against poverty. Many people expressed doubts about the relevance of setting such an objective within the European framework. However, I believe that we have demonstrated with this agreement that the social dimension is an essential part of our common project.

Our objectives are having a catalysing effect. They are communicated well and are well targeted. In addition, they provide us with a structure for driving and verifying progress. Following its adoption by the European Council in June, the Member States and the institutions now have the tools to apply Europe 2020 in practice, especially through the seven flagship initiatives and national reform programmes. The next challenge for all of us is to translate these into actual results.

Together with the European Parliament the Spanish Presidency has also brought significant progress in the area of financial regulation.

I said 'progress', bearing in mind the positions of the Council and Parliament only six months ago. However, I did not say 'breakthrough'. Yes, we are on the verge of an agreement on the financial supervision package but we must not lose this momentum. I call on all Member States and all Members of this House to assume their full responsibility. The target date of seeing the new system up and running by the end of the year is not just for practical convenience. It is a critical political signal. All three institutions must now make decisive moves to seal the package before the summer break. I think it would be very difficult to explain to our partners in the G20 that we, who were the first to start this process, are not able to be the first to conclude it.

The Presidency rightly placed great emphasis on the implementation of the Lisbon Treaty's new instruments and I would like to highlight in particular progress on two important files.

The first is the European citizens' initiative. This will be a very concrete and tangible expression of the Lisbon Treaty's goal to strengthen direct democracy in the European Union. The Commission strongly supports the objective of putting it in place as quickly as possible. We have been quick to make our proposal after an extensive consultation involving all relevant stakeholders. I welcome the fact that the Council, under the guidance of the Spanish Presidency, has now formulated its position and is able to enter into discussions with Parliament, which has, of course, a particular interest and legitimacy in this matter.

Secondly, during the Spanish Presidency, the Council agreed negotiating directives for the Union's accession to the European Convention on Human Rights and Fundamental Freedoms. This is a powerful expression of our values and of the commitment to uphold human rights and the rule of law.

Finally, I would like to commend the Spanish contribution in promoting the external dimension of EU policies. The Presidency has helped prepare an unprecedented number of summits with Europe's strategic partners in the world. I would like to mention in particular the remarkable results of the Latin America and Caribbean summits, where the conclusion of negotiations with the Andean Community, the signature of the Peru and Colombia agreements and the relaunch of Mercosur negotiations took place. I would also like to mention – particularly because it took place for the first time – the summit with Morocco.

It is also important to mention here the crucial contribution of the Spanish Presidency to the conclusion of the negotiations on the EU-US agreement on the Terrorist Finance Tracking Programme. Thanks to its efforts and those of Commissioner Malmström, we now have a text that takes into consideration the European Parliament's specific concerns. I know this House is going to debate Mr Alvaro's report today, and I hope that new compromise and debate will bring us to a positive vote by the Parliament next Thursday.

Spain has also made an invaluable contribution in setting up the European External Action Service. Thanks to its efforts, the commitment of Baroness Ashton and the help of the European Parliament, we now have a political agreement which I am convinced will bring a successful External Action Service on track. The service, as it is designed, will articulate well with the work of the Parliament, Council and Commission on external relations. I therefore strongly believe that the agreement deserves the support of Parliament.

Discussion has also brought us a long way on the necessary amendments to the Staff Regulations and to the Financial Regulation, where the Council and Parliament are now ready to enter into the full codecision process. It goes without saying that Parliament will fully play its role in deciding the amending budget for 2010 and adjudicating on the amending letter for the 2011 budget, which the Commission will submit after the summer break. In the meantime, the High Representative, Vice-President of the Commission, will have the political support she needs to put the service in place.

The Spanish Presidency can look back with satisfaction at a number of important achievements in times of economic, social and institutional change. During the last six months, when Europe has been confronted with unprecedented challenges, Spain has shown once again its seriousness and its European commitment in holding the Council rotating Presidency. It has made every effort to show that Europe works and delivers, tackling the issues of concern to our citizens head-on. But there is no room for complacency, and we have to continue to build solid foundations for the future. The European Commission is working on this objective with full speed, together with Parliament, the European Council and Belgium, which now holds the rotating Council Presidency and which receives from Spain a solid record of achievement. To Spain: thank you, *muchas gracias*.

(Applause)

**Joseph Daul**, *on behalf of the PPE Group*. – (FR) Presidents, Prime Minister, the Spanish Presidency of the Council of the European Union has attempted to find a place for itself in a new institutional context, between the new President of the Council and High Representative and the European Parliament's increased power as a European colegislator in its own right.

At the same time, this Presidency has come at a time of major economic difficulties for Europe, such as the crisis with the euro in Greece and a growing social unrest, as we have seen in Spain, where nearly five million people are unemployed. In this context, several advances have been made: the creation of European mechanisms for financial stabilisation, progress in the regulation of the financial markets – here, I would ask you, Prime Minister, to continue on the same path so that we get these regulations – as well as the organisation of the European External Action Service.

It is difficult, however, to give the credit for these positive measures to such and such a rotating Presidency, the Presidency of the European Council or Parliament, and anyway, there have been various reverses or delays in these measures, as you have emphasised. I am particularly thinking of the cancellation of the summit between the United States and Europe, which was a lost opportunity to relaunch an essential transatlantic partnership. My group would like the European Council, during the summit in September on strategic partnerships, to catch up on the time that has been lost, and we propose the creation of a transatlantic market, which would surely provide a serious way of generating growth and employment on our two continents.

Ladies and gentlemen, the stakes are high, and we are therefore obliged to send signs of confidence not just to the markets, but also to Europeans: confidence in our joint capacity for innovation and for engaging in enterprise, and also confidence in Europe's capacity to return to competitiveness, and therefore to return to growth.

In order to achieve these results, each of the Member States must play its part and take inspiration from the things that its neighbours do better. In order for the concert to be harmonious, however, we need a conductor, and this conductor must be European. My group expects European leaders to send a message of unity and confidence and to organise themselves accordingly. My group also expects the Community method to prevail over the intergovernmental method, the limitations of which have been demonstrated by the current crisis.

Prime Minister, as you have said, we intend, even following the Spanish Presidency, to maintain the same very strong stance on this Community method. So many challenges await the Belgian Presidency, and I would recommend to them, and to all of us, that we should show humility, but also efficiency.

(Applause)

**Martin Schulz**, *on behalf of the S&D Group*. – (DE) Mr President, ladies and gentlemen, I shall begin with a personal, albeit very important, observation. Mr Zapatero, political logic dictates that I should be glad when Angela Merkel is sad, and that I should normally share in your gladness. Tomorrow evening, however, the reverse will be the case, for Mrs Merkel and I will celebrate together, and I shall have no sympathy for you.

(Applause)

Mr Cohn-Bendit will also entertain us with his faulty footballing knowledge in a short while, but now I turn to the Spanish Presidency.

Mr Zapatero, the Spanish Presidency has had some outstanding successes, about which I wish to speak at this point. The successful conclusion in the last few days, after negotiations over the European External Action Service which were, in fact, extremely difficult – this is something I wish expressly to state – has been achieved in close collaboration with Baroness Ashton, with a great deal of work from fellow Members of this House. In the closing phases, however, it was the Presidency that made the decisive contribution. This is a success of the Spanish Presidency. I should particularly like to mention your Foreign Minister, Mr Moratinos, who made a significant contribution in bringing it to a successful conclusion.

The Spanish Presidency made a significant contribution to achieving the SWIFT Agreement. I should like particularly to thank Mr Rubalcaba, without whom the SWIFT Agreement would not have come about in its present form. I have the following to say to the President of the Commission. If the mechanistic thinking of the Commission and, in particular, that of Commissioner Malmström, had prevailed, we should not have had the SWIFT Agreement. The credit for this expressly belongs to Parliament and the Spanish Presidency.

I hope that we can come to a conclusion with regard to the steps that are still necessary in terms of banking supervision and financial market regulation. We have made considerable progress in this respect in these

last few days. We are not at the end, but I hope that we can come to sensible compromises and sensible conclusions. Besides, we must have a leading role for Europe. We also need it because we have seen that if Europeans act as one – and this is also a success for the Spanish Presidency – then we have a great opportunity to define European standards that we can also apply internationally.

Let us look again at the reality of the last fortnight. The speculative attack on the euro has been deflected for the time being. What is happening? The speculators can see that European measures are protecting the currency, so they are now turning their attention to the United States and are speculating against the dollar. That would, incidentally, be a good argument for all those who were present at the G20 summit to say to the President of the United States and others that they should not think that the capitalists have only us in their sights. They turn to where they believe they can make their profit quickest. Currently, that is the dollar, but who knows, perhaps next time it will be the pound sterling or some other currency. What we need are worldwide rules. If we implement them now partially, at a European level, then we are doing the right thing, because we can then, as a powerful European Union, also implement them internationally. This is also a step in the right direction.

Mr Zapatero, I am grateful that, as President-in-Office of the Council, you have clearly said here that you support the Commission. I do not always have the impression that this is the case for everyone in the Council. Mr Daul is right to have referred to the defence of the Community method. What we need is a union of European institutions against this dreadful tendency towards renationalisation, which exists especially in the European Council. We must call a spade a spade, so thank you very much for singing the praises of Mr Van Rompuy. I also find him quite charming but, as a Member of this House, I must say that our interlocutor is the rotating Presidency. I have already given three examples of ways in which, with the rotating Presidency – which, incidentally, is led by politicians and not by some bureaucrats sitting within the administrative machinery in Brussels – and as politicians – and as a Minister you are also a Member of Parliament – we, as a rule, have a significantly better understanding of what happens in a parliament than some official sitting in a general secretariat, even if it is led by Mr Van Rompuy. That is why I believe that the rotating Presidency has proved its worth. Especially for us as Parliament, it is a direct interlocutor, with whom we can directly solve problems in specific legislative processes. One result of the Treaty of Lisbon, which I also consider to be a step forward, is the fact that the European institutions, if they work together, if they regard one another as mutually complementary, can have far greater success than if, as very often happens in the Council, they try to lock horns.

Overall, the Spanish Presidency was a successful Presidency. Thank you for your efforts and thank you for your attention.

**Alexander Graf Lambsdorff**, *on behalf of the ALDE Group*. – (DE) Mr President, if football does not count, I, too, shall now make a footballing analogy. The Spanish Presidency seems to me a little like Fernando Torres's World Cup. It began with high expectations, but hitherto, it has been a rather disappointing tournament. I hope in all honesty that as far as Fernando Torres is concerned, it will be the same tomorrow, and that we shall not have to relive the experience of 2008.

On economic policy, the Spanish Presidency set itself a truly ambitious programme: EU 2020, stricter equity capital requirements for banks, regulation of hedge funds and reform of European financial supervision. This was absolutely the correct approach in the crisis.

I must say, however, on behalf of my group, that we are disappointed with the result. Not so much with the Presidency of the Council as such, but with the Member States. We all know how diplomatic Mr Barroso is. When he says that there has been progress but no breakthrough, then for him, this is plain talking.

It is true that an agreement could be reached on the capital requirements, yet not on the regulation of hedge funds. Here, negotiations hit the buffers because no common position can be arrived at in the Council, although here too, there must be bargaining. There are also problems in the Council when it comes to financial supervision. Do the Member States really believe that in a common market for financial services, supervision should best be organised at a national level? The crisis has shown that this approach has failed. The Council should not stand in the way of efficient European financial supervision. The taxpayer is unable and unwilling to rescue the banking system one more time.

Much the same goes for the EU 2020 strategy. In the Council, they behave as if the Lisbon Strategy had not failed due to mistaken ideas. That is precisely the case, however. The open method of coordination broke down. Here, too, we need more European cooperation. A jobs and growth strategy aiming for success must

be based on the Community method. The new strategy does not do this to a sufficient degree. This House has called for a different approach.

If we in Europe do not wish to settle for loss of prosperity in the long term, then we must become more competitive. For this purpose, we need an efficient growth strategy with potential for success. For this purpose, we need regulation and a reorientation of the financial markets, which focuses more strongly again on financing of the real economy. For this purpose, we need effective crisis prevention and crisis management in the form of a European financial supervision authority worthy of the name, and a European currency fund.

However, to this end, we also need Member States' governments finally to put their budgets in order, and better coordination of our economic policy in Europe. This cannot be a race to the bottom, it must be a race to the top; we want more competitiveness in more Member States.

In foreign policy, more would surely have been achieved if Spain had recognised Kosovo. This weakened the position of the Council on this question from the very beginning. The US-EU summit and the meeting of the Union for the Mediterranean were cancelled.

There is one final comment I should like to make. My group has an extremely constructive approach to negotiations with Turkey, but to have opened a new chapter on the last day of the Presidency, almost as if it were a reward for Turkey's abstention in the UN Security Council on sanctions against Iran, has attracted criticism even from supporters of Turkey. I believe that engagement with Turkey must be carried out differently, in a more differentiated and committed way, and in a better thought-out way, rather than rushing through decisions at the last minute.

**Daniel Cohn-Bendit**, *on behalf of the Verts/ALE Group*. – (DE) Mr President, I shall make no remarks about football. I know you are all too clever for that. I shall only say it is a pity that Ghana has been eliminated. We can all agree on that, can we not? Good.

The attitude in this House to the statements made today – namely, that we are all satisfied – surprises me. We have indulged in empty rhetoric. Progress has been made, progress and further progress, and somehow I have the impression that apart from here, in this Chamber, no one has noticed. You might say that this is something to do with our inability at this time to communicate well enough, but that is not the problem. Plainly and simply, the problem is that we must face reality for once. The reality is this: we are making resolutions about 2020, but we are incapable of making a single penny available for the seven or eight flagship projects. That will not work. I can already see the Council saying that we must reduce the European budget because of the crisis. That means you can already mothball 2020.

We are always saying we want growth, growth, growth. Yes, but what sort of growth? Those who want growth cannot only get growth by saving. We need a European fund. Yes, but it must be a fund for solidarity and investment. Where today is Europe speaking about investment? Where? I have not heard it mentioned once in any of the speeches. Granted, you have perfected the Stability Pact, which means yet more sanctions that will not work unless you boost the economy. You can announce as many sanctions as you want, they will be of no avail. To achieve positive economic growth or, in other words, sustainable growth and green growth, you must also invest in certain sectors. I have heard nothing about that today – not a word.

I would like to reiterate something with regard to SWIFT. Mr Schulz, this House has decided on a single paragraph on SWIFT. When the Americans make a request, there must be a judicial authority to monitor whether or not the request is legitimate. Now comes the agreement that you approve of, and the answer is Europol. I did not know that Europol was a judicial institution – one learns something new every day. An American police officer asks a European police officer whether something is alright, and you believe that a European police officer will say to an American police officer that it is not? That is nonsense, since the police have to work with each other. One force cannot monitor the other. No legal system makes provision for one police force to monitor another police force. SWIFT as it stands does not therefore meet the demands of the European Parliament, as we have voted on here. You, too, should say something about that, and not just praise it to the skies, since that is simply not the truth.

(FR) Prime Minister, on the basis of your experience of the rotating Presidency, I believe that there is an institutional problem.

I believe that after six months... well, we will have to see after the next few Presidencies. I do not believe that the rotating Presidency and the permanent Presidency can function as Lisbon has defined the institutions.



There is a real problem of dysfunctionality. We should have the clarity of mind to discuss this problem in the future.

**Timothy Kirkhope**, *on behalf of the ECR Group*. – Mr President, this Presidency took office at a critical time with much at stake. As the first rotating Presidency which would also chair the European Council and the General Affairs Council, it could have given shape to a new kind of Presidency, developing constructive relationships with the President and the High Representative. In the ongoing work of the Council and the preparations for the European Council, it could have had a vital role to play in driving forward a modern and progressive European reform agenda, and in facing the crises in the economy and public debt and in the eurozone, the European Union was owed a positive force for action.

Instead, sadly, too often, this Presidency has appeared more interested in sound bites than substance. It proposed a transatlantic summit which it could not deliver, while simultaneously pursuing a policy on Cuba which has destabilised the Atlantic relationship and contributes nothing to liberating the imprisoned people of that important island. It had sought a summit of the Mediterranean Union, but this was cancelled.

In foreign policy, it seems their only consistent objective has been to try to undermine the High Representative by criticising her, for example, for not attending meetings and yet, to be frank, given the Presidency record in arranging summits, I can quite understand her reluctance in putting their meetings into her diary.

Turning to the economy, the Spanish Presidency has been virtually invisible. Making the banks' stress tests public is clearly a significant step, but let us not pretend that it amounts to a complete strategy for recovery. It is hard not to avoid the impression that the main objective of the Presidency during the eurozone crisis has been to hide away, but with a budget deficit of over 11%, perhaps they felt good reason to avoid international scrutiny. With a large deficit and a timid reform plan for their own economy at home, they were in no position to offer Europe leadership or to set an example, and so the historic opportunity from being the first Presidency following the Lisbon Treaty has been lost.

Spain is a key member of the European Union, with its proud heritage and vibrant modern democracy. It has so much to offer, and in this House we have many distinguished Spanish representatives. Yet this uninspired, lacklustre Presidency has let down the Council, has let down the European Union and, I very much regret to say, has let down Spain as well.

**Willy Meyer**, *on behalf of the GUE/NGL Group*. – (ES) Mr President, Mr Rodríguez Zapatero, Mr Barroso, look, Mr Rodríguez Zapatero, if there is no change to the underlying economic orientation of the Union, whoever holds the rotating Presidency is destined to dismantle the European social model. That is the plain truth. That is the reason for the general strikes in Greece, Italy, France, Portugal, and the next one, on 29 September, in Spain.

These general strikes are responses by workers and pensioners to this economic orientation agreed by you and by a substantial majority of this Chamber. There is great consensus. Just look at the differences that there are in the national debates, yet, when you come here, everyone is in agreement. That is because here, you are all in agreement on the basic orientation of an economic policy that penalises workers and pensioners, who are not the ones responsible for the crisis. They are not responsible, and yet they are going to pay for the crisis.

For that reason, Mr President, I believe that the fundamental question is whether we have sufficient strength to change this economic orientation, which threatens the social model and social and territorial cohesion. At the end of the 1980s, the Washington Consensus moved to Brussels. There should be no intervention in the economy, all strategic services held in public hands should be privatised and steps should be taken towards deregulating the market. This policy of not intervening in the economy has led us into an unprecedented crisis within the European Union, and has placed the European social model in jeopardy. Therefore, it is impossible for a President-in-Office to save the situation without changing this model, which has made the Brussels consensus a photocopy of the failed Washington Consensus. It is a photocopy, Mr President.

You began with the resounding failure that is the Lisbon Strategy. That was not part of your remit, and yet, despite that resounding failure – which aimed for 3% growth, to achieve 20 million jobs and to earmark 3% of GDP for research and development – another strategy is being introduced on the same basis of not intervening in the economy and not having public instruments, a European Treasury, a European fiscal policy, active employment policies or industrial employment policies. We do not have a single instrument, and we continue in our commitment to this failed policy. Logically, therefore, the response of the European

workers' movement cannot be otherwise. This the movement that has tried so hard to maintain the social model, and so its response is general strikes. General strikes.

Therefore, Mr President, we do not agree with the result of this Presidency, and I say to you, as I said at the beginning, that if there is no change in economic policy, whoever holds the rotating Presidency is destined to be the instrument that dismantles the European social model.

Finally, with regard to foreign policy, we do not agree with the application of the European doctrine as a neighbourhood policy to countries that do not comply with clause 2 of the association agreements. The war crime committed by Israel against the humanitarian flotilla should have been met with the response of an immediate freezing ...

*(The President cut off the speaker)*

**Marta Andreassen, on behalf of the EFD Group.** – Mr President, I should like to address Mr Zapatero. You have exercised the EU rotating Presidency in the same way you govern your country, Spain – that is, with your back to your citizens. Today, I am coming back here to remind you of the infamous Spanish land-grab, a matter which I first brought to your attention in January. You have done nothing to resolve the madness affecting hundreds of thousands of people across Spain who face confiscation and demolition of their houses.

A few days ago, the head of the planning inspectorate in Andalusia acknowledged that in that region alone, 300 000 houses are affected. This is not the handful of British citizens that some want us to believe. The suggested solution is that the owners can have their houses legalised for a fee. They have already paid, Mr Zapatero. My constituents regularly ask who is running Spain. Mr Westerdale writes that he fears he is facing a situation similar to that experienced by British subjects at the hands of President Mugabe in Zimbabwe and wonders why he is receiving this treatment in a friendly European country. This is why he feels that the European Union is not capable of protecting British citizens.

(ES) Do you realise, Mr Rodríguez Zapatero, that this ongoing situation is a violation of human rights, as well as being a major component of the crisis that Spain is going through? Do you expect the European Union to come to the rescue of a country where this violation continues to occur, without the central government deciding to intervene?

For my part, you can be sure I will continue to fight in defence of all the people – the British, the Spanish and all Europeans – who are suffering this injustice.

**Francisco Sosa Wagner (NI).** – (ES) Mr President, Mr Rodríguez Zapatero, you made an error in your approach. You thought that you were actually going to preside over Europe and have an influence on the gear-wheels that make the complex European machinery work. You came to believe this because that is what you let people around you announce, that the world was going to experience a stellar moment under your Presidency. None of this has come to pass.

Let us move on to some details. With regard to these six months of Spanish Presidency, I would like to make a distinction between its political management on the one hand, and the work that has been carried out by the workers in the engine rooms, on the other. It is the first of these that has failed, and that is due to a lack of adequate impetus from the Presidency of the Government, which has fashioned a European Presidency in accordance with the swing of the pendulum. However, I would like to highlight the efforts made by the workers and their estimable desire to serve Europe and Spain. It is a fact, Mr President, that Spain has magnificent professional staff, and it is to be regretted that they are marginalised to such an extent in day-to-day reality.

That said, it must be acknowledged that several praiseworthy initiatives have been adopted during these six months. Of these, I am pleased to mention the organ donation and transplantation plan, and the work carried out on the rights of patients with regard to cross-border healthcare.

The agreements on the new Europe 2020 strategy and, in particular, those relating to the European External Action Service, which are both still too fragile, are more up in the air.

What occurred with the European protection order for victims of violence against women was regrettable, and the basic Community patent yielded the same sombre result for the livelihoods of thousands of companies, blocked, in part, by the linguistic problems engendered by Spanish legislation.

However it is the large-scale political gestures that have provided a closing balance of spectacular failure: from the Mediterranean summit to the one between the European Union and the United States, with your own government being responsible for creating excessive expectations with regard to the latter meeting. However, we would have to agree that not being able to move forward with your policy with regard to Cuba has been highly positive for the Cubans.

Finally, the advances made on the road towards better European economic governance cannot be attributed in any way to your Presidency, which was resoundingly absent on all of the most important questions.

Goodbye, then, to the Spanish Presidency. I would like to draw one positive conclusion from this experience: my imagination as a convinced pro-European is excited when I think that this could mean the end of rotating presidencies as they have been conceived of to date. This would be good news, as until Europe strengthens its common institutions by solidly uniting their fragments, it will continue to run the risk of finding itself suffocating in the vacuum of irrelevance.

**Jaime Mayor Oreja (PPE).** – (ES) Mr President, Mr Rodríguez Zapatero, these first six months following the entry into force of the Treaty of Lisbon required and merited a change in political attitude.

If the economic and financial crisis has been a consequence of the move away from the 'real' economy and the disordered development of the 'unreal' economy, the same can be said in a political context.

On 20 January, in this Parliament, Mr Rodríguez Zapatero announced the four – not two – priorities of his Presidency: first, the common market for energy; second, investment in the information society; third, a sustainable economy or industry, with a plan for developing an electric vehicle; fourth, the completion of the Bologna higher education area. I ask myself, to what extent does this statement of objectives approach the reality that we have lived through?

During his first speech, when he put forward his objectives, he did not mention the words 'deficit' or 'debt' once. The entire Presidency changed radically at the Ecofin meeting on 9 and 10 May of this year, and the euro crisis came to light.

He continued to be late and unsuccessful. Necessary measures had to be improvised in the European Union due to the lack of foresight and depth in the diagnosis of the crisis. There was an additional difficulty: because of the results of his economic policy, the person holding the rotating Presidency was not in a position to participate in the leadership required for a solution, as he had become part of the problem.

While rotating presidencies are, without a doubt, different following the treaty, in such an acute situation of economic crisis, either they assert themselves, or else they are even more limited and weighed down by the lack of confidence in, and the lack of credibility of, their economic policies within their respective countries, as in this case.

Mr President, the greatest crisis that we politicians are living through is that of confidence. A crisis of confidence of such magnitude can only be resolved if we dare to tell the truth.

We can find a description of the third fiction of this Presidency within this morning's speech, in which it seemed that the President was only interested in extolling this Presidency.

The question that we must ask ourselves is whether we will be capable of not going back to improvising or, instead, whether we will be able to diagnose and foresee the specific crisis scenario that will have a social dimension.

(Applause)

**Juan Fernando López Aguilar (S&D).** – (ES) Mr President, over 25 years, Spain has held the Presidency-in-Office of the European Union four times, and, as on the last three occasions, it did so this time with intensely pro-European dedication and responsibility.

Above all, it did so with results. It has never held the Presidency in such a difficult context as now, surely the most difficult that the European Union has known in its entire history. In this context of crisis, the results described in President Rodríguez Zapatero's statement are doubly remarkable, as the crisis is not just economic. It has also been political. It has affected the bond of confidence linking the public in the Member States with the European project and Europe's institutions. In successive elections, many citizens have stayed away from the ballot boxes, asking themselves who is in charge in this crisis: the financial markets, which are not answerable to anybody, or the governments, which are democratically answerable to their citizens?

For all this, the economic and political governance of the European Union has moved forwards during these six months, which started with the delay in getting Lisbon up and running, and this is encouraging. Now, in keeping with the trio dynamic established in the Treaty of Lisbon, the pro-European impetus of this Presidency is being transferred to the subsequent presidencies: Belgium and Hungary. As everyone must be aware, none of the challenges of globalisation – demographic, energy-related, social and the fight against poverty – can be overcome by a single country on its own. We must row together, otherwise the European Union may slide towards irrelevance.

The lesson from this is clear. It has shown us our vulnerability: that of the single currency in the face of a lack of fiscal, budgetary and economic coordination; that of response times in the face of the enormity and speed of the challenges. Hence, we have the motto of the European Union: united in diversity. In no case should we be disunited in the face of adversity. From now on, every Presidency must think globally, not locally. Moreover, every Presidency, over and above legitimate national interests, must act 'in a European manner', responding from Europe and for Europe.

*(Applause)*

**Izaskun Bilbao Barandica (ALDE).** – (ES) Mr President, President Rodríguez Zapatero, the crisis has forced us to take economic governance measures with regard to the financial supervision package, which collapsed yesterday, at half-past one in the morning, the creation of the rescue fund, the roll-out of the European External Action Service and the Europe 2020 strategy and its radical commitment to innovation.

In addition to prestige, leading these projects requires authority and recognition. In this context, you have been constrained and limited by the appalling data from Spain and the constant rumours about its solvency and the deficit in its public accounts. In addition, improvisation and the haste to sell an image have adversely affected the progress of good ideas, such as the European protection order. One may also ask whether the rotating presidencies are helping to strengthen real European leadership.

With regard to the Basque Country, we would include the entire 'Y Vasca' line on the list of rail routes. There has been no progress in the recognition of Basque as a minority language in Europe, nor on the Basque economic agreement, nor on integrating the Ertzaintza, the Basque police, into the Schengen System. Spain and France have led the anchovy plan, which has been so important for the sector, when it was agreed with them and by Parliament.

The Treaty of Lisbon has not progressed, as you announced, with regard to its regional aspects and the annexes on subsidiarity and proportionality. Again, there has not been much respect for this Parliament at the end. You did not invite us to the start of the Spanish Presidency, and you summed up in the Congress before here. We will continue demanding a voice for Europe's regions.

*(The President cut off the speaker)*

**Raül Romeva i Rueda (Verts/ALE).** – (ES) Mr President, I have to tell you that this Presidency has failed us in a fundamental way as, instead of being committed to a Europe of peoples and citizens, as we had hoped, it has carried on being committed to a Europe of states and markets.

We did not expect results – after all, it is not your fault in particular, but that of the system – but we did expect leadership. You demonstrated that, for example – and here I congratulate you – by promoting the European protection order. However, it would also have been good to see this leadership in other areas: for example, in promoting financial supervision on a European scale, committing to fiscal reform on a European scale, or really committing to a tax on financial transactions. On environmental issues, you continue to avoid acknowledging the importance of energy efficiency, you continue to subsidise coal and you are still not facing up to the destruction of coastlines. SWIFT is not good news to me; it is very bad news.

Finally, with regard to respect for peoples, I have to tell you that in Catalonia, as you know, we are profoundly disappointed. Last week's ruling has caused many Catalan pro-Europeans like me to seriously reappraise what our role is in this Europe that we would like to build and which we feel a part of, and in this we have found you wanting.

**Paweł Robert Kowal (ECR).** – (PL) Mr President, it seems to me that it is very difficult to evaluate a Presidency which set itself very ambitious objectives. Perhaps one of the problems of this Presidency was those ambitious objectives, and alongside this there was the fact that the Presidency came at the time when the Union's institutional system was changed by the provisions of the Treaty of Lisbon. Among the positive aspects of the Presidency, I would include the fact that the Europe 2020 strategy was, after all, prepared and adopted,

although there does also exist the fear that it will, in the future, share the fate of the Lisbon Strategy – but the Spanish Presidency will not have any influence over this.

Unfortunately, it is apparent that in external policy, Spain was not up to the task. The European Union-United States summit was not entirely successful, and also in matters which interest me – the Eastern Partnership – no progress was made at all. Even by taking advantage of the good offices of the new commissioner, Mr Füle, it did not prove possible, in my opinion, to move a single step forward in the matter of lifting or relaxing the visa regime for Ukraine, which could have been a kind of starting point, the start of something specific in the area of the Eastern Partnership. Of course, Mrs Ashton should have been doing something in this area, but this, too, was lacking. We cannot accept a situation in which the European Union's objectives depend on which country currently holds the Presidency. If it is a Presidency from a Member State in the south, it works on objectives related to the south, and if it is from the east, it works on different objectives.

**Niki Tzavela (EFD).** – (EL) Mr President, as things turned out over the last six months, the Spanish Presidency had little time left to perform its duties and we should perhaps not be overly critical. Nonetheless, in practical terms, I should like to point out two blatant omissions on the part of the Spanish Presidency.

Firstly, you wasted a major opportunity to formulate an action plan for the rational configuration of the energy market in the Euro-Mediterranean area; chaos reigns there and we all expected the Spanish Presidency to put that chaos in order.

Secondly, as regards Europe's prospects for growth, you wasted the opportunity to promote an institutional framework for LNG [Liquefied natural gas], which is the prevalent energy fuel in the Euro-Mediterranean area.

Nonetheless, I thank you and congratulate you for your work in the Council.

**Werner Langen (PPE).** – (DE) Mr President, Mr Rodríguez Zapatero, the Spanish Presidency was half a year of missed opportunities. In January, Mr Zapatero came here like a bullfighter who wanted to bring the financial market to its knees, yet in the end, we found out that he had no sword for the task.

The Spanish Presidency has left no enduring traces, Mr Zapatero. We were left with the impression that it was half-hearted, in large part lacking initiative and altogether unsuccessful, despite the best efforts of individuals. We do indeed recognise that there were enormous domestic problems to be tackled, whereby the government may have shared the blame for these. However, instead of restoring stability to Europe and leading it during the financial crisis, Spain added fuel to the fire. In football speak, one would have to say that it was an own goal.

I shall mention just a few points. You said that we have remained true to the spirit and the letter of the Treaty of Lisbon. I would query this. The rescue package contravenes the treaties and the budgetary rights of Parliament under Article 352. Not even the President of this House was involved. We have no agreement on supervision or regulation of the financial markets; rather, we are now working on it with the Belgian Presidency. We have no concrete progress on the Stability and Growth Pact. These are the facts. Moreover, as regards economic and monetary policy, the Monnet method — that is, the Community method — was laid to rest on 9 May 2010.

So, this is hardly a successful report card. You have, and I greatly regret this — I wish it had been otherwise — left no enduring traces.

*(The speaker agrees to answer the question of another Member in accordance with Rule 149(8))*

**Martin Schulz (S&D).** – (DE) Mr Langen, would you be so kind as to address the same criticism that you have directed to Mr Zapatero also to Chancellor Merkel? That would assist the inner coherence of your argument.

*(Applause)*

**Werner Langen (PPE).** – (DE) Mr Schulz, we are not in the German *Bundestag* here, and neither are we in Germany. It is the Spanish Presidency that we are discussing. Mr Zapatero said he has accomplished everything in good faith. The reality is different.

Naturally, I shall make this opinion clear to the French and German Governments; I have already done so in the case of the President of the Commission. Here, however, we are discussing the President-in-Office of the

Council who is accountable; we are not discussing domestic political quarrels in Germany. We could still do that too, Mr Schulz.

*(Applause)*

**Linda McAvan (S&D).** – Mr President, Prime Minister Zapatero has had some difficult issues during Spain's Presidency, and these are testing times for Europe, but I am pleased that he also kept focus on other pieces of legislation which are important to citizens – a breakthrough on cross-border health, agreement on organ donation and political agreement on pharmacovigilance. I would like to commend the work of the Spanish civil servants who worked with me as rapporteur on that dossier. They were extremely professional and really have delivered a very good piece of legislation with the European Parliament. This week, we are also going to vote on illegal logging and industrial emissions. It is a solid record of achievement.

On the Spanish property issues, Prime Minister, you have seen today people who want to make political capital out of the real problems of ordinary people who fear for their life savings. We have had discussions with you and your government and officials on this issue and I hope that you will listen to this – as I know you will – because we know you care about citizens; we therefore look forward to more constructive talks.

Thank you for your work on the environment and health, and we look forward to working with you in the future.

**Ramon Tremosa i Balcells (ALDE).** – (ES) Mr President, Mr Rodríguez Zapatero, in January, you said you were coming to relaunch the European Union, but it is Europe that has forced you to change your autarchic policy against the crisis.

The situation with regard to the Spanish economy in 2010 is reminiscent of that in 1959. As then, the immobilism of the Spanish Government has needed to be overcome and, as then, a profound reform of the labour market is recommended for Spain.

Your European Presidency has been very poor. You have avoided the big decisions. European financial supervision or the directive on speculative funds, which date from last year, should already have been adopted, but you lack leadership. To use a footballing expression, Felipe González would certainly have scored with this ball.

Your Presidency has coincided with the Spanish economic collapse, which you were warned about. I myself reminded you in January of the dire predictions of the European Commission, which have come to pass through your inaction: an increase in unemployment, an uncontrolled public deficit and a fall in bank credit to companies. As a result, today, the international financial markets remain closed to a great many Spanish companies.

Mr Rodríguez Zapatero, I proposed to you that Catalan should be in use in this Chamber by today, and you washed your hands of the whole thing. I see that you agree with the 'final solution' for Catalan.

I conclude with some verses by Machado, inspired by your frivolities. 'Castile [...], dominant yesterday, wrapped in her rags, scorns all she does not know.'

**Oriol Junqueras Vies (Verts/ALE).** – (ES) Mr President, Mr Rodríguez Zapatero, despite your promises of January this year, Spain has not led the way out of the crisis or shown leadership with regard to the European Union's external influence.

Specifically, what happened to the Euro-Mediterranean summit or the summit with the United States? When will Kosovo be recognised? Where are the measures to guarantee fulfilment of the Europe 2020 strategy? What have been your contributions to sorting out the financial market, the common market for energy or the higher education area? In which documents have you established the Mediterranean axis as a priority?

Six months have been more than sufficient for Europe to have realised that your Presidency-in-Office and your government are a faulty model. Many of us have spent a lot longer putting up with this model.

Without a doubt, you and your government constitute an excellent educational aid as to why we want to make ourselves a state within the European Union.

**Mario Mauro (PPE).** – (IT) Mr President, ladies and gentlemen, Spain has been truly fantastic this year, President Zapatero, but not your Spain. Indeed, it is the Spain of Del Bosque, Casillas and Villa which has

been fantastic this year and not the Spanish Presidency of the Union, which has, for too long, appeared completely remote and disinterested in the fate of a continent in crisis.

Yet six months ago, when you set out your programme, I saw some positive signs in your words – particularly regarding the equality of human rights – despite the ideological differences between us. Unfortunately, the trust which we initially placed in the Spanish Presidency has not been repaid at all.

Mr Zapatero, I am doing nothing more than voicing the thoughts of many Members, including some who are politically close to you. We think that, just as in the Barcelona Process, you have resorted to empty nominalism, where announcing results is the same as having achieved them.

The reason behind this position originates from a radical political stance which has not cast off your heavy ideological footprint, even during a period of serious crisis. In these six months, we needed pragmatism and the desire to draw fully upon the founding values of the European Union. In many speeches, you have preferred to refer to utopias which no longer bear any relation to reality and resign yourself to an anaemic six months, despite the substantial help received from Parliament on, for example, the issue of the European External Action Service.

Mr Zapatero, do not resent these words of open criticism. They are not borne of preconceived opposition but are a judgment which you would do well to take into consideration ...

*(The President cut off the speaker)*

**Jens Geier (S&D).** – (DE) Mr President, Mr Barroso, Mr Zapatero, from the point of view of those in charge of budgetary control in this House, the Spanish Presidency has made history. We are grateful that this Presidency has succeeded in removing the discharge procedure for the Council from the sphere of obscurity. Previously, the Council has refused to lay adequate accounts before the European Parliament.

Sessions had, at best, an informal character. One had to collect documents bit by bit, or they were unavailable. Answers to questions were unsatisfactory. The Council would refer in all seriousness to an agreement dating from 1970, the 'gentlemen's agreement', which allegedly clarifies issues concerning the discharge, although this gentlemen's agreement spares not a single word on this matter.

This has now changed. The Secretary-General of the Council has agreed to introduce a discharge procedure worthy of the name in a transparent procedure in compliance with democratic standards. This success of the Spanish Presidency testifies to the democratic and European convictions of the Spanish Government. For this, it deserves the praise of this House.

**Luis de Grandes Pascual (PPE).** – (ES) Mr President, Mr Rodríguez Zapatero, I would have liked to have made a different speech today, believe me. You set out six months full of ambition, and set the bar so high with your claims that, when these are compared with what was actually achieved, disappointment was inevitable. What is certain is that you have not been able to overcome a complex situation for which you lacked leadership and credibility.

You yourself pointed out once that the European Union is a club with rules and I agree. However, it was up to you to demand obedience to these rules. The reality is that it was the government of Spain that urgently needed to fulfil its obligations.

Within this context, positive achievements, whilst not lacking, have been undistinguished. Unlike me, you have had time to talk about them.

Democracy is a public opinion-based system. This is how it seems: President Obama's disdain, as well as the cancellation of the Mediterranean Summit and the one announced between the European Union and the United States, constitute very significant failures.

The rush to reach improvised agreements at any cost has not helped the image of Spanish management: as a way of achieving a respectable objective, it could be described as amateurish.

Spain is a great nation, and will continue to be one, despite the poor management of this period. Our diplomats and officials have kept a stiff upper lip and, thanks to this, Spain's prestige will survive.

The truth is that the situation in Spain will count for more within the value judgment that will be made of this Presidency than what was done or not done here. Someone who has taken his country into a phase of uncertainty and unrest would have difficulty in providing leadership for an enterprise this difficult.

At best, this Presidency has been sadly irrelevant.

**Zita Gurmai (S&D).** – Mr President, although the EU got its new legal framework by the end of 2009, it was the task of the Spanish Presidency to make Europe move and to make the framework work.

The Spanish Presidency delivered what was expected concerning the most important institutional issues. We did not agree on everything but we began to fill the Lisbon framework with life and concrete details. Next to these seemingly technical issues, the presidential programme of our Spanish friends did not lack policy ambitions. They established themselves as models for working towards gender equality and the promotion of women's rights. Huge thanks go to this Presidency, especially to Mr López Garrido and his team, for making this often neglected issue a core one during the last six months. We have not yet managed to finalise the European Protection Order but I am hopeful that we will do so under the Belgian Presidency.

The Spanish also met high expectations on democratic rights. This is clearly reflected in their diligent effort on making the European Citizens' Initiative operational as soon as possible. As thanks for this, the rapporteurs, Alain Lamassoure and myself, have already prepared a working document in the Committee on Constitutional Affairs on the ECI.

(ES) Thank you very much, once again, for the job that you have done, and I hope to continue working to achieve the goals that you have set out. Congratulations!

**Jan Olbrycht (PPE).** – (PL) Mr President, Mr Zapatero, evaluation of the Spanish Presidency is of particular importance to us because it is the first Presidency under the new Treaty of Lisbon, and this is important for us, for example the Poles, because we are preparing for the Polish Presidency. I would like to ask if the state of affairs which has actually been achieved strengthens future presidencies or not.

I have to say that, during the Presidency, what we had expected turned out to be the case – the Treaty of Lisbon, which was intended to support a strong Europe, in fact, leads to a weakening of the Community method. Unfortunately, during the Spanish Presidency, this was very clear, the best example being the weakening of Parliament's role in building the 2020 strategy.

The Spanish Presidency was involved in interesting work, including the very interesting meeting in Toledo on the role of cities, and this deserves to be recognised. However, for us MEPs from other Member States, it is very important to watch what is happening in Spain, too, because the Presidency is not only about leadership, but is also about leadership of the whole European Union. In relation to this, it is very important to us what the economic situation is like in Spain, including during the Presidency, as well as the arguments which are put forward. It is also important to us what model of social and civil affairs is being promoted by Spain, as well as how it defends the provisions of the treaty – which says that family matters are the sole and exclusive responsibility of the Member States. This is something which causes us very great concern.

**Tunne Kelam (PPE).** – Mr President, the Spanish Presidency has coincided with a deep financial and credibility crisis in the Union. This crisis has hit the country holding the Presidency very hard. The deficit of trust in the EU economy and common currency is rooted in the huge debt burden, which is still looming large in the way of life: living today at the cost of tomorrow. Last week's *Economist* asked: 'Is there life after debt?'

The Prime Minister referred to enhancing competitiveness as one of the main goals of the Presidency, but no real recipe has been offered as regards how to address the crisis of values, the moral crisis, and even how it would be practically possible to return to a balanced budget.

On several occasions, we have missed the Council at Question Time in Strasbourg. Numerous MEPs are still waiting for the opportunity to put a question to the Council on how the new ESDP could be applied to arms sales to third countries and whether we could finally agree to have consultations in the Council before deciding to sell modern military technology to partners outside the EU.

Lastly, I am concerned that cyber threats have not been high on the Spanish agenda. Cyber weapons are being developed secretly and we have no idea of how and when they could be used. The EU needs to take the lead in the debate on how to reduce the threat of cyber war, how to restrict cyber attacks before it is too late, and establishing whether there is any chance of agreeing on any rules on good behaviour in cyberspace.

**Joe Higgins (GUE/NGL).** – Mr President, the policies implemented by the EU institutions during the Spanish Presidency were disastrous for the working-class people of Europe. We saw an abject capitulation to the sharks in the financial markets, whereby predatory banks and hedge fund pirates were allowed to exercise more control over economic policy than supposedly solid governments. President Barroso and the EU



Commission acted as the enforcer for these sharks in the markets, demanding cuts across the board in public spending and in services, and you too, Señor Zapatero, acted as an enforcer for the speculators in the markets. Instead of fighting them, as a real socialist party would do, you imposed savage cuts on the living standards of the Spanish people at their behest. We now have a social nightmare of mass unemployment and a tax on living standards across Europe. I salute the workers of Spain for fighting these cuts with strong strike action. Clearly, the capitalist system only contains more and more disasters as it goes into deeper crisis. We have to sweep it away and replace it with a socialist and democratic society that can really transform the lives of our people in Europe.

**Elena Băsescu (PPE).** – (RO) I believe that we must applaud the particular efforts made by the Spanish Presidency during this extremely difficult period. One important achievement is the creation of the European financial stabilisation mechanism, which envisages financial support being granted to states in exceptional circumstances, up to a limit of EUR 60 billion.

On the foreign policy front, the Spanish Presidency achieved positive results following the high-level meetings which took place, particularly with Latin America.

In specific terms, the resumption of negotiations on the association agreement between the EU and Mercosur countries would create a free trade area for 750 million people. However, a thorough assessment needs to be carried out on the impact of this agreement because, as Commissioner Ciolos said, the agreement could have an adverse impact on European farmers due to the increase in agricultural product imports.

**Glenis Willmott (S&D).** – Mr President, first of all, I would like to congratulate Mr Zapatero on the many successes he has had during the Spanish Presidency.

Earlier, we heard criticism about issues relating to Spanish property. It is true that this affects many thousands of Spanish citizens and ordinary people who have chosen to make Spain their home. It is easy to shout from the sidelines in order to capture headlines, but if we are serious about resolving this problem, we need constructive engagement. That is what we, in the British Labour delegation, want to do. I am pleased that my colleague, Michael Cashman, and I recently had a meeting with our Spanish colleagues in the European Parliament in the hope of setting up a commission in Spain to examine those cases in which people have purchased property in good faith and used the legal system appropriately. This would be a great step forward for the many people who are suffering as a result of these issues. We hope it will have your full support and we look forward to working with you on this in the future.

**Mirosław Piotrowski (ECR).** – (PL) Mr President, Mr Zapatero, the six-month Spanish Presidency came at a special time – a difficult and an experimental time. This was the first time a Presidency had operated after the entry into force of the Treaty of Lisbon, which redefined and reassigned its competences. Against a background of political, economic and financial failures, adapting the role of the Presidency to work with the newly appointed President of the Council did not develop into a major problem.

It did not prove possible to go ahead with the planned European Union-United States summit, because President Obama refused to attend, or something which was important to Spain – the project for a Union of Mediterranean states. When the Union was faced with an enormous economic crisis, Germany and France took over at the helm, setting the tone of the financial aid programme for Greece. The spectre of financial collapse also hung over Spain itself. So it is hardly surprising that it was the involvement of other countries which came to the forefront in this Presidency. Greater consideration was given to the future of the euro area than to the priorities of the Spanish Presidency. These problems will now have to be taken on, too, by the Belgian Presidency.

**Andreas Mölzer (NI).** – (DE) Mr President, it is common knowledge that the Spanish Presidency was highly problematic. Instead of seizing the bull by the horns in the traditional Spanish manner and pushing through the necessary new regulation of the financial markets and the rating agencies quickly and courageously, the Spanish Presidency took refuge in attempts at appeasement, and postponed weighty projects to be dealt with by the next Presidency.

The Spanish Presidency was announced at the start of the year as a landmark in history. In fact, six months were pointlessly wasted, and the wrong turning of centralism enshrined in the Treaty of Lisbon blindly followed further. Since Spain is well known to have massive financial problems itself, it was, among other things, overwhelmed by management of the financial crisis. Under Spanish leadership, the political meaninglessness of the EU has again been brought to the notice of the world. Important meetings have fallen through, and it was only possible to agree on stop-gap measures.

Nevertheless, the Presidency was unique. Never before have the EU treaties been so massively broken as by the rescue packages costing millions, which will soon come tumbling down on our heads, as they have merely postponed dealing with the EU's real problems.

**Danuta Jazłowiecka (PPE).** – (PL) Mr President, we began this year full of fear because of the global crisis, but also full of hope, because of the entry into force of the Treaty of Lisbon. In January, the Prime Minister of Spain presented ambitious plans to be realised during his leadership. Unfortunately, not a great deal of this proved possible to achieve. However, this is not the main reason why the Spanish Presidency cannot be evaluated positively.

Its main fault was chaos, which was prophetically foretold by the face of Mr Bean placed by a hacker on the Spanish website. The chaos showed itself in the fact that, on the one hand, Madrid brought about tremendous disorder in the Union's external actions, encroaching on the competences of the High Representative, while on the other, it did not put any active measures in place in response to the worsening budgetary crisis. Mr Zapatero was unable to sense the mood in the Union when the need was for a strong leader, not on the international scene, but within the Union. The Union's main problem was not policy towards Cuba, an arms embargo on China or the peace process in the Middle East, but a weakening of Europe as a result of the budgetary problems of Greece, Italy, Portugal and of Spain itself.

**Csaba Sándor Tabajdi (S&D).** – (HU) I would like to congratulate Prime Minister Zapatero and the Spanish Presidency, as they were able to fully focus on Europe in spite of the difficult political and economic situation at home. On behalf of the Spanish-Belgian-Hungarian Trio Presidency, I would also like to thank the Prime Minister for implementing the Treaty of Lisbon, which is now in force. The Spanish Presidency has also embarked on economic governance. However, the Belgian Presidency and, I fear, even the Hungarian Presidency, will have a lot left to do in this regard. The Spanish Presidency has also started to put speculative international money transactions and the money markets in order. The Belgian and Hungarian Presidency will have to continue this policy. Finally, I would like to thank the Spanish Presidency for its continued intensive focus on the common agricultural policy. The Commission's paper will be finalised this year and the Hungarian Presidency will see some hot debates. Also, I would like to thank the Spanish Presidency for the visit made by Mrs Villaruz, Secretary of State, to the Hungarian Agricultural Academy, where she presented the concept of the common agricultural policy to 500 Hungarian agricultural producers.

**Seán Kelly (PPE).** – Mr President, firstly, I must say as a football fan I am delighted to see three European Union countries in the last four of the World Cup, and I can say without fear of contradiction that if my country, Ireland, were involved, we would be in the last four as well!

Regarding the Spanish Presidency, I think that the dynamic is all wrong in terms of judging it. We have not taken into account the fact that the new Lisbon Treaty has changed utterly the way the Presidency operates and should be judged in the future. There is too much talk about leadership, success, flagship projects and so forth. The role of the Presidency is really one of facilitation, and that is the way it should be judged in future.

In fairness to the Spanish, they did a good job in moving from pre-Lisbon to post-Lisbon. Especially in the financial area, there are now measures in place to rein in rogue banks and weak governments. So the Spanish did not do too badly and they must be given credit for making the transition during the most difficult Presidency of all.

(Applause)

**José Luis Rodríguez Zapatero, President-in-Office of the Council.** – (ES) Mr President, first of all, I would like to thank all of you, ladies and gentlemen, for the interest that you have shown in the Spanish Presidency of the European Union. This interest seemed to me to be more in line with a desire to be in or speak in the Spanish Parliament rather than the European Parliament during some speeches, which I will not be able to refer to individually given the time limitations. In truth, it may be that some people are nostalgic for that place, and I understand that perfectly well. They have my respect and my esteem, but the current situation is what is important at the moment, and we are in the European Parliament judging other matters, and not in the Spanish Parliament.

(Applause)

There was another speaker who also seemed to me to have this tendency to feel like he shared the responsibilities of colleagues in the Spanish Parliament, or to be intent on getting involved with what they

are doing; of lending his political and ideological colleagues a hand. However, in my opinion, we have other things to do here. We are here to judge and assess the main themes of the Presidency and its six-month tenure. It is true that you have been able to ask individual questions, but I will not be able to refer to all of them. During my initial speech, I wanted to adopt two perspectives that I believe should be the common theme of a considered, calm and objective analysis of these six months.

Firstly, it was the first rotating Presidency that had to deal with the application of a new treaty that, more than anything, is a treaty that changes institutional rules and our form of government into a Union of 27, with well known institutional complexity. To my mind, as a European and pro-European government, the first obligation that I took into consideration during these six months was that there should not be a single complaint, a single failure, a single institutional hitch and that, from day one, the new institutions would enjoy all of the political and functional legitimacy required to carry out their role. This would also make it easier for the relationship between the institutions – such as the Commission – which are, shall we say, already consolidated, and the new institutional framework, to work sufficiently well.

I can say with satisfaction that the Spanish Presidency has received nothing but support and recognition for its constructive attitude from the Commission, from the Council and from the European Parliament, and I am glad that not a single criticism of the attitude towards the major institutions has been expressed today. This was our first great challenge within the European Union as we have built it. I have to say with all humility – the same humility with which I would say to Mr Schulz, who is not here at the moment because he has had to go to a meeting on the approach to be taken to dialogue relating to financial supervision, for which he apologises, that we are, of course, hoping that tomorrow night, the result will be a victory for creativity, and that we Spaniards can have a day of celebration that I will share in full with all political representatives, as Mr Schulz will do with Chancellor Merkel if the case arises; at the end of the day, it will all remain in Europe, which is always satisfying – that Spain has played its part in ensuring that the Treaty of Lisbon works satisfactorily and has done so from day one, so that all of the institutions are comfortable in their roles and we can move forward towards a greater degree of union.

The second main objective, Mr Mayor Oreja, was to move forward from day one of the Presidency in terms of economic union and common economic policy. The digital market, insofar as it has moved forward, and the electric vehicle plan, insofar as it has also moved forward, are no more than instruments for encouraging economic union, the same as the internal market. Let us, therefore, make a distinction between the main objectives and those that are instruments for ensuring that this economic union promotes greater competitiveness and combines the synergies of all Europeans within the areas of energy, industry, innovation, research, competitiveness, and also, hopefully, jobs and others.

Now let us see what the result is. It may be that the objective, which is entirely legitimate, is not shared. However, if the objective was, as expressed by the Spanish Presidency, greater union in terms of economic policy, this has been achieved beyond expectations. Firstly, because we have financial supervision, I am hoping for an agreement that achieves the desired objectives, and regulation of all financial products; and secondly, we have a momentum for reform of the Stability Pact, for greater budgetary stringency and rigour, with new instruments for compliance with the Stability Pact. Incidentally, while we are talking so much about rules, I have to say that, since the inception of the euro, Spain has complied much more closely with the Stability Pact than many other countries among those that one of the Members of this House has mentioned.

*(Applause)*

Let us, therefore, look at the facts. Yes, yes, let us look at the facts. Spain is the country that has complied most closely with the Stability Pact, and there are others that have broken it up to seven times: they have made use of certain expedients up to seven times. However, in the end, that is how things are. What is certain is that during these six months, we have made progress towards new rules within the Stability Pact, with more incentives, more penalties and more requirements. Let us move on to another consideration, and an analysis of the macro-economic situation of countries, including competitiveness.

Spain has put itself forward to the Commission for assessment, together with Finland, I believe, of its competitive potential and we will be moving forward with the Europe 2020 strategy, which was also approved during this period, with the intention of rectifying the fault that the Lisbon Strategy had: governance. This is because the national objectives will be much more exacting, because there will be monitoring, because there will be recommendations and because there will be, and should be, greater shared responsibility for each state and, of course, for the Commission in the fulfilment of the Europe 2020 strategy. All of this is the situation to date with regard to greater economic union, to which I would add – a consequence of events

during the sovereign debt crisis – the financial stabilisation instruments adopted, or the commitments on support for Greece: commitments that Spain has, of course, supported and observed from the start, as we have done with regard to the support for Greece. From the start. We will fulfil each and every one of our commitments.

All of this is fact, and some of you ladies and gentlemen here have put forward some rhetoric, some more, some less brilliant. However, if our intention was to achieve the satisfactory implementation of the Treaty of Lisbon, we have done this. If we decided to move, together with the Commission, towards economic union that is much more solid, stronger and with more common economic policies, we have also done this. With regard to foreign policy, it is true that there was no summit with the United States, but there were two major agreements. It is also true that there were major agreements and summits with Latin America. It is also true that, with regard to the Union of the Mediterranean, prudence counselled that the summit should not take place, which does not mean that plans relating to the Union of the Mediterranean have been put on hold, and there will be a summit when it can contribute to peace in the Middle East. Therefore, with or without summits – with the United States, in this case – there were important agreements.

Of course, although the Presidency wanted to lay down a marker from day one, it did not want to get into an argument over who has the leading role within the European institutions. What was important was that the Europe 2020 strategy was adopted, and it has been adopted; what was important was that a financial support mechanism for countries was adopted, and it has been adopted; what was important was that the financial supervision package was put in place, and so it has been; what was important was that SWIFT was adopted, and I hope that Parliament will adopt it; what was important was that the 'euro-order' was set in motion, and it has been set in motion; what was important was the cross-border agreement with regard to health, and this is in place. What is important is the tally of agreements. The Spanish Presidency, through its drive, or through the hard work of its officials, Spanish officials, contributed to all of these and this must be acknowledged in all cases, although there will be some who do not want to acknowledge the political aspects of this, that politicians should encourage and give credit to these officials.

A point was made by one of the Members of this House about the situation of European – basically British – citizens in our country as regards property, particularly on the coast. I have to say that I, as President of the government of Spain, cannot agree with the comparison that a representative of a certain political grouping from Great Britain made, or tried to make, here, actually mentioning Zimbabwe. I cannot agree with this in any way: it is unacceptable so I do not accept it. I reject it utterly. My country is under the rule of law.

*(Applause)*

My country is under the rule of law, it obeys laws and it ensures that they are obeyed, and it is the courts that have to apply these laws. We would be the first to sympathise with people, in this case British citizens, who may have been the victims of a swindle by some property sector shark and we are working on this with the European Parliament and with the parliamentary groups. We will work and do whatever is in our power. Furthermore, the European Parliament has demanded, on more than one occasion, that Spain protect its coastline and its environment and we have a law for coastal areas designed to protect them from the property crisis: we must apply it. We must also, from this great institution that is the European Parliament, advocate protection of the coastline and the combating of abuses that can affect natural areas, environmental areas and the coastline that we are so determined to defend.

Finally, Mr President, I would like to thank the group presidents and, in particular, Mr Daul and Mr Schulz, for their measured tone during this sitting. The Spanish Presidency has faced up to its commitments with European and pro-European willingness, it has faced up to its commitments with an attitude of loyalty and cooperation with regard to the Commission, the Parliament and the Council, and it has faced up to its period of working with economic and foreign activity objectives, which it has fulfilled satisfactorily, by and large. Clearly not in all cases and with regard to all of the points that we had proposed, but if we look again – and I am speaking most directly to listeners from my own country – at what the Spanish Parliament passed, we can see that it was achieved in a satisfactory manner.

In any case, I would like, as rotating President of the Council, to express my profound gratitude to the European Parliament and, in particular, to the President of the European Parliament, for all of the cooperation we have received during this six-month period. We have felt supported by you, Mr President. We have felt understood by you, encouraged by you. We have felt close to this institution, although, at times, there have been harsh voices. Nonetheless, we have felt close to the European Parliament and we are cheered that it is on the side of those of us who truly have a pro-European vocation, who serve Europe loyally, and who are

convinced that there is no better destiny than to journey together, united, and, sometimes, leave the lesser disputes for another time.

(Applause)

**José Manuel Barroso**, *President of the Commission*. – (PT) Mr President, I will be very brief. The questions were essentially directed at the Prime Minister of Spain, but I would just like to take this opportunity to reflect on a point of concern expressed by various honourable Members. I am thinking of my fellow Members, Mr Daul, Mr Schulz, and Mr Lambsdorff. It is an institutional issue and, once again, I would like to thank the Prime Minister of Spain, Mr Zapatero, for his commitment to Europe and to the Community method.

I think it is right to highlight that a lot depended on this first rotating Presidency. How would the rotating Presidency interpret the Treaty of Lisbon? The truth is that, as the Prime Minister of Spain said, it was interpreted in a communitarian sense.

We would like our system, which is a very complex system and continues to be complex with the Treaty of Lisbon, to function more efficiently. I think that there will come a time when we must rigorously shake up the development of our institutions, because the truth is that, even with the Treaty of Lisbon, it is sometimes difficult for the average citizen to clearly interpret the workings of the European Union.

However, I should like to stress, as was said earlier, that Spain has brought this European impulse to the structure of our joint project – an impetus which I also know is shared by the great majority in this Parliament.

The Treaty of Lisbon has always stood for more Europe, not less Europe. The Treaty of Lisbon continues the sense of Community by strengthening the powers of this Parliament, by creating a permanent Presidency of the European Council, by creating the figure of the High Representative, who is also the Vice-President of the European Commission, and by increasing the powers of the Commission in external issues or, for example, in the Stability and Growth Pact's mechanisms of taxation.

The Treaty of Lisbon stands for more Europe, not less Europe. However, this does not mean Europe in the sense of centralised powers, but in the sense of increased value, of what we can jointly attain: Member States/European institutions. And the Spanish Presidency's interpretation favoured more Europe.

However as the Spanish Prime Minister said very well, the treaty does not resolve every problem. It is essential for the 27 governments to carry out the political will of the treaty because, by their own inclination, the European institutions are, in reality, instinctively communitarian. We also have to ask our Member States, our 27 Member States, to apply the Treaty of Lisbon in this Community spirit.

Spain has set an example. I am sure that Belgium, once it assumes the rotating Presidency of the Council, will continue to take the same approach, or even step up this approach, knowing, as we do, Belgium's great European tradition.

However, it is essential that Parliament, the Commission, the Council and the European Council are truly committed to the European implementation of a treaty which will allow us to respond more efficiently to our fellow citizens' expectations and anxieties. Therefore, I would like to, once again, thank the Spanish Government, its Prime Minister, all of its associates and the whole Spanish team, who have worked with such commitment during these past months; at times, it was extremely difficult.

The truth is that these were the most difficult months in the history of European integration, during which it was put to the test. The real stress test is not on the banks, but on the European Union and our willingness to be united in the euro area and in Europe. It was in this extremely difficult context, when a new treaty came into force, that Spain assumed the rotating Presidency with the Commission, which took office in February. This Commission is less than five months old. We have also done everything possible to recover from the delays caused by this transition, and the truth is we must acknowledge, earnestly and honestly, the efforts made by the Spanish Presidency.

Therefore, without prejudice, obviously, to the plurality of political viewpoints which exist within this Parliament, I should like to emphasise that all of us who believe in Europe must be united, whether from the centre, the left or the right, as must the different institutions. We must be united in order to strengthen our European project.

**President**. – Thank you, Mr Barroso. Once again, I would like to thank the Spanish Presidency and Mr Zapatero. That completes this item.

### Written statements (Rule 149)

**José Manuel Fernandes (PPE)**, *in writing*. – (PT) I note the work done by the Spanish Presidency, taking into account the particularly difficult circumstances which marked the first half of this year. Firstly, the Spanish Presidency's mandate coincided with a period of transition to a new institutional structure as a result of the Treaty of Lisbon's entry into force. There are now new actors such as the President of the Council and the High Representative for Foreign Affairs. In this new institutional context, I would also like to highlight the enhancement of Parliament's competences and powers. Secondly, this Presidency has been faced with a period of severe financial and social crisis in Europe. It has faced the attack on the euro and the Greek crisis, and it has struggled with an alarming increase in unemployment and the deficit in its own country. It has contributed to the creation of a financial stabilisation mechanism to the value of EUR 75 billion and to improving the regulation of financial markets. At the same time, the Spanish Presidency never lost sight of the implementation of Europe's priorities for policy, particularly in relation to the environment. Given this, I would like to highlight the Spanish Presidency's cooperation in preparing and discussing my report on bio-wastes, which it unconditionally supported and which was adopted by an overwhelming majority this week in this Chamber.

**Ilda Figueiredo (GUE/NGL)**, *in writing*. – (PT) Regrettably, the Spanish Presidency did not seek answers to the serious problems that the European Union is experiencing. Furthermore, during this time, unacceptable measures were taken which demonstrate a lack of solidarity. Moreover, what they did in relation to the sovereign debt is very serious.

In fact, the Presidency awaited Germany's decisions and allowed the problem to drag on, with serious consequences for Greece and Portugal, and for Spain itself. This also proves who holds power in the European Union after all. The list of the greatest powers is becoming increasingly limited to Germany and, at best, France.

The slow solutions were subsequently of poor quality. Instead of encouraging solidarity among the richest countries, and increasing Community budgets for actions of solidarity to ensure real social and economic cohesion, the Spanish Presidency turned to the International Monetary Fund and lent money to Greece at a higher rate of interest than the European Central Bank levies upon private banks. To make matters worse, they imposed unacceptable conditions, which made the cost of the crisis, which the EU helped to create, fall upon the workers and the poorest members of society, merely to favour the profits of economic and financial groups. The approval of the Europe 2020 strategy will mean taking the same approach.

**Lidia Joanna Geringer de Oedenberg (S&D)**, *in writing*. – (PL) The recently completed Spanish Presidency of the Council of the European Union, was, for at least several reasons, one of the most important of the last decade.

Firstly, Spain had to face the difficult task of 'testing' the changes introduced by the Treaty of Lisbon. These changes were implemented efficiently, despite the fact that almost until the beginning of the Presidency, the government in Madrid did not know which treaty would be the basis for shaping the Union agenda.

Secondly, Spain had to face up to the greatest financial crisis in the history of the common currency, the euro. I would like to remind everyone who has a sceptical view of the recently completed Presidency that the Spanish Government was one of the first to properly estimate the scale of the crisis and demand introduction of effective countermeasures, including sanctions for exceeding the permissible budget deficit.

Thirdly, the Spanish Presidency should be valued for its enormous contribution to work on the SWIFT negotiations and the form of the European External Action Service. Thanks to Madrid's work, which, at first sight, was not very effective, agreement in both areas is now within arm's reach. The results of the Spanish Presidency of the Council of the European Union can most certainly be considered successful. Let us hope the Belgian Presidency which has just begun will maintain the current pace of work and take the road marked out by the government in Madrid.

**Ioan Mircea Pașcu (S&D)**, *in writing*. – Recently, one of the Commission's spokespersons publicly regretted the way the Romanian Parliament had amended the law on the functioning of the National Agency for Integrity. However, the Romanian Parliament was implementing a decision taken by the Constitutional Court, declaring unconstitutional some of the articles of the initial law. The fact that the Romanian Government – motivated by internal politics – has not reacted and that the Commission probably considers it tolerable to combat corruption in Romania using means that go beyond the law of the land does not make those remarks acceptable, because, in fact, they question the Constitution, the actions of the national

parliament and the sovereignty of a Member State and are, therefore, a matter of principle and not of political opportunity! Besides, if the Romanians are 'corrupt', who was it who 'corrupted' them?

**Joanna Senyszyn (S&D), in writing.** – (PL) I congratulate the Spanish Presidency on the past six months of leadership of the Union. It was a difficult and a significant Presidency. Difficult, because it was the first after entry into force of the Treaty of Lisbon, with the appointment of the President of the European Council and the High Representative of the Union for Foreign Affairs and Security Policy. The programme for the Presidency was prepared on the basis of the old treaty, because during the preparation stage, the fate of the Treaty of Lisbon was uncertain. The crisis in Greece slowed down realisation of the Presidency's objectives. Another difficulty was the late approval, in February 2010, of the new composition of the European Commission and the resultant delay in adopting its legislative programme.

The Presidency was significant: a) institutionally, because with adoption of the new treaty, it established certain principles of operation for the institutions and b) for the long term, because with adoption of the 2020 strategy, it established the directions of the Union's work for the next 10 years.

The achievements of Mr Zapatero's socialist government which should be acknowledged as the most important are: a) adoption of the action plan for implementation of the provisions of the Stockholm Programme (cooperation on internal affairs and the justice system), b) the commitment of the Presidency to eliminating violence against women, c) adoption by the Council, on 3-4 June 2010, of the negotiating mandate on accession of the EU to the European Convention for the Protection of Human Rights and Fundamental Freedoms, d) the start of the work of the Standing Committee on Operational Cooperation on Internal Security and e) adoption of the draft regulation of the European Parliament and of the Council establishing the procedures and conditions required for a citizens' initiative.

**Silvia-Adriana Țicău (S&D), in writing.** – (RO) The European Union's Spanish Presidency set as its objective the complete, rapid implementation of the provisions of the Treaty of Lisbon. This has created a new institutional equilibrium, granting increased powers to the European Parliament and national parliaments, and adding a European dimension to the respect for fundamental rights.

During the EU's Spanish Presidency, important progress was made in areas such as implementing the Citizens' Initiative, specialist opinions which need to be provided by national parliaments based on the additional protocols of the Treaty of Lisbon, new regulations governing the delegation of executive powers to the Commission, as well as the European External Action Service. We welcome the conclusion of the OpenSky Agreement between the US and EU, aimed at 60% of international passenger transport, along with the agreements for common regulations in the fields of civil aviation and air transport safety between the EU and Canada. I would also like to applaud the progress made on the cooperation agreement between the EU and Mercosur.

However, during the Spanish Presidency, the European Union was also faced with an alarming rise in unemployment, against the background of the economic and financial crisis which started in 2008. For this reason, I believe that reducing unemployment and providing sustainable economic growth ought to remain the number one priority for the EU's Belgian Presidency too.

*(The sitting was suspended for several minutes)*

#### IN THE CHAIR: STAVROS LAMBRINIDIS

*Vice-President*

### **5. Agreement between the EU and the USA on the processing and transfer of financial messaging data from the EU to the USA for purposes of the Terrorist Finance Tracking Program (debate)**

**President.** – The next item is the report by Alexander Álvaro, on behalf of the Committee on Civil Liberties, Justice and Home Affairs, on the Agreement between the European Union and the United States of America on the processing and transfer of financial messaging data from the EU to the USA for the purposes of the Terrorist Finance Tracking Programme (11222/2010 - C7-0158/2010 - 2010/0178(NLE)) (A7-0224/2010).

**Alexander Alvaro, rapporteur.** – (DE) Mr President, Commissioner, I am very grateful that the Commissioner can be here. I am sure that the Spanish Presidency's need for discussion is about to come to an end. Where we had bulk data transfer in SWIFT, we now have a bulk gathering in Parliament. Well, let it be so.

In February, we sent a very clear signal as Parliament that the Treaty of Lisbon not only gives us more opportunities, but also, and above all, more responsibility as the European Parliament. We govern with, and together with, the Commission and the Council at European level. The Commission has been requested to present us with an improved agreement and to enter into negotiations once again, and the mandate for these negotiations has been confirmed by the European Parliament. Given all the differences that might exist between the groups and, above all, the different points of emphasis, I believe it would not be honourable to deny that the Commission has made some genuine progress. That is something that we must give it a great deal of credit for, especially in the context of the arrangement within which it has been working and of the opportunities that were open to it.

At the same time, however, it emerged during the subsequent negotiations that the word 'impossible' was used a great deal. It was impossible to alter certain things, or to reopen the agreement. It was impossible to demand concessions from the United States, let alone for the European Parliament to have any influence over the Council. If I personally have learnt anything from this discussion, it is that the word 'impossible' does not exist in politics if the political will is there. For we have seen that the European Parliament was in a position, in collaboration with the Commission, to ensure that improvements were inserted into the text of the agreement. After the agreement was initialled, the Commissioner was able to agree with the United States that an important request – namely that European officials could be in situ in Washington to monitor extraction of data and in cases of abuse to prevent it should the occasion arise – should be included in the agreement, namely in Article 12(1).

Furthermore, an important issue for all groups was the transfer of bulk data to the United States. That is something that we have achieved in collaboration with the Council and, it must be admitted, using a certain amount of pressure – that in the medium term, we are in a position to resolve this problem. It will not be done overnight, but we have a clear concession from the Commission, enshrined in a Council document – in passing, I can say that we have never before been able to amend a Council document with our wording, so this is a unique occurrence – that after one year, the Commission must lay before us a technical and legal framework for the extraction of this data from European soil.

After three years, we must also receive a progress report on how far this system has developed in the interim. There is a reference to Article 11 of the agreement in this inserted text, to wit that a progress report must follow within three years, and Article 11 of the agreement states that if the European Union works on a procedure itself, both parties – the US and the European Union – must amend the text of the agreement accordingly. This means that we have the possibility of revisiting this afresh, without surprising anyone or damaging mutual interests. We have managed to ensure that, in the event that this system does not exist after five years, there must be serious discussion and then negotiation, that the agreement must then be terminated according to Article 21(2), and that a new agreement must be drawn up on the basis of what then exists.

I must, above all, reassure those who are concerned that their personal bank data, rental payments and miscellaneous remittances will be transferred to the United States. It is explicitly provided that no national data transfer is included in the transfer of data to the United States. Internal European bank data transfers will also largely not be conducted via SWIFT. These are instead SEPA data, which are explicitly excluded from the agreement. What remains, therefore, are data from the European Union to third countries, which are transferred to and evaluated in the United States, until we are in the position to do this ourselves.

In conclusion, as I still have a little time left following this round of speakers, I should like to say that this process has taught us that the Commission, the Council and Parliament must pull together more closely, and, when it comes to coordination, cooperate even better. I believe that, with reference to the changes that the Treaty of Lisbon has set out, we have shown what form they can take, and that, together with the Commission and the Council, we have been aware of our responsibility to present a sensible solution.

As has been said, not everyone in this House is pleased, but I would like expressly to thank my fellow Members, including those who will sit in opposition, for their willingness to propose key points. To fellow Members from the larger groups, who will be prepared to vote with us for this agreement on Thursday, my thanks also go to you for the cooperation and good shared work that we have enjoyed. As I have already said, my particular respect goes to those among my fellow Members who will be voting against, as they have played



a most constructive role in this process. One can never attain 100%, however, when one has four negotiating partners.

**Stefaan De Clerck**, *President-in-Office of the Council*. – (NL) Mr President, ladies and gentlemen, I should like to start, of course, by congratulating the rapporteur on his hard work, and also Commissioner Malmström on her splendid and constructive work. In the context of the art of the handover, I should, of course, like to thank the Spanish Presidency verbally; Mr Zapatero was here a minute ago. I have the honour of being among the first members of the Belgian Presidency to be present in this House. We shall endeavour to exercise the rotating Presidency with verve and a great deal of Belgian persuasiveness. We are about to put the finishing touches to an issue on which the Swedish and Spanish Presidencies did the preparatory work.

Parliament has clearly played its part in this. It decided on 11 February 2010 to reject the interim agreement. The new agreement was approved on 28 June 2010. It is indeed proof of Europe's decisiveness that we achieved a result in this way, in consultation between all the institutions. I shall not list all the many improvements – this has already been done – but instead just touch on three that are fundamental. One important aspect is the introduction of effective legal remedies so that everyone can see whether rectifications, erasure or blocking of data have been implemented. Article 18 is a good article. Article 12 represents a second improvement. I freely admit that supervision by independent monitoring authorities goes without saying, and that this change, which was requested by Parliament, is a constructive one. Therefore, taking into consideration also the clarifications and recommendations that have been added, the way in which day-to-day supervision of the extraction of SWIFT data is to be carried out constitutes a positive improvement.

Thirdly, I am very pleased that this is a European solution and that Europol is to play a part. This is a methodology we need to master. We need to further strengthen our own institutions. We need to have faith in them. Europol has experience with data-protection rules, and we must assume that this was a good choice.

Also, it has to be said that the Terrorist Finance Tracking Programme (TFTP) has already produced some important results, and we must continue to defend the security of our citizens. The fight against terrorism is necessary, and we must ensure that it is carried out. One thousand five hundred dossiers have already been handed over in that way. Therefore, I believe that we should continue with this approach, as we, the Council, have entered into a commitment to take steps within Europe towards progress and towards developing our own system, a European system, rather than merely relying on our partners or falling back on the American system. The steps to be taken after one, three and possibly five years have been set out by the rapporteur, and have been incorporated into the draft Council decision.

In conclusion, therefore, ladies and gentlemen, we must offer maximum guarantees of the security of our citizens. We must shoulder our responsibility in that regard, and we must do so by striking a successful balance with data protection, whilst bearing in mind our commitment to building up our protective mechanisms. I thank you in advance for the support I hope you will give to this important step, this important intervention by the European Parliament.

**Cecilia Malmström**, *Member of the Commission*. – Mr President, I am really glad to be back in the plenary today on the occasion of this debate. I am especially happy that we have achieved, as the rapporteur and the President said, good cooperation between the three institutions for a text that I hope you will approve later this week.

This has only been possible because of the close cooperation we have had: all the institutions, the rapporteur, the political group, the committee, and outside representatives of the group. I would like to thank all of you wholeheartedly.

I am very satisfied that the agreement we signed on 28 June gives us a new base and a new start for EU-US cooperation. I am delighted that the structures and the procedures have worked well – not without difficulty, but they have worked well – and it has allowed us in record time to negotiate an agreement which ensures good high-level protection of personal data, whilst maintaining a counter-terrorist programme that helps to save lives in Europe and in the US and beyond.

The agreement for which I ask your consent this week is considerably different from the interim agreement that you rejected in February. Let me just mention a few points.

It empowers a European public authority, namely Europol, to verify that each and every request is tailored as narrowly as possible in order to minimise the amount of data requested.

It takes account of Parliament's call for a twin-track approach, holding out the prospect of an EU mechanism in the medium term allowing for extraction of data on European soil and for a more targeted transfer of data.

The rapporteur laid out the provisions that we will take. Immediately after the vote, I will begin a study to consider the possible introduction of a European system. This system will be the basis for a full impact assessment taking into account the legal, technical, economic and other aspects of a future European TFTP mechanism.

The agreement also includes significant data protection when it comes to transparency, rights of access, rectification, erasure and redress. It allows the Commission to appoint a person who will monitor the day-to-day extraction of data from the TFTP database and who will be empowered to query and even block searches. This person will be on the premises where the US analysts are working and will have full access to the TFTP searches to ensure permanent monitoring. This is a major achievement.

Moreover, the agreement empowers the EU to undertake regular and detailed reviews of the TFTP. The first such review will take place six months after the entry into force of the agreement. The review team will include data protection experts and an expert with a judicial background and they will be able to do random checks.

Many of these changes are the direct results of discussions that I have had with the European Parliament rapporteurs – both of them, and I would like to thank them both – and other key members of the political groups. This is indeed an achievement of Europe: the Council, Parliament and the Commission.

Another important point here, which the President referred to, is that the Terrorist Finance Tracking Programme will help to make our lives safer. Member States have confirmed the enormous value of this information derived from the TFTP which the US authorities share with us.

We also know that since the start of this year, leads on known suspects have gone cold because EU-stored TFTP data have not been transferred to the US for the last six months. This has been a serious situation and I am relieved that we are now closing this security gap.

The London bombings took place exactly five years ago. This sad anniversary makes us remember the victims and their families and we wish that this tragedy had never happened and that it will never happen again. We must do our best to prevent future attacks and this agreement is one important tool in the fight to prevent horrible attacks like this one.

For all these reasons, I would ask you to give your consent to the agreement on Thursday. I am confident that most of you will share the opinion of the rapporteur and acknowledge the many important improvements that have been made in this agreement.

*(Applause)*

**Ernst Strasser**, *on behalf of the PPE Group.* – (DE) Mr President, Commissioner, this agreement is not just any agreement; this agreement is a milestone in the implementation of the Lisbon process. Here, Parliament has been given responsibility; here, Parliament has assumed responsibility, and here, Parliament has also demonstrated responsibility.

Secondly, this is a great political success for Parliament, vis-à-vis the Americans, vis-à-vis the Council and vis-à-vis the Commission. Thirdly, this is a great success in terms of content, since this agreement has, on Parliament's initiative, brought about our own TFTP installation, which we need if we are to make progress here in Europe.

We have not achieved everything, but a great deal has been set in motion, thanks to the good cooperation of the Commission and the Council – the Council has been very active – and between the groups in Parliament. I must especially thank the rapporteurs for having done a good job.

**Claude Moraes**, *on behalf of the S&D Group.* – Mr President, in the context of our group's rejection of the interim TFTP Agreement, we welcome the decision by the Spanish Presidency and the US to reopen negotiations to take on board key data protection safeguards for all EU citizens.

Today, our group can support the Alvaro report, not because it represents the perfect agreement, but because it contains the key protections we would all expect to see in an international data sharing deal of this importance – as Mr Strasser said, in this milestone event. It signals the Parliament's ability, post-Lisbon, to

represent the interests of all EU citizens in its dealings with the Council, Commission and third countries. It is a new start, as Mrs Malmström said.

On the central point, the transfer of bulk data of EU citizens, we have successfully brokered the so-called twin-track approach, combining strict safeguards, such as the EU appointment of EU staff in the US Treasury, with a concrete timetable leading the way to a European solution for the extraction of data on EU soil.

This agreement is about the serious balance between fighting terrorism and protecting the freedoms of our citizens. Tomorrow in my constituency of London, we celebrate the anniversary of the 7/7 bombing. We all know what this agreement is about, but balance is critical. In any negotiation, there must be give and take, but my group believes that EU citizens can feel that their Parliament, working with an effective Presidency, secured many of the safeguards they expect and an agreement which would infinitely outstrip the negative potential of 27 bilateral agreements. Bilateral agreements may not contain elements such as judicial redress on a non-discriminatory basis, rectification and erasure and a prohibition on data mining and profiling. Better an EU deal with real safeguards than bilateral agreements with unknown consequences.

For all of these reasons, our group will support this renegotiated deal and proudly stand by the safeguards we have helped to secure with the rapporteur and all of the other groups on behalf of EU citizens and their freedoms.

**Renate Weber**, *on behalf of the ALDE Group*. – Mr President, let me start by congratulating my colleague, Alexander Alvaro, on today's result. I know that he has been working very hard to achieve what we have today. Let me also thank Jeanine Hennis-Plasschaert for her hard work on this difficult dossier while she was a Member of this House.

The text of this agreement is not perfect. However, in the months between today and February, when we rejected the first version, Parliament has shown itself to be a reliable and responsible player. We have been constructive from the start. It has never been our goal to obstruct the whole process for no reason, because combating terrorism is as important for us as it is for our American partners, but, at the same time, we wish to stick to our own values and principles.

So let us vote on this new agreement and let us focus on the future and make sure that both the Commission and the Council live up to their respective promises as enshrined in the agreement or attached to the agreement, because our ultimate goal remains a durable and legally sound European solution. We promised our citizens extraction of data by the EU on European soil – a promise that we have to keep.

**Jan Philipp Albrecht**, *on behalf of the Verts/ALE Group*. – (DE) Mr President, ladies and gentlemen, the opposite of good is good intentions. The ways and means by which the previous Conservative, Social Democrat and Liberal speakers have justified their prearranged support for the new SWIFT Agreement suggest to me that they are following the principle of attack being the best form of defence, rather than that they are actually convinced by their own words.

For the fact is that the new SWIFT Agreement has done practically nothing to change the substance of the criticism that this House clearly expressed by an overwhelming majority in its rejection in February and its resolution of March. An enormous amount of personal bank data pertaining to citizens who will overwhelmingly be above all suspicion will continue to be transferred to the US authorities, to be stored there for five whole years, without any review by an independent judicial authority.

Only the European police authority, Europol, which is itself interested in the results of investigations, will authorise the requests of the US authorities. All this is not only politically wrong and damaging to the defence of European fundamental rights, but it is also entirely contrary to European constitutional law. Both the European Court of Human Rights and the national constitutional courts, as well as the Data Protection Officers, have ruled that the fundamental mechanisms provided for in the agreement are in breach of the law. As the European Parliament, we have not even succeeded in asking our own legal services for an evaluation before the vote takes place.

For these reasons, we as Parliament should not vote for such an agreement. As Greens, we would, for this reason, be in favour of a second rejection and a genuine negotiation of common principles with the United States, before expanding the exchange of information to such an extent.

**Timothy Kirkhope**, *on behalf of the ECR Group*. – Mr President, I would like to thank Alexander Alvaro and his predecessor, Jeanine Hennis-Plasschaert, as well as the US authorities and, in particular, the American Ambassador, Mr Kennard, for their hard work, perseverance and determination to produce another agreement

and maintain a positive relationship between the EU and the US. We should congratulate the US in their sustained belief that progress was possible here, and for once again continuing down the route to an EU-US international agreement.

I believe that this time we are all here with a lot more goodwill and cohesion following six months of mostly successful but testing negotiations. Parliament has had to push hard to be heard and for its voice to be respected. What we are finally being presented with is an agreement which is not only new, but improved; one which we can live with, and one which we should be happy about, especially with vital lessons having been learned within our Parliament and within the EU institutions. The deal is good compared with last time, including, as it does now, a judicial review, EU oversight, review procedures and blocking mechanisms. It represents for us the future possibility of our own EU TFTP system. It is certainly more equal, more open and more democratic.

For those Members who have remaining concerns, it is not perfect, but may I remind this House that we do not live in a perfect world. Indeed, we live in a world full of dangers, as Claude Moraes highlighted a moment ago in relation to London. That is exactly why this agreement is needed. It is why we do not just have a duty to protect the data and the rights of our citizens, but also to protect their ongoing security and their safety.

Last night in committee, this agreement was overwhelmingly adopted. It was a victory for common sense and I hope the same result can be echoed within this House when we vote together. Now is the time to put aside our individual ideals and be practical for the sake of the people we represent. Now is the time for the reputation of the EU as a serious international body to be renewed. Now is the time for us to behave reasonably and responsibly. Now is the time for this House to vote in favour of the text, which my group will certainly do.

**Rui Tavares, on behalf of the GUE/NGL Group.** – (PT) Mr President, ladies and gentlemen, what are we talking about? We are talking about almost 90 million financial messages per month, a figure that equates to more than one billion financial messages per year. These financial messages originate from Europe, either between European countries or between Europe and the rest of the world. For months and years, this is what we have referred to in this Parliament as bulk data, the block transfer of data.

Parliament considered refusing the transfer of bulk data, for the first time, in February, when it rejected the agreement. It did this for a second time in May, with a resolution in which it clearly stated that the transfer of bulk data is illegal. Now the transfer of bulk data is here. This is the substance of the agreement; the substance of the agreement does not change, and everybody in this House knows that very well. Therefore, there are good reasons for continuing to vote against it.

This agreement has many weak points. When they tell us that it gives the right to judicial review, to transparency ... my dear ladies and gentlemen, we know all too well that this is an executive agreement with the White House. The American law is not changing; it is not passing through Congress. European citizens residing in the United States of America are discriminated against because of such an agreement. The many beautiful words in the agreement do not have any kind of basis in practice, and well we know it.

Yet, they then present us with the crucial issue concerning the role of Europol. It must, however, be stated clearly that Europol is not charged with the protection of data. We have a European Data Protection Supervisor which the European Commission and the European Council never wanted to include in this agreement.

Europol is an agency which must be controlled because it benefits from this agreement. It receives police clues, but it is not a filtering agency which serves to protect the data of European citizens. We know that this is wrong; we know that it is both illegal and unconstitutional. Yet only yesterday, the Committee on Civil Liberties, Justice and Home Affairs did Parliament a disservice by refusing to ask the opinion of Parliament's Legal Service on Europol's role here, which we know is very wrong.

The Left Group will ask the Legal Service for that opinion – and I would like to thank our fellow Member, Mr Alvaro, who has worked hard and has been transparent in his work, cooperating with rapporteurs from each group – because, my dear friends, we can choose whether we want to know or not. We are charged with the task, as legislators, of foreseeing the legal implications of this agreement, and the Left Group will vote resolutely against this agreement.

**Gerard Batten, on behalf of the EFD Group.** – Mr President, this agreement is proposed under the Lisbon Treaty and therefore lacks all democratic legitimacy. The peoples of Europe were systematically denied referenda on the Lisbon Treaty because the Europhile political elite knew that they would reject it.

This is a problem that will come back to haunt us continually in the years to come. You have created an illegal state and now you are making illegal laws! Look at the way that this was done. Those few MEPs who were given access to this secret report, or secret agreement, were only allowed to see it after signing a declaration of honour not to reveal its contents. Most importantly, the people of Europe, to whom the information actually belongs, are totally unaware of its contents. More specifically, the proposed legislation is illegal under existing UK data protection law governing the international transfer of private citizens' personal details. Under the Act, such information cannot be shared without the consent of the individuals concerned. The US authorities have already shown that they simply help themselves to such data as and when they feel fit. The USA cannot be trusted to observe other nations' rights.

The confidential and private financial data in question belongs to the individual – and not to the European Union or the European Parliament. They have no right to share it with the USA or anybody else. Britain's representative on the Council appears to have overridden existing national law in order to reach this agreement. By what right? However, we all know that the totally undemocratic and illegitimate EU legislation takes precedence over national democratic law!

Terrorism has to be opposed, but it must not be used as a cloak to remove citizens' rights and protections. This is just the latest example of how the EU is creating an undemocratic, illegitimate political state. The UK Independence Party will vote against.

**Daniël van der Stoep (NI).** – (NL) Mr President, the Dutch Party for Freedom (PVV) will be voting in favour of the agreement with the United States, and therefore of the underlying report. Cooperation on the fight against terrorism is extremely important to me and also to my party. Let us not forget, however, why – regrettably – it is necessary to cooperate with the United States in this way. The global jihad poses an increasing threat to the world. The fight against Western values derives financing and ideological encouragement from the Middle East. Let us be very clear about this.

Mr President, I myself was in Washington, DC on 11 September 2001 and visited the disaster scene at the Pentagon a few hours after the attacks. An impenetrable, indefinable stench of an aeroplane that had flown into a building hung in the air. It was a terrible stench; the stench of terrorism. If, this week, we are able to prevent terrorist acts by giving our consent to the agreement with the United States, that would be fantastic.

**Simon Busuttil (PPE).** – Mr President, I am a law-abiding citizen and I want my security to be protected without excessive intrusion into my privacy. But, equally, I want my privacy to be respected without this having to be done at the expense of my security.

With this agreement, we have done just this. We have shown that privacy and security do not need to be played off against each other. We have shown that we can have them both. We have shown that we can strike a fair balance. This is not a zero-sum game. I believe that this is precisely the kind of balance that our law-abiding citizens expect from us. This is why we should support this agreement, and we should be proud to support it because we have played a major role in shaping it.

**Birgit Sippel (S&D).** – (DE) Mr President, a preliminary remark. To accept or to reject, either decision is worthy of respect. What is not acceptable, however, are certain exaggerations, half-truths and falsehoods, frequently devoid of any knowledge of the facts, which have also been voiced in the published debate. More objectivity and less emotion would surely have been fitting.

To come to the point, fighting terrorism is just as much about the defence of democratic values and freedoms. One of these also requires the use of data, while the other requires a high degree of data protection. It is precisely here that, under pressure from the European Parliament, we were able to achieve a great deal: verification that a request is actually founded on a legitimate suspicion of terrorism, and daily checks by EU officials in the US Treasury Department that only data pertaining to suspected terrorists are being examined, including the possibility of stopping the extraction of data. We in Parliament are convinced that this important function must be regulated in agreement with all institutions. Compliance with standards, with the involvement of the Data Protection Officers, must be reviewed annually, and, for a storage period of five years, an annual audit to ensure that data which is not required is deleted in good time.

To reiterate, intra-European transfers are not affected. Nonetheless, not everything was achieved.

For example, Europol. I should like to ask the European Commission not to wait until 2013, but to prepare draft legislation quickly which ensures parliamentary control by means of codecision.

**Sophia in 't Veld (ALDE).** – Mr President, I will vote in favour, but with great reluctance and hesitation. This agreement has serious shortcomings which leave it open to legal challenge. It puts the final verdict in the hands of the courts, rather than the policy makers, where it belongs. Concluding international agreements that are not legally watertight is a risky strategy. This agreement is therefore no reason for jubilation, but it is the least bad option.

Although I share many of the doubts and concerns of the 'no' voters, rejection will not result in a better agreement and we all know that. Why? Because the Member State governments – not the US Government, our own governments – insist that the bank data of European citizens be processed by third countries. It is only thanks to the European Parliament that our personal data will, in future, be filtered by European authorities under our own control. Putting an end to the bulk data transfer in the longer term is major progress that we should recognise.

Finally, colleagues, this House, by voting 'no', has a heavy responsibility to ensure quick and full implementation of the Council decision.

**Hélène Flautre (Verts/ALE).** – (FR) Mr President, I would like to thank Mrs in 't Veld for her speech. At the very least, it clearly explains the reasons for her vote in favour, because from the start, in the speeches from the two large groups, I have not heard anything but smokescreens.

The reality is that this agreement is not obviously any different, at least on the main points which motivated the opposition of the European Parliament in February. There are still cases of haphazard data transfer, and there is still the retention of data for five years. There is still effectively no right of recourse for European citizens on American territory, and there is the very important question raised by Mr Tavares concerning Europol. Europol is not a judicial institution, and it is not me who says that – it is the texts, the treaties. The European and national data protection supervisors are all in agreement on these essential points.

As for me, I have the feeling that after having flexed our muscles – as you said, Mr De Clerck – we are now kowtowing, and this is not good news for European citizens.

(Applause)

**Andreas Mölzer (NI).** – (DE) Mr President, what was negotiated for the SWIFT Agreement and is now to be sold as data protection is, in fact, an embarrassing act of self-deception on the part of Europeans. As long as citizens guilty of no crime can, by means solely of transfers external to Europe thanks to data packets, come into the sights of the US secret services, it is apparent that a mockery will be made of data protection.

For they say, quite tersely, that narrowing it down to single individuals is currently not technically possible. If limiting transfer data to specific requests is not yet achievable, then these data should simply not be provided, and that should be an end to it. Once the agreement is implemented, you can be sure that no one will care in the slightest about setting limits.

The EU's own monitoring system which is to be set up will turn out, within a few years, to be a placebo, a sedative for critics. Storing up limitless data packets over so long a period of time – and five years from the point of view of information law is a small eternity – in the absence of any judicial intervention runs contrary to our understanding of a modern state founded on the rule of law. An increase in data protection is thus nowhere in sight in this agreement.

**Agustín Díaz de Mera García Consuegra (PPE).** – (ES) Mr President, we would congratulate Mrs Malmström and Mr Alvaro and ourselves for the support proclaimed for the agreement by the various groups that form a large majority in this House. Let us also respect those not in agreement.

Transatlantic security surrounded by democratic guarantees is essential for short-circuiting the financing of terror. Today, we are reaffirming our support for a new agreement that is more protective of the public interest, and in which Parliament has played a greater part. The Council needs to understand, listen to and cooperate more and in a better way with a different Parliament, deriving from the Treaty of Lisbon.

The EU needs its own terrorist finance tracking programme, in a form whereby data extraction can take place within Union territory and under the supervision of European officials. The Commission has an essential role to play in promoting this.

To conclude, we must not forget that information obtained by the United States using SWIFT has been a determining factor in preventing attacks in Barcelona, Madrid and London, and the jihad in Germany.

I believe that the agreement is useful.

**Salvatore Iacolino (PPE).** – (IT) Mr President, ladies and gentlemen, as of 1 February 2010, the previous SWIFT Agreement with the US ceased to have effect and now there is a new agreement. One could simply say that a sense of responsibility has prevailed, but to me it does not seem to be the case. It would be enough to set the former regulatory hypothesis side-by-side with the one agreed over recent days to fully appreciate the significant improvements achieved thanks to the contribution of the European Parliament, and thanks to the negotiation of the Commission and the Spanish Presidency.

My public law professor used to say that the best agreement is one which shall have to be improved. We shall therefore have to make do with a good agreement, which sets out a desire, and a common strategy against terrorism, but now we need to involve third countries, which are essential for the process of fighting terrorism. Lastly, I believe that this agreement strikes a proper balance between the right to privacy and the right to security.

**Carlos Coelho (PPE).** – (PT) Mr President, I wish to congratulate Commissioner Malmström, the rapporteur Mr Alvaro and all those who have collaborated on this dossier. The voice of the European Parliament is making itself heard; negotiations have taken place. This agreement is both different and better than the one which we rejected in February.

Having said this, I would like to make it clear that I still have doubts about Article 20. Its wording seems to call into question the effectiveness of the rights anticipated throughout the agreement, and I still disagree with the choice of Europol, which is neither an independent judicial authority nor a data protection authority.

I do not seriously believe that we can reject this agreement. It is different to the one that we saw in February, but I still do not feel comfortable approving it, so I shall abstain.

**Zuzana Roithová (PPE).** – (CS) I reject the arguments put forward by the opponents. I would like to say that, since February, when the SWIFT Agreement was blocked by the Left and the Euro-sceptics, bank data has been transferred without any basis in an agreement. Do not forget that, since September 2001, there have been no known cases of misuse of the sensitive data of Europeans. I applaud the fact that, thanks to the Treaty of Lisbon, the European Parliament has ensured that it will now be a European official, and not an American official or a member of Europol, who will decide in the Member States on the transfer of any kind of individualised data.

I would like to ask the Commissioner to specify a deadline by which the names of the three candidates for this role will be known. I would like to inform the persistent opponents of EU-US cooperation that our duty is to protect the lives of our citizens from terrorist attacks in an effective manner. This agreement now provides firm guarantees and, at the same time, protects data and offers the possibility of court action for compensation in the event of commercial data being misused. I would like to thank the members of the Commission and the members of the Committee on Civil Liberties, Justice and Home Affairs for this result.

**Kinga Göncz (S&D).** – (HU) I will indeed keep this one short. The agreement is neither ideal nor perfect, but I think this is the best possible agreement we were able to reach in such a short time. It is balanced in the sense that it pays attention to European citizens' security, as well as to their right to freedom and data protection. It is vital for us to accept this in July as it will be the key to security. It is also important, for data protection reasons, that data are not transferred without any control. Further guarantees have been incorporated in the text, partly in relation to the justification for data disclosure and partly in relation to the justification for data prioritisation. From now on, the legal remedies offered will be transparent. There are, of course, unresolved issues, as previously mentioned by fellow Members: the rationale behind EUROPOL and the length of the storage period. In addition to the content, it is also important that we now have a clear schedule for developing a European TFTP – we will receive a proposal for this within a year – and that the relationship between the Council, the Commission and Parliament will be different from now on.

**Carl Schlyter (Verts/ALE).** – (SV) Mr President, I am in favour of an agreement that provides specific information on an individual who is actively and deliberately supporting terrorism, and whose rights are defended in court. I would like to thank Mr Alvaro and Mrs Malmström for at least trying to bring this about. We said no bulk data, and yet we will have bulk data for at least three years. We said that for legal certainty, we need a court to defend our human rights, and yet we will get a Europol that is to justify the fact that the agreement follows the agreement, not human rights. We also have a definition of terrorism that agrees with the definition in the United States, namely, an elastic section that is wide open to be applied to aid organisations that do not loyally work in the foreign policy interests of the United States.

No, unfortunately, the protection of human rights in this agreement is as naked as the famous emperor.

**Cornelia Ernst (GUE/NGL).** – (DE) Mr President, ladies and gentlemen, our debate must focus on two aspects. One aspect, namely that of data protection, has now been very frequently addressed. It is quite true that some things have been improved, but the simple fact is that the transfer of bulk data has not been eliminated. What really annoys me the most is that, where data protection is concerned, Europol has, in fact, been given an extension of its powers: on what legal basis, we ask?

However, I also wish to say quite clearly that there is also another aspect, about which we must talk very seriously, namely that even if all the data protection problems were to be solved, every last one, the question would remain whether the principle according to which the bank data of millions of people in Europe is transferred for prevention purposes actually makes a real contribution to the fight against terror. I doubt it profoundly, and there has been no evaluation and nothing to support it. Instead, a *de facto* surveillance of citizens will be introduced, and I wish to remind you that even the Data Protection Officer does not see the necessity of such a regulation.

**Jaroslav Paška (EFD).** – (SK) On 28 June, a new agreement was signed on the transfer of data on European Union citizens to the United States. In my opinion, the changes that were made to this agreement are not entirely convincing.

We talked about how EU officials in Washington would be able to influence the selection of data for processing. Of course, this will depend on the competence of these officials, but we do not need them to be there in order to express an opinion, as it will mainly be American intelligence officers that process the data.

We also said that an independent court could change a decision. The court, however, will act on the basis of appeals made by citizens, and citizens will not know that they are being monitored by the intelligence service. So how can the court decide on anything, when the court will not know that the citizen is being monitored?

There was also talk about how the EU would draw up its own procedure in the future, but a procedure should have been adopted and approved already.

**Andrew Henry William Brons (NI).** – Mr President, the so-called safeguard in the new draft agreement is an element of EU control over the extraction in the United States of transferred bulk data. Even if this control were to be exercised in good faith, I do not believe that the individuals would have the confidence to refuse requests from the United States for extraction if they were said, quite untruthfully, to combat terrorism. However, US foreign policy is much wider than opposition to terrorism and it is quite probable that the United States would seek to gain access to financial data that would be used against its wider political opponents, and not just real terrorists.

However, my opposition to this treaty is not limited to its content. The responsibility for treaties affecting sensitive confidential information belongs properly to sovereign states and not to supranational bodies like the EU.

**Alajos Mészáros (PPE).** – (HU) I would like to thank Mrs Malmström and Mr Alvaro for the report. We can be pleased with the progress that has been made in respect of this much debated, but very important agreement. Although I had already voted in favour of it in February, along with the majority of the PPE Group, I feel that the new wording guarantees more favourable terms for the citizens of the EU, no matter how awkward the delay was. We had to find the appropriate balance between data protection and security, and I believe we have achieved this to a large extent. Nevertheless, it is important that we establish our own security system against terrorism financing in the future, a system which we will be able to operate independently in the EU. In the course of the development and operation of the system, we will have to make sure that citizens' data protection rights are fully respected.

**Elena Băsescu (PPE).** – (RO) I would like to congratulate the rapporteur, Mr Alvaro, and state right from the outset that I support the adoption of the EU-US agreement on the transfer of bank data in the fight against terrorism.

The new version of the agreement provides better protection of European citizens' rights. Customers of European banks will now be able to obtain information on how their personal bank data is being used.

I think that Europol will have an extremely important role to play as it will verify whether a bank customer's status as a terrorist suspect is justified or not. The appointment by the European Commission of a person to supervise the daily extraction of data will strengthen the European Union's role.



Finally, I wish to stress that we must maintain a balance between the responsibility for ensuring citizens' safety and the protection of personal data.

**Stefaan De Clerck**, *President-in-Office of the Council*. – (NL) Mr President, ladies and gentlemen, this has been an impassioned debate. I value the submissions of the various political groups and speakers, but I can only conclude that the debate being held throughout Europe, in all parliaments, concerns a balance between security and the fight against terrorism, on the one hand, and data protection and the protection of privacy, on the other. We must keep a close eye on this balance. This is an evolutionary process. We produced agreements, those agreements were rejected in this House, and now we have produced a new agreement that is significantly better and will continue to evolve. I am confident that this agreement represents a major step forward, and that the framework agreement on data protection between the European Union and the United States of America, which requires further negotiation and which may have a bearing, will also be adopted. We shall be looking at how supervision is organised, partly under the oversight of the Commission, so that we can carry out professional European supervision in the United States. These are all positive steps.

Mr President, ladies and gentlemen, it is also true, however, that if we criticise a partnership between Europe and the United States here, we do have to take our responsibility for devising our own system, and we have done so. A system of our own has been proposed, and this will be worked on. It is easy to criticise a system involving the United States, but then we must be consistent and do what has now been agreed here; that is, to develop Europe's own system. I believe that this is the next step, and so I have every confidence that giving consent represents a positive contribution to increasing security in Europe and that, at the same time, more of our own instruments will be developed to enable us to employ a European way of working to an even greater degree. I hope, therefore, that this agreement will now receive Parliament's consent.

**Cecilia Malmström**, *Member of the Commission*. – Mr President, thank you for this debate. You may or may not like this agreement. All agreements that we make, whether internally between the institutions or with a third country, are the result of tough negotiations, hard efforts and compromise. Compromise is the very essence of the Community method. It is not always 100%, but usually it is a decent compromise and we can live with it.

You may not like it, but I think it is unfair to say that this agreement is equivalent to the one you voted down in February. That is simply not true. Considerable improvements have been made concerning data protection, fundamental rights and integrity. The requests will be as narrowly tailored as possible: there are several review and scrutiny mechanisms, and the idea of an EU TFTP mechanism has also been mooted. It was not even on the agenda a few months ago, and this has been done thanks to you, your very constructive and responsible approach to this, and through hard negotiations.

It has also been made possible thanks to the constructive, open and very determined approach by our US counterparts. They have listened, they have understood our concerns, and together we have come to an agreement that takes these into consideration, but is also a tool to fight terrorism and, hopefully, save lives in the future. I am ready to discuss the further details and the development of this, the future TFTP mechanism, and the implementation of the agreement.

Once again, I should like to thank everybody involved – the rapporteur, the shadow rapporteurs, the Council and the political groups – for this very constructive report.

**Alexander Alvaro**, *rapporteur*. – (DE) Mr President, I believe that we must make a note of two things in connection with this discussion. The first is that the European Parliament has provided proof of the fact that, following the Treaty of Lisbon, it is ready to work in collaboration. Mr Garrido has stated that he had underestimated the European Parliament. I believe that he has, not only in its willingness to work together but also in its willingness to show responsibility. I believe that we have hereby opened a new era in the sphere of EU lawmaking.

Now I turn to my fellow Members who have just spoken in opposition. With all due respect for your opposition, I expect the same respect for the truth. The fact is that we have achieved a medium-term solution to how we can prevent bulk data transfer. Previously in this agreement, there was no provision that secured a legally binding cessation of bulk data transfers in the medium term.

To claim now that we should have done it overnight is as realistic as phasing out nuclear power overnight, which is also politically and practically not possible. Thus, we must allow a little more honesty to prevail, which I await with all due mutual respect.

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

The vote will take place on Thursday, 8 July, at 12:00.

The next item is the vote.

**Written statements (Rule 149)**

*in writing.* – Instead of the ‘swift’ SWIFT Agreement they were aiming for, the involvement of Parliament forced Commission and the US Administration to negotiate a ‘good’ SWIFT Agreement. And that is a major victory for Europe and for the future of transatlantic relations. Yes, the final agreement took a little longer to reach, but it achieved a much better balance between fighting terrorism and protecting fundamental rights than was the case a few months ago. It demonstrated that Parliament is a serious interlocutor that can exercise its new powers responsibly and effectively. And it brought a new – and much needed – spirit of openness and cooperation in the American Administration’s relations with the EU. This is not a perfect agreement. I would hope, for example, that the Commission could devise a way to station in Europol a representative of the European Data Protection Supervisor to oversee those initial bulk data grants, just as we have succeeded in stationing an EU overseer in Treasury. But when all is said and done, I firmly believe that this much-improved agreement – as opposed to the highly problematic interim agreement of last February – deserves this Parliament’s consent.

**Véronique Mathieu (PPE), in writing.** – (FR) I would like to congratulate the Commission for the result that it has achieved at the end of these difficult negotiations. This agreement meets the demands expressed by Parliament a few months ago. The US authorities have agreed to introduce a large number of guarantees on data protection which were lacking in the previous agreement. The effectiveness of these data transfers in the fight against terrorism has been highlighted many times these last few months. It is now time, however, for the Union to have its own mechanism available for combating the financing of terrorism. In this regard, I welcome the desire displayed by the Commission to go forward in this area, and I would ask them to propose specific actions as soon as possible. Finally, this ‘Swift affair’ has been an opportunity for Parliament to exercise the new powers conferred on it by the Treaty of Lisbon. The Member States, as well as our partners from third countries, now know that they must work hand in hand with this House in the adoption of these agreements. The contents of this agreement are testament to these new institutional relations. Our concerns have been heard, and reasonable answers have been found.

**Franz Obermayr (NI), in writing.** – (DE) Under the guise of combating terrorism, the account data of honest European citizens are being transferred in bulk to the United States. The re-hashed SWIFT Agreement does very little to change this situation. We cannot promise our citizens adequate data protection, because: Sensitive data is stored wholesale, instead of only in individual cases where there are grounds for suspicion. The data will be arbitrarily stored for a full five years. Compliance with data protection is intended to be guaranteed by Europol, even though this agency has an interest in the data itself. The executive is therefore monitoring itself – is this seriously supposed to be an independent control body? EU citizens whose rights have been violated have *de facto* no chance of taking successful legal action. Citizens would first have to cope with the cost of instituting legal proceedings in the United States! What was first celebrated as a success for the European Parliament in February has now become a washout. Even the rapporteur admits that he is not totally satisfied. It does not provide any real, effective data protection and should therefore be rejected.

**Angelika Werthmann (NI), in writing.** – (DE) The SWIFT Agreement now being proposed is a clear improvement, as SEPA has been removed and it now contains a definition of terrorism. However, the political debates on the subject of SWIFT clearly indicate how difficult and important it is to find and preserve a balance between citizens’ rights and a commitment to security in the world. Many questions remain open and in need of answers. For example: 1) Why must the data be stored for a full five years? 2) I think that if we had had a longer negotiation period, we would certainly have been able to revise the weak areas and involve our own legal service; we would then have been able to draw up an agreement that was acceptable to everyone – both the EU and the United States. In my opinion, even after its revision and with various concessions, this agreement still does not take account of proportionality between security interests and respect for privacy. Finally, I am convinced that a longer negotiation period for both sides – the US and Europe – would have enabled us to achieve better, more detailed results. Thank you.

## IN THE CHAIR: ALEJO VIDAL-QUADRAS

*Vice-President*

**Sonia Alfano (ALDE).** – (IT) Mr President, ladies and gentlemen, I would like to bring to the attention of the European Union the fate of 250 Eritreans who are now sending appeals for help by text message, as they are being detained in the Sahara Desert by the Libyan authorities. They are dying, they need help, and I would ask the European Union to attend to this issue.

### 6. Voting time

**Agustín Díaz de Mera García Consuegra (PPE).** – (ES) Mr President, please could I ask you to suspend the voting for a minute, as the *Partido Popular's* voting lists are currently being distributed. You can see that for yourself.

**President.** – We shall now proceed to the vote.

**6.1. Accession of the Member States to the Convention relating to international exhibitions signed at Paris on 22 November 1928 (A7-0201/2010, George Sabin Cutaş) (vote)**

**6.2. Conclusion of the Protocol on Integrated Coastal Zone Management to the Convention for the Protection of the Marine Environment and the Coastal Region of the Mediterranean (A7-0191/2010, Jo Leinen) (vote)**

**6.3. Agreement between the EU and Iceland and Norway on the application of certain provisions of Council Decision 2008/615/JHA and Council Decision 2008/616/JHA (A7-0173/2010, Simon Busuttil) (vote)**

**6.4. Participation by Switzerland and Liechtenstein in Frontex activities (A7-0172/2010, Philip Claeys) (vote)**

**6.5. Request for defence of Mr Valdemar Tomaševski's parliamentary immunity (A7-0214/2010, Bernhard Rapkay) (vote)**

**6.6. Quality of statistical data in the context of the excessive deficit procedure (A7-0220/2010, Othmar Karas) (vote)**

– *Before the vote:*

**Othmar Karas, rapporteur.** – (DE) Mr President, ladies and gentlemen, I should merely like to point out that with today's decision, we are doing something that we wanted to do in 2004 and that the Council rejected in the spring of 2004: namely, to widen the auditing possibilities for Eurostat, to increase the scope of its powers and to automate the audit process.

This is the first important legislative step in response to the experiences of the last few weeks as far as the crisis is concerned. Eurostat's independence must be strengthened and its dependence on data from the Member States reduced. Today's developments are a step in the right direction, but in my opinion, we have not reached a conclusion. There must be the possibility for control visits to be made at any time in the Member States without prior arrangement, and all relevant data must be available for examination.

Collaboration with the European Central Bank needs to be intensified, and we must ensure that Eurostat receives increased funding and more staff, combined with high quality training for the latter.

What does the European Parliament want in addition? Sanctions against Member States which falsify statistics and supply false statistics. The Commission must present Parliament with a comprehensive report on the

mistakes of the last six years. We want to know where the mistakes occurred and what these mistakes were – whether in matters of policy, of law, or of jurisdiction – so that we can draw the appropriate conclusions.

The Commission should put a harmonisation of statistical data collection and a harmonisation of criteria for statistics authorities in the Member States on the table and push ahead with it. Today, we are taking a correct and significant step towards independence and an increase in powers, but we are not finished yet. We must carry on further along this road.

*(Applause)*

**6.7. The European Union Strategy for the Baltic Sea region and the role of macro-regions in the future cohesion policy (A7-0202/2010, Wojciech Michał Olejniczak) (vote)**

**6.8. Contribution of EU regional policy towards fighting the financial and economic crisis, with a special reference to Objective 2 (A7-0206/2010, Rodi Kratsa-Tsagaropoulou) (vote)**

*- Before the vote:*

**Lambert van Nistelrooij (PPE).** – (NL) Mr President, very briefly, our group wishes to request an electronic vote, a roll-call vote.

*(The request for a roll-call vote was approved)*

**6.9. Rights of passengers in bus and coach transport (A7-0174/2010, Antonio Cancian) (vote)**

**6.10. Rights of passengers when travelling by sea and inland waterway (A7-0177/2010, Inés Ayala Sender) (vote)**

**6.11. Intelligent Transport Systems in the field of road transport and interfaces with other transport modes (A7-0211/2010, Anne E. Jensen) (vote)**

**6.12. Reporting formalities for ships arriving in or departing from ports (A7-0064/2010, Dirk Sterckx) (vote)**

**6.13. A sustainable future for transport (A7-0189/2010, Mathieu Grosch) (vote)**

*- Before the final vote:*

**Corien Wortmann-Kool (PPE).** – (NL) Mr President, on behalf of the Group of the European People's Party (Christian Democrats), I should like to request a roll-call vote during the final vote, if that is possible.

*(The request for a roll-call vote was approved)*

**6.14. Annual report of the Petitions Committee 2009 (A7-0186/2010, Carlos José Iturgaiz Angulo) (vote)**

**6.15. Promoting youth access to the labour market, strengthening trainee, internship and apprenticeship status (A7-0197/2010, Emilie Turunen) (vote)**

*- After the vote:*

**Graham Watson (ALDE).** – Mr President, as Chair of the Delegation for relations with India, I wonder if I might draw the House's attention to the fact that we have a group of visitors from the Lok Sabha, the Indian Parliament, in our gallery today. I am sure the House would wish to join in welcoming them.

(Applause)

## **6.16. Atypical contracts, secured professional paths and new forms of social dialogue (A7-0193/2010, Pascale Gruny) (vote)**

## **6.17. Commission Green Paper on the management of bio-waste in the European Union (A7-0203/2010, José Manuel Fernandes) (vote)**

**President.** – That concludes the vote.

## **7. Explanations of vote**

### **Oral explanations of vote**

#### **Report: Othmar Karas (A7-0220/2010)**

**Ivo Strejček (ECR).** – (CS) I would like to explain my vote concerning Mr Karas's report on the quality of statistical data. The report has a whole range of very good points, of course, but I abstained from voting because I do not share the rapporteur's view that Eurostat should have a dominant right to interfere, without any form of advance notice, in the exercising of the rights of national statistical authorities.

**Daniel Hannan (ECR).** – Mr President, it has become a journalistic cliché to talk about the events in Greece as a tragedy, but I think we can fairly define them as a tragedy in the classic Sophoclean sense. We had the hubris of the boom years when we pretended that Greek and German debt were interchangeable. Now we have the nemesis of the overdue market correction.

But the catharsis has been artificially stayed. Rather than allowing a natural market correction, which is to say, Greece minting its own currency and pricing itself back into the European markets, we are instead pursuing this policy of pretending that better statistics or more regional aid or more shifting around of money through sales taxes or European debt agencies will somehow postpone the inevitable.

In fact, what we are doing is condemning the people of Greece and – I hope I am wrong – possibly the people of the other Mediterranean countries to years of recession, stagnation and unemployment – but we are at least generating employment for ourselves because we are justifying our own existence. Thus we see the true purpose of the European Union, namely, the employment of its own employees.

**Syed Kamall (ECR).** – Mr President, when one looks back at the quality of statistical data for some Member States – when it was quite clear that they were cooking the books and did not provide an accurate reflection of the state of the national economy – I can understand the call for better statistical data. I think we can all understand that there should be better data collection as regards the state of our national economies. But the issue is that this should not be used as an excuse for what has been called 'European economic governance'. It should not be used as an excuse for the EU institutions, the Commission, to have access to the national budgets of Member States before these national budgets are presented to the parliaments of those countries.

Let us not use the crisis and the mistakes made during that crisis as an excuse for more European economic governance. We should use it to learn the lessons of the crisis, make sure we collect better data, but make sure we all put our own houses in order.

#### **Report: Wojciech Michał Olejniczak (A7-0202/2010)**

**Tunne Kelam (PPE).** – Mr President, I supported the report on the Baltic Sea region strategy and I am satisfied that my amendments have been taken on board, but in certain places, I would have liked to have been more explicit. In paragraph 34, we call for the Commission to provide for an environmental impact assessment of energy infrastructure projects, but we have failed to mention that the Commission has not fulfilled its duty to provide for an objective impartial environmental impact study for the Nord Stream project. We call

for all states around the Baltic Sea to join the Espoo Convention, but I think it would make sense to call explicitly for Russia to join it too. This would meet our goal.

**Erminia Mazzoni (PPE).** – (IT) Mr President, ladies and gentlemen, I supported this resolution. I believe that the initiative brought forward by the countries of the Baltic area is very important, and these countries are credited with having finally introduced the concept of the macro-region into our system.

I believe that this initiative is to be welcomed, both on a political and strategic level, for the important aspects which it adds to the operational strategy in this area. Above all, I believe in the importance of the prospect that we are opening up, through this initiative, of allowing ourselves to envisage the creation of other macro-regions, which will then use this experience as a pilot project, perhaps to give a further push to the cohesion policy.

With regard to this initiative, my request to the Commission for greater attention relates to the supply of financial resources since I fully endorse the ‘no’ expressed at all levels on using new resources, additional resources. However, I am just as convinced that without resources for these major projects – the macro-region projects – they will not go ahead, so regulation of the supply of these resources is important.

**Radvilė Morkūnaitė-Mikulėnienė (PPE).** – (LT) I voted for this document and am delighted that it has been adopted. The document discusses the Baltic Sea strategy and its principal objective – to encourage the coordination of Member States’ actions in policies which have a territorial impact. This strategy is based on four fundamental policies, one of which is the safeguarding of an ecologically sustainable environment. Therefore, I am very pleased that this document also reflects my amendments concerning the planning and implementation of energy infrastructure projects around the Baltic Sea, which could have a certain impact on Baltic Sea ecosystems. We also have to ensure appropriate maritime principles, reduce the impact of agriculture on the Baltic Sea, and I agree entirely with the European Parliament’s opinion that at the heart of the strategy, we must strengthen cooperation with third countries. This is particularly the case with environmental matters. Therefore, I hope that before the assessment of the strategy’s implementation in 2011, we will make considerable progress and will be able to set a new standard.

**Inese Vaidere (PPE).** – (LV) I refer, therefore, to the strategy for the Baltic Sea region. The Baltic Sea region contains great development opportunities, and this strategy has already received a certain amount of financing from the European Union. Nevertheless, a small unit is needed that would be specifically charged with implementation of the strategy for the Baltic Sea region. There is also a need for specific, coordinated programmes for collaboration with private enterprise, for innovation and for developing research. The action plan for the strategy for the Baltic Sea region provides for a unified patent policy, a cooperation network between individual small- and medium-sized enterprises, and the formation of a Baltic Sea fund for research and innovation. Future economic growth in the Baltic Sea region will, as elsewhere, depend directly on a successful innovations policy. The implementation of the Rail Baltic project has been postponed for too long – it must be completed as soon as possible. The report on the strategy for the Baltic Sea region notes the need to increase the competitiveness of the Baltic region, but a precondition for this is the development of innovation and infrastructure projects, and that is why I also supported this report.

#### **Report: Rodi Kratsa-Tsagaropoulou (A7-0206/2010)**

**Inese Vaidere (PPE).** – (LV) As regards the report on regional policy, the second objective of cohesion policy provides for aid to be given to European regions that are experiencing unemployment, crime and rapid depopulation. The financial framework sets aside EUR 54.7 million for this purpose, but there are still great economic disparities among European Union Member States, and it is precisely the poorest regions that have suffered most from the economic crisis. Aid for these states must be regarded as the absolute priority of European Union regional policy. The first step for the European Union, without which sustainable development is impossible, is the establishment of fair competition and economic equality. Regional policy must continue to support those European regions with a GDP lower than the average European Union indicators. The position that elastic financing must continue to be developed should be supported. Nevertheless, we should aim for financial and practical support of this kind for small- and medium-sized enterprises engaged in innovation [and for support to] technologies and enterprises, which also has my full support. Thank you.

**President.** – Mr Hannan, please continue dazzling us with your knowledge of the Greek classics.

**Daniel Hannan (ECR).** – (ES) Mr President, you are too kind, and what a pleasure it is to see you in the presidential chair.

Mr President, which are the richest countries in Europe, or rather, the countries with the wealthiest citizens in Europe? I was looking at the OECD data the other day and in 2008, which is the latest year for which we have figures, the countries that are most prosperous are the members of the European Free Trade Association – despite everything they have gone through! Despite a banking crisis that disproportionately impacted Switzerland and Iceland, income per head in the EEA countries is 214% of what it is in the European Union. These guys in EFTA are twice as rich as the citizens of the EU Member States!

Why is that? Let me suggest that it might have something to do with the deal that they have struck with the European Union, whereby they are in the free market, in the four freedoms – free movement of goods and services and people and capital – but they are outside the common fisheries policy and outside the common agricultural policy, they control their own borders and determine who can cross them, they settle their own human rights issues, they control their own energy reserves and they can buy and sell to third countries without being subject to the common external tariff.

Could not our country, the United Kingdom, achieve something at least as good as what seven million Swiss and four million Norwegians have achieved? We are a nation of 60 million, a trading, enterprising nation, a nation whose colonising energies have touched every continent. Surely we could do just as well running our own affairs in our own interest?

**Syed Kamall (ECR).** – Mr President, whenever we talk about the economic and financial crisis, it is important that we look back and learn the lessons from that crisis. Have we learned the lesson that it was inappropriate regulation in the United States that forced banks to lend to uncreditworthy customers, thereby leading inevitably to the subprime crisis when one in ten of those taking out loans were uncreditworthy customers who could not pay back those loans and we felt the effects across the world? Have we learned the lesson of those governments that print money as if money has no value, but forget the lessons of what was said by the Austrian economist, Ludwig von Mises, the only economist to have predicted the financial crisis? He said that money has a value and when you make money cheap, companies and individuals make what he calls ‘malinvestments’ and that creates a credit bubble and eventually the market catches up and the whole thing collapses. That is what we did, that is how the financial crisis started and let us make sure we learn those lessons.

#### **Recommendation for second reading: Antonio Cancian (A7-0174/2010)**

**Miroslav Míkolášik (PPE).** – (SK) I fully support Mr Cancian’s report on passenger rights in bus and coach transport. Despite ratification of the UN Convention on the Rights of Persons with Disabilities, these people still face discrimination on access to transport.

Equal access to transport is one of the fundamental preconditions for an independent life. In view of the fact that most journeys are undertaken at the local level, access to bus transport is of fundamental importance for people with disabilities, including blind and partially-sighted people.

I fully agree with the proposed changes and additions, which strengthen the rights of people with physical disabilities, and specifically, the right to transport, the right to assistance and the right to information in accessible forms, including Braille lettering and large print.

I particularly welcome the requirement for drivers and people working in terminuses to be given training in relation to physical disabilities.

Securing these rights will make a fundamental difference to the lives of our blind and partially sighted fellow citizens.

**Zuzana Roithová (PPE).** – (CS) The result of the vote on the Antonio Cancian report shows that the European Parliament, in contrast to the Council, has clear priorities, especially when it comes to ensuring the rights of citizens travelling around Europe by bus and coach. This strong position of ours will make it possible to provide better protection for the rights of passengers, especially people with physical disabilities and restricted mobility. The proposal is to repeal Article 11 and thus make it impossible to refuse to make a reservation for disabled people, and we are also imposing an obligation on firms to provide assistance free of charge when boarding buses and during the journey, as is the case with air transport. This will allow physically disabled people to travel independently around Europe, improving their quality of life. The strong position taken by Parliament throws down the gauntlet to the Member States, who, in my opinion, will not now be able to water down our proposal in the Council at second reading.

**Marian Harkin (ALDE).** – Mr President, I supported Amendment 15 because I support the exemption, for a limited time, for domestic, regional, urban, suburban and rural services.

I suppose my concern here is that some of the requirements and costs that will be passed on to SMEs, in particular, small operators, will be such that they may even put some of them out of business. Certainly I think that in some cases they may withdraw from certain routes and from certain markets and that will leave customers with no public transport availability. I am particularly concerned about the area of rural transport. Probably urban and regional transport will be all right but, when it comes to rural transport, I think we may be in danger – if this legislation goes through – of finding a situation where rural transport operators will no longer continue to work those routes.

We always talk in this Parliament about overburdening SMEs and about costs and so on. I think that, in the current economic situation, a reasonable compromise would be to allow an exemption for a fixed period of time.

**Report: Dirk Sterckx (A7-0064/2010)**

**Giovanni La Via (PPE).** – (IT) Mr President, ladies and gentlemen, I voted in favour of the report on the proposal for a directive on the reporting formalities for ships arriving in and/or departing from ports of the Member States because I believe that the creation of a maritime transport space without barriers could make coastal shipping more efficient. Maritime goods transport is indeed subject to very complex administrative procedures.

On top of this situation, there is also the problem of a lack of harmonised regulation of the sector, due to the varying implementation of the 2002 directive in the different Member States. A precise and detailed directive which reduces the possibility of different interpretations as much as possible is therefore necessary.

The main aim of this new law is to simplify administrative procedures whilst also bearing in mind modern information technology. To this end, I hope for a good level of cooperation between the various competent authorities involved.

**Report: Mathieu Grosch (A7-0189/2010)**

**Alfredo Antoniozzi (PPE).** – (IT) Mr President, ladies and gentlemen, the transport sector is one of those areas which has implications for a multiplicity of crucial and important issues for the European Union: from the competitiveness of the internal market to the health of its citizens; from the efficiency of urban transport to road safety; and from the establishment and strengthening of specific agencies for the different modes of transport to the reduction of CO<sub>2</sub> emissions.

I therefore hold that it is the precise duty of the European Union to formulate a transport strategy which guarantees efficiency and sustainability, as well as a financial framework able to respond to coming challenges in a suitable fashion. I therefore lend my full support to the report by Mr Grosch, whom I should like to congratulate for the excellent work accomplished.

**Hannu Takkula (ALDE).** – (FI) Mr President, it is very important to try and create a sustainable future for transport and thereby be able to ensure, too, that there are fewer emissions from transport in the future, despite the fact that when we look at the overall situation at present, traffic is a tiny factor, accounting for fewer than 10% of all emissions. In general, however, it is important that, when we create a sustainable future, it happens in all sectors.

I think it is very important to ensure that the same rules can apply all over the European Union. At the moment, there are some problems: as we know, there are, for example, different regulations for shipping in different areas. In this respect, we need to ensure that the same rules apply to the European Union as a whole when they are being formulated and the sustainable future of transport is being shaped. It is very important that we can also invest in research, technology and innovation so that we can discover the right modes of transport and, furthermore, reduce emissions from vehicles in the future.

**Report: Carlos José Iturgaiz Angulo (A7-0186/2010)**

**Clemente Mastella (PPE).** – (IT) Mr President, ladies and gentlemen, the entry into force of the Treaty of Lisbon reconfirmed the role of the right of petition as a cornerstone of European citizenship. Without any doubt, it represents an instrument which confers on citizens the chance to bring to the attention of Parliament



all their concerns relating to the impact on their daily lives of the different policies and legislation of the European Union.

Once again this year, statistics show a rising demand for assistance on issues concerning, for example, the environment, fundamental rights, justice, the single market and the development of European policies. As upheld in reports from previous years, we cannot but hope once again for an improvement in institutional communication on the various reporting mechanisms available to citizens at a European level, through the establishment of 'one-stop shops' which could supply them with the necessary guidelines to search for solutions to probable violations of their rights.

We agree with the rapporteur when he states that a more interactive website could be developed to allow citizens to get the information they need before making the decision to direct themselves to one institution or another, to use one mechanism or another.

**Inese Vaidere (PPE).** – (LV) Thank you, Mr President. In 2009, the European Parliament's Committee on Petitions received 1 924 petitions, but only 46% of these were considered relevant to the Committee's remit. This attests to the fact that citizens are not sufficiently aware of how they may contact the European Parliament online. I should like to say that the Committee's own website must be improved, as the majority of Europeans have never heard of SOLVIT, the online problem-solving network. I should also like to emphasise that opportunities for providing information to citizens currently without access to the Internet should also be taken. I should like to stress that the Committee on Petitions is the most direct and the fastest way of contacting the European Parliament as a whole, and that the work of this Committee must, in my view, become much more responsible and pro-active. That is why I supported this report. Thank you.

**Seán Kelly (PPE).** – Mr President, the Committee on Petitions is one of the great successes of the European Union. I, along with other Members, have seen it provide consolation, support and a sympathetic ear to people who have been met by a wall of frustration and bureaucracy in their own countries. However, one or two things need to be done to improve it: first, we need to communicate the message more to the citizens; second, we need to speed up the process; and, third, the Member States have to be compelled to answer queries more quickly than they are doing at the minute. Delays in answering frustrate the process, and this does not lead to a satisfactory situation.

But this is one great development, and I compliment the committee and everybody involved for lending a sympathetic ear to the people who need it most.

**President.** – Mr Kelly, next time, do not forget to be included on the list before we start the explanations of vote, because you were not on the list; that is why I did not call you.

**Seán Kelly (PPE).** – *Mea culpa*. I take the lesson.

#### **Report: Emilie Turunen (A7-0197/2010)**

**Licia Ronzulli (PPE).** – (IT) Mr President, ladies and gentlemen, the economic crisis has had a particularly intense effect on young Europeans, killing off their professional prospects and confining them to an uncertain limbo. Twenty percent of young people under the age of 25 are unemployed – an army of 5.5 million people with uncertain futures.

Fortunately, economic and demographic prospects for the next 10 years foresee the creation of 80 million new jobs across Europe, most of which will require a high-level professional profile. Backing future generations, then, is the real challenge to be overcome, and it is the only sure investment for the present and future of the European Union. Enough with the apprenticeships and internships which bear more resemblance to exploitation than to a training period. I therefore hope that from now on, partly due to the document adopted today, that any initiative aiming to boost employment be focused – no ifs, no buts – on young people and their needs.

**Hannu Takkula (ALDE).** – (FI) Mr President, it is very important to facilitate and promote access to the labour market for young people, and it is important that Mrs Turunen has produced a report on the subject and that Parliament has adopted it. It is not, however, enough on its own. We need a dramatic change in attitude, not just in Parliament but also in the Member States, because we know that youth unemployment has been allowed to become far too high. It is as much as around 20% in the European Union, and it just cannot go on like this. In other words, we need practical measures both in the Member States and at Union level, and not so many different resolutions and speeches. Instead, we need very practical action.

The labour market is not functioning at present and, for some reason, young people cannot access that market or they lack experience. Given the current situation, it is really very important to establish clear paths, the sort of opportunities that will improve the employment prospects of the young, and in that way build a more sustainable basis for hope and the future. I hope that this report will not just be put aside, but that its contents will also be put into practice in the Member States; in this way, we can make the situation easier for the young.

**Radvilė Morkūnaitė-Mikulėnienė (PPE).** – (LT) Youth unemployment is a particularly acute problem today. 20% of people my age are unemployed in the European Union. I voted for this European Parliament position, because I believe that we are sending a very important political message, both to the European Commission and the Member States, about the situation concerning youth unemployment. I think I agree entirely with the ideas set out in the report that we must promote and develop programmes like Erasmus for young business people and that it is crucial to underline the importance of informal education in young people's lives and vocational training. Then there are the objectives of the European Union's EU 2020 strategy. It is still projected that economic recovery will come through innovation, green technologies and the inclusion of young people in the labour market and that is very important. I would like to share Lithuania's experience where employers are provided with preferential tax treatment if they employ young people who are entering the labour market for the first time. I hope that there will be close cooperation between the Member States so that we can achieve such results.

#### **Report: Pascale Gruny (A7-0193/2010)**

**Licia Ronzulli (PPE).** – (IT) Mr President, ladies and gentlemen, the most flexible types of work are often translated into atypical contracts which are incapable of guaranteeing the social protection of workers. The fight against new kinds of job insecurity must begin from this Parliament, which must be able to guarantee greater flexibility and security to all workers.

The adoption of this resolution, Mr President, is the basis for a new level of employment security. Increasing the chance of finding a job which guarantees good development prospects must be the primary objective to allow an ever faster recovery of the European economy. I therefore hope that all Member States can invest greater resources in the development of increasingly specific and high-level professional pathways.

Yes to the Europe of knowledge and work and therefore no to the Europe of job and social insecurity.

#### **Report: José Manuel Fernandes (A7-0203/010)**

**Mario Pirillo (S&D).** – (IT) Mr President, ladies and gentlemen, today's vote on the Fernandes report, for which I was shadow rapporteur for the S&D Group, is a clear signal from this Parliament, which is calling on the European Commission for a specific directive on bio-waste and, in particular, for the establishment of a mandatory separate collection system.

Bio-waste – if well managed – can become a resource for the European Union for the production of biogas, a renewable form of energy which can be converted to biomethane or used to generate base load electricity. I was concerned by the recent European Commission communication, which was sceptical about the idea of putting forward a specific proposal for legislation. In this regard, working with other Members, a letter stating our case has been sent to Commissioner Potočnik. I hope that the Commission will reflect on this and will soon propose a text to us.

**Radvilė Morkūnaitė-Mikulėnienė (PPE).** – (LT) Biological waste, like general waste, is an important and inherent issue for all citizens of the European Union. The situation varies from one EU Member State to another. In some Member States, 10% of biological waste goes to landfill, in others, sadly, up to 90%. Therefore, our tasks should be as follows: firstly, waste prevention and reduction and secondly, specifically related to the current situation, EU society should become a waste processing society. As for compost, namely that involving biological waste, we need to consider and assess the opportunities for the use of low-grade compost, so that we do not harm people or the environment. At European Union level, once we have defined opportunities for the use of low-grade compost and have determined when compost is considered a product and when it is considered waste, it would be easier for Member States to find their way when resolving issues regarding compost use. Therefore, adequate legal regulation is required at European Union level.

**Zuzana Roithová (PPE).** – (CS) Mr President, thank you very much for giving me the opportunity to explain my vote on the Green Paper on the Management of Bio-waste. It constitutes a general framework, and I agree with its aims. However, I would like to point out that the Commission, prior to drafting the legislative

proposals, should have added an up-to-date global plan, taking account of our liabilities concerning food security and optimal structures, both in the EU and in developing countries, where millions of people are starving. It should also carry out more in-depth studies of the overall environmental effects of processing biomass as an alternative energy source. As a doctor, I also consider supervision by Member States of the safe disposal of hazardous toxic and biological waste on their own territories to be of key importance.

### **Written explanations of vote**

#### **Report: George Sabin Cutaş (A7-0201/2010)**

**Sophie Auconie (PPE)**, *in writing*. – (FR) The Paris Convention regulates the frequency, quality and organisational procedures of international exhibitions. The rapporteur, who I supported, asked that the Member States affected by this convention who have not yet met its requirements do so as soon as possible. This is an issue which I think is very important. The Paris Convention can only be signed by the Member States, not by the European Union. It is therefore vital that as many countries as possible sign this convention, which will enable the new signatory countries to engage in spreading innovation, as others have done before them, and also to contribute to the education of the European public.

**Mara Bizzotto (EFD)**, *in writing*. – (IT) I am very much in favour of a technical measure to facilitate the staging of international exhibitions. Only the creation of an efficient and, above all, functioning knowledge base which puts excellence and innovation out there will allow the aim of the exhibitions indicated in the Paris Convention to be achieved in practice; in other words, not only political promotion, but also economic and social cohesion through science.

**Mário David (PPE)**, *in writing*. – (PT) I voted in favour of this recommendation, with which I wholly agree. Nevertheless, I would like to point out that, more so than its content, in the case of the assent procedure, under Article 81 of the Rules of Procedure and originally introduced into the *acquis communautaire* by the Single European Act, I consider this recommendation to be a good example of the interaction and fluidity that should exist between the Council and the European Parliament. In fact, the original document was presented by the Council on 5 February of this year, five months ago, and the assent procedure has already been concluded in the European Parliament. I know that in the future, not all matters will be the subject of such a broad consensus as this. Nevertheless, it is a good example.

**Diogo Feio (PPE)**, *in writing*. – (PT) When the Committee on International Trade was called upon to express its opinions on the combined terms of Articles 81 and 90 of the Rules of Procedure on the authorisation of Member States to accede to the Paris Convention on International Exhibitions, it was overwhelmingly in favour of the aforementioned authorisation, with there having been just two abstentions at the time of the final vote on the proposal.

Effectively, as a result of its simplicity and general consensus, the stated authorisation does not deserve to be amended, as it contributes to the preservation of equality between Member States. Another question would be to ask whether this is an issue worthy of Parliament and whether it deserves to be put to the vote in plenary.

**José Manuel Fernandes (PPE)**, *in writing*. – (PT) In the interests of greater procedural uniformity within the EU and the promotion of cultural activity which encourages innovation and education among members of the public, I support the Council's initiative to create conditions for the Member States which have not yet acceded to the Paris Convention to do so while respecting the exclusive powers of the EU, as enshrined in the Treaty of Lisbon. It is paramount that there is an adequate customs procedure which allows for exemption from duties and taxes on the temporary importing and re-exporting of articles for international exhibitions which can last from three weeks to three months.

**Nuno Melo (PPE)**, *in writing*. – (PT) International exhibitions are an ideal way for countries to present their culture, economy and traditional products to those from other countries. The products presented at these exhibitions are subject to a special customs procedure which is regulated by the Paris Convention. At present, 24 Member States have integrated this convention. This decision by the Council makes it possible for the Member States which have not yet integrated this convention to do so, while respecting the exclusive powers of the EU enshrined in the Treaty of Lisbon.

**Alajos Mészáros (PPE)**, *in writing*. – (HU) Explanation of vote: Since the European Union itself cannot accede to the Paris Convention, as only sovereign states can be parties thereto, I believe that it is extremely important that Member States exercise this right which is also granted to them under the Treaty of Lisbon. It is vital for

Member States to support the organisation of international exhibitions in this way, too, as such events allow European Union citizens access to innovative research. I fully agree that countries organising events must allow participants to import goods on a temporary basis. That is why I voted in favour of the resolution. Thank you.

**Andreas Mölzer (NI)**, *in writing*. – (DE) The Paris Convention lays down rules on frequency, quality and procedure for international exhibitions within its remit. It also precisely regulates individual countries' customs regulations for the imported goods. In this way, countries are obliged to admit the goods. For exhibitors, this means a considerable simplification of entry procedures. I voted for the report since, from a cultural viewpoint, it is necessary to simplify the importation of goods intended for exhibitions as much as possible.

**Aldo Patriciello (PPE)**, *in writing*. – (IT) The function of the Paris Convention on International Exhibitions is to regulate the frequency and quality of the exhibitions themselves. It applies to all international exhibitions which last for between three weeks and three months, and which are not of an essentially commercial nature.

Given that the convention regulates some aspects which fall within the remit of the customs legislation of the European Union, a Member State wishing to accede to it must first request the Union's authorisation. The European Union itself cannot accede to the Paris Convention, as only sovereign states can be parties thereto. I do, however, support the aim of the Council's decision, which is to allow relevant Member States which have not already acceded to the convention to proceed along that line, obviously in accordance with the exclusive competences of the European Union.

**Rovana Plumb (S&D)**, *in writing*. – (RO) The purpose of the Paris Convention on international exhibitions is to regulate the frequency, quality and procedures for international exhibitions which come under its remit.

Since the Paris Convention regulates matters which fall within European Union customs legislation and the European Union itself cannot accede to the Paris Convention as only sovereign states can be party to it, Member States wishing to accede to the convention require authorisation from the European Union.

I voted for this report so that the three Member States which have not yet joined can also accede to the Paris Convention.

**Raül Romeva i Rueda (Verts/ALE)**, *in writing*. – The function of the Paris Convention on International Exhibitions is to regulate the frequency, quality and procedures of international exhibitions falling within its remit. The main purpose of international exhibitions, as stated in the Paris Convention, is to facilitate the display of innovation and contribute to the education of the public. As it regulates aspects falling within European Union customs legislation, a Member State wishing to accede to that convention therefore requires EU authorisation. The European Union itself cannot accede to the Paris Convention, as only sovereign states can be parties thereto. So far, 24 Member States, with the exception of Latvia, Luxembourg and Ireland, have acceded to the Paris Convention and Latvia has expressed its wish to accede to it.

The purpose of the Council decision is thus to enable the Member States that have not yet acceded to the Paris Convention to do so, while respecting the exclusive competences of the European Union granted by the Lisbon Treaty. The Verts/ALE Group has followed the rapporteur's proposal in consenting to the proposal for a Council decision authorising the Member States to accede to the Paris Convention.

**Oreste Rossi (EFD)**, *in writing*. – (IT) Our vote is in favour of the draft report as it aims to facilitate exhibitions of innovations and contribute to the education of the public. Italy is particularly interested in this text ahead of EXPO 2015, which is to be held in Milan.

#### **Report: Jo Leinen (A7-0191/2010)**

**Elena Oana Antonescu (PPE)**, *in writing*. – (RO) The European Union is a signatory to the Barcelona Convention designed to protect the Mediterranean Sea against pollution and has the duty to promote integrated coastal zone management, taking into account the protection of areas of ecological interest and the efficient use of natural resources.

The text of this protocol includes provisions referring to economic activities, including construction, tourism, fishing, aquaculture and maritime activities in the Mediterranean coastal areas. The protocol's mechanisms help improve the coordination of actions promoting coastal zone management between national, regional and local authorities.

I voted for this report because it includes objectives and principles supporting proper management of coastal zones and promotes the sustainable use of natural resources through the deployment of monitoring tools.

**Mário David (PPE), in writing.** – (PT) I voted in favour of the proposal to conclude the Protocol on Integrated Coastal Zone Management in the Mediterranean (ICZM). The Barcelona Convention reflects a common concern for integrated and sustained management of those natural resources among all the countries that share the Mediterranean coastal zone.

However, the EU's role should not be limited to that of a mere contracting party. It should take a proactive role in pursuing the objectives set out by the ICZM Protocol, such as the sustainable use of natural resources and preserving ecosystems, and effective compliance with regulation with regard to economic activity in coastal zones. Or the EU's role could even stretch to monitoring the correct use of instruments for the integrated management of these zones, taking into account their ecological and landscape-related significance.

**Edite Estrela (S&D), in writing.** – (PT) I welcome adoption of the Protocol on Integrated Coastal Zone Management, which contains the basic principles for improving the protection of the environment in these areas, including the sustainable use of resources, the preservation of coastal ecosystems, along with specific provisions relating to certain economic activities which could affect the coastal zones, such as construction, tourism, fishing, aquaculture or maritime activities.

**Diogo Feio (PPE), in writing.** – (PT) The Protocol on Integrated Coastal Zone Management (ICZM Protocol) aims to reverse the trend of the deterioration of environmental conditions recorded in the Mediterranean over the last decades, which has merited denunciation by environmentalists and men of culture, such as the Spanish writer Arturo Pérez-Reverte. The overexploitation of fishing resources, rising temperatures, pollution, the disappearance of native flora and fauna and the increase in foreign species urgently requires an integrated and coordinated response from among the largest possible number of Mediterranean coastal states. The European Union has a particularly important role to play in this common endeavour.

It must ensure that the Mediterranean, the basin of Western civilisation, maintains its equilibrium, not only in terms of ecology and landscape, but also economically speaking, and that it will be in a suitable condition to be left as a legacy for future generations so that they can recognise the mark of the past, know how to enjoy it, and know how to maintain it for the future.

**José Manuel Fernandes (PPE), in writing.** – (PT) The European Union is a contracting party to the Convention for the Protection of the Marine Environment and the Coastal Region of the Mediterranean (Barcelona Convention), along with all the Member States which have a Mediterranean coast. According to Article 4.3 of the convention, the contracting parties must promote the integrated management of the coastal zone, taking into account the protection of zones of ecological and landscape-based interest and the rational use of natural resources. The Protocol on Integrated Coastal Zone Management in the Mediterranean (ICZM) presents the objectives and general principles of integrated coastal zone management, such as the sustainable use of natural resources and the preservation of coastal ecosystems. It also contains specific provisions relating to economic activity in coastal areas, such as construction, tourism, fisheries, aquaculture and maritime activities, along with the tools for integrated coastal zone management (such as environmental assessment, national strategies and monitoring mechanisms).

The ICZM Protocol has already been approved on behalf of the European Union. The Commission now proposes, through the proposal for a Council decision, as mentioned earlier, that the Council proceed to conclude the protocol on behalf of the EU. The Council must now obtain Parliament's approval before making a decision on the conclusion of the protocol.

**Nuno Melo (PPE), in writing.** – (PT) The Protocol on Integrated Coastal Zone Management in the Mediterranean represents a major effort by the European Union to promote the integrated management of the coastal area, taking into account the protection of areas of ecological and landscape-based interest and the reasonable use of natural resources. Economic activity in the region, such as construction, tourism, fisheries, aquaculture and marine activity, should be rethought, reassessed and subjected to a more extensive study in order not to jeopardise the region's sustainability, which is vital for future generations. I believe, however, that for such an initiative to have an effect in the short term, there needs to be complete mutual cooperation between countries with a Mediterranean coast.

**Andreas Mölzer (NI), in writing.** – (DE) The EU has already put its name to many environmental and animal welfare instruments. Mostly, there is a lack of implementation and monitoring, as with fishing quotas, for example. The conservation of ecosystems for the benefit of future generations must be a key concern for the

EU, even when aquacultures can, given certain prerequisites, present a benefit to the environment. Generally, what matters is to preserve a sensitive balance between environmental protection and animal welfare, on the one hand, and the economy, on the other. With this report, the EU would become a full member of the Protocol on Integrated Coastal Zone Management. EU Member States with access to the sea are already ICZM members, however. Since this comes into conflict with considerations of subsidiarity, I voted against it.

**Aldo Patriciello (PPE)**, *in writing*. – (IT) On 19 February 2010, the Commission published a proposal for a Council Decision concerning the conclusion of the Protocol on Integrated Coastal Zone Management, or the Protocol on the Convention for the Protection of the Marine Environment and the Coastal Region of the Mediterranean, also known as the Barcelona Convention.

Just like all EU Mediterranean coastal Member States, the European Union is also a contracting party to the convention and, as such, promotes the integrated management of coastal zones, particularly taking into account the protection of areas of ecological and landscape interest.

The ICZM Protocol sets further objectives including the sustainable use of natural resources and the preservation of coastal ecosystems. It also sets forth several provisions regarding economic activities related to tourism, fishing and aquaculture. The Committee on the Environment, Public Health and Food Safety is pushing for Parliament to approve the conclusion of the ICZM Protocol. I fully support the committee which is proposing that the Council proceed shortly to conclude the protocol on behalf of the EU.

**Rovana Plumb (S&D)**, *in writing*. – (RO) Mediterranean coastal zones continue to experience high pressures on the environment and increased degradation of coastal resources.

Urban sprawl is intense in the Mediterranean, entailing the gradual loss of natural areas and biodiversity, and increasing competition for water resources. Coastal erosion problems and flooding of low-lying coastlines are exacerbated by urban encroachment on the near shore area and floodplains. Projected population growth concentrated in coastal urban areas, a near doubling of tourist flows and even greater transport growth are likely to exacerbate the pressures. Nearly 50% of the coastline could be built up by 2025, marking an increase from 40% in 2000. Moreover, the Mediterranean basin features among the most vulnerable areas as regards the impact of climate change.

The protocol provides a framework to stimulate a more concerted and integrated approach which is required to address these problems more effectively and achieve a more sustainable development of the Mediterranean coastal zones. This is why I voted in favour of this report.

**Raül Romeva i Rueda (Verts/ALE)**, *in writing*. – We Greens have not been convinced that we should support the Leinen proposal to consent to the Council position on this issue. The fact is that on 19 February 2010, the Commission published a proposal for a Council Decision to conclude, on behalf of the European Union, the Protocol on Integrated Coastal Zone Management (the ICZM Protocol) to the Convention for the Protection of the Marine Environment and the Coastal Region of the Mediterranean (the Convention is more commonly known as ‘the Barcelona Convention’; it was originally signed on 16 February 1976 and subsequently amended on 10 June 1995).

The European Union is a Contracting Party to the Barcelona Convention, as are all EU Mediterranean coastal Member States. Under Article 4(3) of the Convention, the Contracting Parties must promote the integrated management of coastal zones, taking into account the protection of areas of ecological and landscape interest and the rational use of natural resources.

However, personally I find the proposal weak: bearing in mind that we need at least 40% of protected areas, I do not see a strong position in that respect.

**Oreste Rossi (EFD)**, *in writing*. – (IT) I am in favour, since the protocol contains the general aims and principles, including the sustainable use of natural resources and the conservation of coastal ecosystems, as well as specific provisions concerning economic activities, such as construction, tourism, fishing, aquaculture and maritime activities.

**Report: Simon Busuttil (A7-0173/2010)**

**Carlos Coelho (PPE)**, *in writing*. – (PT) The 2005 Treaty of Prüm defines a legal framework which aims to develop cooperation between Member States in order to combat terrorism, cross-border crime and illegal immigration. In 2007, it was decided to incorporate this treaty into the legal framework of the EU. The Prüm Decision and its respective implementation provides for the exchange of DNA data, fingerprints and vehicle

registration data, as well as the exchange of information relating to important events of cross-border control and the provision of information intended to prevent acts of terrorism. The objective of this agreement is to allow Iceland and Norway to join with the EU Member States in these exchanges which, thus, aim to strengthen the cooperation between the authorities responsible for the prevention and fight against criminal offences.

As Iceland and Norway are associated with Schengen, it is important that the EU supports their efforts to prevent and combat terrorism and all forms of cross-border crime, while also guaranteeing integral respect for fundamental rights, namely those relating to the protection of personal data and respect for the principles of proportionality and necessity.

**Mário David (PPE)**, *in writing*. – (PT) I am voting in favour of this agreement between the European Union and Iceland and Norway. I believe that deepening cross-border cooperation, particularly when it comes to combating terrorism and crime, is a positive step for all parties. Close cooperation between the EU and its neighbours in matters such as combating organised crime and terrorism or sharing information and police and judicial cooperation fosters a sense of security among Europeans, not only within the EU, but also in Europe in its wider sense.

**Ioan Enciu (S&D)**, *in writing*. – I voted in favour of the Council decision on the conclusion of the agreement between the European Union and Iceland and Norway on the stepping up of cross-border cooperation, with a view to tackling terrorism and cross-border crime. This decision lays out the necessary administrative and technical provisions for the automated exchange of DNA data, fingerprint data and vehicle registration data. With the freedoms granted by the Schengen area, it is also necessary to extend the tools available to combat cross-border crime and terrorism to those Schengen members not within the EU. I support this agreement, as it will strengthen the fight against terrorist and criminal threats within the Schengen area. It should be recalled that the security of the Schengen area will be further strengthened through the full implementation of the SIS II system. The Commission should exert all efforts to end the continuing delays with SIS II.

**Diogo Feio (PPE)**, *in writing*. – (PT) Terrorism poses one of the greatest threats to contemporary society, and so it is worthy of the greatest repudiation and the largest possible joint efforts to eradicate it. It is now clear that the various Member States, taken individually, are not capable of addressing an increasingly global threat, and that it can only be tackled if they pool their efforts, share information efficiently and rapidly, and articulate their actions effectively in terms of methods and means.

In view of this, I believe that we should welcome the European Union's agreement with Iceland and Norway – neighbours who share our values, particularly the same commitment to democracy and the rule of law, and the rejection of blind, extremist violence against defenceless citizens. I hope that their application will make way for a firmer and better collective response to the challenges that terrorism and cross-border crime pose to judicial systems and police forces.

**José Manuel Fernandes (PPE)**, *in writing*. – (PT) This concerns the adoption of the text of the agreement between the European Union and Iceland and Norway on the application of certain provisions of Council Decision 2008/615/JAI, on the deepening of cross-border cooperation, particularly in the fight against terrorism and cross-border crime. It also concerns the adoption of Council Decision 2008/616/JAI on the implementation of Decision 2008/615/JAI on the deepening of cross-border cooperation, particularly in the fight against terrorism and cross-border crime, and its annex (05060/2009). Since I did not have any objections to put forward, I voted in favour of the conclusion of the agreement.

**Véronique Mathieu (PPE)**, *in writing*. – (FR) I strongly support the adoption of this agreement, which makes provision for applying the 'Prüm decisions' to Iceland and Norway. Although these two countries are not members of the European Union, they are nevertheless parties to the Schengen cooperation, which specifically means that no controls are operated on internal frontiers between these countries and the other countries of the Schengen area.

This situation completely justifies involving these countries more in cross-border cooperation in combating terrorism and international crime effectively. Thanks to this agreement, the Norwegian and Icelandic authorities will be able to cooperate more actively in these areas by applying these two 'Prüm decisions', which, in particular, provide for the exchange of information relating to DNA profiles, fingerprint data and vehicle registration.

**Jean-Luc Mélenchon (GUE/NGL)**, *in writing*. – (FR) I am voting against this cross-border cooperation agreement between the European Union, Norway and Iceland. It allows the exchange of data collected

according to criteria which are vague as well as arbitrary, such as the presumption of terrorism or participation in large demonstrations. Once more, the right of opinion is violated under the pretext of security.

**Nuno Melo (PPE)**, *in writing*. – (PT) In order for the European area to become ever more an area of security and welfare, we need to continue our efforts at cooperation with all the European countries that are not part of the EU area. This agreement between the EU, Iceland and Norway comes under this approach, as it will allow greater cooperation in combating terrorism and cross-border crime.

**Georgios Papanikolaou (PPE)**, *in writing*. – (EL) I voted today in plenary in the European Parliament in favour of the recommendation on the draft Council decision on an agreement between the European Union and Iceland and Norway on the stepping up of cross-border cooperation to combat terrorism and cross-border crime. This agreement is yet another initiative on the part of the European Union which is designed to stamp out terrorism and it adds to overall European efforts being made in this direction. Such initiatives need to be taken continuously if terrorist action is to be combated effectively.

**Raül Romeva i Rueda (Verts/ALE)**, *in writing*. – Although the Parliament has backed the Busuttil proposal to consent to the Council proposal regarding the agreement between the EU and Iceland and Norway on the application of certain provisions of Council Decision 2008/615/JHA and Council Decision 2008/616/JHA, we Greens found too many unanswered questions on how it would be implemented, so we have not supported that approach, and we have voted against.

**Oreste Rossi (EFD)**, *in writing*. – (IT) I am in favour since it strengthens cross-border collaboration in the fight against terrorism and crime between the EU, Iceland and Norway.

**Catherine Stihler (S&D)**, *in writing*. – I wholeheartedly welcome this report, which paves the way towards welcoming Iceland into the EU.

#### **Report: Philip Claeys (A7-0172/2010)**

**Alfredo Antoniazzi (PPE)**, *in writing*. – (IT) I voted in favour of Mr Claeys's report because I share his desire for the arrangement between the European Union, the Swiss Confederation and the Principality of Liechtenstein on their participation in Frontex activities to be concluded positively and as quickly as possible.

The tangible contribution of these countries to the control and surveillance of the EU's external borders would, in fact, represent further added value for Frontex, whose important work is now, more than five years after its creation, starting to produce the desired results in terms of combating illegal immigration and assisting the Member States.

**Mara Bizzotto (EFD)**, *in writing*. – (IT) The vote on this report calls Parliament to express its opinion on the implementation of the work of Frontex. Extending the activities of Frontex to Switzerland and Liechtenstein does have practical significance, but above all, is significant from a symbolic and programming point of view. Europe must provide all possible tools and support to Frontex and must strive for the work of the agency to be as geographically extensive and qualitatively effective as possible. Immigration and border control has, until now, been one of the most underestimated challenges facing the European Union, which too often has sought to hide from the idea that border protection and the prevention of uncontrolled immigration are tasks which Europe must deal with as a whole.

Therefore, I welcome any step which takes the continent closer to the creation of a uniform area for controlling migratory phenomena and borders. The immigration emergency must be adequately dealt with by the European bodies: it is now unthinkable to abandon the Member States in the face of a challenge such as massive immigration which affects, *de facto*, the whole continent, whether directly or indirectly. Our every effort to strengthen Frontex is therefore to be welcomed.

**Nikolaos Chountis (GUE/NGL)**, *in writing*. – (EL) I voted against the report on the participation by Switzerland and Liechtenstein in Frontex activities as a matter of principle. I am opposed to the existence and overall *modus operandi* of Frontex. This is a mechanism that concentrates on hunting down people trying to cross the EU borders without travel documents in a way which not only fails to respect their fundamental human rights, but also drives many of them to even more hazardous attempts to enter, often at the cost of their own lives and, of course, strengthens human trafficking gangs.

This is an extremely costly military mechanism, the budget for which should be used to combat poverty in the countries of origin of immigrants and on services for their social integration into the Member States of



the EU. The immigration issue cannot be resolved by creating fortress Europe, by repressing and combating immigration with military means or by the mass deportations effected within the framework of Frontex.

**Carlos Coelho (PPE)**, *in writing.* – (PT) The principal aim of Frontex, created in 2005, is to coordinate operational cooperation between Member States in matters relating to the management of external borders. All countries involved in the execution, application and development of the Schengen *acquis* will have to participate in this agency, and the way in which each of them will participate will be specified in separate agreements between the EU and the respective countries. While Switzerland, on the one hand, joined Schengen on 12 December 2008, gaining the same membership status as Norway and Iceland, the protocol signed on 28 February 2008 with Liechtenstein, on the other hand, cannot be included before the Treaty of Lisbon enters into force, and it is currently being analysed by Parliament.

Despite this, the decision was made to include Liechtenstein in this agreement, as of now, for reasons of efficiency, even though this will only apply after this protocol has been concluded. I therefore support the approval of this agreement, which sets out the rights and obligations that will ensure that Switzerland and Liechtenstein can participate effectively in Frontex, especially with regard to voting rights, financial contributions and issues relating to data protection and confidentiality, etc.

**Mário David (PPE)**, *in writing.* – (PT) I am in favour of this proposal, which seeks to bring together the Swiss Confederation and the Principality of Liechtenstein with Frontex. As set out in the Frontex regulation, the Member States involved in implementing and developing the Schengen *acquis* participate in Frontex activities. However, the way in which they participate must be defined through agreements with the European Union. This means that concluding this participation agreement between the EU and these two countries as soon as possible will be very positive for all the parties involved. Frontex, as a vital tool in the European strategy for the struggle against illegal immigration, must have at its disposal the means and conditions to effectively coordinate operational cooperation between Member States in matters relating to the management of the European Union's external borders. Therefore, the conclusion of this agreement will allow the Swiss Confederation and the Principality of Liechtenstein to contribute to closer cooperation in matters relating to the control and monitoring of external borders between their respective administrative services and those of the EU.

**Ioan Enciu (S&D)**, *in writing.* – I voted to support the Claeys report on the arrangement between the EU and Switzerland and Liechtenstein on the modalities of their participation in Frontex. The important task that Frontex provides in coordinating cooperation between Member States and non-EU Schengen members in the field of border management can only be strengthened with the participation of Switzerland and Liechtenstein. It should be recalled that the security of the Schengen area will be further strengthened through the full implementation of the SIS II system. The Commission should exert all efforts to end the continuing delays with SIS II.

**Diogo Feio (PPE)**, *in writing.* – (PT) The participation of the Swiss Confederation and the Principality of Liechtenstein in Frontex increases the means it has at its disposal and its responsiveness to the phenomenon of illegal immigration which is affecting countries on the fringes of the European Union that are suffering from similar problems to those within the EU relating to combating illegal immigration. I welcome the two countries' willingness to cooperate, and I hope that this will be implemented effectively and fruitfully. I also hope that this experience of working together will extend to other areas.

**José Manuel Fernandes (PPE)**, *in writing.* – (PT) The Frontex agency was created in 2004 under the terms of Article 66.2a and Article 66 of the Treaty on the Functioning of the European Union, and it began its duties on 1 May 2005. This agency was conceived as an important tool in the common European strategy for combating illegal immigration. The aim of the proposal for a Council decision, subject to the adoption process, is the signing and conclusion, on behalf of the EU, of the agreement between the European Union, on the one hand, and the Swiss Confederation and the Principality of Liechtenstein, on the other, on the terms of those countries' participation in the European Agency for the Management of Operational Cooperation of Member States in the European Union – Frontex.

I welcome the conclusion of this agreement, thanks to which these two countries will be able to contribute to closer cooperation in matters relating to the control and monitoring of external borders. I hope that the Member States will make every effort to conclude the necessary ratification procedures for the association of the Swiss Confederation and the Principality of Liechtenstein with Frontex as soon as possible.

**Nathalie Griesbeck (ALDE)**, *in writing*. – (FR) As the shadow rapporteur on this matter for the Group of the Alliance of Liberals and Democrats for Europe, I voted in favour of this report, which will allow for the participation of Switzerland and Liechtenstein in Frontex. Established in 2004, the Frontex agency has the objective of enabling operational cooperation between the Member States regarding the management of external borders. For reasons of effectiveness, it is important that all the countries associated with the Schengen agreements participate in this.

**Clemente Mastella (PPE)**, *in writing*. – (IT) I voted to support this proposal for a Council decision because I believe that Frontex – which has been operational since 2005 – has undoubtedly already demonstrated that it is an important instrument of the common European strategy towards illegal immigration, but I also think that it should be further elaborated on in this sense.

It is a matter of applying its founding legislation, which sets out the participation in its activities of all third countries which are associated with the implementation, application and development of the Schengen *acquis*, all of which has the aim of developing its tasks of assisting in the training of national border guards and risk analysis.

Even though we are aware that the Swiss Confederation has been a part of the Schengen Area since 1 March 2008, whilst the Principality of Liechtenstein is still awaiting the enactment of a specific protocol, we welcome the conclusion of this arrangement in any case because we believe it may enable these two countries to contribute to closer coordination between the competent administrative services of the participating States. We therefore hope that the Member States will do everything within their power to complete the necessary ratification procedures as quickly as possible in order to associate the Swiss Confederation and the Principality of Liechtenstein with Frontex.

**Véronique Mathieu (PPE)**, *in writing*. – (FR) I voted in favour of the arrangement establishing the modalities of the operational cooperation of Switzerland and Liechtenstein with the activities of the Frontex agency.

Operational since 2005, this agency has the weighty responsibility of coordinating cooperation between the Member States on the control of external borders. Increasing the number of countries participating in Frontex's activities is therefore an initiative which we should welcome, inasmuch as it will further strengthen the operational and budgetary powers of the Frontex agency. By virtue of their location, these countries will be participating more in strengthening the control of airports and land borders as opposed to sea ports. Strengthening the control of these borders is one of the major challenges for the Union, given the considerable number of illegal crossings of land borders that take place every year.

Of course, under this agreement, this participation will take place on a voluntary basis, but I strongly hope that the next revision of the regulation establishing the Frontex agency will impose more obligations on the Member States to cooperate in the management of our common external borders.

**Jean-Luc Mélenchon (GUE/NGL)**, *in writing*. – (FR) I am voting against this report. It endorses the participation of Switzerland and Liechtenstein in Frontex, an agency which is emblematic of the policy, advocated by this European Union, of hunting down destitute migrants. Frontex's 'European patrols against illegal immigration' only result in migrants taking more and more risks to get to our shores.

Only a policy of fair distribution of wealth, ending the EPA method, will allow us to put a stop to these migrations for reasons of hunger. The Europe of permanent competitiveness that liberals and social democrats are building for us is merely increasing them.

**Nuno Melo (PPE)**, *in writing*. – (PT) The Frontex agency was created as an important tool for a common European strategy on combating illegal immigration. Its principal role is to coordinate operations between Member States relating to the management of its external borders. The extension of this cooperation to other European countries is very important in the fight against illegal immigration, since it gives the agency more material resources and manpower to meet its objectives.

**Alajos Mészáros (PPE)**, *in writing*. – (HU) Explanation of vote: Ever since its establishment in 2004, Frontex has become an important instrument of the common European strategy for combating illegal immigration. Such international conventions have proven to be effective on many occasions and have shown that this type of operative joint effort should also be extended to non-Schengen countries. This is why Switzerland and Liechtenstein should also be offered the opportunity to be full members in this cooperation effort. I welcome the agreement and hope that Member States will make every effort to ensure that this accession is achieved as soon as possible. Thank you.

**Willy Meyer (GUE/NGL)**, *in writing*. – (ES) I believe that the establishment of the European Agency for the Management of Operational Cooperation at the External Borders (Frontex) is unacceptable. The immigration issue requires a strategy against poverty and in favour of employment and peace, as well as a fair trade strategy from the countries of the EU as a significant contribution to the stability of regions adjoining it. In my opinion, the EU's handling of the migration phenomenon truly brings shame on Europe. The main exponents of this policy that criminalises migration and overrides the fundamental rights of migrants are the deplorable Shame Directive and the activities of Frontex. The Member States are reducing their development aid and preventing developing countries from achieving the Millennium Development Goals. I am opposed to fortress Europe, which uses migrants as cheap labour without job security or rights, and also to current repressive EU immigration policy.

**Andreas Mölzer (NI)**, *in writing*. – (DE) The objective of the proposal before us for a Council decision is the signing and conclusion of an agreement between the European Union, on the one hand, and the Swiss Confederation and the Principality of Liechtenstein, on the other, on the arrangement of the modalities for the participation by those States in the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union, known as Frontex. Now, Frontex was established in 2005 and carries out important work in the prevention of illegal immigration at the external borders of the EU.

With this agreement, it will now also be possible for Switzerland and Liechtenstein to secure closer coordination of controls and supervision at the external borders between the relevant domestic agencies and those of the EU. This has my unconditional support. For this reason, I have voted in favour of this impeccable report by Mr Claeys.

**Aldo Patriciello (PPE)**, *in writing*. – (IT) The aim of the proposal for a Council decision is the signing and conclusion of an arrangement between the European Union, on the one hand, and the Swiss Confederation and the Principality of Liechtenstein, on the other, on the modalities of the participation by those states in Frontex.

This agency is conceived as an important instrument of the common European strategy towards illegal immigration. Among other things, Frontex also gives assistance to Member States in the training of national border guards and offers them technical assistance and support in organising joint return operations or border surveillance. The arrangement between the European Union and Switzerland and Liechtenstein also contains provisions on limited voting rights of representatives of the Swiss Confederation and the Principality of Liechtenstein on the Frontex management board, financial contributions of both countries to Frontex's budget and the confidentiality of data.

I cannot but welcome the conclusion of this arrangement, which enables these two countries to contribute to closer coordination in checks and surveillance at the external borders. I therefore hope that the Member States will do everything within their power to complete the necessary ratification procedures as quickly as possible in order to associate the Swiss Confederation and the Principality of Liechtenstein with Frontex.

**Raül Romeva i Rueda (Verts/ALE)**, *in writing*. – The aim of the proposal for a Council decision which is the subject of this consent procedure is the signature and conclusion, on behalf of the European Union, of an arrangement between the European Community, of the one part, and the Swiss Confederation and the Principality of Liechtenstein, of the other part, on the modalities of those states' participation in the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union, called Frontex. We Greens did not see many problems there, so we voted in favour.

**Oreste Rossi (EFD)**, *in writing*. – (IT) I am in favour of signing the arrangement between the EU, the Swiss Confederation and Liechtenstein for the participation of these two States in Frontex.

#### **Report: Bernhard Rapkay (A7-0214/2010)**

**Leonidas Donskis (ALDE)**, *in writing*. – (LT) I categorically disagree with the statements made by our fellow Member, Mr Tomaševski, on the situation regarding Lithuania's Polish minority, which I view as unobjective and rather exaggerated. However, the attempt by our Seimas Commission for Ethics and Procedures to treat the European Parliament as a servant of Lithuania or civil servant was also rather unsuccessful and did not correspond with reality. Moral levers, the use of public opinion and ethnic appeals in the media are one thing; efforts to influence the freedom of thought and expression of an MEP in political decisions is another matter entirely. We made a mistake and therefore, the only route open to us is to honourably acknowledge that in this conflict, Mr Tomaševski is right in technical and procedural terms, just as the assessment of this

situation submitted by the European Parliament is right. Therefore, I am voting for the EP position. Otherwise, it would be undignified, not just from the point of view of the EP, but also from the point of view of Lithuania.

**Juozas Imbrasas (EFD)**, *in writing*. – (LT) I agree with this report because Mr Tomaševski is not facing legal proceedings within the meaning of Article 8 of the Protocol on the Privileges and Immunities of the European Union, and this case does not concern parliamentary immunity because Article 2 of the Statute for Members provides that 'Members shall be free and independent'. Furthermore, Article 3 states that '1. Members shall vote on an individual and personal basis. They shall not be bound by any instructions and shall not receive a binding mandate. 2. Agreements concerning the way in which the mandate is to be exercised shall be null and void.' It is thus clear that the decision of the Chief Official Ethics Commission violates the principles of the freedom and independence of Members established by the Statute for Members of the European Parliament, which is part of European Union law. The fact that Lithuanian law extends the remit of the Chief Official Ethics Commission to overseeing the activities of Members of the European Parliament elected in Lithuania therefore represents a breach of European Union law.

**Jarosław Kalinowski (PPE)**, *in writing*. – (PL) In the European Parliament, we very often take action in defence of fundamental rights and civil liberties around the world. Parliament awards the Sakharov Prize to people who have particularly distinguished themselves by their service in the defence of civil rights and the rights of minorities. However, in the EU, these rights are also being broken. This mainly concerns the rights of national minorities. Certain Member States, and I am thinking of Lithuania, scoff at the Council of Europe's Framework Convention on Human Rights. Valdemar Tomaševski, a Member of the European Parliament, has been called to account by the Lithuanian Parliament for his defence, made in the European Parliament, of the rights of minorities in Lithuania. This situation is reprehensible, unacceptable and scandalous. I appeal to the European Parliament Subcommittee on Human Rights and the European Commission to ensure that European Union standards on questions of fundamental rights, liberties and the rights of national minorities are raised to the highest level and effectively enforced.

**Nuno Melo (PPE)**, *in writing*. – (PT) Advocating the independence of the MEP's mandate is the responsibility of Parliament, and that independence cannot be jeopardised. Following a decision by the Chief Official Ethics Commission of the Republic of Lithuania, Parliament needs to defend the parliamentary immunity of its Member, Mr Tomaševski, who has seen the independence of his mandate undermined by this decision.

**Wojciech Michał Olejniczak (S&D)**, *in writing*. – (PL) The case of our fellow Member, Mr Tomaševski, entails, as it were, two problems. The first is the situation of the Polish minority in Lithuania, whose rights are being called for by Mr Tomaševski. The second may appear to have been caused by the first, but this is not, in fact, the case. The Chief Official Ethics Commission of the Republic of Lithuania has issued a public admonition to Mr Tomaševski on the basis of the Code of Conduct for State Politicians. A situation in which a public institution of a Member State admonishes an MEP for words which he spoke in connection with the performance of his duties as an MEP is unacceptable. The fact that the case concerns the public defence of a national minority does not make the situation less important. On the contrary, this only makes it more outrageous. Therefore, I decided to endorse the request for defence of the immunity and privileges of Valdemar Tomaševski.

#### **Report: Othmar Karas (A7-0220/2010)**

**Alfredo Antoniozzi (PPE)**, *in writing*. – (IT) I voted in favour of this report because I believe that strengthening Eurostat is a necessary step if other Greek-type cases and the presentation of inaccurate statistics are to be avoided. In fact, the conferral of increased powers on Eurostat and closer cooperation between Eurostat and the ECB will make it possible to plan and carry out more detailed investigations into economic and financial statistical data.

**Sophie Auconie (PPE)**, *in writing*. – (FR) The Karas report is in line with the European response to the Greek crisis. Improving monitoring and economic governance is highly necessary today, particularly in order to curb the distrust of the markets which still weighs heavily on Greece, as well as the whole European Union. The report thus aims to strengthen Eurostat in order to avoid future repetitions of the Greek situation and, more specifically, erroneous statistics. I voted in favour of this report, as I believe that the European Commission's proposal is acceptable as it stands, but also that it is the minimum that can be accepted in terms of additional monitoring. In addition, the rapporteur, in my view rightly, supports the prospect of closer cooperation between the European Commission (Eurostat) and the European Central Bank, but with respect for the role and the independence of the two institutions.

**Mara Bizzotto (EFD)**, *in writing*. – (IT) Voting in favour of the Karas report is, after the events chiefly affecting Greece, a question of responsibility. The fraudulent statistics, the quantitative misunderstandings chiefly affecting the Commission and Greece demand not only that Eurostat and its power of scrutiny over the data produced by Member States be decisively and logically strengthened, but also that this clampdown be counterbalanced by the safeguarding of minimum guarantees of the independence of national statistical bodies. Therefore, in view of the fundamental role of statistical data in good, healthy European governance, I join Mr Karas in urging the Commission to intervene decisively and resolutely in this area.

**Sebastian Valentin Bodu (PPE)**, *in writing*. – (RO) The European Union has learnt a lesson from Greece's experience. The Commission's initiative on regulating and giving new powers to Eurostat will prevent similar situations from occurring in future.

For this reason, I think that the Commission's proposals, amended by Parliament, must be implemented as quickly as possible so that immediate action can be taken where false reporting of statistical data by any Member State is suspected. The European Union cannot afford to put its credibility or position on the financial markets at stake because it is perceived as a whole and the blame is shared, even if it is the fault of just a single state.

The notion of turning Eurostat into an audit institution was rejected five years ago. There is not even any point in us thinking along the lines of 'what would have happened if'. However, what is relevant is that the proposal now has every chance of being implemented. Accurate, credible statistical data is a prerequisite for the Economic and Monetary Union to operate properly. In fact, reviewing Eurostat's functions can only but increase the level of trust among European Union Member States and even strengthen their credibility.

**Maria Da Graça Carvalho (PPE)**, *in writing*. – (PT) I voted in favour of the resolution because I agree with the Commission's proposal, with the respective changes brought in by Parliament. As regards these changes, I would like to point out that the Member States will have to provide the Commission (Eurostat) with all statistical and budgetary information based on a standard, internationally accepted accounting method. They should also ensure that the values from the planned budgetary deficit and the level of public debt should be the values set for the current year by the Member States. Such values should correspond to the most recent official forecasts, based on the most recent budgetary decisions and economic developments and perspectives, along with monthly and quarterly results. Such values should be established as early as possible in relation to the notification period.

**Diogo Feio (PPE)**, *in writing*. – (PT) Good quality, reliability and accuracy of statistics are essential in times of crisis, such as those that we are currently experiencing, if situations like the one in Greece are not to be repeated. For this reason, I believe it is crucial that there is efficient and strict implementation of the policy commitment made on this matter, and that statistical data should also comply with Community legislation in force, for example, by presenting national security statements to the Commission (Eurostat).

On the other hand, the investigative powers of the Commission (Eurostat) must be expanded, allowing them to conduct inspections of national statistical offices without prior notice, with access to all accounting and budget information. This will allow them to assess the state of a country's public finances. The imposition of financial and non-financial sanctions for statistics that are not presented in compliance with Community legislation should also be considered.

**Ilda Figueiredo (GUE/NGL)**, *in writing*. – (PT) This report is another step towards monitoring the internal workings of countries, this time through statistics. For example, it is proposed that monitoring visits should be conducted on a Member State whose statistical data is under scrutiny. They want the Commission, through Eurostat, to have the right to access the accounts of public bodies at the level of central and state administration, local authorities and social security, including providing detailed accounting information, statistical surveys and relevant questionnaires, and other related information, such as off-balance sheet transactions. They ask all this while adding that this must be done in compliance with legislation on data protection and statistical confidentiality.

On the other hand, they insist on the strict implementation of the Stability Pact and argue that the Commission should consider establishing sanctions under the Stability and Growth Pact in matters relating to misleading macro-economic statistics presented by Member States.

In practice, if these proposals are accepted by the Commission and the Council, the Commission (Eurostat) will have access to all the statistical and budgetary information required to assess the data quality of national, regional and local accounts, inventories, reporting tables for the excessive deficit procedure (EDP), accounts

of bodies of an extra-budgetary nature and non-profit organisations and similar bodies which make up the public administration sector in national accounts.

**Jean-Luc Mélenchon (GUE/NGL)**, *in writing*. – (FR) The current crisis is due not to statistical inaccuracies, but to the dogmatism being shown by the governing liberal elites. This report advocates absolute respect for the Stability and Growth Pact. It urges the introduction of unannounced controls on the budgets of the Member States. It builds up suspicion into a political doctrine by demanding that Member States who falsify their statistics face sanctions.

The European project cannot allow itself to become confused with this authoritarianism which contradicts the sovereignty of the people. It is about time that we built a Europe of cooperation and solidarity and a Europe based on the shared confidence that we need.

**Nuno Melo (PPE)**, *in writing*. – (PT) The quality and viability of statistical data on the economic performance of EU countries are of crucial importance for ascertaining the real condition of economies in Member States. The Greek statistical data, which, according to the news, were biased and did not reflect the reality of the economy, were an important warning for people to take measures to prevent situations like this one from taking place in the future. In this way, the strengthening of Eurostat's powers and technical resources is vital if the EU is not to be faced with a situation where statistical data are misrepresented by Member States. Enhanced inspection by Eurostat, which is being put into practice without warning, will be extremely important for the future reliability of statistical data in Member State economies.

**Andreas Mölzer (NI)**, *in writing*. – (DE) The amendment of the regulation as regards the quality of statistical data in the context of the excessive deficit procedure represents a particularly important and urgent measure in view of the present problems in most of the national budgets of the Member States. The Stability and Growth Pact, which is now to be revived and strictly adhered to, can only be sensibly monitored if Eurostat receives data which has not been falsified and which corresponds to reality. Now we know that Greece swindled its way into joining the euro by the deliberate submission of falsified data to the EU.

It goes without saying that this is a scandal. This kind of thing must never happen again. It is all the more important, therefore, that the powers of Eurostat should be expanded, and that it should be given the possibility of carrying out unannounced control visits to the various state agencies. Only in this way will the Stability Pact be worth the paper it is written on. I therefore voted in favour of this report.

**Rareș-Lucian Niculescu (PPE)**, *in writing*. – (RO) The quality of statistical data is particularly important at the moment, given the need for a rapid response to any potential economic warning sign. If the previous data is known, there is no need for additional arguments. Moreover, statistical data is a useful tool in every sector where the European Union has powers as it is essential for making short-, medium- or long-term decisions. The better the quality of this statistical data, the better the decisions made will respond to the challenges which Member States and the European Union as a whole are facing.

**Maria do Céu Patrão Neves (PPE)**, *in writing*. – (PT) The European Commission's proposal was very positive and it was improved by the respective changes introduced by Parliament, namely:

- that the Commission (Eurostat) receive an appropriate competence framework, adequate staffing and as much independence as possible;
- harmonisation of statistical data collection;
- standardising of statistical and budgetary information supplied by the Member States;
- elaborating sanctions within the framework of the Stability and Growth Pact in relation to the submission of misrepresented macro-economic statistics by Member States.

I therefore voted in favour.

#### **Report: Wojciech Michał Olejniczak (A7-0202/2010)**

**Zigmantas Balčytis (S&D)**, *in writing*. – (LT) I supported this report. The European Union Strategy for the Baltic Sea region is the first and, until now, the only attempt to create a complex common development strategy. Today it is clear that the actions carried out by individual Member States are not effective enough and fragmented, and therefore it is necessary to promote cooperation at regional level. At present, there is a disproportion in terms of economic development and innovation, and thus there is a necessity to increase

the potential of all areas, including transport, energy and tourism. We must not miss the opportunity of using the added value of the Baltic Sea strategy and other future macro-regional strategies to reach a new level of synergy which can reduce existing disparities in order to create a permanent area of common prosperity with a high level of competitiveness, which is crucial in the face of an ageing population and the new challenges of globalisation.

**Alain Cadec (PPE)**, *in writing*. – (FR) I welcome the report on the European Union Strategy for the Baltic Sea region. The macro-regional concept provides concrete answers to a large number of challenges we are currently facing which go beyond national borders. The Baltic Sea strategy is the first attempt to make use of macro-regions. It will allow territories which are different, but which face similar problems, to undertake joint action within a flexible institutional framework. This macro-region will not be competing with the Member States; it will complement them. It will be based on the principle of partnership between the various levels of public authorities, the private sector and the voluntary sector.

This new form of governance will undeniably bring added value to local, national and European policies. It would be worth applying the concept of macro-region to other territories characterised by a strong economic, environmental and cultural interdependence.

The rapporteur emphasises, with good reason, the fact that the Baltic Sea strategy is a pilot project from which future strategies relating to macro-regions can take their inspiration. The Atlantic Arc should, in my view, be at the heart of our thinking on these future strategies. Given the joint problems faced by these coastal territories – Brittany, Cornwall, Galicia and the Algarve, among others – the creation of an Atlantic macro-region will contribute to a joint and harmonious development.

**Maria Da Graça Carvalho (PPE)**, *in writing*. – (PT) The European strategy for the Baltic region is the first attempt at creating a common development strategy for a macro-region. The purpose of the strategy is to solve common problems and to concentrate action on achieving shared objectives. There are two major areas of interest for this region: the environment and scientific development. This is a complex strategy, but it is an interesting one that could be developed for other regions in Europe.

**Leonidas Donskis (ALDE)**, *in writing*. – (LT) As a Lithuanian and a Member of the Group of the Alliance of Liberals and Democrats for Europe, I will always support a strategy that will help the Baltic Sea region become the best example of the practice of sustainable development and regional cooperation. The resolution on the European Union Strategy for the Baltic Sea region, which the European Parliament approved today with the support of the ALDE Group, is oriented towards Lithuanian opportunities. The strategy aims to reduce the dependence of the Baltic region on Russian energy, to link the energy networks of countries in the region and diversify energy sources, to ensure the extension of a railway axis from Berlin to the Baltic coast, and resolve the difficulties of crossing the border with Russia. These are four particularly important steps for Lithuania. In addition, together with other MEPs, we were able to draw attention to the fact that the European Commission has to watch and monitor whether the same approach and international conventions are followed in the neighbouring countries, especially in those which are planning to build nuclear power plants near external EU borders. All of the countries of the Baltic region, including Russia and Belarus, must adhere to the most stringent nuclear safety and environmental standards. That is what I am striving for in my written statement on the construction of a nuclear power plant in Belarus, which I presented to fellow MEPs to sign, and I hope it will receive even stronger support following this vote.

**Diogo Feio (PPE)**, *in writing*. – (PT) As I noted earlier with regard to its environmental problems, the European Union should make the Baltic Sea one of its priorities due to the particularly serious circumstances which affect it. As this is now one of the main routes of communication and exchange between Member States, it reminds us of the role that the Baltic has had in the past. It also highlights the need for the European Union and its Member States to recognise the existence of regions which have an advantage in being seen by those Member States as functionally integrated entities due to their identity and the problems and challenges to development which they face.

The Baltic Sea and the regions of Member States that lie on its shores have the necessary capabilities to become part of and operate as pilot macro-regions. I hope that the conclusions arising from the practical implementation of the EU strategy for the Baltic Sea region will allow the future role of macro-regions in European cohesion policy to be more accurately and appropriately assessed.

**Bruno Gollnisch (NI)**, *in writing*. – (FR) Encouraging the cooperation of the Baltic states in order to protect the area and to respond to common challenges relating to economic, social, energy and transport matters,

and so on; and, indeed, why not? It seems to me, however, that this cooperation could very easily take place without the interference of the European Commission.

In truth, however, the essential part of this report is the promotion of macro-regions as an additional 'level of governance', and perhaps, though only in the future, as part of the European Union's 'cohesion' policy. This cohesion would involve amalgamating regions on both sides of borders, if possible in the form of European groups of local and regional authorities, and these groups would necessarily have legal personality and choose, in a 'sovereign' manner, the national law that will govern them. If, in order to do that, we have to look for or invent common interests as a criterion for amalgamating regions, and to create a European tax to finance it all, never mind.

Whatever the rapporteur says about it, anything goes when it comes to abolishing national frontiers and reconstructing the European landscape. This is why, quite apart from the interest that the Baltic Sea and its problems may arouse, we voted against this report.

**Barbara Matera (PPE), in writing. – (IT)** I voted for the European Union Strategy for the Baltic Sea region and the role of the macro-regions in the future cohesion policy. I agree with Mr Olejniczak that the strategy for the Baltic Sea region must act as a gateway, a pilot project, for future macro-regional strategies. In the evolution of the European Union, the new 'macro-regional' approach must aim to create the conditions required to ensure employment for future generations, promote cohesion and realise environmental protection operations, through innovation in European countries, sustainable development, improvements to mobility and accessibility in the regions, and the promotion of polycentric development.

These constitute common interests and goals which can emancipate and balance the countries which today make up the European Union, as well as form an incentive for the accession of new States, the reinforcement of the European project and its development ever closer to neighbouring countries. I agree with the central role conferred on Member States, which are thereby propelled towards a new level of governance which will allow them to assist the peripheral and most disadvantaged regions. In conclusion, I emphasise the importance of the Commission's role, calling upon it to rapidly enact the strategy for the Baltic Sea region and the creation of other macro-regions.

**Jean-Luc Mélenchon (GUE/NGL), in writing. – (FR)** The only merit of this report is that it demands the elimination of pollution in the Baltic Sea. This elimination is necessary for the preservation of our ecosystem. It must be carried out as quickly as possible. However, this text is characterised by the same dogmatism as most of the reports that we are voting on. While it claims to be ecologically responsible, it cites the development of nuclear power in the region without condemning it. As for its stated desire to establish highly competitive European macro-regions, this is completely unacceptable. Throughout these regions, they are aiming once again to dismantle the welfare state. The remediation of the Baltic Sea region cannot be carried out in the way advocated by liberalism.

**Nuno Melo (PPE), in writing. – (PT)** The Baltic Sea is one of the most polluted seas in the world, which means that the concept of macro-regions, where the focus is on common, shared objectives or development problems due to their geographical characteristics and conditions, and the attempt to create a common, integrated development strategy for this macro-region makes perfect sense. The Baltic Sea's common resources are shared by many countries, resulting in a considerable interdependence between them, thus justifying a broad strategy for this region. The strategy for the Baltic Sea region is the first and, so far, the only attempt to create a common, integrated development strategy for a macro-region, and it should be seen as a pilot project and an example within the European Union.

**Rolandas Paksas (EFD), in writing. – (LT)** I voted for the report on the European Union strategy for the Baltic Sea region and the role of macro-regions in the future cohesion policy, above all, because the strategy's implementation process must proceed more rapidly, in particular when implementing energy policy, one of the priority areas of this strategy. This is an important part of the external relations of the EU and its Member States. We must develop cooperation between the Baltic states and neighbouring countries, while remembering to reduce the region's energy dependence. It is a very good thing that room has also been found in this strategy for issues of nuclear safety in the region. I hope that, in view of the intended expansion of nuclear energy in the Baltic Sea region, EU countries have to follow the strictest safety and environmental standards and the European Commission has to watch and monitor whether the same approach and international conventions are implemented in the neighbouring countries and do not simply remain on paper, especially in those countries which are planning to build nuclear power plants near external EU borders. We must ensure that both EU Member States and neighbouring countries, especially Russia and



Belarus, where there are plans for the construction of nuclear power plants, take these provisions seriously. The Baltic nuclear triangle being created is not just a concern for Lithuania but the whole of Europe. The plans of Russia and Belarus to build new nuclear power plants near the EU's eastern borders pose a serious threat to the environmental security of both Scandinavia and Western Europe.

**Justas Vincas Paleckis (S&D)**, *in writing*. – (LT) In the EU, it is important to have a macro-regional vision of the Baltic Sea region. Cooperation on the environment, energy and other areas with non-EU Member States such as Russia and Belarus is also beneficial. Undoubtedly, I also voted for the report because it correctly indicates that EU Member States should become an example in the area of the environment and nuclear safety, in particular, when building new nuclear power plants. We should also require adherence to the highest standards and good cooperation from our neighbours, particularly those planning to build their nuclear power plants near EU borders. Unfortunately, I would hardly call the Belarusian decision to locate a new nuclear power plant just 25 kilometres from the Lithuanian border and 50 kilometres from the capital Vilnius a friendly gesture. None of the capitals of the other EU Member States are so close to the Union's external borders and would not face such a situation. Environmental NGOs in Belarus are sounding warning signals because, in their opinion, international safety and environmental standards are not being adhered to in the planning and construction of the power plant. There is concern that the presentation of the project to both Belarusian and Lithuanian society is being organised in a superficial way and does not respond to the main issues. The EU cannot forbid the construction of nuclear power plants right next to the Union's borders. However, together we can negotiate with the Belarusian Government on the location of the construction. Brussels must take all measures to ensure that during the construction of the nuclear power plant, we monitor whether Belarus scrupulously honours international commitments in accordance with the Espoo and Aarhus Conventions.

**Raül Romeva i Rueda (Verts/ALE)**, *in writing*. – The strategy for the Baltic Sea region is the first attempt to create a common development strategy for a macro-region. It is a functional area focusing on common development goals and problems, with certain common features and geographical determinants. As Greens, we believe it is important that Green/EFA amendments were adopted at the committee stage, including stressing that the development of macro-regions is essentially of a complementary nature and should not aim to replace EU financing of individual, local and regional programmes as a funding priority, and giving a prominent role to the transport of goods by sea.

**Nuno Teixeira (PPE)**, *in writing*. – (PT) This report advocates the importance of developing strategies for macro-regions in the European Union. These are seen as a set of territories grouped around common objectives and challenges. The report is devoted to the EU strategy for the Baltic Sea region in the form of a pilot initiative. I support this motion, as I believe that an integrated territorial plan, which promotes a strategy based on the common interests of the territories of the regions concerned, which must rely on the contribution of all European policies in pursuit of its objectives and be guided by the objectives of regional European policy, especially by the aim of cohesion, is essential.

In this sense it points to the Green Paper on Territorial Cohesion, highlighting the importance of intervening in the various regions of the European Union based on their functional needs. It is hoped that this initiative will be the first of others that are able to provide the various European macro-regions with a suitable legislative and programmatic framework, based on the idea of European territorial cooperation.

**Viktor Uspaskich (ALDE)**, *in writing*. – The EU strategy holds enormous potential for us and our neighbours within several policy areas. Successful implementation of the strategy could enhance the region's prosperity and accessibility, and ensure security in the region and protect the environment.

Optimal results can only be achieved with the pooling of resources towards commonly defined goals. Closer cooperation between Baltic countries will reduce differences between our countries, help harmonise our markets, and make them more accessible.

Its unique geographical position and interdependence puts the Baltic States in a strong position to use the EU strategy to improve relations with our non-EU neighbours. Possible areas for cooperation with Russia include: transport connections, tourism, cross-border health threats, environmental protection and energy. We also need to address the lack of appropriate infrastructure and accessibility between various transport networks.

The Baltic Sea is one of the most polluted sea areas in the world; only coordinated joint action can reverse this. The implementation of the strategy has been slow so far. We need to kick-start the process and step up our efforts.

Looking ahead, I believe that the strategy's agenda will be progressed further when the EU Presidency is held by Baltic States – Poland in 2011 and Lithuania in 2013.

**Artur Zasada (PPE), in writing.** – (PL) I congratulate the rapporteur on a very well drafted report. Of course, I endorsed the report on the European Union strategy for the Baltic Sea region and the role of macro-regions in future cohesion policy. The document refers to several crucial issues: the environment, energy and external affairs. In my opinion, one of the most important challenges for the Baltic Sea region is the creation of an efficient network of different forms of transport. I am glad the final version of the document includes my amendment emphasising the significance of the Central European Transport Corridor. Development of transport networks and ensuring that all regions have the right level of access to infrastructure is the guarantee of real cohesion in the European Union.

**Joachim Zeller (PPE), in writing.** – (DE) I am pleased that the report on the strategy for the Baltic Sea region has received such broad support in Parliament, and, as shadow rapporteur for my group, I would like to thank the rapporteur for his constructive cooperation. The report reflects the various challenges that the States bordering the Baltic Sea are facing, and calls for the problems involved in dealing with the environmental damage in the Baltic Sea, in economic development and in developing the transport infrastructure in cross-border, macro-regional cooperation to be addressed and for solutions to be found. Russia, Belarus and Norway should be involved in this cooperation. Interdisciplinary cooperation is needed here, including in the European Parliament committees. This macro-regional strategy for the Baltic Sea is a pilot project. Whether or not a macro-regional structure is the way forward for the cohesion policy of the future will depend on the success of this pilot project. The regions on the Baltic Sea that are already cooperating with one another but, in particular, the Member States, are now being urged to put this strategy into practice. The European institutions, in particular the European Commission, should fulfil their role of providing coordination and support.

#### **Report: Rodi Kratsa-Tsagaropoulou (A7-0206/2010)**

**Luís Paulo Alves (S&D), in writing.** – (PT) I voted in favour of the present report as I believe the contribution that EU regional policy can make to the plan to revive the European economy to be essential. Regional policy should be viewed as a long-term EU development policy which champions renewed competitiveness and employment in the Member States. The fight against the economic and financial crisis has also assisted in the speeding up and simplification of cohesion policy programmes that I believe to be of the utmost importance for greater rectification of budgetary policy. This is also needed to combat the current difficult environment: by speeding up programmes, it will contribute to strengthening the EU, the Member States and their regions. It is therefore essential to proceed with the goal of greater competitiveness, sustainability and flexibility for these programmes in the context of a globalised world. I also believe that it is essential to continue to pay special attention to the regions mentioned in Objective 2 through assistance in the economic and social conversion of these areas, demonstrating their full potential, and promoting the coordination of all their means and tools in order to promote growth and employment.

**Alfredo Antoniozzi (PPE), in writing.** – (IT) I voted in favour of this report because I recognise how crucially important regional policy is in helping us face the consequences of the lengthy economic and financial crisis we are experiencing. Unfortunately, the so-called Objective 2 regions of Europe have paid a very high price in unemployment and social exclusion terms as a result of the crisis. I therefore believe that the proposal to actively support SMEs in those regions, with the aim of preserving existing jobs and possibly creating new ones, is particularly helpful.

**Sophie Auconie (PPE), in writing.** – (FR) We need to know that the European Union's regional policy is the main European factor in reviving the economy; as the report emphasises, it is the most important source of EU investment in the real economy. It is important, however, that the economic revival in our regions does not just take place now, but also over the medium and long term. This is why the Kratsa report, which I voted for, aims to combat structural problems, particularly concerning competitiveness and employment. Today, all the actors in our regions are affected by the crisis. Small and medium-sized enterprises, for example, are encountering more and more difficulties in making use of micro-financing and micro-credit. A fundamental objective for us, therefore, is to make our regions more attractive, which will allow us to eventually increase investment in our regions should this be necessary.

**Zigmantas Balčytis (S&D), in writing.** – (LT) I supported this report. A properly coordinated EU regional policy may strengthen competitiveness and employment in the EU's regions. In the context of the global financial and economic crisis and the current economic slowdown, EU regional policy is a key delivery

instrument, making a decisive contribution to the European Economic Recovery Plan. I believe that in future, regional policy must be based on the priorities laid down in the EU 2020 strategy, such as smart, sustainable growth achieved by exploiting new ways of achieving sustainable economic growth and promoting better business conditions with fair competition, job creation, entrepreneurship and innovation for all the regions, developing SMEs and supporting their growth potential. The use of Structural Funds is particularly relevant in the context of regional policy and therefore, I believe that an increase in the flexibility of the Structural Funds would allow us to begin the planned programmes immediately, the implementation of which would contribute to the improvement of the economic and social situation in individual regions.

**Mara Bizzotto (EFD), in writing. – (IT)** The European Union has always paid scant attention to the world of SMEs, committing itself more to words than to deeds in policies focused on competitiveness and innovation. Above all, this Europe is far removed from local institutions and from those administrative bodies that are furthest from the centre but closest to the citizens.

However, the fundamental arguments expounded by the rapporteur in her report, on which we are voting today, the fundamental logic that she outlines, is commendable, because, from my point of view, it pays due attention to the need to make greater use of EU funds to combat the crisis and the impoverishment of depressed areas or areas at risk of economic and social decline. Moreover, as the report suggests, it is the truly vast world of SMEs that the EU should target today with new and more consistent efforts, if it really does want to help pull the continent out of crisis.

Our SMEs, which make up 99% of Europe's productive fabric, need freedom from bureaucracy. Today, however, given the difficult conditions that they in particular face, they also need support to overcome the problems of accessing credit and adapting to an increasingly complex and competitive global market.

**Sebastian Valentin Bodu (PPE), in writing. – (RO)** The European Union and its Member States are facing a major financial, economic and social crisis. They must make considerable efforts to secure as many jobs as possible and achieve the highest possible employment rate in Europe.

In order to beat this crisis, the EU must step up its efforts and invest in skills, vocational training and in creating sustainable jobs. The objective of the EU 2020 strategy should be to launch effectively an extensive European initiative on employment which will, for instance, reinforce activation schemes, particularly for the low-skilled, through personalised advice, intensive training or retraining and upskilling of workers, apprenticeships, subsidised employment and non-refundable start-up grants for the self-employed and businesses.

These measures can be financed by the Payments Committee of the European Social Fund. Early intervention is required at the moment when jobs are actually lost, not least in order to reduce the risk of people becoming excluded from the labour market. These measures are required at a time when the unemployment rate has risen in the EU 27 from 8% in 2009 to 9.6%.

**Alain Cadec (PPE), in writing. – (FR)** The cohesion policy constitutes an important source of financing for the European regions, and in this sense it plays a decisive role in the fight against the economic and financial crisis.

I join the rapporteur in emphasising the particular importance of Objective 2. While the Structural Funds must definitely contribute first and foremost to helping regions lagging behind in terms of development to catch up, the other regions must have access to financing adapted to the problems they face. Since the 2006 reform, Objective 2 has been contributing to the strengthening of regional competitiveness and employment, with financing of EUR 54.7 billion for the period 2007-2013. This investment in the competitiveness of the regional economies is all the more relevant in a period of economic crisis.

It is through efforts in innovation, research and development that the European Union will be able to regain and stabilise sustainable growth and skilled jobs. In the context of the debate on the European financial perspectives for the post-2013 period, it is essential that the European Parliament remembers its commitment to Objective 2. The cohesion policy must remain a strong and well-financed policy, and I would therefore emphasise the necessity of retaining the financial resources for Objective 2. This is vital for facilitating the convergence of all the European regions.

**Maria Da Graça Carvalho (PPE), in writing. – (PT)** This report focuses on the contribution of EU regional policy to resolving the economic crisis. The structural funds are essential for investment in areas that contribute to improving productivity, and to economic growth. The role of the structural funds is all the more significant

at a time of budgetary restrictions, when there are cuts to public investment in the Member States. These funds are also crucial to funding initiatives which are aimed at preparing Europe for the post-crisis situation, such as capacity building activities in new areas and new technologies for Europeans.

**Mário David (PPE), in writing.** – (PT) Having noted that the recently adopted EU 2020 strategy is structured around economic, social and territorial cohesion, a dynamic cohesion policy, and that the structural funds are indispensable tools for achieving the objective of sustainable and inclusive growth in the Member States, particularly in the regions, I voted completely in favour of the proposals included in this report. In the context of the economic and financial crisis that the EU is currently experiencing, regional and cohesion policy and, in particular, Objective 2 programmes are taking on greater importance in the process of economic recovery, as a stimulus for competitiveness and the creation of jobs at regional and local level, providing essential support for public investment.

I therefore believe that the introduction of greater flexibility is quite positive, and that the simplification of cohesion policy programmes is vital. On the other hand, this means strengthening flexibility in allocating EU funds so as to allow regions to fully benefit from the support for investment in infrastructure, supporting its business community, which is primarily made up of small and medium-sized enterprises, and in stimulating research and modernisation in the industrial or agricultural sectors.

**Diogo Feio (PPE), in writing.** – (PT) Given the importance of the principle of solidarity, I believe that it is crucial for the Community funds for cohesion policy to be implemented effectively. As I have had the opportunity to say on other occasions, the efficient allocation of EU cohesion funds is vital in reducing the imbalances in various regions of the EU 27, to help alleviate imbalances and to promote European competitiveness. It is essential to help disadvantaged areas to develop, to enhance the efficient allocation of funds for innovation, technology and education, and to implement measures to stimulate employment and competitiveness, in particular. The objectives of the EU 2020 strategy must also be a driving force behind this issue.

**José Manuel Fernandes (PPE), in writing.** – (PT) Regional cohesion is a fundamental objective of the European Union, and it has particular importance in this period of severe and prolonged economic crisis, with a strong impact on the level of unemployment, especially in poorer regions.

With the 2006 reform, Objective 2 related to the strengthening of regional competitiveness and employment in a total of 168 regions in 19 Member States, which corresponds to 314 million people, with total funding of EUR 54.7 billion (just under 16% of total funds) for 2007-2013. Approximately 74% of this amount is aimed at improving knowledge and innovation (33.7%) and more and better jobs (40%).

I advocate a commitment to investment in the real economy and support for small and medium-sized enterprises, prioritising innovation, competitiveness and employment. This is a guideline which frames and enhances the EU 2020 strategy for intelligent, sustainable and inclusive growth.

I would therefore like to stress the urgent need for the Member States and their respective regions to apply for the European funds which are available to them. This is an issue that has gained greater importance in this economic and financial crisis, as I have warned both here in Parliament and in various speeches in Portugal.

**João Ferreira (GUE/NGL), in writing.** – (PT) The report under discussion is not another attempt to absolve of any blame those who are really responsible for the economic and social crisis that we are currently experiencing, nor is it another attempt to solely accredit workers and the public for allegedly overcoming this crisis. The document warmly supports the key priorities of the EU 2020 strategy, and calls for further strengthening of policies to enhance it through measures to capitalise on Europe's single market. We should remember that such priorities are the same as those recognised by the revamped Lisbon Strategy, the same as those that justified and promoted the processes of privatising public services, deregulating dismissals and the decline in working conditions, increasing unemployment and the campaign for social regression – that is, the structural causes of the systematic crisis of capitalism that we are facing.

The structural funds, or any other financial tool for regional policy which is primarily aimed at cohesion, should be geared towards a genuine stake in economic development and social progress, territorial cohesion and reducing regional disparities. They should not be knowingly used, perversely, to finance policies which will have consequences contrary to their stated goals and which will, alone, seed new and deeper crises in the future.

**Juozas Imbrasas (EFD)**, *in writing*. – (LT) Mr President, today we are discussing the economic and financial crisis, but can we really learn from the lessons of this crisis? Inadequate regulation in the United States of America, when banks gave loans to insolvent clients who were unable to repay these, inevitably led to the toxic loan crisis and we will continue to feel the consequences of this throughout the world for a long time to come. Therefore, European Union regional policy is becoming a key part of the Economic Recovery Plan, constituting the main Community source of investment in the real economy, but the EU lacks effective mechanisms for economic coordination and balanced growth. Cohesion policy, through the Structural Funds and other actions, is of prime importance. Regional policy is not just a means to immediately damp down the negative impact of the economic and social crisis, but is also a long-term policy for combating the structural problems revealed and created against the background of the crisis, particularly as regards competitiveness and employment in the Member States. It is also important for Lithuania to recover from the crisis as quickly as possible and to devote particular attention to increasing competitiveness and employment in the Member States.

**Iosif Matula (PPE)**, *in writing*. – (RO) I voted for this report as I consider regional competitiveness and employment to be a key element of cohesion policy, given the current financial crisis which has slowed down the process of economic growth.

It is important now for us to take into account the EU 2020 strategy priorities in order to identify and implement new elements which promote economic growth and the consolidation of the EU's social and territorial cohesion. Territorial cohesion helps boost the competitiveness of the various regions so as to make them as attractive as possible. It also provides the perfect conditions for entrepreneurship and developing SMEs.

Furthermore, a key role is given in this report to the use of measures for speeding up the implementation of the cohesion policy programmes. The aim is to mobilise the resources and tools required for granting financial support at local and regional level. With this purpose in mind, consideration is being given both to the current needs dictated by the present economic situation, more specifically, the need to find a real-time response, and to identifying long-term measures.

The structural programmes must be implemented not as protective intervention geared towards economic survival, but as sustainable development objectives in the future.

**Nuno Melo (PPE)**, *in writing*. – (PT) The positive response to combating the financial and economic crisis has demonstrated the importance of EU regional policy. In spite of this, the specific case of Objective 2 covers more than 300 million people in poorer regions who are also suffering the consequences of this severe crisis. This, then, is the time to strengthen the tools for Objective 2 in order to achieve the essential priorities for the EU 2020 strategy.

**Robert Rochefort (ALDE)**, *in writing*. – (FR) I voted in favour of Mrs Kratsa-Tsagaropoulou's report relating to the contribution of EU regional policy towards fighting the financial and economic crisis. EU regional policy, the main Community source of investment in the real economy, can make a decisive contribution to the European Economic Recovery Plan. No less than EUR 55 billion has been allocated to the measures for supporting businesses in the context of the European regional policy for the period 2007-2013. This assistance is essential – particularly the assistance for SMEs, which have been seriously weakened by the economic crisis – and must be increased. The investments in research, development, innovation and education must also be strengthened in order to support economic growth and employment within our territories – I am particularly thinking of the South-West constituency of France, which I represent. Finally, EU regional policy will only be truly effective if it achieves real cooperation between local, regional, national, cross-border and European authorities.

**Raül Romeva i Rueda (Verts/ALE)**, *in writing*. – In the context of the global financial and economic crisis, EU regional policy makes a contribution to the Economic Recovery Plan by speeding up implementation of programmes under the cohesion policy. The policy of 'pre-financing' for programmes under the 2007-2013 cohesion policy resulted in immediate liquidity of EUR 6.25 billion for investment in 2009, within the framework of the financing packages agreed with the Member States.

At the committee stage, Green/EFA amendments were adopted on: support by the financing instruments earmarked for Objective 2 for bodies working for a social, inclusive economy; adding the protection of the environment and the potential development of renewable energy as areas where added value of EU interventions can be demonstrated; and taking appropriate action (short- and long-term measures) for urban

regions and centres that present particular and significant social problems (high unemployment, marginalisation, social exclusion, etc.) which have increased owing to the impact of the crisis.

**Catherine Stihler (S&D)**, *in writing*. – It is so important that we use collective action across the EU to combat the global economic crisis which we are facing. I fully welcome this report.

**Eva-Britt Svensson (GUE/NGL)**, *in writing*. – (SV) I abstained from voting on the report. There are certain views that I wholeheartedly share, for example, the passage regarding increasing the participation of women in the labour market. However, I have my doubts about the fixation on competitiveness that pervades the document. The own-initiative report calls for an increase of more than 25% specifically for the regions in Objective 2 in order to increase competitiveness. This is to be done within the regional policy budgetary framework. No proper impact assessments have been carried out in this regard. An overall assessment of the 450 programmes falling under the Cohesion Fund, the European Social Fund and the most recent Globalisation Adjustment Fund from 2007 is required to see how these forms of support work from a social and gender-related perspective. They currently overlap one another, resulting in a lack of clarity. I also do not agree with the report that the EU's regional policy in particular is crucial for European recovery. It is instead the dysfunctional criteria of the Stability Pact that direct the Member States to introduce reductions in wages, pensions and social security, which means that the recovery will take much longer – regardless of EU contributions.

**Nuno Teixeira (PPE)**, *in writing*. – (PT) This report by the Committee on Regional Development takes a realistic and very current approach to the situation that the Member States and their regions are experiencing, given the context of the economic and financial crisis ravaging Europe. Since I am from Madeira, an outermost region classified as a region targeted by the Regional Competitiveness and Employment objective, the issue addressed here is deeply familiar and relevant to me, which is why I have decided to vote in favour of this report. Objective 2 of the Community cohesion policy aims to boost the regions facing serious unemployment problems and which have structural difficulties that are exacerbated even more by the current crisis.

For regional policy and the objectives of the Europe 2020 strategy to be fully realised, it is necessary to strengthen the competitiveness of the regions by developing employment and economic policies. Only in this way will it be possible for Europe to achieve effective, smart, sustainable and inclusive growth. For these reasons, I support the rapporteur's view, which proposes greater flexibility in allocating Community funds and aid so that the affected regions can benefit from modernisation and support that will translate into real development and, over time, will make way for a more sustainable economy.

**Viktor Uspaskich (ALDE)**, *in writing*. – Due to the lack of a single, effective mechanism for economic coordination and balanced growth within the European Union, cohesion policy is playing a leading role in helping us get back on our feet. In particular, Objective 2 of the Structural Funds has been – and remains – one of the most important pillars of cohesion policy, especially in the context of exiting the economic crisis. For countries like Lithuania, more flexible access to the EU regional funds would go a long way to help the recovery of areas worst hit by the crisis. This flexible funding could create new jobs and would have to include diverse areas: investment for infrastructure, support for small firms, professional training, and industrial and rural modernisation. It is important that these instruments are not solely used as fire-fighting interventions. Our efforts must also be focused on long-term restructuring outcomes and the transition to a more sustainable economy – flexibility is also crucial for long-term policy. Objective 2 and other cohesion policy branches can also help once again to narrow the gap between EU Member States. For Lithuania, it is particularly important to catch up where it left off before the financial tsunami hit, and to regain its hard-earned status as a 'Baltic Tiger'.

**Derek Vaughan (S&D)**, *in writing*. – I supported this resolution as EU regional funds are vital in helping those areas worst affected by the current economic crisis. Flexible access to these funds is necessary if regions are to benefit from investment in infrastructure and support for small businesses. I agree fully with the importance of improving aid to 'Objective 2' regions; much progress has been made in these regions in recent years and we need to ensure that the present crisis does not hamper further advancements in these poor areas. Implementation of cohesion policy programmes should be sped up in order to help these regions at this time. It is also important to ensure that 'competitiveness' remains post-2013 and is not removed from the area of regional policy.

**Recommendation for second reading: Antonio Cancian (A7-0174/2010)**

**Alfredo Antoniozzi (PPE)**, *in writing*. – (IT) I voted in favour of this report because I believe that the assessments and the recommendations made by the European Parliament in this document, which should aim to bring the bus transport sector up to the quality levels of the air and rail transport sectors, must be strongly supported. Unfortunately the Council has instead weakened, if not abolished, both the Commission provisions and the majority of the amendments tabled by the European Parliament at first reading.

**Sophie Auconie (PPE)**, *in writing*. – (FR) This report aims to improve the rights of bus and coach passengers, an ambition which I welcomed by voting in favour. I also took a position in favour of greater convenience in these modes of transport for disabled people and people with reduced mobility, as well as more guarantees for all passengers in case of accidents, and also in case of delay or cancellation.

However, it seemed preferable to me to abstain on Amendment 14. Although this allows for the possibility of Member States granting an exemption in the application of the regulation with regard to urban, suburban and regional transport services, I think that it does not go far enough, and that it imposes too many restrictions, particularly on assistance, which would affect small and medium-sized enterprises unfairly.

All of this had to do with a vote at second reading. The important thing now is to come to an agreement with the Council of the European Union so that this regulation can come into force.

**Liam Aylward (ALDE)**, *in writing*. – (GA) I welcome what the proposal says about establishing rules for transporting passengers on buses and coaches to eliminate discrimination on the basis of disability. I welcome what it says concerning proportionate compensation and the provision of appropriate assistance to passengers in case of cancellation or delay.

It must be ensured, however, that as a result of this proposal, small carriers do not have to discontinue rural services because of red tape or greatly increased insurance costs. Very many bus services in Ireland are run by local carriers, small businesses and family businesses. Excessive regulation of local and regional services would be a significant financial and administrative burden on businesses that are already struggling.

Rural bus services are vital to rural life. They are a 'greener' transport system and often are the only means of transportation for those living in remote rural areas. It must be ensured that too great a burden is not placed on these businesses, a burden which would put them out of business. Passengers should not suffer because of this proposal, either because of more restricted services or higher prices.

**Zigmantas Balčytis (S&D)**, *in writing*. – (LT) I support this regulation concerning passenger rights in bus and coach transport. The aim of this regulation is to establish the rights of passengers when travelling by bus and coach in order to improve the attractiveness of passenger transport by road and to achieve a level playing field between carriers from different Member States and between various modes of transport. Furthermore, we must ensure that the rights of bus and coach passengers are equal to those that have already been laid down in the areas of air and rail transport. Passengers must have the right to compensation if their journey is delayed or cancelled, their luggage is lost or in cases involving the death or injury of passengers. A system must also be established for the treatment of complaints and the payment of damages. We must ensure the right to mobility of disabled persons and persons with reduced mobility, providing free assistance if necessary.

**Jan Březina (PPE)**, *in writing*. – (CS) Bus and coach transport is the only form of transport where there is still no pan-European measure on passenger rights. The persistence of varying levels of passenger protection depending on the form of transport being used is unacceptable. I therefore voted in favour of the report on passenger rights in bus and coach transport. The Member States unfortunately work hand-in-glove with the transport operators, and oppose stronger passenger rights. However, the European Parliament is bringing certainty that persons travelling by bus and coach will have the same rights as those travelling by plane or by rail. I applaud the fact that, in the event of culpable delays in arrival, passengers will have the right to compensation amounting to 25% of the ticket price for delays longer than one hour, and 50% of the ticket price for delays longer than two hours. In my opinion, passenger rights are also significantly strengthened by the possibility, in the event of a connection being cancelled or delayed by more than two hours, of passengers being able to decide between continuing to their destination without any additional charge or obtaining a refund of the ticket price and compensation amounting to 50% of the ticket price.

Another achievement is the right of passengers to claim for food, hotel accommodation and replacement services in the event of a cancellation or delay in departure by more than one hour on long-distance routes.

The European Parliament also approved the requirement for transport operators to be held liable for the loss of or damage to luggage up to the amount of EUR 1 800, and up to EUR 1 300 in the case of hand baggage.

**Carlos Coelho (PPE)**, *in writing*. – (PT) This regulation is aimed at establishing a common framework of rights for bus passengers, guaranteeing them a level of protection comparable to that already established for other means of transport, such as trains and aeroplanes. At the level of passenger carrying road transport, it is important to arrive at comparable conditions between carriers from the various Member States and between different means of transport, which must include liability for death or injuries, compensation and immediate assistance in case of cancellation or delays, without forgetting the possibility that the passengers can lodge a complaint if they consider that their rights have not been respected.

I am disappointed with the lack of ambition in the Council's proposal, not only because it considerably reduces the scope of this regulation, but also because it diminishes the level of protection for passengers travelling by road within the EU. I have no doubt that it is important to preserve economic viability for companies and take account of the special circumstances of businesses in this sector, the great majority of which are small and medium-sized enterprises. However, it is also important to ensure that there is a balance between the economic pillar and the pillar relating to the protection of passengers' rights.

**Edite Estrela (S&D)**, *in writing*. – (PT) I voted in favour of the report on the rights of passengers in bus and coach transport, as it means strengthening the rights of members of the public who use these means of transport, including compensating passengers for delays, cancellation or accidents, and assisting people with disabilities.

**Diogo Feio (PPE)**, *in writing*. – (PT) Irrespective of the means of transport they use, passengers have the right to a good quality and safe service. For this reason, I think this proposal to introduce harmonised rules on passenger rights in bus and coach transport throughout the EU is a positive step. Furthermore, I believe that passenger rights should essentially be the same irrespective of the means of transport used, except where this would be inconsistent with the characteristics of the means of transport in question. It seems reasonable that the Member States should defend their right to exempt certain operators of regular urban, suburban and regional services, including services that come under the regulation, provided that these are bound by internal laws or contractual obligations to respect passenger rights. We should not forget that in Europe, there are not only large carriers, but also small and medium-sized transport companies, and we should take particular care over the latter. Finally, I would like to congratulate the rapporteur and the shadow rapporteurs for their work towards achieving conciliation with the Council, and I hope that it will soon be possible to reach an agreement on the final version of this regulation.

**José Manuel Fernandes (PPE)**, *in writing*. – (PT) The European Union should be strategically guided by and prioritise the creation of conditions to promote and strengthen the use of public transport. This is an issue that is crucial to the success of a Europe committed to combating climate change and urban pollution, promoting the use of renewable energy and reducing dependence on fossil fuels.

In this context, I would stress the contribution of this report to ensuring not only an efficient network of connections, but also conditions for convenience, quality of services, security and assistance. It seeks to reconcile the rights of the public – on which point I highlight my concerns with rights for people with disabilities or reduced mobility – with the need to also take account of the viability of carriers, and all the more so in this time of severe economic crisis.

This means that it is necessary to reconcile the preservation of economic viability for businesses, bearing in mind the special characteristics of the bus and coach transport industry, with a high level of protection for passengers comparable to that in place for other means of transport.

**João Ferreira (GUE/NGL)**, *in writing*. – (PT) The changes proposed to the second reading generally guarantee an improvement in passenger rights for collective road transport, which we support. We note that the approved changes also improve on the previous version, by guaranteeing, in particular:

- That passengers should be able to benefit from rules on accountability comparable to those that are applicable to other means of transport in the case of accidents which cause death or bodily injuries;
- that carriers should be responsible for loss or damage to passengers' baggage, under rules comparable to those applicable to other means of transport;
- that carriers need to heed the appropriate access conditions for people with disabilities and those with restricted mobility;



– that the Member States should promote the use of public transport and introduce interoperable and intermodal information systems to provide information on timetables and prices with multimodal ticketing to optimise the use and interoperability of the different means of transport. These services should also be accessible to people with disabilities;

– that bus and coach transport companies should be responsible for losses or damages that result from the death or bodily injuries of passengers, caused by accidents related to using transport services.

**Bruno Gollnisch (NI)**, *in writing*. – (FR) For some months, the Commission has been focusing its attention on the rights of consumers, and particularly those of passengers travelling on all modes of transport. It cannot, however, treat the bus or coach transport sector, which essentially consists of small and medium-sized enterprises, in the same way as it treats an air or rail company, nor can it impose obligations which are proportionally more restrictive and much more costly for a small enterprise, which runs the risk of going out of business, than for a large multinational.

The enormous gap that exists between Parliament's amendments, which are very dogmatic, and the compromise obtained in the Council, which is more pragmatic, also says a lot. Furthermore, I think that there is a fundamental iniquity in subjecting companies which are, by definition, 'captives' of European territory to the rigour of obligations proposed in case of accidents, while air or sea companies are regulated by international agreements which allow them to get out of paying compensation for the actual harm caused, as the tragic case of the Rio-Paris flight would seem to indicate.

**Nathalie Griesbeck (ALDE)**, *in writing*. – (FR) Bus and coach passengers must enjoy rights similar to those already granted by European legislation to air and sea passengers. Bus passengers cannot and must not be the only ones not to be protected by a Union regulation. This is the key message that I want to send by voting for this report, and I strongly regret that it was not possible to adopt a common framework for all modes of transport. More particularly, I voted in favour of a large number of amendments which aimed to impose greater responsibility on transport companies in case of loss of or damage to luggage, and particularly in case of injury or death of passengers. Above all, I firmly supported the proposals aiming to strengthen the rights of disabled people and people with reduced mobility, to make transport accessible to such people, and also to provide them with information in accessible formats, because we have a responsibility in this area. I am disappointed that a compromise could not be found with the Council, which has showed itself to be quite unwilling to go forward. However, although this is not an easy subject, we must have a European framework to protect the rights of these passengers, and the conciliation procedure will, in the autumn, give us cause to discuss this once again.

**Giovanni La Via (PPE)**, *in writing*. – (IT) I voted in favour of Mr Cancian's report on behalf of all passengers, who must receive the recognition they deserve in the event of personal injury or damage to luggage, or cancellations of and delays in the services operated by carriers. In this way, carriers should be liable for loss of or damage to passengers' luggage on terms comparable to those applicable to other modes of transport. Particular attention should also be paid to safeguarding the rights of disabled passengers or passengers with reduced mobility, who must be able to receive appropriate assistance and benefit from facilities that will make it easier for them, in particular, to access public transport services. To that end, I hope that the Member States will make a real commitment to improve the existing conditions and infrastructure, so as to ensure that disabled people and people with reduced mobility are provided with a service that meets their needs.

**David Martin (S&D)**, *in writing*. – Greater rights for bus and coach passengers are strongly required, and this second reading of the draft regulation reinstates some greatly needed provisions for the liability of carriers, for the rights of passengers in instances of delay or cancellation and, in particular, for the rights of disabled persons and persons with reduced mobility. At a time when we should be promoting public transport as an efficient and environmentally friendly option, these new provisions for passengers would afford them the corresponding rights they deserve.

**Nuno Melo (PPE)**, *in writing*. – (PT) The scant regulation of the rights of passengers on bus and coach transport has led to the need for this legislative resolution to be adopted, as the rights of passengers should always be safeguarded, regardless of the type of transport that they are using. It is also very important to adapt transport infrastructure, new vehicles and refurbished used vehicles to the needs of passengers with limited mobility.

**Wojciech Michał Olejniczak (S&D)**, *in writing*. – (PL) One of the roles of the EU institutions is to side with the citizens in conflicts with the business world – a world which makes every effort to maximise profit. These efforts often strike at the rights of disabled persons, who often encounter situations of discrimination when

they try to be mobile and when they want to use transport services. The ban on discrimination on the grounds of reduced mobility in bus and coach transport is a great step forward in the fight for the right to equal participation in society by disabled persons. An important feature of the regulation on bus and coach transport services is the compensation for a cancellation or a delay affecting a service, which is something we are also familiar with in air transport. This should be standard in all types of transport services because it shows the carrier's respect for the passengers. I feel the same way about the rules forcing transport firms to pay compensation to the victims of accidents, both for loss of health and for damage to luggage. They are steps in the right direction, because they strengthen the citizen's position in relations with transport firms. In view of these rules, I decided to endorse the recommendation for second reading on the Council position at first reading for adopting a regulation of the European Parliament and of the Council concerning the rights of passengers in bus and coach transport and amending Regulation (EC) No 2006/2004.

**Alfredo Pallone (PPE), in writing.** – (IT) I voted in favour and I congratulate Mr Cancian on his report, which I feel is thorough. I also applaud the attention paid to the needs of disabled passengers and passengers with reduced mobility, for whom public transport represents a fundamental means by which to integrate into society, and to the needs of small and medium-sized enterprises. In most cases, in fact, bus transport is operated by small enterprises. As is the case for train and air passengers, I believe that a set of rights and guarantees should be established for bus passengers, but with account taken of the specific characteristics of that type of service. I therefore fully support Mr Cancian's proposal and his very well-balanced approach.

**Frédérique Ries (ALDE), in writing.** – (FR) This is a regulation which affects the everyday life of European citizens, but which is late in being adopted, as the European Parliament considered the Council's position to lack ambition and to be unacceptable. Just like those travelling on other modes of transport, bus and coach passengers have essential rights which we are trying to guarantee with this regulation: compensation in case of delay, cancellation, loss of or damage to luggage; non-discrimination against disabled passengers and passengers with reduced mobility; and, above all, the responsibility of coach drivers in case of injury or death.

Journeys have been considerably democratised in recent years, and we have to be pleased about that. However, we cannot cut prices if this means compromising the safety of the hundreds of thousands of children, elderly people and families who travel on our European highways each year. By adopting this regulation, Parliament has thus also shown the ambition to put a stop to unscrupulous practices by companies with tempting offers, which attract customers who do not always have alternative options for travelling.

**Robert Rochefort (ALDE), in writing.** – (FR) I voted in favour of the Cancian report concerning the rights of passengers in bus and coach transport. This regulation is essential in terms of protecting the rights of travellers, in that it establishes European rules concerning the information which is to be given to passengers before and during their journey, assistance and compensation should the journey be interrupted, and specific measures for people with reduced mobility.

With the Council having clearly moved away from the ambitious approach which our assembly had adopted at first reading, our vote today shows our desire to achieve a wide-ranging report, and we are moving calmly towards conciliation. From this perspective, I am particularly pleased with the clear signal that we are sending to the Council by having adopted today all the amendments relating to the responsibility of transport companies, whether this is compensation in case of loss of or damage to luggage, or compensation in case of injuries or, even more tragically, the death of passengers. I am sure that the Council has taken note of our determination.

**Raül Romeva i Rueda (Verts/ALE), in writing.** – The Cancian recommendation on 'passengers' rights for buses/coaches' was adopted, including the paragraphs relating to aspects as important as liability rules with accidents (2), liability with loss/damage of luggage (3), liability in the event of death or personal injury (4), and more precise formulations for care of passengers in the event of delays or interruptions. Now we go into conciliation.

**Oreste Rossi (EFD), in writing.** – (IT) Whilst the Council's proposal excludes regular urban, suburban and regional transport services as well as cross-border services, giving Member States the chance to avoid applying the legislation to national services for 15 years, the report substantially restores the important measures of the initial report. These include: the liability of operators, which much be brought into line with that in other modes of transport, with particular attention to assistance and advance payments in case of accidents; the rights of passengers in case of cancellations and delayed departures; and the rights of persons with disabilities or reduced mobility. Therefore, we have voted in favour.

**Vilja Savisaar (ALDE)**, *in writing*. – (ET) Today's vote on the report concerning the rights of bus passengers brings in changes which, from one point of view, are expensive, but which are nevertheless necessary to guarantee all Europeans equal opportunities in using such services. I believe we should fully support the principle that in future, buses purchased and bus stations built should also be fit for purpose with regard to their suitability for disabled people and people with special needs. At the same time, I believe it is essential to carry out additional adjustments and to apply the rules in order to guarantee the rights of passengers both in cases of cancellation and in connection with baggage handling. The European people deserve precise and specific rules which guarantee the quality of the service and specify the rights and obligations of both parties.

**Nuno Teixeira (PPE)**, *in writing*. – (PT) Today, we voted upon two reports that are extremely important to the daily life of passengers, and which aim to ensure that users of the respective services have a range of rights as comparable as possible to those already in place for other means of transport. The position outlined by the Council regarding the proposed regulation not only voids the content of the proposal presented by the Commission in 2008, but also the position adopted by Parliament at the first reading. If followed, it would greatly limit the scope of the report and exempt the majority of providers of bus and coach services from the reach of future regulation. Instead, I would like to see a legal protection framework which can fully address situations of lost luggage, delays and cancellation of services, especially one which holds companies liable for cases of death or injury.

For this reason, I voted in favour of the amendments tabled by my colleague, Mr Cancian, to ensure that the passengers concerned, particularly those with disabilities or restricted mobility, can benefit from this type of transport and are given an adequate level of protection, bearing in mind the difficult economic environment which we are experiencing and the need to maintain companies that offer these types of services.

#### **Recommendation for second reading: Inés Ayala Sender (A7-0177/2010)**

**John Attard-Montalto (S&D)**, *in writing*. – The concerns with the report voted are the following:

- the widening of the scope of the regulation to also cover small boats would impose additional burdens on small boat operators and, in many cases, it would not be possible for them to comply with the requirements of the regulation;
- in several of the amendments, responsibilities of compliance are addressed to the port authorities. When passenger terminals are privatised, as in the case of Malta, such responsibilities should rest on the port terminals and not on the port authorities;
- the compensation levels are very often considered to be too high, while the delay periods proposed in the report are considered to be too restrictive when one considers that shipping is much more dependent on weather conditions than other modes of transport in meeting departure and arrival times;
- the proposed timeframe for implementation of twelve months is too short; a period of twenty-four to thirty-six months is more appropriate.

**Sophie Auconie (PPE)**, *in writing*. – (FR) I voted in favour of this draft regulation concerning the rights of passengers travelling by sea or inland waterway, because it seems to me to be vital to increase the rights of my fellow Europeans. In particular, the rights of disabled people and people with reduced mobility are to be strengthened thanks to this report and this process for protecting travellers within the European Union. I also appreciate the fact that exceptional circumstances were taken into account in this report. Even if these circumstances remain extraordinary, they can pose serious problems to travellers when they arise. This report also aims to facilitate assistance, retransportation, reimbursement and compensation for passengers in such circumstances. All of this had to do with a vote at second reading. The important thing now is to come to an agreement with the Council of the European Union so that this regulation can come into force as soon as possible.

**Carlos Coelho (PPE)**, *in writing*. – (PT) The full liberalisation of the maritime passenger transport market can only be achieved when the consumers (not just the companies) can derive the maximum benefits. It is crucial that consumers are given effective rights to ensure that liberalisation allows for real choice. We should not forget that 22 of the 27 EU Member States are coastal countries, so it is imperative to guarantee security and certainty for the users of these means of transport, so that we can bring measures of protection for these passengers into line with those for other means of transport. It is worth remembering that in some matters, the regulation of maritime passengers' rights was scattered and disparate from state to state. With this new

legal setup, the European public will be able to expect situations of delay, cancellation or denied boarding to be rectified immediately, and mandatory information for passengers and means of complaint and redress.

I believe that the provisions laid down by the European Parliament relating to passengers with disabilities or restricted mobility are particularly important, especially with regard to accessibility, non-discrimination and assistance. By making it generally prohibited to refuse carriage to these people, it will contribute to the fight against social exclusion and bring about a European Union of people without internal borders.

**Diogo Feio (PPE)**, *in writing*. – (PT) Following the success of Community initiatives in the regulation of passengers' rights on air and rail transport, we now have a proposal for regulation of passengers' rights on maritime transport and inland waterways. These, as I said about the recommendation that we have just voted upon, state that, irrespective of the means of transport they use, passengers have the right to a good quality and safe service. For this reason, I think this proposal to introduce harmonised rules on passenger rights in bus and coach transport throughout the EU is a positive step. Furthermore, I believe that passenger rights should be essentially the same irrespective of the means of transport used, except where this would be inconsistent with the characteristics of the means of transport in question.

**José Manuel Fernandes (PPE)**, *in writing*. – (PT) I support this report as it advocates equal treatment and criteria for users of different types of public transport, whether by air, sea or land, in order to ensure that the rights of members of the public are protected in extraordinary and exceptional situations that may occur in using sea transport. The responsibility to prove that a ship cannot carry out transport due to exceptional circumstances or adverse weather conditions should clearly fall to the transporter. I would like to point out that safety conditions cannot be neglected and made relative in any circumstances.

The complaints system should be accessible and clear to passengers. I am pleased that the time period for complaints to be made, delays in notification, equipment replacement and compensation have been improved from the passenger's point of view. Combating exclusion is a priority for the EU. I therefore believe that the rights of passengers with disabilities and reduced mobility should be firmly guaranteed.

**Sylvie Guillaume (S&D)**, *in writing*. – (FR) I voted for the Ayala Sender report concerning the rights of passengers travelling by sea or inland waterway, because I consider it important that these passengers should enjoy the same rights and guarantees as air passengers. Whether in case of delay, breakdown, loss of luggage or, more seriously, in case of accident, transport companies must adhere to their responsibilities, and passengers must be protected and, if necessary, correctly compensated. I am pleased at the adoption of specific measures obliging transport companies to cater for disabled people or people with reduced mobility, and to train their staff accordingly.

**Ian Hudghton (Verts/ALE)**, *in writing*. – The new rights afforded to passengers on boats and ships are to be welcomed. Many areas of Scotland are dependent on passenger ferries for their survival and it is correct that people living in these communities are given strong consumer protection. The EU-wide nature of this legislation will also afford protection to my constituents travelling abroad, as well as to the many thousands of people from across the world who come to enjoy the splendour of Scotland's Highlands and islands.

**Juozas Imbrasas (EFD)**, *in writing*. – (LT) I agree with this proposal concerning the passenger rights when travelling by sea and inland waterway which, alongside one on the rights of bus and coach passengers, is part of a package put forward by the European Commission in December 2008. These proposals seek to build on the rights gained by air and rail travellers under existing European Union legislation – an example of very successful EU lawmaking which has brought tangible rights for citizens of the Union – by extending similar rights, taking account of the specificities of the sectors concerned, to maritime and inland waterway transport. This mode of transport would become more attractive, more reliable and there would be a level playing field for carriers from the various Member States. The adoption of the regulation laying down new rules will enhance the protection of all passengers in general and, in particular, that of disabled people and those with limited mobility. However, extending the scope of the regulation too much to include small boats would bring an additional burden for the operators of small boats and consequently, in many cases, it would probably be impossible for them to comply with the requirements of the regulation.

**Nuno Melo (PPE)**, *in writing*. – (PT) The European Union should concern itself with the rights of passengers travelling by sea and inland waterways, so that they have a high level of protection comparable to that already in place on other means of transport. Passengers with reduced mobility due to illness, age or any other factor should also benefit from exactly the same conditions as other passengers. This means that there needs to be investment in terminals and ports.

**Andreas Mölzer (NI)**, *in writing*. – (DE) Passengers on ships, no matter whether travelling on inland waterways or by sea, should be granted the same rights as those travelling by air and rail. These passengers should also have the opportunity to submit compensation claims. In this case, too, it is primarily about accommodating people with particular needs. I voted for the report as I wholeheartedly welcome the overall package, which also includes bus and coach passengers' rights.

**Raül Romeva i Rueda (Verts/ALE)**, *in writing*. – With the adoption of the Ayala recommendation on the rights of passengers when travelling by sea and inland waterway, the agreement with the Transport Council was entirely adopted, so the regulation is finalised at second reading. However, I have to show my concern regarding the fact that one of the amendments included, Amendment 82, jointly presented by the S&D, EPP, ALDE and ECR Groups, weakens notably the rights of persons with reduced mobility.

**Oreste Rossi (EFD)**, *in writing*. – (IT) Despite the fact that the report pays particular attention to the rights of passengers with reduced mobility and the legislation in favour of passengers is strengthened, we are voting against the proposal as we believe that there are numerical limits which prevent the legislation from being applicable in full.

**Laurence J.A.J. Stassen (NI)**, *in writing*. – (NL) The Dutch Party for Freedom (PVV) feels very strongly about the rights of passengers, particularly disabled passengers, and so we wish to afford the rights of these passengers the best possible protection. However, we do not consider European legislation to be the right instrument for protecting passenger rights. The PVV takes the view that it should remain the responsibility of Member States to ensure adequate protection of passenger rights. The Netherlands itself is best placed to make tailored policy. For example, the Netherlands already has a policy in place at local level for passenger infrastructure and access for disabled passengers when travelling by sea and inland waterway. Member States, provinces and municipalities themselves are best placed to judge what is necessary to meet national and local needs.

In addition, in practice, this legislation imposed by Europe could lead to additional costs for small terminals and self-employed entrepreneurs, which could force them out of business. Furthermore, this proposal will result in the Netherlands having to foot part of the bill in future for adjustments in countries that do not have their own house in order. This compelled us to vote against this proposal.

**Nuno Teixeira (PPE)**, *in writing*. – (PT) The objective of this report is to give maritime transport passengers a framework of legal protection that is similar to the one that already exists for rail and air transport, with particular emphasis on passengers with disabilities and restricted mobility. I am pleased to note again that there is a reference to natural disasters which, unfortunately, have recurred more and more often in Europe and which cause damage of great proportions, leading to potentially tragic situations. These should therefore be taken into account so as to allow precautions to be taken and subsequent claims for assistance to be made.

I also believe that it is pertinent to highlight the importance given to the need to ensure that information for passengers, particularly if they are foreigners, is provided in a clear way, especially when it relates to their entitlements in the case of delays and complaints. For these reasons, I voted in favour of the amendments tabled to the Council's position.

**Derek Vaughan (S&D)**, *in writing*. – I fully support the decision to give ferry and boat passengers compensation when facing delays or cancellations. As is the case with the airline industry, passengers deserve to be protected against disruption. Access to services should be a priority, and I am pleased to see that the rights of disabled passengers are being taken into account in this regulation – disability should not be a reason for denying passengers the right to board. I hope that further steps will be taken in the near future to come to an agreement on bus passenger rights to ensure protection for people travelling in Europe.

#### **Recommendations for a second reading: Antonio Cancian (A7-0174/2010) and Inés Ayala Sender (A7-0177/2010)**

**Maria Da Graça Carvalho (PPE)**, *in writing*. – (PT) Consumer rights must be protected. This legislation is heading in the right direction, giving more rights to passengers travelling by boat or coach. Passengers on maritime transport will have rights similar to those stipulated in European legislation for aeroplane and train passengers. For example, passengers will be entitled to compensation in case of delay, cancellation or accidents, and passengers with disabilities will have the right to assistance.

**Carlo Fidanza (PPE)**, *in writing*. – (IT) We could have celebrated today had we jointly approved the two regulations concerning the rights of passengers when travelling by sea and inland waterway and in bus and coach transport; instead, we have missed an opportunity. I welcome the adoption of the regulation concerning

travel by sea and inland waterway. In particular, the introduction of new rules on compensation for delays and cancellations, and the guarantee of comprehensive assistance for disabled passengers, are two very positive aspects. However, despite the excellent work done by Parliament, it has not been possible to adopt the regulation concerning the rights of passengers in bus and coach transport at second reading. It almost seems as though the Council does not want this regulation, limiting its scope excessively, delaying its entry into force and offering scarcely any protection to disabled people. We do not want to impose too great a burden on the thousands of small and medium-sized enterprises in the sector, but a decent standard of protection must be guaranteed. I hope that an acceptable compromise can be reached in conciliation.

**Recommendation for second reading: Anne E. Jensen (A7-0211/2010)**

**Sophie Auconie (PPE), in writing. – (FR)** This report aims to accelerate the deployment and interoperability of intelligent transport systems in road transport at European Union level. I am always concerned about improving territorial cohesion within the Union, and I believe that this directive will be a step forward in this direction. I therefore supported it, all the more so because the directive as adopted by the parliamentary Committee on Transport and Tourism treats the issue of protecting personal data in a balanced manner. I therefore hope that an agreement will be reached with the Council at second reading, because this is a directive which can only boost the confidence of Europeans in transport within the European Union.

**Zigmantas Balčytis (S&D), in writing. – (LT)** I supported this regulation on the deployment of Intelligent Transport Systems in the field of road transport and for interfaces with other modes of transport. In order to solve increasing road infrastructure problems, there are proposals to deploy advanced information and communication technologies. However, first of all specifications should be drafted on the use of these modes, such as information on journeys by various types of transport, the provision of traffic services, information on safe and secure parking places for trucks and commercial vehicles and the harmonised introduction of eCall throughout Europe. However, the Commission should first of all draw up an annual working programme to be implemented by Member States. In turn, Member States should take the necessary measures to ensure the effective and harmonious deployment and use of transport modes and services in the Community: the updating of road transport information and cooperation between management centres.

**Carlos Coelho (PPE), in writing. – (PT)** The effectiveness of using information and communications technology in the sphere of road transport is indisputable. However, it has been verified that Intelligent Transport Systems (ITS) are being used in a fragmented and inefficient manner. It is urgent to set out a legislative framework that harmonises the systems' operations and creates a mechanism for efficient cooperation between all parties interested in the ITS. I therefore support the adoption of the directive on ITS as soon as possible, so as to speed up the implementation of this technology in the road transport sector and in interfaces with other forms of transport. This new directive will contribute significantly to improving the environmental performance, energy efficiency, road transport safety and the mobility of passengers and freight. The correct functioning of the internal market must be ensured.

**Edite Estrela (S&D), in writing. – (PT)** I voted in favour of the report on Intelligent Transport Systems in the sphere of road transport and interfaces with other forms of transport, given that these will allow better safety and organisation of European transport systems, making them more efficient from an economic and environmental viewpoint.

**Diogo Feio (PPE), in writing. – (PT)** The present proposal is for the creation of a legal framework for the implementation of Intelligent Transport Systems (ITS) in Europe in the sphere of road transport and interfaces with other modes (global positioning system, automatic alarm system and traffic control instruments). This directive is intended to ensure greater inter-operability in the transport system and create an efficient cooperation system between all parties interested in the ITS. The four priority areas identified are: (i) better use of traffic routes and journey data; (ii) management of European transport corridors; (iii) road safety; and (iv) integration of vehicles into transport infrastructure. All these objectives will allow road transport to become more efficient, safer and greener, and will ensure better inter-operability with other modes of transport and, for this reason, creating the conditions for an effective application of ITS systems. The agreement made with the Council, and outlined in this recommendation, will, in the words of the rapporteur, pave the way 'to make up for delays on ITS applications and services and remove inefficiencies on travelling by making transport more efficient, safer and secure while contributing to the policy objective of making transport cleaner'.

**José Manuel Fernandes (PPE), in writing. – (PT)** Establishing a framework for the implementation of a system that promotes the coordinated interconnection and sharing of information between the different

intelligent land transport systems will be key to ensuring greater efficiency in land mobility within the European Union.

Bringing together and harmonising the full potential of the different information systems on land traffic, which currently work in a disjointed way, independently of one another, will have great economic and social advantages, and also in terms of quality of life, allowing safer and more environmentally friendly travel planning, and shorter or quicker journeys. Better public management of infrastructure and transport policy development will also be crucial. If this initiative is to have a greater impact, I would like to point out the importance of developing specifications for road transport, particularly with regard to connections with other types of transport.

I support Parliament's position on engaging Member States in deploying applications and interoperable services for intelligent transport systems, along with stressing the need to ensure seamless access and the creation of an efficient mechanism for cooperation between all interested parties.

**Nathalie Griesbeck (ALDE)**, *in writing*. – (FR) I voted enthusiastically for this report, because it promotes the development of so-called intelligent transport systems; that is, the use of new technologies in the field of transport. These systems will enable better monitoring and management of road traffic, as well as greater safety and security for users of road transport. They will allow for the provision of safer and cheaper road transport, as well as the reduction of traffic jams and greenhouse gas emissions. In this respect, the adoption of this report represents a great advance for Europeans, who will be the prime beneficiaries of the arrival of these new transport-related technologies, and I am pleased about that.

**Juozas Imbrasas (EFD)**, *in writing*. – (LT) I voted for this document, because it would accelerate the implementation of intelligent transport system solutions. In the last few years, these solutions were implemented slower than those of other modes of transport with fragmented deployment which leads to a patchwork of national, regional and local solutions. The deployment of advanced transport systems should be welcomed and we must do this by cooperating closely with all relevant public and private sector actors. Therefore, the agreement paves the way to make up for delays and remove inefficiencies when travelling by making transport more efficient, safer, cleaner and reducing journey times, and this would clearly be beneficial to transport users.

**Nuno Melo (PPE)**, *in writing*. – (PT) The deployment of intelligent transport systems for road transport and its interfaces with other types of transport are essential in ensuring the operability of systems, guaranteeing seamless access to all forms of transport and the creation of mechanisms for cooperation between all stakeholders in the implementation of intelligent transport systems. The approval of this draft legislative resolution is an important step towards deploying intelligent transport systems.

**Andreas Mölzer (NI)**, *in writing*. – (DE) If intelligent traffic systems are actually implemented, they must be interoperable. This is where the confusion with the mobile phone chargers was a lesson to us: common standards need to be established beforehand. Some thought was also given to mutual recognition and data protection, hence why I am giving my approval.

**Raül Romeva i Rueda (Verts/ALE)**, *in writing*. – The Greens/EFA have supported the Jensen recommendation on 'Intelligent Transport Systems'. The agreement with the Council was adopted and the directive has been finalised at second reading.

**Oreste Rossi (EFD)**, *in writing*. – (IT) We voted in favour of this report as it provides a framework for enacting intelligent transport systems in the Member States with the aim of creating a coordinated and integrated system. Particular attention must be paid to the issue of privacy, listing key principles that shall have to be used for future actions.

**Vilja Savisaar (ALDE)**, *in writing*. – (ET) I welcome the fact that in today's vote, we approved the use of intelligent transport systems in road transport and their interfaces with other modes of transport. In the Committee on Transport and Tourism, I have repeatedly drawn attention to the usefulness and necessity of intelligent transport systems and also, of course, the associated effect of their use on both transport and the environment. It is good that the Council has moved away from their initial view and that they support the rapid and wide-scale implementation of these systems. In a nutshell, we can say that intelligent transport systems will help us to ensure smooth and seamless traffic, to increase the safety of passengers, and to save the environment.

**Report: Dirk Sterckx (A7-0064/2010)**

**Diogo Feio (PPE), in writing.** – (PT) All measures aimed at simplifying procedures and exempting transport within the EU from unnecessary formalities are welcome and deserving of my support. We cannot forget that more bureaucracy means greater costs for companies and, often, loss of efficiency, which cannot be allowed in the times of crisis through which we are currently struggling. We know that administrative burdens (and the additional costs resulting from them) have made maritime freight transport less attractive and have been a serious impediment to its full development; this is despite this form of transport being less environmentally harmful and, for this reason, the one which should be most encouraged and supported, in a context of clean development. It is for this reason that I enthusiastically support the proposal for administrative simplification (through reduced customs formalities, guidelines for plant health inspections, and the rationalisation of documents) currently being presented, and am hoping that this will provide a boost to maritime transport within the EU.

**José Manuel Fernandes (PPE), in writing.** – (PT) In this time of severe economic crisis and sluggishness in the various sectors, compounded by difficulties in the public finances of the Member States, I believe that simplifying legislation and regulations should be a priority, so as to make operating conditions for businesses and institutions more efficient.

Shipping is subjected to complex administrative procedures, even for ships sailing between two EU ports and which do not enter the ports of third countries, and this incurs charges and unnecessary costs. I therefore support measures to reduce bureaucracy which make the use of new technologies worthwhile and enhance the concept of the single European area, abolishing complex administrative procedures and ensuring further gains by reducing administrative burdens.

This initiative to exempt intra-European maritime transportation of goods from red tape and streamline procedures in the ports of different Member States is crucial in promoting a European maritime transport area without barriers and in ensuring conditions for more attractive, efficient, economic and environmentally friendly transport services.

**Nathalie Griesbeck (ALDE), in writing.** – (FR) I voted with conviction to adopt the legislative resolution, because it makes provision for the simplification of administrative formalities applicable to ships entering or exiting the ports of Member States. I am pleased that it was adopted with a resounding majority. Now, ships will no longer be subject to complex and repetitive administrative formalities: a standard formula will be established, as well as a new electronic system which will allow for the rapid and simple sharing of information between the ship and the port authority. This report represents a vital step towards the creation of a large European sea network without barriers, which I have been calling for for several years.

**Juozas Imbrasas (EFD), in writing.** – (LT) I supported this report because maritime transport is subject to complex administrative procedures, even in the case of ships moving between two EU ports which do not call at a port in a third country. As a result, there are additional administrative burdens, and thus additional costs, related to the transporting of goods by ship. This makes maritime goods transport less attractive and means that it is not used to the optimum extent. We need to promote the wider use of electronic data exchange and the introduction of 'e-maritime systems', a single window, reduce formalities, rationalise flux and space in ports, use a common language and simplify the procedure for obtaining a Pilotage Exemption Certificate.

**Nuno Melo (PPE), in writing.** – (PT) Maritime transport is undoubtedly one of the most environmentally friendly modes of transport, and it should therefore be encouraged so that it can help in achieving the objectives relating to the environment set out by the EU 2020 strategy. At a time of international crisis, the increase in this type of transport involves the reduction of costs contained in administrative tasks required of shipping companies. Thus, the formalities required by EU legislation should be simplified and harmonised. Creating a large European transport area without barriers is essential.

**Raül Romeva i Rueda (Verts/ALE), in writing.** – The Verts/ALE Group supported the Sterckx report on formalities for ships at seaports. The agreement with the Council was thus adopted and the directive has been finalised at first reading.

**Oreste Rossi (EFD), in writing.** – (IT) Notwithstanding the fact that the creation of a European maritime transport space without barriers is of crucial importance for European maritime transport, since it extends the internal market to intra-European maritime transport through the abolition of obstacles and the simplification of the administrative procedures to which it is subject, we have abstained in the vote as the report includes some sensitive items such as data protection.



**Nuno Teixeira (PPE)**, *in writing*. – (PT) The achievement of free movement in the European Union also includes the realisation of the concept of a European maritime space without frontiers, in which the goal is to abolish or simplify controls applied to ships and goods within the EU. The declaration formalities required of ships when arriving or leaving Member State ports should, therefore, be simplified and a system of electronic data transmission introduced (the SafeSeaNet), with which national systems should be inter-operable, accessible and compatible.

Considering that a maritime space with less formal obstacles will enable maritime transport to become more attractive and more efficient and, consequently, to contribute to promoting connected activities, namely in related coastal zones, such as in the case of islands, I am voting in favour of the measures proposed in the present report.

#### **Report: Mathieu Grosch (A7-0189/2010)**

**John Attard-Montalto (S&D)**, *in writing*. – One major problem aviation has in reducing CO<sub>2</sub> emissions is that it has a very limited abatement potential, even though one is here talking of 2% of the man-made emissions (these are 3% of all emissions given that nature emits 97%). The only areas where it can reduce CO<sub>2</sub> are through: better technology – the latest are already employed; operational procedures – the price of fuel made sure that they were introduced; Single European Sky – this depends on governments and is a debate which started 40 years ago: the only thing we got last April was a Single Empty Sky with the volcanic ash crisis, an act of God for which airlines have had to foot the bill; and biofuels – unless there is serious government/EU investment, these will never see the light of day in commercial quantities.

The EU airline industry is already in dire straits. What is being suggested in the report does not bode well for a sustainable future for transport, particularly if one intends to guarantee the freedom of movement enshrined in the treaty for those people like the Maltese not having access to an alternative mode of transport to reach the rest of the EU and other parts of the world.

**Sophie Auconie (PPE)**, *in writing*. – (FR) We need to reflect deeply on the future of the European transport system for three reasons: the enlargement of the European Union to 27 Member States, our environmental responsibilities and our commitment to the safety of passengers. This reflection is the subject of this report, which I believe is relevant in at least two ways: first, on the idea of 'efficient comodality', which asserts complementarity rather than competition between the different modes of transport, and second, regarding the necessity of transport sustainability, which requires us to work towards the 'decarbonisation' of transport as well as the development of intelligent transport systems. However, I supported the amendment submitted on point 32, which introduced the notion of a European transport fund. It seems to me that an independent fund dedicated to transport would risk undermining the consistency of the cohesion policy, 60% of whose funds are allocated to transport. The reflection on the organisation of the structural funds must be carried out jointly and in a global manner within the context of the next multiannual financial framework.

**Liam Aylward (ALDE)**, *in writing*. – (GA) I voted in favour of this report because there is a need for a clear and consistent policy in the transport sector. Transport matters are at the heart of the single market: the transport sector creates jobs, gives aid and assistance to businesses throughout Europe and encourages sustainable growth and competitiveness in Europe.

Better performance and higher environmental standards are being sought in this report. In addition, priority must be given to security in transportation policies, and the report asks the Commission to have a study carried out on security standards and on provisions regarding driving too quickly in Member States in order to promote best practice.

In my opinion, definite targets must be set if significant results are to be achieved. This report mentions a target of a 40% reduction in deaths and serious injuries to road users, pedestrians and motorists alike. Ireland has done well in this regard already, and this year, has received praise from the European Transport Safety Council. Since 2001, there has been a 41% decrease in fatalities on the roads of Ireland, and this report can add to that improvement.

**Zigmantas Balčytis (S&D)**, *in writing*. – (LT) The transport sector is very important for trying to establish the European common market. Furthermore, this sector is an important element of the development of the EU and its regions because it is responsible for creating 10% of the EU's gross domestic product and more than 10 million jobs. Therefore, we must ensure greater accessibility to transport and the establishment and improvement of infrastructure links and promote the use of various types of transport. We must also combat the main problem, the negative impact of traffic on health and the environment, and achieve a reduction in

the amount of CO<sub>2</sub> emitted by transport using sustainable measures such as the coordination of energy obtained from different sources, support for scientific research and the development of technologies and modes of transport that are less harmful to the environment. However, in order to achieve these tasks, we need more funding, not just from Member States, but also EU funds.

**Maria Da Graça Carvalho (PPE)**, *in writing*. – (PT) The transport sector is vital in Europe in terms of the service that it offers to the European public, and also in terms of employment and environmental impact. This resolution establishes the main thrust of European transport policy for the next 10 years, with particular attention paid to reducing the impact of transport systems in responding to the problem of climate change. Transport is responsible for 25% of CO<sub>2</sub> emissions in Europe. It is crucial to have cleaner vehicles and more efficient transport systems in order to reduce this impact.

**Marielle De Sarnez (ALDE)**, *in writing*. – (FR) The report on 'A sustainable future for transport' is a positive signal in favour of a Europe of efficient and integrated transport. Without speeding up the procedures of mutual recognition and authorisation of vehicles, access to the market will continue to be long and costly. Less road transport, more railway, river and sea links for freight, an environment which is safeguarded and protected – these projects draw us a picture of an ideal Europe. The reality is a bit different, however. All of these projects are late because of a lack of political will, coordination between the Member States, and financing. There is not much evidence of collective ambition. From now until 2020, the European Union will have to face many challenges: the next European Commission White Paper on European transport policy for the next ten years represents an opportunity to develop a global, integrated and transverse strategy, one which is able to respond to the challenges of the coming years. The resolution which we have just adopted is a strong signal to the European Commission, a first stepping stone for this strategy, and aims to give transport its place in European policy once again.

**Edite Estrela (S&D)**, *in writing*. – (PT) I voted in favour of the report on a sustainable future for transport, as transport sustainability is fundamental, not only from the environmental viewpoint, but also for the social, economic and territorial cohesion of the EU. Greater efforts and innovative ways of investment are needed that will make it possible to finish a trans-European transport network and ensure the sustained development of transport in the medium and long terms.

**Diogo Feio (PPE)**, *in writing*. – (PT) According to the data in the report, the transport sector in the EU accounts for 10% of the wealth (GDP), provides employment for over 10 million people and is responsible for 25% of total CO<sub>2</sub> emissions. These figures make it even more evident that to speak of the future of the EU, to speak of the EU 2020 strategy, or even to speak of cohesion policies is also to speak of transport. If transport policy should prioritise the safety of passengers and of users (and for this reason, we have today approved two initiatives regarding passenger rights), it cannot forget other goals such as the coherent and harmonious development of all regions, linking the coast and the interior and large cities to more depressed regions, or environmental protection and reducing CO<sub>2</sub> emissions, giving priority to the least polluting, such as maritime and rail transport, which should be made a priority for freight transport. A suitable and efficient transport network is fundamental for establishing the internal market in practice and allowing the free movement of people and goods. For this reason, we have also voted today for a proposal on Intelligent Transport Systems (ITS) that will enable a more integrated, safer and more efficient Europe.

**José Manuel Fernandes (PPE)**, *in writing*. – (PT) The transport sector is of great importance in the European internal market. This sector effectively enables the free movement of people and goods throughout the EU. It is also an essential element in the development of the EU and its regions, and it has a direct bearing on social cohesion in the regions. Therefore, transport policy should not be divorced from other policies, be they regional, environmental, economic, social or employment. In terms of gross domestic product, the transport sector produces 10% of EU wealth and is responsible for over 10 million jobs, but it also causes about 25% of total CO<sub>2</sub> emissions. I would therefore like to point out that the decarbonisation of transport should be a priority. In this context, it is worth noting the possibility of internalising external costs.

However, this can only contribute significantly to reducing exhaust gases, noise and bottlenecks in transport if two conditions are met: on the one hand, the internalisation of external costs should cover all modes of transport, and, on the other, revenues should benefit sustainable infrastructure.

**João Ferreira (GUE/NGL)**, *in writing*. – (PT) The report includes guidelines for the future of the transport sector that we consider to be indisputably necessary, such as investing in modes of transport that are more environmentally sustainable and linking them up suitably, drawing up sustainable urban mobility plans, promoting public transport, recognising passenger rights, especially for those with reduced mobility, and

adopting measures aimed at increasing road safety and respect for the rights of workers in the sector. Nevertheless, this statement of guidelines to be followed runs counter to the emphasis placed on concluding the internal market; in other words, it runs counter to the insistence on deregulating the sector, whether in rail transport, in maritime transport and coastal transport, or in air transport.

As the experience (omitted from the report) in various Member States clearly shows, dismantling the public transport sector, privatising it and then subjecting it to the logic of profit, thereby removing it from democratic control by the public, leads to results that run exactly contrary to the intentions expressed in the report. The result is an infamous deterioration in the service, with its social function being cut away and ceasing to be a characteristic feature, at the level of safety, of quality and accessibility, or of workers' rights, among other issues.

**Carlo Fidanza (PPE)**, *in writing*. – (IT) The Grosch report is an excellent starting point as we await the European Commission White Paper. Greater development of comodality and interoperability, a particular focus on the issue of safety (to be guaranteed in some sectors through the enhanced role of the agencies), the completion of the single market and investment in ITS research and development are the guidelines to be followed. However, one of the greatest challenges ahead, without which the other objectives are liable to be ignored, is that of guaranteeing adequate funding for the TEN-T networks, starting from the next financial perspective, through the creation of an appropriate fund. From this perspective, the Mediterranean must be viewed as a natural link between the EU and the emerging markets of the East of the world. Lastly, I agree on the need for greater investment in urban mobility and in more modern freight transport logistics so as to ease congestion in urban areas and reduce pollutant emissions.

**Bruno Gollnisch (NI)**, *in writing*. – (FR) The report calls for safer, more efficient transport which causes less pollution. In other words, nothing but very conventional and very obvious things.

However, several points kept our attention and motivated our vote against the report. the constant focus on CO<sub>2</sub> emissions with binding targets, while the SO<sub>x</sub> and NO<sub>x</sub> emissions of marine transport are only mentioned in passing and, in fact, are endowed with ecological virtues; the proposal to create a European road transport agency, whose relevance is dubious to say the least, given the criticisms of reduced efficiency, significant costs, and the haphazard management of numerous existing European agencies; the proposal to create a European transport fund, and thus additional expenses, without providing any details of how it will be financed; and, above all, the assertion once again that increased liberalisation of the sector, and an increase in coastal navigation, would solve all our problems.

Yet we know that this liberalisation has had negative effects, particularly on the maintenance of existing railway infrastructure, and thus on safety. We also know, or we should know, the extent to which opening up national transport to foreign operators poses problems of unfair competition.

**Ian Hudghton (Verts/ALE)**, *in writing*. – Parliament today has sent out a strong message that Europe must move towards more sustainable transport. My own country, Scotland, has some of the most ambitious climate change legislation in the world and the Scottish Government is active in promoting sustainable transport initiatives including support for cycling and walking, low carbon vehicles and alternative fuels. Today's vote calls for more joined-up thinking across the whole of Europe.

**Bogusław Liberadzki (S&D)**, *in writing*. – (PL) I endorsed the final version of the report. I have great reservations about the outcome of the vote on Amendment 6, which was tabled by a group of Members from the Group of the European People's Party (Christian Democrats).

The essence of the original text was that unused resources from the Cohesion Fund can be used for the investment requirements of transport. This is justified by the investment needs of beneficiary Member States, which can very easily be seen from the example of Poland. In addition, we had expected a sum of around EUR 23 billion for TEN-T, but we received three times less than this. Amendment 6 does not provide any additional resources for transport, and it does not release resources which are not used for their planned applications. Instead of making the fund more flexible, we have obtained a fund which has no flexibility at all. I would like to thank the fellow Members who voted to reject Amendment 6.

**Petru Constantin Luhan (PPE)**, *in writing*. – (RO) Transport has a multifunctional nature, with direct influences on economic, social and territorial matters. This is an important factor in the development of the European Union and its regions as it is vital to the European economy. The transport sector generates approximately 7% of the European Union's GDP and more than 5% of all the jobs.

At the same time, transport offers citizens access to many of the freedoms they enjoy, such as the freedom to work and live in different parts of the world, the freedom to do business and establish personal contacts.

I voted for this report because I support the aim of European transport policies. This is to set up a sustainable transport system which will meet all the economic, social and ecological needs of our citizens and to encourage the creation of a society conducive to inclusion and of a fully integrated, competitive Europe.

**Jean-Luc Mélenchon (GUE/NGL)**, *in writing*. – (FR) This text does not provide the resources to introduce the high social and environmental standards which are essential in the transport sector. By setting itself in the context of the carbon market, by allowing for the possibility of increased air traffic, by advocating the determined liberalisation of this sector in order to increase competitiveness, this report reduces all ecological requirements worthy of the name to nothing.

By only concerning itself with infrastructure and never with the wage conditions of the employees in this sector, it displays the social indifference that is a signature of the damaging liberalism which is killing the European project. I am voting against this report.

**Nuno Melo (PPE)**, *in writing*. – (PT) The transport sector is crucial to the economic development of the EU and its regions, with direct influence on competitiveness and social cohesion of the regions. It also contributes to the development and consolidation of the internal market. Given its importance in the economy, this sector will play a key role in the EU 2020 strategy, especially with regard to the reduction of CO<sub>2</sub> emissions. Thus, despite its importance to the economy, employment and professional and private mobility among the public, there needs to be investment in improving transport in environmental terms, especially road transport, along with safety, as this sector was responsible for the death of approximately 39 000 people in 2008. Thus, despite the crisis which adversely affected this sector, this is the time to undertake a major transformation of the sector, making it safer, more sustainable and more efficient.

**Andreas Mölzer (NI)**, *in writing*. – (DE) We are as far away as ever from achieving sustainability in transport. The problem is not just the lack of coordination within countries, but between them as well, as illustrated by the example of cross-border rail transport. We are way behind schedule even with the important transport links featuring in the TEN projects, not to mention that we are miles away from the coordinated timetables which have been requested again. This report is basically almost a rehash of old, unfulfilled strategies. That is why I abstained.

**Cristiana Muscardini (PPE)**, *in writing*. – (IT) The text adopted in plenary pushes Europe to take a step forward in a particularly delicate sector such as transport, which is the fulcrum of the single market. The movement of people and goods depend on it and it ensures the necessary territorial cohesion for employment and economic growth, with ramifications for costs and protection of the environment.

We are of the opinion that more attention should be paid to safety in the transport sector as well, in terms of safety for the goods transported, for passengers and for the network in general.

The European economy, and therefore employment, depends on the sustainable future of transport. Consequently, the Union must work quickly to provide Member States with some urgent objectives such as the timeframe for the realisation of small infrastructure, the lack of which hinders the smooth flow of goods and people, causing serious damage to the economy and worsening pollution.

We therefore need similar timeframes across Europe for the completion of these works, as well as certain timeframes for the repair of roads or railways closed owing to natural or unforeseen events. The conversion of some road transport to transport by rail or water, to this day slowed down by too many delays, is necessary to avoid the loss of jobs and the consequent impoverishment of part of the population.

Finally, particular attention must be paid to peripheral or disadvantaged areas which remain so due to a lack of enough viable infrastructure.

**Alfredo Pallone (PPE)**, *in writing*. – (IT) I voted in favour of the Grosch report because I believe that the guidelines and the requests that it contains are balanced and aim for sustainable development of transport that both supports a sector of strategic importance for economic growth and the growth of Europe itself, while also addressing environmental issues.

The transport sector contributes to the development and competitiveness of the EU and to the completion of the internal market, and also affects citizens' quality of life. Comodality, quality of public services, improved long-term plans for infrastructure and technical interoperability, and support for technological innovation,

research, energy efficiency, clean technologies and safety are crucial factors that I hope the Commission will take into account when drafting the forthcoming White Paper.

**Rovana Plumb (S&D), in writing.** – (RO) Decarbonising traffic is a significant political goal, which should be tackled with greater commitment in the future as the adverse effects on health and the environment caused by transport are another substantial challenge, especially in the context of the efforts to combat climate change.

This decarbonisation can only bring about a significant reduction in the volume of exhaust gases, noise and also traffic bottlenecks if two conditions are met: external cost internalisation must cover all modes of transport and the revenue obtained must be used to improve infrastructure sustainability.

The effects of the financial and economic crisis on the transport sector must not be overlooked as this sector proved to be very vulnerable to the crisis. I believe that this crisis must be seen as an opportunity to offer targeted support to the transport sector in future by encouraging investments. These investments should not just provide swift assistance, but also help improve environmental performance and safety and also create new green jobs through developing both national instruments and European political instruments. The Commission and Member States must continue to exchange best practices (for example as part of the Mayors' Convention and the CIVITAS initiative), offering communities the chance to learn from the experience of other European citizens.

**Raül Romeva i Rueda (Verts/ALE), in writing.** – The Grosch own-initiative report on a sustainable future for transport was adopted by a large majority (559 in favour; 34 against; 82 abstentions). The Verts/ALE Group voted in favour. Unfortunately, our Amendments 4 (on a 30% CO<sub>2</sub> reduction for the entire transport sector (169 in favour; 497 against)) and 5 (on sustainable EU infrastructure cofunding criteria (123 in favour; 540 against)) were rejected. Also, the REGI Committee's Amendment 6 (on coordinating EU transport cofunding instead of creating a transport fund) was rejected by a narrow majority (311 in favour; 364 against).

**Oreste Rossi (EFD), in writing.** – (IT) The proposal serves as a basis for the preparation of the Commission's White Paper, with particular regard to protection of the environment. We support the resolution despite the risks posed by overly extremist stances already taken by Parliament. We must balance the need to protect the environment with the current economic crisis we are experiencing. We look positively on the heavy emphasis on safety.

**Eva-Britt Svensson (GUE/NGL), in writing.** – (SV) This report will affect a forthcoming Green Paper on an integrated transport policy. I voted against the report, as it advocates the total liberalisation of transport policy. The Member States are to be forced to relinquish large parts of their fiscal and social policies, as well as areas such as education and training – matters that fall within the competence of the Member States.

**Nuno Teixeira (PPE), in writing.** – (PT) I consider the transport sector to be essential to the development of the European Union and its regions, given its influence on competitiveness and the economic, social and territorial cohesion of the regions, and its contribution to the effective creation of the internal European market. It is important to anticipate the future of transport in terms of sustainability and inter-operability and in this sense, I welcome the proposals of the document that stipulates the goals to be attained by 2020, with the aim of reducing CO<sub>2</sub> emissions and their harmful consequences. I also view in a positive light the idea of efficient comodality, which is even more relevant in outermost regions such as Madeira, particularly as regards the interlinking of road, maritime and air transport.

I do not, however, support the initiative to create a specific fund to promote the transport sector, as I consider that such financing should continue to be carried out by the various already existing means and guided by the priorities of the cohesion policy, the coordination of which should be facilitated in the execution of the various European policies.

**Silvia-Adriana Țicău (S&D), in writing.** – (RO) I voted for the Grosch report on a sustainable future for transport as I believe that its recommendations ought to feature in the future White Paper on the development of trans-European transport.

The transport sector is a key sector for the EU's economic development and competitiveness, and for its economic and social cohesion. Unfortunately, however, the finances allocated to this sector are inadequate. The TEN-T budget for the 2007-2013 period is just EUR 8.013 billion, while the funds allocated to transport through the cohesion policy are a mere 11% of the total budget allocated to this policy.

I call on the EU to allocate additional finances for developing the trans-European transport system and integrating it with the transport systems in the EU's neighbouring countries. This is why I voted against Amendment 6. This amendment intends to replace the setting up of a transport fund which will have more resources than those already in the EU budget with a mechanism for coordinating the use of the various current sources of transport funding. It goes without saying that the EU must coordinate the existing sources of transport funding better, but it is absolutely essential to create new instruments for funding the work involved in developing the transport infrastructure.

**Viktor Uspaskich (ALDE), in writing.** – At present, the Baltic States are, to a large extent, isolated from the European transport network. We must strive to integrate the Baltic Sea region more closely into the TEN-T priority axes, including the rail axis from Berlin to the Baltic coast (TEN-T 1) and the Motorways of the Sea (TEN-T 21). More emphasis should also be put on short sea shipping and inland waterway transport, which is cost-efficient as well as increasingly environmentally friendly. In order to remain competitive in the future, many European ports – such as Klaipėda in Lithuania – need to modernise their infrastructure. However, the effects of the financial crisis on the transport sector should not be overlooked. Given the scale of necessary transport investments, it is vital to ensure European cooperation and to prioritise projects prudently. There is more to transport than merely trucks, traffic and tariffs. Transport also relates to the freedom of movement for persons and goods, as well as the development of the European single market. It also boosts employment. Above all, as recent high-profile train and plane crashes tragically reminded us, safety must continue to be one of the priority areas of future transport policy.

**Artur Zasada (PPE), in writing.** – (PL) I was pleased to hear the results of today's vote. The Grosch report has proposed the achievement of unusually ambitious objectives by 2020. Among others, it supports improving road safety, reducing fatal accidents by 40%, reducing road transport CO<sub>2</sub> emissions by 20% and doubling the numbers of passengers in buses, trams and trains.

I agree with the overall message of the document: it is essential to create a sustainable and cohesive vision of the future of transport as a fundamental sector for the internal market, which would guarantee free movement of persons and goods and would ensure the territorial cohesion of the entire European Union.

I could not, however, agree with one of the rapporteur's proposals. I have doubts about the proposal to create a transport fund. In the future, this might cause a departure from the current system of separating structural funds from the Cohesion Fund.

#### **Report: Carlos José Iturgaiz Angulo (A7-0186/2010)**

**Sophie Auconie (PPE), in writing.** – (FR) The Treaty of Lisbon enabled us to confirm the right to present petitions to the European Parliament, which fits in well with the process of creating a European citizenship. However, the persistent confusion between European and national competences and the competences of European institutions underlines the fact that European citizens are not yet totally aware of their rights. This is why, by voting for this report, I supported the introduction of better information relating to the petitions procedure. A European petition must allow citizens to share with Parliament their concerns about the impact of various European Union policies and legislation on their everyday lives. This report also proposes various possibilities which seem reasonable to me, such as improving the website dedicated to petitions on the parliamentary portal, or the introduction of a single information point which could provide guidance to citizens.

**Carlos Coelho (PPE), in writing.** – (PT) Parliament is directly elected by the public. Through the right to petition, the European public has the opportunity to approach its representatives if it feels that its rights have been violated. Parliament has an obligation to investigate the situation and do everything within its power to stop these violations, providing the public with the most appropriate and rapid remedies. The number of petitions has been increasing, although not all of them have been admitted, which shows that increasing numbers of individuals are becoming aware of this right. This allows an assessment to be made of the impact of European legislation on the everyday lives of citizens.

The Treaty of Lisbon reaffirmed this right as a cornerstone of European citizenship, and created the necessary conditions for greater public participation in the EU decision-making process, so as to reinforce its legitimacy and responsibility. I believe that it is vital to create incentives for greater participation. The creation of a portal which includes an interactive model with different steps for petitions could help with this, by informing the public about the possible outcomes of petitions and the areas covered.

**Mário David (PPE)**, *in writing*. – (PT) I am voting for the main points of this report, and I congratulate the Committee on Petitions for the work done in 2009. This was a particularly challenging year for a committee whose agenda is set by the public exercising their right to petition Parliament.

The entry into force of the Treaty of Lisbon reaffirms the right to petition as a cornerstone of European citizenship. However, statistics on the number of inadmissible petitions show that the right to petition as a tool that allows the European public to put its concerns before Parliament about the effect of policies and European legislation on everyday life is not yet being correctly used by all those who turn to it.

This fact demonstrates the need to continue efforts to inform and clarify for the European public the EU mechanisms and instruments at their disposal. Thus, I welcome the proposal for the creation of a single European Union window aimed at guiding members of the European public when they seek answers and solutions to all the issues perceived as violations of their rights.

**José Manuel Fernandes (PPE)**, *in writing*. – (PT) The Treaty of Lisbon, which came into force on 1 December 2009, created the necessary conditions for greater public participation in the EU decision-making process, with a view to reinforcing its legitimacy and responsibility. It is clear that European legislation has a direct impact on the public. Therefore, the public should be encouraged to have a strong participatory approach, so as to comment on the effectiveness, weaknesses and loopholes in legislation. The right to petition enshrined in the Treaty of Lisbon makes provision for the possibility of the European public approaching Parliament whenever they feel that their rights have been violated.

Through its Committee on Petitions, Parliament investigates and seeks to resolve any infringements. I am sure that Parliament will be involved in formulating the right to the Citizens' Initiative, so that this tool can fully achieve its objectives and ensure greater transparency and responsibility in the EU decision-making process, allowing the public to propose improvements or additions to EU law.

**Nuno Melo (PPE)**, *in writing*. – (PT) The annual report of the Committee on Petitions demonstrated that the European public is increasingly approaching its representatives when it feels that its rights have been violated. It is therefore important to improve access to petitioning for those interested, particularly through the Internet and electronic media. Most petitions continue to express concern regarding the implementation of European legislation on the internal market and the environment, as these are the areas in which the Member States are most likely to fail to implement Union directives.

**Alfredo Pallone (PPE)**, *in writing*. – (IT) I voted in favour of the annual report by the Committee on Petitions.

With the entry into force of the Treaty of Lisbon, the necessary foundations have been laid for citizens to participate more fully and responsibly in the European Union decision-making process. Petitions are an excellent and fundamental tool for monitoring the application of EU law by Member States and, from that point of view, cooperation with competent national and local authorities and with the Commission – with which it is essential to promote a different and more effective level of cooperation – is vital.

Promoting the citizens' initiative is, in fact, essential for reducing that gap that citizens feel exists between themselves and the European institutions. This mechanism aimed at reducing the famous democratic deficit must be further strengthened and developed and, above all, must be brought to the attention of European citizens. I therefore welcome the initiatives proposed with regard to development and dissemination via new technologies, including the Internet in particular.

**Raül Romeva i Rueda (Verts/ALE)**, *in writing*. – The Iturgaiz report on the deliberations of the Committee on Petitions during the year 2009 has been adopted with a broad majority, without roll-call votes. I am a bit upset, however, because we, Greens/EFA, lost four amendments out of five: on the Committee on Petitions' right to examine judgments by national courts when these violate EU law; on the Commission's responsibilities vis-à-vis infringement proceedings; on raising concrete examples of petition cases in the annual report; and on the internal procedures and working methods of the Committee on Petitions. The only amendment of ours adopted was a recital on the prohibitive cost of court procedures in some Member States. Thus, the outcome could have been better.

**Marie-Christine Vergiat (GUE/NGL)**, *in writing*. – (FR) I voted in favour of this European Parliament resolution because it deals with the 2009 activity report of Parliament's Petitions Committee. Throughout this resolution, this committee takes stock of the situation regarding one of the direct rights available to European citizens for making their point of view count at the level of the European institutions. This is therefore an instrument of democracy and citizenship.

The major themes of the petitions concern the environment, fundamental rights, justice and the internal market, and essentially originate from Germany, Spain, Italy and Romania.

I am very pleased with the progress that has been made in implementing the recommendations of the European Parliament's Petitions Committee for improving its work, but also with the proposals made in order to allow this right to be better exercised by European citizens, such as the demand for simplification of the procedures and, in particular, the possibility of starting a petition via the Internet.

I do have one small regret: that French citizens make very little use of this procedure.

**Jarosław Leszek Wałęsa (PPE)**, *in writing*. – I voted in favour of the report by Mr Carlos Iturgaiz on the deliberations of the Committee on Petitions during 2009. Even though the report was mostly technical in nature, I believe it touched on some important issues that should be addressed in the future. According to the report, 46% of submitted petitions in 2009 were deemed inadmissible. This is far too high a number. As such, I strongly support the report's recommendation for improving the information available to the citizens through the petitions web page on the EP portal. Petitions are important because they give the European Parliament a means to connect with its constituencies and vice versa. It is vital that citizens understand what specific issues petitions deal with and, subsequently, what courses of actions are available to them.

#### **Report: Emilie Turunen (A7-0197/2010)**

**Elena Oana Antonescu (PPE)**, *in writing*. – (RO) Promoting access to the labour market and good quality jobs were key priorities of the Lisbon Strategy for growth and jobs and of the European Youth Pact. These objectives must be maintained through sustained efforts from both Member States and the European Commission. The own-initiative report voted on today includes a number of provisions which highlight the need for Member States to step up their efforts in devising coherent political strategies which will focus on labour supply and demand and tackle both the quantity and quality of employment opportunities, thereby helping promote access to the labour market for young people.

**Alfredo Antoniozzi (PPE)**, *in writing*. – (IT) I voted in favour of this document because I am aware that the consequences of the financial crisis are being strongly felt by young Europeans, whose unemployment rate stands at around 20%, twice that of the overall EU unemployment rate, and unfortunately, it is destined to increase further. There is, therefore, a need for strategies aimed at promoting and facilitating access for young people to the labour market and at making the transition from the school/academic environment to the working environment stronger and more fluid.

**Sophie Auconie (PPE)**, *in writing*. – (FR) The economic recession that has affected the whole European Union has exposed young people more than ever to the risks of job insecurity and, in particular, to unemployment. Job insecurity among young people has a cost which is not just economic but is, above all, social. This own-initiative report aimed to identify the current difficulties and to propose some solutions. In terms of its essential aspects, it calls for the development of economic and political investments promoting the creation of jobs, education and training, the strengthening of social security systems, making the labour market more dynamic and promoting decent work. As I am completely in agreement with these objectives, I voted in favour of this report. Of course, this is not just a question of affirming these objectives loudly and clearly. Rather, we must, from now on, run a genuine economic and social policy at European level in order to improve young people's access to the labour market.

**Mara Bizzotto (EFD)**, *in writing*. – (IT) I cannot but support Mrs Turunen's report on promoting youth access to the labour market, strengthening trainee, internship and apprenticeship status. Indeed, the youth employment crisis is one of the most worrying issues of today and is one of the consequences of the economic crisis which require immediate and concrete intervention.

My amendments to the text were inserted in this vein. My interventions underline, on the one hand, the importance of the link between the world of training and European businesses in order to create the skills required, and on the other, the importance of flexicurity, which reconciles the needs of businesses and young workers.

**Sebastian Valentin Bodu (PPE)**, *in writing*. – (RO) Approximately one quarter of young people under 25 in the European Union do not have a job at the moment. In actual figures, this means that nearly 6 million young people are currently unemployed. This reality is also reflected by the paucity of the national budgets which spend money to maintain these young people without collecting taxes and duties from them.



The development, at European level and national level within each of the Member States, of programmes for encouraging the employment of this huge repository of human resources, fresh out of school, still brimming with enthusiasm, cannot but yield excellent results from an economic perspective for everyone.

This is the first time in the last 30 years that Europe has faced such drastic figures in terms of the number of young people employed in work. As certain studies highlight, there is every possibility for the young unemployed that this state of affairs will recur throughout their lives. The only possible outcome from this is a needless long-term burden shouldered by European and national budgets.

**Nikolaos Chountis (GUE/NGL), in writing.** – (EL) I abstained from voting for the report because, despite its positive points on the rights of young workers contained in the report in its initial form, unfortunately certain very negative amendments were passed in the Committee on Employment and Social Affairs. Also, despite her attempts to support the labour rights of young workers and provide them with social services, the rapporteur has, unfortunately, insisted on the flexicurity approach. However, we know that not only is a 'balanced' combination of flexibility and security in the employment of young people impossible, but also that this approach has provoked the restructuring of labour relations and the abolition of basic labour rights and that it operates for the benefit of capital, not for the benefit of the workers and society.

**Carlos Coelho (PPE), in writing.** – (PT) The current economic crisis has led to a huge rise in unemployment rates, and has had an especially harsh impact on young people. Around 21.4% of young people in the EU are unemployed and kept at the margins of the economy; this becomes even more serious if we consider that with the ageing of the population, we are jeopardising the very economic and social future of the EU. It is also younger workers who have the jobs that are the most precarious: often temporary and of a low quality, with lower wages and less social security.

It is essential that new employment possibilities be found that are of a more worthy, regular and permanent nature, and which enable these young people to be self-sufficient. It is up to Member States to invest in job creation at political and economic level. They should ensure equality in access to education, investing in education and training, and strengthening the system of in-school guidance so as to reduce the risk of absenteeism or low grades.

It is the responsibility of the EU to define common strategies and, for this reason, I support the rapporteur's proposal to create a European Youth Guarantee, ensuring that any young person in the EU has the right to receive an offer of employment, an internship or professional training after a maximum period of four months' unemployment.

**Mário David (PPE), in writing.** – (PT) Youth unemployment is one of the most important and urgent problems faced by Europe, currently affecting 5.5 million people under 25 throughout the European Union: a structural problem that has seen its economic and social impacts greatly increased by the recent economic crisis. It is, therefore, with a feeling of responsibility and awareness that youth must be placed among the priorities of the political agenda that I am voting in favour of this report. Other social and economic risks and costs to our societies are associated with this pre-eminent problem of youth unemployment. Among them, for example, are the loss of opportunities for economic growth, erosion of the tax base and their respective consequences in public investment, increased expenses with social assistance, or even the risk of long-term unemployment and social exclusion. I feel that we cannot be resigned to losing young Europeans to social exclusion. On the contrary, Europe has much to gain by including these young people in the labour market and in society, through an integrated approach, strategies in common and a coherent combination of educational, financial, labour and social policies that strengthen our youth policy.

**Proinsias De Rossa (S&D), in writing.** – I support this report, which encourages Member States to create efficient incentives, such as employment subsidies or insurance contributions for young people, guaranteeing decent living and working conditions. There should be better childcare opportunities for young parents, such as all-day schools, and incentives for employers, in both public and private sectors, to set up childcare structures, facilitating the possibility for young mothers to participate in the labour market. Member States are also encouraged to ensure that all young people are individually entitled to a decent level of income that secures for them the possibility of creating an independent adult life. Parliament suggests that the Council and the Commission come forward with a European Youth Guarantee securing the right of every young person in the EU to be offered a job, an apprenticeship, additional training or combined work and training after a maximum period of six months of unemployment. Our youth could become a lost generation with the current crisis. Europe needs to help young graduates and other young people entering the labour market for the first time to gain access to quality traineeships and jobs.

**Harlem Désir (S&D), in writing.** – (FR) Today, more than 20% of young people in Europe are unemployed, and many others are in casual jobs without social protection. The increase in the number of training courses casualises active young people and is a vector for social dumping affecting other employees, in that it puts pressure on companies to lower salaries and replaces normal jobs. The Turunen report asks the Commission and the Member States to organise their activities so that young people's access to high quality training courses and jobs becomes a priority, and in order to guarantee them a decent income.

It is unacceptable that some Member States are planning a lower minimum wage for young people. In this report, Parliament also calls for the introduction of a 'European guarantee for youth', which would give each young person in the EU the right to be offered a job, an apprenticeship, a supplementary training course or a job combined with a training course if that young person has been unemployed for four months. It also calls for the development of a 'European Quality Charter on Traineeships', which would include norms on time limits, minimum allowances and course-related social security benefits.

**Robert Dušek (S&D), in writing.** – (CS) The economic crisis has, of course, also resulted in higher unemployment in the European Union. The impact of this has been heaviest on young people and persons approaching the age of retirement. We have more than 5.5 million unemployed young people up to the age of 25, in other words 21.4%, which is almost double the average unemployment level in the EU. Unemployment among young people is a huge problem. On the one hand, it leads to a loss of hope and ambition among the people affected, as well as their gradual complete social exclusion, the erosion of the country's tax base and higher social spending for the state and, on the other, it brings more poverty, disease and criminality. In Europe, we expect as a matter of tradition that young people will help their parents and grandparents, and particularly that they will help financially in times of economic crisis.

How can they fulfil our expectations when they themselves are unemployed at the point of entry to the world of work? All of the Member States should adopt priorities and strategies based on their domestic situation, but we should have a common EU strategy to combat youth unemployment throughout the Union. Mrs Turunen's report is the first step, and I fully support it.

**Ioan Enciu (S&D), in writing.** – (RO) I welcome the approval of the report on promoting youth access to the labour market, strengthening trainee, internship and apprenticeship status as a step towards improving the quality of work in Europe, which is one of the objectives of the EU 2020 strategy.

Youth unemployment is one of the most pressing problems facing Europe. All Member States must take action and combat youth unemployment by means of political priorities and strategies which reflect the specific situation in their country. At the same time, the EU must be united when it comes to common strategies. This challenge affecting young people requires an integrated, coherent approach which will combine intervention measures at macro-economic and micro-economic level, focus on labour supply and demand and tackle the quantity and quality of employment. A coherent combination of educational, financial, social and employment policies is required.

Economic and political investments in new jobs, education and vocational training in a more dynamic labour market, as well as in decent work, will enable us to transform the European labour market and redirect the current trends towards a better future for young people.

**Edite Estrela (S&D), in writing.** – (PT) I voted in favour of the report on promoting youth access to the labour market, strengthening trainee, internship and apprenticeship status, both of which are fundamental to guaranteeing that it is not youth that pays the price for the current crisis. The participation of young mothers in the labour market by expanding the network of structures for quality childcare must also be promoted.

**Diogo Feio (PPE), in writing.** – (PT) The rapporteur ends her explanation of the reasons with the following exhortation: 'Let's turn Generation Lost to Generation Hope'. I endorse the desire and goodwill that this statement contains, and would like to be more certain that this transformation is still possible. I recognise the existence of a clear separation between school and academic life and the labour market, as well as the need to close this gap so that there is an easier transition from school to employment, and proceed to the evaluation of the suitability of what is taught to professional life. If the current state of those in training is manifestly an improvement on what happened in the past, it is also true that in many cases, effective training that is appropriate to their needs and expectations is not given to today's interns.

**José Manuel Fernandes (PPE), in writing.** – (PT) Given the current economic crisis, today in the EU, we have more than 5.5 million young people under 25 without jobs, a number equivalent to twice the overall

unemployment rate. Youth unemployment results in a heavy social and economic cost to our society, leading to lost opportunities for economic growth, an erosion of the tax base which hinders investment in infrastructure and public services, an increase in social assistance costs and in the underuse of investment in education and training. Europe's young people are a wealth of untapped human resources, and forecasts of the economic and social situation indicate that action is required.

I am therefore pleased with the adoption of this report, which seeks to bring about more inclusion in the work market through better jobs, a smooth transition to the labour market and the fight against insecure working conditions. In this context, I would like to highlight the proposals that I made, stating that the EU budget for 2011 should make young people its priority. I would like to refer again to the proposal to help young people obtain their first job in the European work market through the Erasmus first job programme.

**Ilda Figueiredo (GUE/NGL), in writing. – (PT)** This report certainly gives visibility to the serious problem of youth unemployment, which is currently twice as high as unemployment in general, but does not put forward basic measures to really resolve the situation, which would require a break with the current policies of the Stability Pact and other monetarist, liberal and anti-social policies currently in force.

Although it emphasises the fight against youth unemployment, the promotion of training and employment for youth, and the need to put an end to abuses related to traineeships and training, often unpaid and treated as a substitute for a job rather than as complementary to education and training, the report does not point to safe ways of getting out of this situation.

Of greater concern, however, is the avocation of the concept of flexicurity as a way of ending youth unemployment and a form of transition from the educational system to the job market. In fact, reality shows us that what this really means is the precariousness of a badly paid and insecure job preventing any kind of life project for youth. That is why we abstained.

**Nathalie Griesbeck (ALDE), in writing. – (FR)** Today, 5.5 million Europeans under 25 – that is, nearly one in five young people – are unemployed, and that is without taking into account those occupying casual jobs. People under 25 are the first to be affected by the current economic crisis. Training policies for young people must therefore be ambitious to allow young people to acquire skills better adapted to the needs of businesses. There must be more internships and apprenticeships, but we must also ensure that these are of good quality in terms of the content of internships, the length of apprenticeships, and allowances paid to interns, in order to protect young people from potential abusive practices by their employers. The European Union must therefore promote mobilisation in this area, despite its limited 'social' competences, and this is the reason why I voted with conviction in favour of this resolution, which proposes some ways forward to cope with the difficult situation in which European young people find themselves.

**Sylvie Guillaume (S&D), in writing. – (FR)** Given the multiple difficulties that young Europeans are faced with – unemployment, and wage-related, financial and social insecurity – it was urgent for the European Parliament to act more firmly to remedy this situation. This is why I voted in favour of Mrs Turunen's report, because I think that it puts forward many guarantees with a view to protecting young Europeans – for example, the development of a 'European quality charter on internships', the creation of a minimum wage for every young person, and also the introduction of a 'European Youth Guarantee'. Even if not all these proposals will be binding, I think that young Europeans need to be taken into account in a more effective way in Union policy, because they represent the future of the European Union.

**Nadja Hirsch, Britta Reimers and Michael Theurer (ALDE), in writing. – (DE)** It is certainly important to tighten the regulations on internships. The representatives of the German Free Democratic Party in the European Parliament have supported this. Young people often work for months on end without payment, hoping that they might still get a permanent job afterwards. This is an unsustainable situation. Internships should not destroy jobs. However, today's plenary vote is going to pave the way in the future for a complete ban on unpaid internships. We believe that this gives a wrong message. It should still be possible to do a three-month unpaid internship, for example. There are numerous non profit-making or social organisations where a young person can acquire exciting, interesting experiences. However, such organisations are often unable to pay any remuneration for the internship. The key factor should be the duration of an internship. In the case of any internship lasting longer than six months, the employer can rely on productive output from the intern. From then on, remuneration should also be paid. The decision made today is impracticable and goes too far. We therefore do not support this part of the resolution.

**Elie Hoarau (GUE/NGL), in writing. – (FR)** Young people should not remain unemployed more than four months – this is a statement with which I agree. The report on young people's employment proposes a

'European Youth Guarantee' so that young people can benefit from a decent wage and high quality internships. In the context of exacerbated youth unemployment in the outermost regions, in particular in Réunion, I fully support every measure for involving young people in the world of work and against casualising them. If there is to be any force to the guarantee that, after being unemployed for four months, every young person should have the right to a job, an apprenticeship, a supplementary training course or a job combined with a training course, then specific measures must now come out of this report by Parliament. That is why I voted for this report.

**Ian Hudghton (Verts/ALE)**, *in writing*. – My colleague Ms Turunen's report makes the important call for Member States to support more and better apprenticeship schemes. Apprenticeships offer a vital entry for young people into the world of employment which will, in turn, help us get the economy going again. The Scottish Government last year set a target of securing 18 500 apprenticeships in the year; by March, that target had been exceeded and some 20 000 positions had been secured. It is essential that this good work is built upon and governments around the EU must strive to create more opportunities for our younger generation.

**Juozas Imbrasas (EFD)**, *in writing*. – (LT) I agreed with this report as the economic downturn has caused a massive rise in unemployment rates in the European Union and young people have been hit very hard. Today, more than 5.5 million young people under 25 are unemployed (21.4%), which is twice as high as the overall unemployment rate. Youth unemployment is one of Europe's most pressing problems. This results in a loss of opportunities for economic growth and erosion of the tax base which undermines investment in infrastructure and public services, increased welfare costs and underutilised investment in education and training. All Member States must take action and fight youth unemployment by taking national specificities into account. We must ensure growth and create new jobs, especially for young people and prioritise business-education provider cooperation. Member States must secure equal access to education for all by guaranteeing a minimum right to free well-funded education from nursery school to university and by securing financial support for young students. We must encourage the Member States to invest further in education and training, even if fiscal and social constraints are present. It is important for young people to have financial independence to secure for them the opportunity to lead an economically independent life.

**Giovanni La Via (PPE)**, *in writing*. – (IT) I voted in favour of the report on promoting youth access to the labour market, strengthening trainee, internship and apprenticeship status, because I believe it is crucial to promote and support youth employment. Unfortunately, today, we are witnessing a period of serious financial crisis, which has caused a significant increase in rates of unemployment, especially youth unemployment. Recently compiled statistics show, in fact, that more than 5.5 million young people under 25 are unemployed, equivalent to 21.4% of Europe's youth population, which is twice as high as the overall unemployment rate. Faced with this situation, it was necessary to ask the Council and the Commission to develop an employment strategy focused on the creation of policies designed to guarantee young Europeans access to the labour market in order to prevent the social and economic costs that youth employment entails for our society. Another priority was the adoption of packages of measures for providing a strong incentive for investment in education, research and mobility, as well as possibilities for young people who want to set up their own business to access finance facilities more easily.

**Thomas Mann (PPE)**, *in writing*. – (DE) I voted today for the own-initiative report on combating youth unemployment. By adopting this report, we have decided to take strong action against the abuse of internships. The Commission and Member States were asked by Parliament to recommend minimum standards for internships. A European Quality Charter on Internships is to be proposed. I have been offering many young people for years the chance to do an internship in my MEP offices in Brussels or Strasbourg. I am therefore in favour of promoting the status of internships. During these times of globalised labour markets and the financial crisis, gaining sound, practically relevant training is particularly important. Internships offer an excellent opportunity for young people to find out about the demands of working life and test their own abilities.

The requirement for this is that interns must work under fair terms where the focus is on the provision of training and not on replacing permanent employees. Apart from providing a description of the internship and the qualifications which can be gained, the Charter should include restrictions on working hours and recommendations for remuneration. This sends out a clear signal to our young Europeans.

**David Martin (S&D)**, *in writing*. – This is a hugely important report, encouraging Member States to give particular attention to youth employment. The financial crisis has had a significant effect on youth unemployment, which is now as high as 40% in some Member States. Identifying the barriers which young

people face – such as earning a living wage and having access to childcare for young parents – is crucial in helping them back into work. I support the Parliament's calls for a European Youth Guarantee to provide training, apprenticeships and jobs for Europe's young people, and recognising the long-term effects on society of high youth unemployment.

**Iosif Matula (PPE)**, *in writing*. – (RO) We often say that young people are the future of Europe. In spite of the strategies inspired by this fact, the statistics show that young people are affected disproportionately by unemployment. It is awful that the youth unemployment rate is double the average European rate. Unfortunately, the outlook is not promising either.

This is precisely why I welcome the draft report on promoting youth access to the labour market, all the more so as we are unable at the moment to predict exactly when the economic recession will end. I personally tabled a number of amendments based on the opinion drafted by the Committee on Culture and Education for the draft report voted on today. I emphasised the importance of entrepreneurial education as an integral part of developing the skills required for the new types of services, as well as the need to develop specific programmes for young people with disabilities. If we fail to take these measures, it will be difficult for us to guarantee the maximum possible opportunities for accessing the labour market.

Last but not least, I believe that it is beneficial to encourage mobility programmes targeted at young employers as well, just as it is of paramount importance for us to establish as general practice internships, designed to supplement the syllabus and offer young people the chance to gain experience and access the labour market.

**Nuno Melo (PPE)**, *in writing*. – (PT) Unemployment among young people is one of Europe's most pressing problems. With the global economic recession, this problem has taken on even more worrying dimensions, as we are faced with more than 5.5 million unemployed young people under 25. This means that we run the risk of losing a generation to social exclusion, jeopardising the economic and social future of the EU. Youth unemployment results in an enormous social and economic cost to our society, which severely affects opportunities for economic growth. This leads to a loss of taxation which hinders investment in infrastructure and public services, an increase in social assistance costs and the underuse of investment in education and training. That is why I voted as I did.

**Andreas Mölzer (NI)**, *in writing*. – (DE) It is mainly young people and women who are affected by unemployment. This trend continues to grow during the recession. The actual process of getting on the job ladder is becoming increasingly difficult. This situation is abused and young employees are forced into precarious temporary jobs or are exploited in a succession of internships. It is only when we take care of the young generation and improve their chances of entering the job market that they can, on the one hand, contribute their potential to society and, on the other, think about raising a family some time. Insecure jobs mean that we should not be surprised at low birth rates. I abstained from voting as the report does provide one approach, but there are some problems which have not been looked at in sufficient detail.

**Elisabeth Morin-Chartier (PPE)**, *in writing*. – (FR) I would like to congratulate Mrs Turunen for her report, which proposes that the Council and the Commission should bring forward a European Youth Guarantee which would give every young person in the EU the right to be offered a job, an apprenticeship, a supplementary training course or a job combined with a training course after being unemployed for four months.

I call on the Commission and the Council to develop, in the light of this report, a 'European quality charter on internships' in order to guarantee the educational value of courses and to avoid exploitation. We must not forget that some pieces of national legislation can be seen as discriminatory from the point of view of income because they prevent young people from being financially autonomous. Let us try, with the Council and the Commission, to guarantee young people a decent wage.

**Cristiana Muscardini (PPE)**, *in writing*. – (IT) The measure approved in plenary underlines the importance of adopting a rights-based approach to youth and employment, highlighting the qualitative aspect of dignified work which must not be compromised by parameters which stray beyond core labour standards such as the quality of work, working time, the minimum wage, social security, and the health and safety of interns and workers.

In a difficult time for the economy and employment, it is worth remembering that young people need to unequivocally affirm that the future of Europe cannot be solely tied to strengthening the service economy but that manufacturing industry must be defended and research developed through European financing

which, in an era of globalisation, must also be directed to protecting intellectual property and the craft industry, as an instrument for small and micro businesses to drive development and employment.

Furthermore, there is still much to do, and quickly, to ensure the harmonisation of all educational qualifications. The Member States must make a collective effort to harmonise contracts to ease the entry of young people into the world of work and promote facilitated access to credit to help purchase, or in any case rent, a home to live in and a place in which perhaps to carry out a self-employed activity.

**Wojciech Michał Olejniczak (S&D)**, *in writing*. – (PL) The crisis has hit hardest at those who are just entering the labour market. I have no doubt that unemployment among young people is currently one of the EU's biggest problems. Even if young people do find work, they are very often only given temporary contracts. Internships are also the cause of much emotion. On the one hand, they play a very useful role, making it possible for young people to gain important practical qualifications. On the other hand, in practice, they often mean that work which should be done by an employee is done for free by an internee. Some firms in Poland operate with the principle that any well-paid specialist can be replaced by a certain number of free internees. Such an approach does not have a good effect on the labour market, and even more so it does not help the position of employees. I very much welcome the fact that this problem has been taken up by Parliament and that this has resulted in a number of measures intended to improve the position of young employees. I support these measures, so I decided to endorse the report on promoting youth access to the labour market, strengthening trainee, internship and apprenticeship status.

**Alfredo Pallone (PPE)**, *in writing*. – (IT) I support the approach taken in Mrs Turunen's report: youth unemployment is one of the most pressing problems that the European Union has to face. There is a danger of condemning an entire generation to social exclusion and gambling with the EU's economic and social future.

Youth unemployment entails high social costs for our societies in the form of lost opportunities for economic growth, the erosion of the tax base, which undermines investment in infrastructure and public services, an increase in social costs and underutilisation of investments for the promotion of education and training. The European Union must have common strategies.

We need an integrated and consistent approach which incorporates micro-economic and macro-economic measures, which is based on the supply of and demand for labour and which is able to ensure both the quantity and the quality of jobs. By investing economically and politically in the creation of new jobs, education and training, more robust social security schemes, a more dynamic labour market and decent work, it is possible to transform the EU labour market and to steer the current trends towards a better future for our young people.

**Georgios Papanikolaou (PPE)**, *in writing*. – (EL) Paragraph 63 of this particular report recognises how important it is for young people to be financially independent and calls on the Member States to ensure that all young people are individually entitled to a decent level of income that secures for them the possibility of creating an economically independent life. This specific paragraph for the whole of Europe has been added at a particularly difficult time for young people. Unemployment in numerous Member States of the European Union has recorded an unprecedented increase; a typical example is Greece, where unemployment among young people is currently 27.5%. At the same time, downward pressure on wages due to financial adjustment prevents young people from becoming independent and leaving home to set up their own family. Young people today need a decent level of income so that they can stand on their own two feet and make their own way in life. Although paragraph 63 is of a declaratory nature, it is a move in the right direction and I therefore voted in favour of it.

**Rovana Plumb (S&D)**, *in writing*. – (RO) The challenges encountered on the path to achieving a 'Europe of the young generation' include actively drumming up investments, creating new jobs and offering vocational training opportunities.

Member States must encourage employers to offer stable, long-term jobs to young people and a wage which reflects their level of effort and their professional and intellectual capabilities, to protect them from contracts which contain clauses placing them in a precarious position in relation to their employer, to ensure a gender balance with regard to employment terms between young women and men at the start of their careers and, last but not least, to provide young people and young mothers with access to social welfare mechanisms.

**Frédérique Ries (ALDE)**, *in writing*. – (FR) In an ideal world, youth unemployment would be outlawed. The reality is quite different: 5.5 million Europeans under 25 do not have a job or a salary, and live a daily life of

uncertainty and doubt. Although the United Kingdom, Spain and France are the countries most affected, the situation is not much different in Belgium. Since 2000, youth unemployment in Brussels has never fallen below 30%. This is due to students leaving education prematurely, a lack of ability in languages and a lack of partnerships between schools and businesses.

This is why, despite its limited competences in social policy, the European Union must promote young people's access to the jobs market. That is the thrust of the Turunen report. It sketches new ways to curb youth unemployment. The new recommendation for a 'European Quality Charter on Traineeships', which aims to prevent the trivialisation of training courses, is part of this logic. Alongside this, there is the ambitious idea of guaranteeing a training course to any young person who is unemployed for more than four months. It also defends the idea of a 'decent income' for active young people, whether they have a diploma or not. This is because we always remember our first salary.

**Robert Rochefort (ALDE)**, *in writing*. – (FR) I supported the report by my fellow Member, Mrs Turunen, the objective of which is to propose answers for the difficult situation in which European youth find themselves, confronted with unemployment – which, according to Eurostat, currently affects one in five young people under 25 – job insecurity and abuses by employers. Training policies for young people must be ambitious and must allow them to acquire skills adapted to the needs of businesses so that they can enter the labour market more easily. We must increase the number of courses and apprenticeships, which allow these skills to be developed and improved, and we must encourage businesses to increase the number of opportunities they offer to young people. We must also ensure that these are of good quality. In this regard, the establishment of minimum norms regarding the pedagogical content of courses and apprenticeships would contribute to that. If they were extended to cover the duration of professional apprenticeships and the level of allowances paid to people enrolled on courses and apprenticeships, these norms would also allow us to protect young people from abusive practices by their employers.

**Raül Romeva i Rueda (Verts/ALE)**, *in writing*. – The text promoted by our colleague Turunen was adopted as voted in the Committee on Employment. We maintained all good text, especially on financial independence and on access to free education (PPE separate votes). The report was adopted with a large majority in favour. This is a good Green own-initiative report, with some excellent text that can be used on the ground when working with young people and youth NGOs. Key points are a European Youth Guarantee, a Quality Charter for internships, an EU youth taskforce and a call on EU institutions to stop promoting unpaid traineeships and internships.

**Oreste Rossi (EFD)**, *in writing*. – (IT) It is fundamental for the Europe of the future to guarantee full and secure employment for young people. Europe must have the courage to invest in those businesses which do not relocate but create jobs. In the same way, it must have the courage to prohibit trade in goods from third countries which do not respect the rights of workers. Vocational training is indispensable. We have voted in favour of the report.

**Bart Staes (Verts/ALE)**, *in writing*. – (NL) A staggering 5.5 million young people, or 21.4% of all young people under 25, are currently unemployed. This is almost double the average unemployment rate. In the European Year for Combating Poverty and Social Exclusion, Mrs Turunen's practical proposals come not a day too soon. We must prevent the social exclusion of a whole generation of young people and the jeopardising of Europe's economic and social future. After four months' unemployment, young people should have the right to a job or paid apprenticeship, training, or a combination of the two. There should be a quality charter to ensure that apprenticeships provide a reasonable income and are of limited duration. In addition, the resolution calls for 10% of the European Social Fund to be reserved for projects helping young people to find work. Moreover, the European Commission should ensure that existing legislation in the various Member States does not discriminate against young people and guarantees them access to social advantages in terms of employment. Long-term unemployment at a young age has a pernicious effect on a person's self-confidence and optimism for the future. Addressing this is an important task for responsible politicians.

**Marc Tarabella (S&D)**, *in writing*. – (FR) I welcome the adoption of the Turunen report on promoting youth access to the labour market, strengthening trainee, internship and apprenticeship status, which proposes measures to combat youth unemployment that are ambitious, but nevertheless specific and realistic. With 21.4% of young Europeans under 25 unemployed, it is definitely time to take action. We would also like to introduce a 'European Youth Guarantee' so that young people do not have to remain unemployed for more than four months and in order to guarantee them high quality internships as well as a decent wage.

I would particularly stress the need to provide young people with high quality internships in order to avoid the exploitation that exists in many enterprises and administrative bodies. Interns are not free workers, and cannot replace an employee; they must benefit from educational supervision and minimum allowances.

**Viktor Uspaskich (ALDE), in writing.** – Tragically, the hardest hit by the economic crisis are those upon whom our future rests. With 5.5 million people unemployed among the under 25 year olds, the youth unemployment rate in the EU is nearly twice the percentage as that observed among the working population as a whole.

In Lithuania, last year, every eleventh young person was unemployed compared to every twenty-fourth in 2008. We need to boost youth employability by helping adapt educational skills to labour market needs. Support measures such as quality internships, apprenticeships and traineeships can aid a smooth transition from education to employment. However, it is important that these internships do not replace real jobs – we need to protect young workers from exploitation; nor should the advantages of non-formal learning be neglected.

For Lithuania, it is vital to prevent an increasing brain-drain of skilled labour. EU Member States should develop youth retention strategies – although these schemes can only be successful if young people feel they are a valued part of society. If we fail to reduce youth unemployment, we will be faced with a lost generation of workers who will grow up with poor job prospects while straddled with growing public debt.

**Marie-Christine Vergiat (GUE/NGL), in writing.** – (FR) I abstained on this report on youth employment, which still centres around flexicurity – ‘flexible’ and ‘reliable’ contracts – and the short-term needs of businesses, although there are some positive points, including the adoption of some amendments that I had proposed in the Committee on Culture and Education: the creation of jobs in the social economy, the fight against discrimination, the refusal to trivialise training courses and the recognition of non-formal education.

It emphasises the consequences of massive youth unemployment – with regard to the crisis too – but, at the same time, still supports the retention of the assistance measures for economic actors, which have not proved successful, and which have merely exacerbated the situation regarding the casualisation of young people’s jobs.

In addition, the report remains loyal to the dogma which is the ‘modernisation’ of education; it even talks of giving priority to cooperation between businesses and ‘providers of educational services’ and asks for cooperation at an early stage between schools and the world of work.

#### **Report: Pascale Gruny (A7-0193/2010)**

**Sophie Auconie (PPE), in writing.** – (FR) In these difficult times of economic crisis, our European social model must, more than ever, constitute the key to recovery and growth. It must not be seen as a burden, but, on the contrary, as a motor for the progress of our societies. I voted in favour of the Gruny report, whose aim is to launch a vast European employment initiative. The idea is to see to it that a business can be created anywhere in the European Union in three days and without charges. Formal procedures for recruiting the first employees could take place through a single interface, by reinforcing activation schemes – particularly for people who are not well-qualified – through personalised advice, an intensive workers’ training or retraining course, improving their qualifications, and so on. I think that sustaining employment, as well as creating new employment prospects for the youngest people, but also for those who are on the jobs market but who no longer have jobs, is the *sine qua non* for Europeans to regain confidence in our social model. Furthermore, this confidence is essential for our future, as much for social reasons as for economic and political ones.

**Regina Bastos (PPE), in writing.** – (PT) I voted in favour of the report on atypical contracts, career security, flexicurity and new forms of social dialogue. Atypical employment is defined by new forms of contract, which have one or more of the following characteristics: part-time, casual, temporary, fixed-term work, working from home and telecommuting, or part-time work for a period not exceeding 20 hours per week. The financial and economic crisis that the European Union is facing could lead to unstable work markets and growing social exclusion. For this reason, there is an urgent need to help Member States to safeguard as many jobs and as much employment in Europe as possible. We must step up efforts to invest in skills, training and sustainable employment, along with developing the promotion of the principles of flexicurity. Clear proposals and concrete measures to protect jobs and create employment opportunities should be proposed as part of the EU 2020 strategy.



**Mara Bizzotto (EFD)**, *in writing*. – (IT) I cannot but use my vote to support Mrs Gruny's report, to which I contributed by proposing numerous amendments which were adopted by the Committee on Employment and Social Affairs.

My contribution was based along two lines. Firstly, the importance of the link between training courses and the needs of the labour market. In this regard, young people need to rethink their perception of manual professions which are today seen as a lowering of the person and of one's social status, even if data confirm that these professions offer an important occupational choice, both in terms of integration into the workforce and in economic return.

Secondly, the defence of a kind of flexibility which does not degenerate into exploitation of the person, condemning the worker to a lifetime of insecurity, and which does not conceal illegal intentions to replace forms of permanent working relationships. Rather, I support an intelligent flexibility which can intelligently adapt to the changed conditions of business's *modus operandi*, responding to the needs of the market by guaranteeing employment and facilitating the integration of even the weakest groups into the world of work.

**Nikolaos Chountis (GUE/NGL)**, *in writing*. – (EL) I voted against the Gruny report because, despite the improvements made by the amendments agreed in the Committee on Employment and Social Affairs, this is a report that promotes the flexicurity approach and other neoliberal arrangements which result in job insecurity. Despite the fact that the report appears to be more 'balanced' than in its initial form, it is still in keeping with the Commission's Green Paper on labour law and still believes that flexibility is and must be a 'basic tool of the economy'.

It is based on making a tool of the concept of 'lifelong learning' for the benefit of capital and businesses and not for the personal and professional development of workers. It also promotes the view that 'self-employment' is the type of work that should be promoted. For the same reasons, by which I mean the insistence on the 'balanced flexicurity' approach, I voted against the motion for a resolution tabled by the Group of the Greens/European Free Alliance.

**Mário David (PPE)**, *in writing*. – (PT) I am voting in favour of the bulk of the measures proposed in this report. It is a fact that the economic crisis has significantly exacerbated the number of atypical contracts and precarious work-related situations. These have a greater impact on young people and women. However, I believe that the European social model, whose objectives are focused on sustainable growth, full employment, the promotion of welfare and social protection, can provide the conditions and means necessary to steer the EU and its Member States through the crisis. In this respect, I would like to highlight two issues that I believe to be vital in the face of the current situation of economic crisis and abnormally high unemployment figures in the EU, with a view to protecting quality, decent employment and creating new job opportunities under the 2020 strategy. The first relates to the need for increased investment in skills and professional and lifelong training. The second relates to the importance of the effective implementation of flexicurity strategies, thus allowing a real fight against illegal employment and a reduction in employment insecurity.

**Proinsias De Rossa (S&D)**, *in writing*. – I support this report, which aims at launching an action at EU level to protect atypical workers and further improve social dialogue both at national and EU level. It also aims at redefining flexicurity policies, which have, in the past, concentrated too much on flexibility and not enough on security for workers. Atypical work includes part-time, fixed-term, temporary, teleworking, but also new types of contracts, such as 'zero-hour' contracts, and a growing trend in false self-employment. Although the aim of these contracts is to introduce flexibility in the labour market for both employers and employees, studies show that they are often associated with precarious work and consequent precarious income. These workers are often denied important rights including the right to training or to join a trade union. Our priority must be to fight all forms of precarious employment, and this priority has taken on special importance during this crisis. The crisis should not serve as a pretext for the development of more precarious employment. All workers should have access to equal treatment regardless of their employment contract. Such rights as access to social security and training and the right to join a trade union should never be denied to any worker.

**Robert Dušek (S&D)**, *in writing*. – (CS) The report on atypical contracts, secured professional paths, flexicurity and new forms of social dialogue is a response to the situation on the labour market in the current economic crisis. We should make all efforts to preserve as many jobs as possible, but these must be high quality jobs. At present, there is a huge increase in the numbers of people being employed on the basis of so-called atypical and highly atypical contracts across the European Union. These are contracts for periods of less than six months, with a work period shorter than 10 hours a week, or oral contracts. It is mostly young people up to 25 years of age, people approaching the age of retirement and, from a gender perspective, women, who

are forced by economic and social circumstances to agree to work on the basis of such arrangements. We should also consider whether this is a sensible reaction to the market situation, and whether to clarify or restrict the possibility of concluding such contracts, while making all efforts to progress to higher quality jobs rather than holding up job numbers, if they are mostly of this value. I fully support the report and I will vote in favour of its adoption.

**Diogo Feio (PPE), in writing. – (PT)** In recent years, following the global economic crisis, unemployment in the EU has risen exponentially (around 10% at the end of 2009). With the current model proven to not work and to not be the most suitable for protecting employment, it is of fundamental importance that we find new ways to overcome the crisis and create a sustainable long-term employment policy. I therefore feel that the key is to invest in training workers, in specific skills for each person and in innovation. Inflexible models of labour law have proven to have failed. The example of the United States shows that flexibility is not synonymous with insecurity, but with a dynamic job market. The figures quoted in the report show this, when they tell us that only 10% of the cases of unemployment in the US last for more than a year, compared to 45% (!) in the EU. This, in my opinion, is what Europe should be looking to achieve with the EU concept of flexicurity. Atypical contracts (part time; shift, casual or temporary work; working from home; telecommuting; etc.) should not be looked at with mistrust simply because they are *atypical*. Society has evolved, the world has changed, and labour relations must necessarily accompany this change.

**José Manuel Fernandes (PPE), in writing. – (PT)** Atypical employment is defined by new forms of contract, which have one or more of the following characteristics: part-time, casual, temporary, fixed-term work, working from home and telecommuting, or part-time work for a period not exceeding 20 hours per week. Jobs lost as a result of the current crisis were primarily those in the sector of atypical work, where there were greater difficulties in finding a new job. More than a fifth of European workers change their job every year. In the EU, 45% of all periods of unemployment last more than a year, compared with approximately 10% in the US.

The Council needs to take heed of this reality and to adopt concrete measures to protect quality, decent jobs and create sustainable job opportunities under the EU 2020 strategy. A set of basic rights for all employees should be secured, regardless of employment status. I still advocate the urgent extension of protection to work undertaken in atypical forms of employment. The EU cannot abandon its European social model, but should rather strengthen it.

**Ilda Figueiredo (GUE/NGL), in writing. – (PT)** We voted against this report on atypical contracts, secure professional careers, flexicurity and new forms of social dialogue, given that, despite having some positive points, such as the incentive to change atypical forms of work into formal forms of work, in general, the report more than anything else promotes flexicurity. Many of the report's articles are an example of this, namely, when it says that it:

'Believes it essential that current thinking on flexicurity be updated at European level in the light of the present crisis, so as to help increase both productivity and the quality of jobs by guaranteeing security and the protection of employment and workers' rights, [...] allowing firms the organisational flexibility needed to create or reduce jobs in response to the changing needs of the market [...].'

Well, what we know is that big business and governments at EU level have not sought 'a fair and balanced implementation of flexicurity principles' that 'can help to make labour markets more robust in the event of structural changes'. On the contrary, as has occurred in Portugal, what has increased is precariousness and what has been reduced is security, increasingly weakening labour relations and the rights of those who work.

**Bruno Gollnisch (NI), in writing. – (FR)** What the alleged popularity of independent working shows is not a new enthusiasm for creating enterprises, but a deep discouragement among unemployed people faced with the impotence or inefficiency of employment services.

The casualisation of contracts and employment is a consequence of policies which have opened up the markets to foreign competition. This opening up pushes down salary and employment levels, almost the last remaining adjustable variable for enterprises in a world of unfair competition. Current immigration policies in Europe also push down salaries and conditions of employment for the least-qualified workers, as very many statistical studies show. This is without taking into account their disproportionate costs in public finances, and thus their responsibility in deficits and public debts, as well as the fiscal drain on the European public.

However, ignoring all that, the rapporteur persists in a general political logic which leads to insecurity, unemployment and an increase in the number of poor workers. It advocates 'flexicurity' while knowing that, in the world created by the European Union, businesses will necessarily only remember the 'flexi'. Unemployed people and workers must not expect a welcome from Brussels – quite the opposite!

**Sylvie Guillaume (S&D)**, *in writing*. – (FR) I voted for the Gruny report on atypical contracts, secured professional paths, flexicurity and new forms of social dialogue, because, in the last few years, atypical forms of work – part-time work, staggered shifts – have grown considerably in number, and because we must protect workers. The crisis must not serve as a pretext for the development of casual work. All employees must be protected by labour law, whatever form their contract takes. The report also asks the Member States to revise flexicurity policies so as to offer greater protection for workers, and reminds us of the importance of social dialogue and social partnerships for these challenges.

**Elisabeth Köstinger (PPE)**, *in writing*. – (DE) Today's labour market and its associated employment relationships are characterised by one word: flexicurity. Against this background, there are two things that need to be taken into consideration: on the one hand, it must be possible to be flexible in the way employment relationships that do not fit into the conventional frameworks are structured. On the other hand, social security must be guaranteed for the workers in such 'atypical' forms of employment. I support the rapporteur's proposals to step up efforts to create sustainable jobs as well as training and, at the same time, to assist the unemployed and those seeking jobs in their search by providing active counselling and to reintegrate them into the workplace. I therefore support Mrs Gruny's report.

**Thomas Mann (PPE)**, *in writing*. – (DE) I today voted in favour of the Gruny own-initiative report on atypical employment contracts in the EU. This allows us to send out two clear messages to the labour market. Atypical employment contracts must remain the exception in Europe. The transition must be made to stable, protected, better quality employment contracts. The fast pace of structural change necessitates more flexible forms of working. However, atypical contracts must not become the norm if they are associated with poor social protection or even deliberate exploitation. The abuse of atypical employment breaches the European social model. This model varies in its application in Member States and forms the backbone of public support for responsible political action. There is no alternative option for protecting disadvantaged groups, not only during this European Year for Combating Poverty and Social Exclusion and not only during the crisis period after the crash in 2008.

Participation, fair working conditions and the safeguarding of fundamental rights must be guaranteed to those who are disproportionately affected by atypical employment: women, the elderly and young people. Proactive measures must be adopted at national and European level to tackle this, such as a mass campaign against illicit employment, getting rid of precarious jobs and guaranteeing access to further training, qualifications and lifelong learning. The balance needs to be found between productivity, on the one hand, and protection for employee rights, on the other.

**Nuno Melo (PPE)**, *in writing*. – (PT) If Europe wants to put greater focus on the public, it needs to strive to be inclusive with regard to the labour market. In this time of severe economic and financial crisis, it needs to use every means at its disposal to save jobs, especially among those who have least protection in the work market. Dialogue and collective negotiation can contribute greatly to improving and preserving the labour market.

**Elisabeth Morin-Chartier (PPE)**, *in writing*. – (FR) I would first like to congratulate Mr Gruny for his conscientious work, which has striven to find the best compromise possible on atypical contracts, an important topic. We must not forget that reforms regarding the right to work must concentrate on extending the protection of workers on atypical contracts and facilitating transitions between different types of work and unemployment. Thus, I would ask the Commission and the national governments to abide by their responsibilities regarding the situation of 'excluded' people – workers on atypical or 'very atypical' contracts – and to find a balance between their rights and those of so-called 'insiders'. Finally, I would particularly stress the fact that contracts of indeterminate length must be the rule, and that flexicurity cannot function without strong social protection.

**Alfredo Pallone (PPE)**, *in writing*. – (IT) I voted in favour of Mrs Gruny's report, which I feel is well balanced and addresses a range of social and economic aspects. Atypical workers can represent added value in the current context of economic recovery, which is why they too must be safeguarded and included in the directives already in force.

The report adopts well-defined guidelines and specific measures for safeguarding jobs, ensuring high quality employment throughout Europe. I believe it is very important to urge Member States to actively support workers and to ensure that they have flexible working conditions, leave entitlements, working arrangements that include part-time work, and incentives for home working.

Europe must move towards common principles, focusing in particular on an increase in productivity and employment quality, and guaranteeing security, social protection and special support for disadvantaged groups.

**Rovana Plumb (S&D), in writing.** – (RO) The European Union is facing a major financial, economic and social crisis. To beat this crisis, efforts need to be stepped up in terms of investing in skills, vocational training and in creating sustainable jobs.

Against this background, atypical contracts have tangibly increased, with the hardest impact on young workers aged between 19 and 29 or the over-50s, women and low skilled workers. In terms of quality of work, these workers are faced with a low level of job security, no structured career plan, fewer opportunities for training and career development, as well as greater difficulties in balancing work and family life.

Consequently, protection must be extended to workers employed under these atypical contracts, measures taken against undeclared work and a smooth transition ensured between different employment situations and unemployment.

Any form of employment must be accompanied by a set of rights which include: equal treatment, protection of workers' health and safety, access to training, collective bargaining and the freedom of association and representation.

**Raül Romeva i Rueda (Verts/ALE), in writing.** – The report as adopted in Committee has been adopted in plenary. The text is not damaging but relatively weak. We in the Verts/ALE Group tabled an alternative resolution for visibility reasons and to state our point in plenary. There was, unfortunately, no chance to secure a majority for it. As expected, it was rejected, but it was supported by the S&D Group and part of the GUE/NGL Group.

On the negative side we find: there is no reference to a legal framework for equal rights; there is no reference to the definition of worker (important for circumvention); there is too much flexibility and admin-burden PPE wordings; and there is too much about flexicurity, with the text as a whole being overly in favour of flexicurity.

On the positive side, the text guarantees core labour rights regardless of employment status, extends protection of atypical workers, stipulates that transition between employment needs to be safe, expresses concern about ECJ cases and emphasises the need to strengthen the social partners.

**Oreste Rossi (EFD), in writing.** – (IT) We voted in favour of this report since, while on the one hand, it is right to have flexibility in the labour market and for young people to be prepared to accept atypical contracts which are useful for their development, on the other hand, we do need to be vigilant to ensure that these options are not used by unscrupulous operators who exploit young people by underpaying them.

**Elisabeth Schroedter (Verts/ALE), in writing.** – (DE) The incidence of atypical employment contracts is increasing significantly in the European Union. The analysis presented in the Grunly report is therefore good and to be welcomed. Culture, the media and new media in particular are sectors where there are hardly any normal contracts any more. For example, camera operators and technicians in film teams are described as being freelance, even though there is actually a degree of dependency. However, in light of this, the report fails to mention the political steps required to grant the relevant employees rights in their position, such as pension rights or rights to representation. We therefore go further in our alternative resolution. We call for the same rights to apply to all employment contracts and for this principle to be legally enshrined in the EU. There must not be two classes of employment contract. Those of us in the Group of the Greens/European Free Alliance also feel it is important to restrict the grey area concerning 'false' self-employment. Therefore, what we want to achieve is that, if an organisational and financial dependency exists, this employment relationship is recognised by the status of employee. This is the only way we can ensure that people who work their whole life can also enjoy their old age with dignity.

**Bart Staes (Verts/ALE), in writing.** – (NL) Nowadays, people work in all kinds of capacities: as employees or as ('false') self-employed workers, full-time or part-time, on fixed-term or open-ended contracts, as home workers or as temporary workers. The fact is that the flexibility required by employers is often at the expense

of the necessary protection of workers. Today, the Group of the Greens/European Free Alliance tabled an alternative resolution that aimed to put the main focus on an unambiguous status of 'worker' (in whatever capacity) and pushed for a directive guaranteeing equal rights for all workers. That resolution did not make it, and Parliament passed up an opportunity to construct a stronger social Europe. Nevertheless, I have also supported the original resolution, as it pushes for an extension of worker protection and seeks to guarantee the fundamental rights of workers and a safe transition between jobs, and to strengthen the role of trade unions.

In the European Year for Combating Poverty and Social Exclusion, this approach is certainly useful, particularly bearing in mind that more and more people are employed on atypical contracts. In Europe, 8% of workers are living in in-work poverty and 17% of Europeans are on low incomes. Action is certainly desirable, therefore, and so I welcome the position of the whole European Parliament.

**Eva-Britt Svensson (GUE/NGL), in writing.** – (SV) I voted against the report advocating atypical jobs, but under better conditions than what are referred to in the report as very atypical jobs, which are entirely unregulated and which are often arranged by a handshake between employer and employee. If we compare this report with the Commission communication based on the Commission's Green Paper entitled 'Modernising labour law', improvements have been made in the course of the process. The report also emphasises a concern about the impact of the anti-trade union judgments on the labour market in Europe. This is important. In large countries such as Germany and the United Kingdom, for example, one in four jobs are currently in the low wage sector. Unemployment and social dumping in the EU's internal market have put the trade unions and labour movements on the defensive. Nevertheless, I believe that the EU should not involve itself in the forms of employment. This is a matter that must instead be dealt with at a national level. In my home country, collective agreements to deal with these matters are negotiated by autonomous parties. The starting point must be the right to full time work as standard, but with the possibility of part time work.

**Marie-Christine Vergiat (GUE/NGL), in writing.** – (FR) I voted against this resolution because it conforms to the line of promoting flexible employment, flexicurity and the things that usually accompany them: employability, aptitude and adaptability to employment and the spirit of enterprise.

This resolution also aims to simplify the various employment contracts, under the pretext of reducing the number of atypical employment contracts and facilitating transitions between the various types of employment contract.

It is true that the resolution recognises the social consequences of the current crisis, particularly the increase in the number of poor workers and atypical forms of employment, but it also bemoans the fact that businesses are not managing to develop new forms of employment contracts which offer enough flexibility to respond to crisis situations.

In short, this resolution is still characterised by a neoliberal approach whose disastrous effects on employment and employment rights we have already been able to witness for many years.

**Report: José Manuel Fernandes (A7-0203/2010)**

**Elena Oana Antonescu (PPE), in writing.** – (RO) Increasing resource efficiency in Europe is among the priority objectives of the EU 2020 strategy. Allow me to give you one example of this. Biogas is a precious resource used to produce electricity and fuel for transport and for supplying the gas network. The most efficient method for producing biogas is to use organic waste, which is beneficial to industry, the economy and environment at the same time.

Recycling bio-waste can also help reduce the use of chemical fertilisers in agriculture, especially those based on phosphorus, and boost the soil's water retention capacity in order to maintain a high productivity level. This link between the transition to a recycling society, the development of a low carbon economy and the potential to create jobs in this area is important in the current economic, environmental and social climate.

**Alfredo Antoniazzi (PPE), in writing.** – (IT) I voted in favour of this report because I believe that efficient and sustainable management of bio-waste is an absolute priority for the EU, including in the light of the fact that the amount of bio-waste arising in the EU each year is estimated at between 76.5 and 102 million tonnes in food and garden waste and 37 million tonnes from the food and drink industry.

**Sophie Auconie (PPE)**, *in writing*. – (FR) Mr Fernandes received my support regarding his report on the European Commission Green Paper on the management of bio-waste in the European Union. I think that he has quite rightly managed to consider all of the challenges, of which prevention and recycling are the most important. Bio-waste has a role to play in a more global matter: the fight against climate change. We must therefore totally separate bio-waste from standard waste, which is the worst solution in the long term. Instead, we should use it for composting or for producing bioenergy, as the report strongly emphasises. Finally, there is a great diversity between the Member States in terms of the current management of bio-waste. For my part, I am in favour of a single legislative act such as that proposed by this report. Finally, I would add that the management of bio-waste can support the social cohesion of the European Union, since a recycling company, for example, is a strong generator of jobs.

**Zigmantas Balčytis (S&D)**, *in writing*. – (LT) With the growth of the EU's economy and territory, continually increasing quantities of waste are continuing to be produced. In order to manage bio-waste effectively, the priority should be waste prevention or reduction. To achieve this objective, citizens themselves need to be involved. Furthermore, bio-waste may be used as a raw material for the production of biofuel used in the bioenergy, electricity and transport sectors. Effective bio-waste management can contribute to the EU target of at least 20% renewable energy by 2020. However, in order to achieve the objective of managing sources of waste more effectively and cutting the costs of bio-waste management, the European Commission should prepare a directive on bio-waste management. This directive should include the establishment of waste collection systems, which would be obligatory for Member States, and also lay down national bio-waste processing methods in order to avoid less suitable methods, such as landfill and incineration.

**Mara Bizzotto (EFD)**, *in writing*. – (IT) Despite having some reservations about the feasibility of certain objectives specified in it, I decided to endorse and thus vote in favour of Mr Fernandes's report. The implementation of bio-waste management techniques aimed at preventing such waste from being disposed of in landfills appears to be not only an act of responsibility towards the environment and communities, but also a strategic investment for strengthening a potential new source of job opportunities.

**Maria Da Graça Carvalho (PPE)**, *in writing*. – (PT) Selective collection and recycling of bio-waste is essential to Europe's sustainable development. I voted in favour of this report as it asks the European Commission to draft a proposal by the end of the year for a specific directive on bio-waste. The new legislation should stipulate the requirement for a system of selective bio-waste collection and recycling.

**Carlos Coelho (PPE)**, *in writing*. – (PT) Treatment of waste is a problem that affects Europe and all of humanity. Tonnes of waste are generated every day, causing harm to the environment and negative impacts on public health and quality of life. Firstly, I would like to congratulate the rapporteur, Mr Fernandes, for his excellent work. Current legislation in terms of bio-waste does not answer the requirements of the material's regulation. I applaud the initiative of proposing a specific ruling to achieve the goals of efficient and sustainable management of bio-waste (better legislation, simplification of the law, clarity and certainty). It is not only the harmful environmental impact of this waste on normal landfills that is at issue; it is also the important role in soil fertilisation and all the underlying energy potential (through biogas) which can be used to generate electricity, in heating or as vehicle fuel.

A specific ruling for the management of bio-waste seems to me to be a basic corollary of the execution of the principles contained in the Framework Directive on Waste. A range of standards need to be compiled, practices harmonised and the internal market promoted through a synergy of environment, recycling and the creation of green jobs. An efficient Europe in terms of resources is not only a Europe 2020; it is a Europe of the future.

**Mário David (PPE)**, *in writing*. – (PT) Efficient management of bio-waste not only brings environmental benefits but also contributes positively to the social and economic spheres. I am therefore voting in favour of this report's proposals. The importance of improving efficiency in bio-waste management, as well as prioritising its prevention/reduction, will contribute to boosting sustainable development and management of natural resources. It is also important not to neglect the positive effects of improved management of bio-waste, namely, the impact on the functioning of the internal market, on the future of agriculture through preservation and recuperation of soil fertility and also on the promotion of renewable energy. Compiling the vast collection of legislation on bio-waste management into one piece of legislation should therefore be given priority, as should the necessary harmonisation of the Member States' policies through a specific ruling on bio-waste.

**Robert Dušek (S&D)**, *in writing*. – (CS) Waste is, after power, industry and agriculture, the fourth largest source of greenhouse gas emissions, the main source of the emissions being landfills. Landfills represent an enormous threat, not only through the production of methane, but also through the possible contamination of underground water, soil and, of course, the surface of the landfill sites. Ever greater areas are experiencing irreparable soil degradation here. Globally, bio-waste is most often put in landfills and only a tiny percentage is sorted and reprocessed. Up to 100 million tonnes of kitchen waste and garden waste is produced in the European Union each year, and up to 37 million tonnes of waste from the food and drink industry. However, bio-waste has an important role to play in combating climate change and, if it could be exploited, represents enormous potential for producing renewable energy. Europeans now understand the need to sort waste. However, bio-waste almost always ends up in landfills.

In some of the older Member States, it is possible to store bio-waste in containers and to process and make further use of it. In the new Member States, there is almost no chance of separating bio-waste as well as plastic, glass and paper, because people have nowhere to store it. It is therefore essential to create conditions for the recycling and further energy generating use of bio-waste in every Member State of the EU. The report deals with the issue adequately, and I will vote in favour of its adoption.

**Edite Estrela (S&D)**, *in writing*. – (PT) I voted in favour of the report on the Commission Green Paper on the management of bio-waste in the European Union, given that the stipulation of compulsory separated collection systems and recycling of bio-waste will enable stronger environmental protection in the EU and support the fight against climate change.

**Diogo Feio (PPE)**, *in writing*. – (PT) Merely observing the amount of bio-waste thrown away daily as a result of our private consumption should alert us to the need to examine the best ways to use it and minimise its impact on the environment. If industrial consumption is added to private consumption, this need quickly assumes urgent proportions, and should motivate both political decision makers and specialists to persist in studying the most suitable processes and methods. I believe that a directive aimed at effectively improving the management of this kind of waste would be of great benefit to citizens of all Member States.

**José Manuel Fernandes (PPE)**, *in writing*. – (PT) I welcome the adoption of this resolution, for which I am the rapporteur, which supports the drafting of a specific directive on bio-waste by the end of 2010 and the establishment of a separate collection system for Member States, except when this is not the best option, environmentally or economically speaking.

It is estimated that the amount of bio-waste produced in the EU every year is around 100 million tonnes. This type of waste is the fourth largest source of greenhouse gas emissions in the EU, especially when deposited in landfills. The resolution presented here seeks to encourage the diversion of bio-waste away from landfills, promote the production of high quality compost to restore soil without chemicals and to encourage the creation of renewable energy. To date, the European Commission has insisted on the lack of any need for a directive on this stream of waste.

I hope that the Commissioner responsible for the Environment Directorate-General reads the report, notes the position of the majority in Parliament, and stops having such a narrow-minded view of this matter. Our position is ambitious and realistic. We demand a specific directive which brings clarity and certainty, and we hope that the Commissioner is well disposed to Parliament's wishes.

**João Ferreira (GUE/NGL)**, *in writing*. – (PT) The management of bio-waste, absolutely necessary to the healthy existence of the human species, and to its harmonious coexistence with nature, must not be seen in the light of strictly commercial interests. The report under discussion refers to the 'establishment of a mandatory separate collection system for the Member States', and the suitable treatment of bio-waste through anaerobic digestion and composting. Although we broadly agree with these principles, we cannot, however, neglect to point out some problems. In addition to the technical difficulties inherent to the advocated treatment, which cannot be ignored, this is much more expensive. The question unanswered in the report is: who will pay?

The report is lax regarding measures for the prevention of waste production, with the focus devoted almost exclusively to its recycling. Reduction is one of the best ways of combating problems related to waste. I refer to the possibility of domestic composting which would allow much of the bio-waste to bypass the general treatment system – an issue that is absent from the report. As regards composting, it is not enough to say that we need to do it. The conditions have to be created for its use, without restrictions and without technical or scientific foundations, which only favour the stronger competition from the fertiliser industry.

**Françoise Grossetête (PPE)**, *in writing*. – (FR) I voted in favour of the Green Paper on the management of bio-waste (biodegradable waste) in the European Union.

There is a big difference between the Member States who recycle the least – 90% landfill disposal, 10% recycling and energy recovery – and those who have adopted the most efficient approaches – 10% landfill disposal, 25% energy recovery and 65% recycling.

Bio-waste plays an important role in the fight against climate change and offers an interesting potential in terms of protecting soil and promoting the production of renewable energy. The Member States must take measures to promote the separate collection of bio-waste – for example, to produce compost. We need to have a real European compost market, because composting is the processing method best suited to green waste and has the advantage that it can be used for fertilising soil.

The satisfactory management of bio-waste would therefore have not only environmental advantages, but also economic ones.

**Ian Hudghton (Verts/ALE)**, *in writing*. – The widespread support that this House has given to the Fernandes report is a welcome sign. It shows that this House is united in taking this issue seriously and sends a clear message to the other institutions as well as to the Member States. The Scottish Government only last month published a Zero Waste Plan which deals with many of the issues discussed in the Commission's Green Paper. Action must be taken at the EU level and today's vote should ensure that progress is made.

**Jean-Luc Mélenchon (GUE/NGL)**, *in writing*. – (FR) This report takes the right approach. By proposing to abandon landfill waste, to favour composting and incineration and to make sure that incinerations involve energy recovery, it partly goes back to the ecological planning framework that we advocate. I welcome this. However, in advocating biofuel recovery and incentives to privatise waste management, it plays all the old liberal tunes without taking their failures into account. I will therefore abstain.

**Nuno Melo (PPE)**, *in writing*. – (PT) I believe that the measures aimed at improving the management of bio-wastes in the European Union are vital in view of the extensive environmental and economic benefits that they will bring. With the economic and territorial expansion of the European Union, the quantities of waste generated are always increasing, and it is estimated that the quantity of bio-waste produced annually in the EU is approximately 100 million tonnes of food and garden waste, and 37 million tonnes of waste from the food and drink industry. Much of this biodegradable garden, cooking and food waste can and should be used as a source of renewable energy and in recycled materials. In this way we can contribute not only to combating climate change, but also to promoting healthier soils and slowing the loss of biodiversity.

**Andreas Mölzer (NI)**, *in writing*. – (DE) It is important for the environment to use available raw materials sensibly, which also means recycling bio-waste, if waste cannot be avoided. This kind of environmental awareness among citizens is steadily growing, enabling them to gain a better understanding of the purpose of environmental and climate protection. There have traditionally been differences in Member States regarding, for example, how to use bio-waste to generate energy. Given that quite a bit of investment has already been made in this area, it would be sensible to recognise national differences in line with the subsidiarity principle. Sufficient consideration has not been given to this in this report, which is why I, too, abstained from voting.

**Justas Vincas Paleckis (S&D)**, *in writing*. – I voted in favour of the report on the Commission Green Paper on the management of bio-waste in the EU, which makes a strong commitment to combat climate change and to reducing the negative impacts of economic growth. Even though bio-waste treatment has already been widely discussed in the European institutions, one cannot but notice how much the situation has changed in the past few years. Whereas technological progress has to be included in the debates, no less than 11 new Member States have joined the EU along with Lithuania, all of them bringing specific waste management practices. While the annual amount of bio-waste in the EU is estimated at 76.5-102 Mt for food and garden waste and up to 37 Mt from the food and drink industry, I find it of utmost importance to pave the way for a debate on the possible need for future policy action. Improving bio-waste management and developing the use of bio-waste as a resource will result in considerable economic, social and environmental gains and help turn the EU into a resource efficient 'recycling society'.

**Alfredo Pallone (PPE)**, *in writing*. – (IT) Biodegradable waste – biodegradable garden, kitchen and food waste – accounts for around a third of urban waste and has a potentially significant environmental impact. When such waste is disposed of in landfills, it emits methane, a greenhouse gas 23 times more powerful than carbon dioxide and one of the main causes of climate change.



While waste management in the European Union is governed by an extensive body of regulations, in the area of biodegradable waste, there is scope for further improvements, all the more so given that such waste can be recycled and used as a renewable energy source.

Therefore, a specific directive on the management of bio-waste would be a crucial factor in the implementation of the principles deriving from the Waste Framework Directive and from the other directives on waste management in general. I have just one reservation, and it concerns the flexibility that the directive must have at local level to enable the best environmental and economic solution to be adopted.

**Maria do Céu Patrão Neves (PPE)**, *in writing*. – (PT) I welcome the adoption of this report by an overwhelming majority, as it concerns the pre-eminent question of bio-waste management in the EU, and has requested that the European Commission draw up a ruling to create a compulsory separated waste collection system for all Member States.

Indeed, waste management is a serious and current problem that needs to be resolved urgently, especially bearing in mind that the EU produces around 100 million tonnes of bio-waste per year. It should also be emphasised that combating climate change, to which the EU is pledged and in which it is world leader, requires proper waste management, given that this is the fourth largest source of greenhouse gases in the EU.

Bio-waste can also be reused to produce bio-energy and biofuels. The recycling industry currently creates around 250 jobs for each 10 000 tonnes of waste recycled. The exhortation to draw up a specific directive on bio-waste management is an important contribution of this report, in recognition of the fact that the current standards for bio-waste are dispersed and in need of greater clarity, simplification and legal precision.

**Marit Paulsen, Olle Schmidt and Cecilia Wikström (ALDE)**, *in writing*. – (SV) We have chosen to support Mr Fernandes's report in order to indicate that the environmentally sound management of bio-waste in Europe is important if we are to reduce climate change and combat environmental destruction. However, we would emphasise that this should be accomplished through the proper implementation of, and compliance with, current legislation, and not through a complicated increase in regulations.

**Rovana Plumb (S&D)**, *in writing*. – (RO) One strategic objective of waste management policy is to transform the EU into a recycling society. The enormous quantity of waste produced every year in the EU (estimated at between 76.5 and 102 million tonnes of bio-waste, including approximately 8 million tonnes in Romania) cannot be squandered. Bio-waste plays an important part in combating climate change (in 2004, a total of 109 million tonnes of greenhouse gases were released in the waste sector), offering valuable potential in terms of protecting the soil and promoting the production of renewable energies.

This means that sustainable development can be promoted through efficient resource management. This entails the proper management of bio-waste in accordance with standard EU regulations, the promotion of technological innovations and the creation of green jobs (for example, the recycling industry creates up to 250 jobs for every 10 000 tonnes of waste which is recycled).

Consequently, a compulsory separate collection system, bio-waste recycling, a specific bio-waste directive, the promotion of research and innovation and raising citizens' awareness about measures preventing the accumulation of waste are necessary to help the economy and the environment, as well as help achieve the EU 2020 strategy objectives.

**Raül Romeva i Rueda (Verts/ALE)**, *in writing*. – The draft report already contained the most relevant issues for us Greens. We concentrated on highlighting the problems of recovery of bio-waste in the form of waste incineration with energy recovery, stating that the recycling of bio-waste is far preferable to incineration, as not only does it avoid the formation of methane gas but it also contributes to combating climate change via carbon sequestration and the improvement of soil quality. This was included in the recitals of the text adopted in committee.

**Oreste Rossi (EFD)**, *in writing*. – (IT) We are in favour of the Commission's Green Paper on the management of bio-waste. The introduction of separate collection systems, the setting of standards for compost, guidelines for the prevention of organic waste, the application of the life cycle concept and waste assessment are the starting points to ensure greater efficiency and savings, in the hope of a mandatory separate collection system in all EU States, except where this is not practical for economic or environmental reasons.

**Nuno Teixeira (PPE)**, *in writing*. – (PT) Management of bio-waste in the EU is an extremely important issue for our times, not only for the massive amount of waste produced every year (estimated at 1 39 million tonnes), but also for the continuous changes in climate that we are witnessing. The production of bio-waste is inevitable by definition, but what can be avoided is its inadequate management, particularly in the case of it being deposited in landfills, which constitute the main source of gases emitted into the ozone layer.

This waste can be transformed, constituting an added value for society, given that, if we can gain advantages from it, we can renew industries and use resources which otherwise would not be used. I refer, among other things, to its capacity for increasing its value in the production of bio-energy, which can be transformed into electricity and heating, or of biofuels, an alternative to the supply of fossil fuels, which are almost exhausted due to incessant use. The report is an important step for the sustainable development of the Union, and I am in total agreement with the rapporteur that the best way to attain the goals set, both in terms of environmental policy and the internal market, will be made possible with the creation of a ruling on bio-waste.

**Georgios Toussas (GUE/NGL)**, *in writing*. – (EL) The MEPs of the Greek Communist Party voted against the report, which is in keeping with the Commission's Green Paper and loyally follows the anti-environmental line taken by the EU in favour of the mass incineration of mixed waste adopted by the Community bodies (Council and Commission) and the political representatives of the monopolies in the European Parliament. The report gives priority to 'energy recovery' from urban bio-waste through 'anaerobic' digestion for the production of bio-gas and considers incineration to be a 'viable alternative', even though it is a known fact that these have an adverse impact in terms of environmental pollution and damage and zero benefits. At the same time, it downgrades to second place aerobic processing, which is a mild, simple, tested and safe technology which produces a stable, high quality product at a much lower cost. That is because it does not guarantee large profits for capital, nor does it link up with the other equally environmentally destructive euro-unifying policies to promote the incineration of biomass and biofuels. The report proves that the EU and the political face of capital in the European Parliament exist to serve monopoly profits, at the expense of the health and the very life of workers.

**Marie-Christine Vergiat (GUE/NGL)**, *in writing*. – (FR) I voted in favour of this resolution, in which the European Parliament calls on the European Commission to take action on the processing and management of bio-waste – namely, waste resulting from meals and their preparation, green waste (gardens, parks and so on), industry (wood and so on) – and, in particular, through putting forward a specific draft directive. In this way, the European Parliament is reiterating the request it made during the revision of the Community legislation on waste in 2008.

In particular, the European Parliament asks for sorting of bio-waste to become obligatory, for bio-waste to be recycled and for composts to be classified according to their quality.

The Commission and the Member States must take measures so that Europeans are aware of the environmental benefits of processing biological waste. This is because this waste represents between 118 and 138 million tonnes of organic waste and thus largely ends up in the collection of normal waste, while it could be recovered for other purposes.

It is therefore urgent for the Commission to grasp the nettle here, all the more given that, following the failure of the Copenhagen Summit, environmental problems are currently on the back burner, to say the least.

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

*(The sitting was suspended at 13:05 and resumed at 15:00)*

**IN THE CHAIR: JERZY BUZEK**

*President*

## **9. Approval of the minutes of the previous sitting: see Minutes**

## 10. Economic governance in the EU and the eurozone, and surveillance of national budgets (debate)

**President.** – The next item is the statement by the President of the Commission on economic governance in the EU and the eurozone, and surveillance of national budgets (2010/2773(RSP)).

**José Manuel Barroso, President of the Commission.** – (FR) Mr President, ladies and gentlemen, economic governance constitutes a crucial challenge for the future of our Union. When, in 1993, President Delors made clear the need for a deeper coordination of economic policies, many Member States rejected this.

Furthermore, when the first Commission – which I had the honour of presiding over – brought up this question in its report on the tenth anniversary of economic and monetary union, in 2008, not many people listened. I nevertheless emphasised the need to provide an adequate response to the question of economic governance in my guidelines for the present term, which we discussed together about a year ago.

Commissioner Olli Rehn then discussed this with you during his hearing. By that time, the Commission had already announced its intention to put forward proposals to strengthen economic governance in the European Union, particularly in the euro area. Unfortunately, the crisis has shown that we were right. However, the urgency of this debate is now recognised, and I can only welcome the fact that the conditions have finally come together for advancing towards a true European economic governance.

As a result, the Commission provided detailed proposals on 12 May. These proposals have kept the debate alive, including with the European Parliament, and particularly the work of the task force presided over by the President of the European Council. The Commission is pleased with the progress of this work and with the consensus achieved up to now, which was shown very clearly during the European Council.

In order to maintain this dynamic, last Wednesday, the Commission again adopted a range of proposals which, once converted into legislative initiatives, will be able to be implemented from 2011 if they are adopted in good time. These proposals do not involve changing the treaty. We must act now, within the legal context that we have today. This is not a limitation. The new possibilities that the Treaty of Lisbon offers us can and must be fully utilised, because we no longer have the time to wait. Our citizens, our businesses and our economy are demanding that we take initiatives. It is our responsibility to decide and to act now.

Because of the economic crisis, the European Union has been faced with a series of serious tests. The reinforcement of economic governance is, of course, just one aspect of the European Union response to the crisis.

The response has also included other dimensions: the comprehensive reform of the regulation of financial markets and proposals for a new European supervisory architecture. As I said this morning, a deal is within reach in the coming days. I call on all parties to maintain the positive dynamic, to ensure that new authorities can start their work in early 2011. This will also keep Europe in the lead in implementing our G20 commitments in this area: the measures to secure financial stability, first through the Greece Programme and then through the mechanisms for the euro area as a whole and, last but not least, a programme for growth and jobs through structural reforms included in the Europe 2020 strategy.

Our response to the crisis is a holistic one. We stabilise, we consolidate and we modernise. We prepare our social market economy to ensure a better future for our citizens. But for now, let me focus on governance.

The challenge of the past few months has centred on whether our economic governance is equal to the new pressures placed on our economic and fiscal stability. We have the treaty provisions in place which allow us to act. We have the institutions. We need to make it work.

We faced a real risk and we successfully resisted it. Now we are filling in the gaps we have identified to pre-empt such risks for the future. I first announced to Parliament the ideas we fleshed out in the Commission communication of 12 May. Our debates since then are reflected in the Commission communication of 30 June. Now we are moving on to the operational phase, with the Commission ready to submit legislative proposals as early as September.

Before explaining the issues in detail, I would like to emphasise how much this process has benefited from the work with the European Council, the task force chaired by the President of the European Council, and indeed the deliberations of Parliament. This work has helped to build a real European momentum. I hope that this will translate later into a swift consideration and swift adoption of legislative proposals.

Our approach to economic governance is to have rules that are more comprehensive and more efficient. The current treaty gives us plenty of scope to do this and I am convinced that the Community method will once again give us the right answer.

We need a stronger surveillance regime. That means one that is stricter and broader, covering budgetary, macro-economic and structural policies, a regime that acknowledges the reality that every Member State has its own particularities but a regime that also reflects the interdependence we all know is central to the European economy.

What does this mean in detail? First, we need more coordination. Key to this is the 'European semester'. It will enhance economic transparency and encourage peer reviews, *ex ante*, among Member States. If Member States submit their stability and convergence programmes and their national reform programmes simultaneously, we will have a truly joined-up approach. This European perspective will be an asset for Member States as they plan, discuss and adopt their national budgets according to their national constitutional procedures.

Second, we need the credibility that comes with better enforcement. This means a refined incentives and sanctions toolbox, a more effective mix of both preventive and corrective action. We need a Stability and Growth Pact that is targeted, not only regarding the deficit criterion but also on debt: a pact that has real teeth and is respected. Of course, the most effective sanctions are those that do not need to be used because they create the incentive to comply – but, in order to achieve this, the rules need to be strong enough to command this respect.

I want to be very clear on this. Without a more stringent system of incentives and sanctions, we will not reinforce economic governance in a credible way. If a Member State does not respect the commonly agreed rules, then it must be prepared to suffer the consequences. This means also that sanctions must be designed so as to apply to all Member States on an equal basis. Parliament can be reassured that the Commission will do its utmost to ensure that this will be the case.

As regards financial sanctions, we proposed to base them on a broader range of expenditure from the EU budget than before. In a nutshell, all Member States should, in future, face the risk of losing money from the EU budget in the event of persistent failure to comply with the fiscal rules. The application of these rules should also be quasi-automatic as regards the corrective arm of the Stability and Growth Pact.

The timing of measures is also key. We must not fall into the trap of waiting too long before sanctions kick in. Incentives and sanctions must be brought upstream so that action is deployed before the situation gets out of hand. Preventive action can be much more effective than corrective action – but it requires discipline and political will.

One of the weakest points of our current rules is the absence of mechanisms to deal with problems appearing in so-called 'good times'. We are addressing this in our proposals, in particular, as regards the euro area.

Third, our surveillance needs to capture all the key elements. It must not be restricted to fiscal policy alone. We have seen that such a narrow perspective does not work. We must have tools to detect macro-economic imbalances among Member States.

Such imbalances weaken the cohesion of the EU and, in particular, of the euro area. A comprehensive scoreboard of indicators will give us what we need to identify increasing divergences and to propose remedies. They need, of course, to be complemented by appropriate enforcement mechanisms for such remedies.

Fourth, as well as stricter fiscal rules, we also need to push the structural reforms, innovation and trade that will put Europe back on track in terms of growth and create jobs for the future. That is what our Europe 2020 strategy is all about. The European Council endorsed it a fortnight ago. Now we need to put it into practice to ensure that national and European policies are fully in tune, creating the virtuous cycle where growth in one part of Europe helps drive growth in another.

Fifth, let me repeat the utmost importance of transparent and robust financial market regulation, and call on all actors in the process to adopt the necessary reforms as quickly as possible.

I would like to underline the historic dimension of the reforms we are putting forward. They constitute an answer to the challenges that our single currency is facing in Europe, but they also have an important impact in the global financial markets.

The time has come to give the Economic and Monetary Union the tools it needs to fully function, in order to ensure its credibility. What is at stake is not just some technical rules. What is at stake is the future of the euro and we can say, to some extent, it is the future of our European project.

To make all this possible, we have to show without any possible doubts that the world has changed and that our proposals on economic governance are not more of the same, but the real breakthrough. Today, the conditions have been met to bring together the Stability and Growth Pact, economic governance and the structural reforms in a consistent system within the Economic and Monetary Union.

This system should harness all our tools for the common objective: the Structural Funds, budget surveillance and the reforms provided for in the Europe 2020 strategy.

This is a strategy for the whole Union. This is not just an addition of different strategies. It is a real economic strategy for Europe, but we can only have a European economic strategy if we have a truly economic system of governance. However, the system of incentives and sanctions should reflect the special responsibilities of Member States that have already adopted the single currency, in strict compliance with the legal framework. Those Member States share a common good called the euro and it would not be acceptable for the misbehaviour of some members to put all the others at risk.

I am convinced that these proposals will mean a step change in the economic consistency of the Union, while at the same time preserving the inevitable specificities between those Member States who are members of the euro area and, of course, respecting those who are not yet.

The current situation requires ambition and boldness: the proposals of the Commission will send out a strong message, both inside the EU and worldwide, that the European Union is equal to the task. It is therefore paramount that our three institutions work consistently and in a spirit of close cooperation to finalise and approve these proposals with mutual confidence and belief in our common future.

It is important that all our partners worldwide understand that we are ready to do whatever it takes to defend the euro and the stability of our common currency. The Commission's task is to use its right of initiative to further the common interest of Europe and its citizens. It is determined to fulfil this task and is convinced that these proposals are the right way forward for Europe.

(Applause)

**Corien Wortmann-Kool**, *on behalf of the PPE Group*. – (NL) President Barroso, Commissioner Rehn, your proposals are an important step towards strengthening economic governance in Europe. I should like to pay tribute to you for actively exercising your right of initiative rather than waiting to see what the Council's task force comes up with. Our group, the Group of the European People's Party (Christian Democrats), welcomes the proposals and wishes to cooperate closely and energetically with you and the Council to accomplish them. It also wishes to cooperate on taking the next step towards the Community method. What is needed is not new institutions but instead a strong, independent role for the European Commission, and a European Council that commits itself to a common approach and democratic control by the European Parliament. As far as the PPE Group is concerned, these are the ingredients for the legislative proposals you are to present to us in early September.

We have great expectations of the European Semester and the coordination of national action programmes. Important reforms and painful measures in the Member States are necessary in order to strengthen their competitiveness. This will create jobs and prosperity for our citizens. We also have great expectations of the measures to strengthen the Stability and Growth Pact using a big stick: sanctions, that is. You called the series of measures a 'toolbox'. A great deal will depend on the specific contents of this toolbox.

One of our Dutch football teams has the motto 'deeds not words'. Deeds not words is exactly what Parliament wants when it comes to strengthening economic governance, and also when it comes to the legislation on European supervision of the financial institutions. The Council embraced the report by Jacques de Larosière, but this must now be put into practice, transposed into legislation – supervisory authorities with real powers that can start work on 1 January – and so the Council now needs to actually do this. Parliament will be voting tomorrow, but we shall leave the door open for the Council to conclude an agreement during the meeting of the Economic and Financial Affairs Council this month. This means endorsing Parliament's position on the powers for this new supervisory authority, as Parliament will stand firm – not in its own interests but in those of the public – in order to restore calm to the financial markets, so that we can once more look to the future with confidence.

**Stephen Hughes**, *on behalf of the S&D Group*. – Mr President, we worry that President Barroso and Commissioner Rehn's proposals lack balance. Fiscal stability cannot exist in isolation from strong economic growth and high levels of employment. Current and further planned austerity measures will lead to a sustained period of low growth, increasing unemployment and further social exclusion.

President Barroso, I know that you do not believe that millions more unemployed and more social exclusion are an acceptable price to pay for rapid fiscal consolidation, but that seems to be the path you are treading. In your proposals of last week, I think you are missing the point. There is a need for a qualitative leap in European economic policy and in its governance, but that should lead to a balanced policy agenda combining fiscal responsibility with economic effectiveness and social fairness. You have left out several highly relevant options that would really mean a qualitative leap in this field. Real economic policy coordination should provide for a more differentiated consolidation plan for Europe, instead of the short-sighted 'one size fits all' austerity agenda that makes no economic sense.

Second, you must come forward with an economic policy agenda for jobs and fiscal consolidation. Today, we only have an agenda for cutting deficits at the expense of jobs.

Third, we need strong proposals on how to safeguard proper public financing for the recently agreed Europe 2020 strategy, including new tax revenues from financial transaction taxes and other sources. We also urgently need operational proposals from you, the Commission, on how to shift the tax burden away from labour as rapidly as possible. Taxation on labour is far too high in a number of Member States.

Last but not least, you have stopped short of positive incentives, rather than negative sanctions, in a renewed Stability and Growth Pact, although that could be a very promising path to tread. I hope you will reconsider and come forward with a more balanced set of proposals in the autumn.

**Guy Verhofstadt**, *on behalf of the ALDE Group*. – (FR) Mr President, I am satisfied with the presentation of the package by the President of the Commission and, if I may give my opinion, I would suggest that you bring it in as soon as possible on the basis of your right of initiative. Put it on the table of the Council and put it to the European Parliament, because that is the mechanism by which the Union operates. The Commission has the initiative here.

I would thus like to wish the newly-introduced working group much success, but ultimately, the Commission will have to abide by its responsibilities and put a proposal to the various institutions.

Nevertheless, Mr President, some questions remain concerning this package.

The first question, which is fundamental, is: who will manage this economic governance? Will it be the Member States, the Council or the Community institutions – that is, the European Central Bank and the European Commission? For the European Parliament, it is very clear: it has to be the Community authorities, because I have never seen the Member States demonstrate an ability to exercise this control themselves. This does not work: it has never worked in the past, and it will not work in the future either.

Secondly, I agree that penalties should be envisaged, but not only concerning the Stability Pact, because, as you have said, this is only one aspect of the policy. We must also do this, for example, with regard to competitiveness, structural reforms and the European economy. There must be penalties, and on this point, I would ask certain Member States to show more consistency. They defend – even demand – penalties relating to the Stability Pact, but when we talk of penalties with regard to Europe 2020, from the competitiveness perspective, they are much more reticent. It must be one thing or the other. If we want penalties, they must be applied across the board.

My third comment is that we must also think, President of the Commission, of a strategy for economic growth. We cannot just say that we will reduce the deficits. It is necessary to make this reduction – and as a former budget minister, I want to reduce deficits – but apart from that, we also need an economic growth policy, and the only authority that can provide that is the European Union. The Union has borrowing capacity, and it has projects for the pan-European infrastructure that we need, as Mr Monti's report emphasises, and the Commission must therefore make proposals in this direction too. It must do this not only with a view to reducing the deficits – which is necessary because the Stability Pact requires it – but also with a view to developing a credible economic growth strategy so that we do not fall into the trap of economic stagnation of the Japanese type, such as the one that we experienced for more than ten years.

The fourth element is the 'stress tests'. I am satisfied with the fact that the decision has been taken to publish these. We already needed to do this a year ago, as the Americans did, because it is the only way of reopening the supply of credit in the private sector.

Finally – and I will stop there, Mr President – as regards financial supervision, let us be very clear on this point: there will not be any agreement with Parliament if the Council and the Member States do not respect the fact that in case of conflict, it is the European authority that has the last word. This is a crucial point. Furthermore, this element is repeated in the Commission's proposals. This is the point of departure for the Larosière exercise. The Member States have not yet understood. It is time, Mr President, that the Member States accepted this, otherwise there will be no agreement on financial supervision.

**Sven Giegold**, *on behalf of the Verts/ALE Group*. – (DE) Mr President, many thanks for making this statement. I feel that we ought to be very careful not to continue falling back into old ways in a very difficult situation. What I mean by 'old ways' is the right-wing political groups stressing budget deficits and competitiveness problems, while the left-wing groups go on about the risks of austerity measures.

As far as I see it, we will not make any progress this way. On the other hand, if you take a fair look at this proposal, you have to admit that it contains signs of significant progress, for instance, with regard to budget coordination. It also specifically mentions imbalances. Until recently, it was still almost impossible to talk about imbalances seriously. The fact that sanctions should be applied if Member States fail to do their homework is also a sign of progress.

However, this proposal also has blind spots, which is something that we can no longer expect ourselves and our citizens to accept. This obviously means economic governance and also talking about tax issues. The fact is that we have tax havens, large areas of the economy which go untaxed, not to mention excessive tax competition. These must stop being taboo subjects and obviously have a place in such a statement.

Secondly, it is not enough to coordinate budget policy only in the way it was described. We must ensure that budget policy is anti-cyclical, enabling it therefore to counteract crises. Unfortunately, this does not feature in the text. Furthermore, it is evidently still taboo to say that in the case of imbalances, there are countries in deficit and those in surplus, with both sides making their specific contributions. Unfortunately, you are still lacking the courage to explain things as clearly as is necessary.

We have problems with asset prices and bubbles. This is not mentioned explicitly either. The point I am making is that we should at least be honest and put aside our ideological differences after this crisis for a time and take a look at all the causes of the crisis, instead of looking for these problems from a one-sided perspective. It is no longer enough now to make progress in this crisis. Our citizens are expecting holistic, comprehensive solutions, which is no more than they deserve.

**Kay Swinburne**, *on behalf of the ECR Group*. – Mr President, economic governance, supervisory architecture, cross-border crisis-management tools: these are all very important areas post financial crisis. For all these areas, we need to ensure that a strong and resilient structure is put in place as soon as possible in order to ensure that we can deliver a common set of rules, whether for Member States accounts and their behaviour in economic governance, or for our financial services reform. We need to arrive at consensus. The outcome needs to be fully implemented by all 27 Member States and be fully complied with. Any new institutions need to be apolitical, and recruitment of staff should be based, above all else, on merit and ability to do the task at hand. We need to send a clear signal that these new procedures and supervisory authorities, especially the proposed European Systemic Risk Board, are necessary and can work for the benefit of our constituents and our collective economies.

The recent financial and economic crisis has necessitated bold measures. In Europe, we have identified areas in which regulatory gaps can be bridged and will hopefully also improve the transparency of our markets and financial services as a whole. The recent agreement on the US finance bill has been hailed by many as putting the US regulatory reform ahead of the EU. I do not agree with this conclusion. If we can find agreement on the supervisory architecture over the coming days and weeks, we will have a robust EU framework centred on a new European Systemic Risk Board and the three Lamfalussy committees transformed into European authorities. Once this framework has been established, it should aid the safety of the financial system and may even prove to be a vehicle to improve the functioning of the single market in financial services.

In following this agenda, we do, however, need to ensure that any new authorities established work effectively with national supervisory bodies and that, at all times, these discussions and negotiations strive for the best structure, the best supervision and the best outcome, rather than whether it is 'more' or 'less Europe'. I

commend the Commission's focus in addressing the key issues of concern and believe that although by very different methods, we will soon end up with a global financial system which is safer and better serves our economy.

**Lothar Bisky**, *on behalf of the GUE/NGL Group*. – (DE) Mr President, in the wake of the measures proposed by the Commission in recent weeks for averting imminent crises, involving the euro rescue package and the Europe 2020 strategy, which entail rescuing the banks, on the one hand, and cuts in social security, salaries and pensions, on the other, we now have proposals on the table for reforming the Stability and Growth Pact. In our view, these proposals from the Commission on reforming the Stability and Growth Pact are taking the wrong tack.

The Commission, following in the footsteps of the working group headed by President Van Rompuy, does not want to modify the Pact's content, but instead wants to tighten the sanctions and enforce compliance. Both the Commission and Council are calling for further controls and penalties for Member States in deficit. This has not worked in the past and will not work in the future. However, we in the European Parliament's Confederal Group of the European United Left – Nordic Green Left are pleased, at any rate, that the harshest penalties proposed by the Commission for countries in deficit were not applied.

Regulation of the financial markets is a matter of urgency. We will do our part to resolve the situation. Europe's citizens already have to pay; the Council now ought finally to swing into action as well.

The problems with the Stability and Growth Packet are not down to lack of compliance or the rapid reduction of the annual deficit to the Maastricht target of 3% of new debt. This may stall growth in the euro area, which is still feeble and at risk.

The current economic imbalances in the EU must be eliminated, as this is what speculators are making their living from. One of the ways to do this is for the countries with strong economies to drop their aggressive export strategies which have devastating consequences for the other countries. These countries must make greater efforts to strengthen their domestic markets and boost demand instead. Criteria such as the unemployment rate and the prevalence of poverty must be included in the Stability and Growth Pact. What is needed is to carry out a fundamental overhaul rather than tighten its conditions.

**Godfrey Bloom**, *on behalf of the EFD Group*. – Mr President, Commissioners – the three amigos if I may call you such – last session, Mr President, you had to scamper away. I think you had an urgent appointment. You missed my words of wisdom and I am glad to see that you are here to receive them today because I feel I have some wisdom to offer.

You are in such a pickle actually, are you not? One could almost feel sorry for you but of course, you know, you bring some of this on yourselves. The common currency experiment – which is an experiment that was doomed to failure; I remember lecturing at Cambridge University back in the 1990s, explaining why it was deeply flawed and could not work and I gave it about 10 years and I am afraid it looks as though I was right – was flawed even by your own rule book. What in fact happened when you introduced it was that you actually tore up your own rule book. You threw it away! You welcomed every fiscal dysfunctional economy into the eurozone, including Greece – which was going to hasten the demise of the eurozone, and it thus comes as no surprise. I am not a johnny-come-lately to the demise of the euro. It was always written in the runes, as it were. To suggest now that we have only just found out that Greece was broke is intellectually dishonest. I was in the City at the time and we were buying Greek bonds at 10% coupons, they fell to five and it was a one-way bet – a bit like having the winner of the horse before the race had even started!

Our commercial banks have got themselves into a terrible problem because they buy junk debt. They redistributed junk debt repackaged at triple A ratings. What are our central banks doing now? The very same thing. They are buying in the secondary market and buying junk bonds, repackaging them as triple A. This is just how we got into this pickle to start with. If you want to get out of this mess, you need to get rid of the political-establishment support for commercial banks and get rid of central banks, which are actually part of the problem, not the solution.

**Marine Le Pen (NI)**. – (FR) Mr President, the Europe of the euro area is experiencing an economic decline without precedent in its history, the weakest growth in the world, the highest unemployment, and a continuing decline in competitiveness. This total failure was made manifest to everyone during the recent sovereign debt crisis which affected Greece, and which will continue to affect Spain, Portugal, Italy and France, resulting in the general impoverishment of the populations of these countries.



You had promised the convergence and the harmonisation of the European countries. Today, you are rushing us towards a social and political explosion. You alone bear the responsibility for this current tragedy, because by imposing a policy of a single, uniform and totalitarian monetary policy on economies which are so divergent, you have encouraged frenzied speculation among some people and economic sluggishness among others.

How can we explain the fact that Spain, which had a budget surplus of 2% in 2007, is today experiencing a deficit of 12%, if it is not because the single and uniform interest rates of the ECB have encouraged unprecedented real estate speculation in this country, which today is covered with empty houses? The entirety of the European banking sector is effectively contaminated by this new sub-prime crisis, the consequences of which are causing great fear.

Your only response is to propose that we persevere in this error, though you have been wrong on everything, by continuing the takeover by the European Union and increasing its powers through upstream control of the national budgets, and by imposing on the European people an unprecedented austerity policy. *Errare humanum est, perseverare diabolicum* – to err is human, to persist is of the Devil.

**José Manuel Barroso**, *President of the Commission*. – Mr President, I will try to respond to some of the concrete questions. First of all, to Corien Wortmann-Kool, thank you for your support. In fact, we believe this will enhance the credibility of our Stability and Growth Pact, but also of the euro and of the European project as a whole, and we believe that Parliament should be closely associated with all these efforts.

At the last European Council, when President Buzek was there, I made a point that Parliament should be kept fully informed of progress in the discussions on the future economic governance of Europe.

I think that some of the concerns expressed by Mr Hughes and Mr Bisky should be considered, but in fact, I believe that our proposal does consider your concerns because in this proposal, we are saying something new: that the Stability and Growth Pact is not everything, that we are linking analysis of the implementation of the measures in the framework of the Stability and Growth Pact with macro-economic imbalances, with the problems of divergences in competitiveness. So, in fact, what we are proposing is a holistic approach that does not look only to the macro-economic aspects but also to growth, as Guy Verhofstadt was suggesting, that looks also to innovation, to the reforms. That is precisely our goal with Youth 2020. And yes, Mr Verhofstadt, as you rightly mention, we are concerned now with the internal market and we are working on this taking the report presented by Mario Monti – a report I have asked him to present – as a basis and Commissioner Barnier will come in the Fall with some very important proposals, a Single Market Act in fact to address this issue.

So our proposal is not only about prudence in macro-economic aspects. Today we are discussing economic governance, so it is natural that we look at what did not go well, but I want to underline this point – this is not just about macro-economic prudence: it is also about growth and about our reform agenda. What is new here is that now, for the first time – if, of course, this plan can in the end be agreed – we have this comprehensive approach, trying to look at all the aspects. You will remember that, when I presented the Europe 2020 strategy some months ago, in some quarters in Europe some people were saying ‘No, you cannot link it to the Stability and Growth Pact because it may weaken the Stability and Growth Pact’. I think that everybody agrees now that discussing the macro-economic constraints without discussing structural reform, and without considering competitiveness, makes no sense.

That is why I also do not agree with the idea that our approach is not balanced. In Youth 2020, we were fighting for targets such as reduction of poverty, education, and employment to be included. So it is, in fact, a very balanced approach, one in which we try to combine all the economic policy instruments, to have a European dimension and a national dimension and to have, at the same time, objectives related to competitiveness and objectives related to social inclusion and to education.

You are right, Mr Verhofstadt; it is up to the Commission to make the proposals, and that is what we are doing. We will come with formal proposals. What is going on is a very important reform. That is why Olli Rehn is also giving his very important input on behalf of the Commission to the task force. We believe it is important to bring some consensus, because these are very important changes, but of course, when the time comes to present the legislative proposals to the Commission, we will do so, and that is exactly the best way to have your Parliament associated.

But we also want to include in this holistic approach macro-economic surveillance with TIF. It is not only about sanctions for those who do not fulfil the criteria of depth and the deficit. We will also try to reinforce coordination in terms of the macro-economic imbalances.

Some of you also mentioned supervision, and, once again, I would like to remind you that our aim remains to have the new authority in place at the start of 2011. We need this since our whole reform is based on this new architecture. In the last few days, a new Belgian Presidency has renewed momentum towards a deal. There is a predominant sense of constructive pragmatism on both sides. I am grateful for the ambition Parliament has been demonstrating. I am grateful for your strong support. At the same time, I would like to ask you to continue your efforts to reach a satisfactory deal in the next few days. I believe it now appears within grasp. The Commission has contributed through various compromise texts and is very pleased that progress is being made. We now call on both legislators to maintain the positive dynamic. As Mrs Swinburne said, and she is right, the Americans have announced the political agreement but they have not yet legislated. Sometimes when you read the press, it appears that the Americans are much more advanced than we are. It is not true. President Obama said in the G20 that he got a bipartisan agreement. Great, and we welcome that. But in reality, we should be able to conclude our legislative work long before our American partners and I believe we should do that to show also our leadership in terms of the financial regulation and supervision at the global level. That could only enhance the role of Europe in this matter.

Finally, some of you spoke about stress testing. As you know, the Commission is playing an important role in promoting transparency and communicating the results of the ongoing stress testing of banks. At the last European Council, I made a strong plea to make the results public. As you know, this is a national competence, but I am indeed extremely pleased with the European Council agreement to do so. This decision should reassure investors by either lifting unfounded suspicion or by dealing with the remaining problems that may exist. I am very confident about the overall resilience of the EU banking industry, but we must identify possible pockets of vulnerability and deal with them. A fully transparent stress test provides the opportunity to do so. Backstop mechanisms must be designed for activation in case of need and this is, once again, a national responsibility. If state intervention is needed, this will be examined by the Commission in a timely manner under the Community State aid rules. The European decision to publish individual results of bank stress tests was indeed very well received by the G20 leaders in Toronto last weekend and we believe this is the way to restore confidence in our overall system.

So, as you see, we are acting on several fronts. Today, I have presented to you the proposals made more recently in terms of economic governance, but we should not separate those proposals from the other efforts that we are pursuing to give more coherence to our economic policy, to understand that a monetary union without some kind of economic coordination does not make sense. I believe that the stability of the euro is in the interest of all our citizens. It is in the interest, certainly, of the euro area, but it is also in the interest of all the European Union and of all those who want open markets, open economies and open societies.

(Applause)

**President.** – President Barroso, thank you for your approach and for your cooperation with the European Parliament.

The debate is closed.

#### **Written statements (Rule 149)**

**Tunne Kelam (PPE), in writing.** – I welcome the proposals made by the Commission. I can give an assurance that we, in the EPP and EP, are ready to work with you and the Council on this. Europe is about mutual and close interdependency. The current crisis demonstrates how important it is to know more about the challenges and worries the other members experience and to be prepared for common actions. The proposed coordination and control mechanisms are needed, taking into account both the European dimension and specific realities of each Member State. However, control mechanisms are not a solution but just a means. They should not be overestimated. The solution is in more efficient work, entrepreneurship and innovation. The key to the solution is prevention. Special attention should be paid to budgetary frameworks and the state debts. Instead of breaking financial control into smaller clusters, monitoring of the macro-economic situation as a whole is needed. The new dual system of incentives and sanctions deserves support. I also encourage making better use of Eurostat. Reliable and timely data is a crucial component to making the right decisions. I encourage the Council to show political will on the measures proposed, so that we can proceed to the practical implementation phase.

**Alexander Mirsky (S&D), in writing.** – (LV) I should like to draw fellow Members' attention to the problem of national budgeting. The tax system cannot serve solely as a means of collecting revenue; it must also regulate and optimise economic development and guarantee the social protection of the population. The tax system in Latvia is targeted at one result only – how to collect revenue today by any means possible. It seems that the Ministry of Finance of the Republic of Latvia has no care for what will happen tomorrow. The programme being followed by the Latvian Government could, in a year's time, lead to a situation in which the number of taxpayers will be drastically reduced and the level of unemployment will significantly increase, resulting in enormous social costs. This is all the result of illogical and unclear tax legislation. In individual cases, tax authority personnel can apply this 'turbid' legislation in any way they choose. This has led to the bankruptcy of many businesses and commercial structures. We must urgently set up a committee, a group of experts, charged with an evaluation of the Latvian tax system. What is happening in the tax sphere in Latvia today can be described in one word – illegality! In essence, the state is depriving entrepreneurs of their liquid funds.

# **11. Specific tasks for the European Central Bank concerning the functioning of the European Systemic Risk Board - Powers of the European Banking Authority, the European Insurance and Occupational Pensions Authority and the European Securities and Markets Authority - European Securities and Markets Authority - Macro-prudential oversight of the financial system and establishment of a European Systemic Risk Board - European Banking Authority - European Insurance and Occupational Pensions Authority - Cross-Border Crisis Management in the Banking Sector (debate)**

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

- the report by Mr Tremosa i Balcells, on behalf of the Committee on Economic and Monetary Affairs, on the proposal for a Council Regulation entrusting the European Central Bank with specific tasks concerning the functioning of the European Systemic Risk Board [05551/2010 - C7-0014/2010 - 2009/0141(CNS)] (A7-0167/2010);

- the report by Mr Sánchez Presedo, on behalf of the Committee on Economic and Monetary Affairs, on the proposal for a directive of the European Parliament and of the Council amending Directives 1998/26/EC, 2002/87/EC, 2003/6/EC, 2003/41/EC, 2003/71/EC, 2004/39/EC, 2004/109/EC, 2005/60/EC, 2006/48/EC, 2006/49/EC and 2009/65/EC in respect of the powers of the European Banking Authority and the European Insurance and Occupational Pensions Authority [COM(2009)0576 - C7-0251/2009 - 2009/0161(COD)] (A7-0163/2010);

- the report by Mr Giegold, on behalf of the Committee on Economic and Monetary Affairs, on the proposal for a regulation of the European Parliament and of the Council establishing a European Securities and Markets Authority [COM(2009)0503 - C7-0167/2009 - 2009/0144(COD)] (A7-0169/2010);

- the report by Mrs Goulard, 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 Community macro-prudential oversight of the financial system and establishing a European Systemic Risk Board [COM(2009)0499 - C7-0166/2009 - 2009/0140(COD)] (A7-0168/2010);

- the report by Mr García-Margallo y Marfil, on behalf of the Committee on Economic and Monetary Affairs, on the proposal for a regulation of the European Parliament and of the Council establishing a European Banking Authority [COM(2009)0501 - C7-0169/2009 - 2009/0142(COD)] (A7-0166/2010);

- the report by Mr Skinner, on behalf of the Committee on Economic and Monetary Affairs, on the proposal for a regulation of the European Parliament and of the Council establishing a European Insurance and Occupational Pensions Authority [COM(2009)0502 - C7-0168/2009 - 2009/0143(COD)] (A7-0170/2010); and

- the report by Mrs Ferreira, on behalf of the Committee on Economic and Monetary Affairs, with recommendations to the Commission on Cross-Border Crisis Management in the Banking Sector [2010/2006(INI)] (A7-0213/2010).

**Ramon Tremosa i Balcells, rapporteur.** – Mr President, at the origin of this financial crisis are the national supervisors. Our financial markets are integrated at a European level and in every country the main financial institutions are cross-border institutions, but financial supervision has remained only at national level.

At this stage, and with the huge crisis we are suffering, there are only two possibilities. We can reinforce the national supervisors or we can create European supervisors in order to adapt European financial supervision to the globalisation process. In this report, I propose a closer link between the European Central Bank and the European Systemic Risk Board. The President of the ECB will also be the Chair of the ESRB and represent the ESRB externally.

In my opinion, the European Central Bank has gained credibility and has become an institution of worldwide renown in this financial crisis. It has been recognised all over the world, including by some Anglo-Saxon experts, such as David Marsh, the Chairman of the London and Oxford Group. In my opinion, the European Central Bank is the only European independent institution that will have the moral and material authority to play an important role in future European supervision of both financial markets and financial institutions.

To justify why a closer link between the ECB and the ESRB is needed, we can see what is happening in other countries outside the eurozone. Three weeks ago, it was my pleasure to read in the *Financial Times* that Mr George Osborne, the UK Conservative Finance Minister, has decided the biggest overhaul of City regulation since 1997. The UK splits the main financial regulator and gives more power and more clout to the Bank of England. In the same direction that we are now proposing, the UK has abolished the English tripartite structure, formed by the Bank of England, the Financial Services Authority and the Treasury. Mr Osborne said that it had failed to prevent the crisis because no one knew who was in charge. Mr Osborne will hand the Bank of England full control for monitoring systemic risk in the economy as well as oversight of individual banks.

Finally, I completely agree with Mr Osborne when he argues that nowadays, only independent central banks have the broad macro-economic understanding, the authority and the knowledge required to make the kind of macro-prudential judgments that are required.

This report was voted in the Committee on Economic and Monetary Affairs with a large cross-party majority, so I believe that, with these arguments, the UK Conservatives will also vote in favour of my proposal at European level.

To close my speech, this is not time for a debate on a second order reform. I know that state nationalism is now rising in the EU and I know that there is no consensus for such sweeping reform, but this is our choice – jumping to a political and economic union or reverting to our insolvent nations.

Let me conclude by saying that, in my opinion, only a closer and stronger union can save the eurozone.

(Applause)

**Antolín Sánchez Presedo, rapporteur.** – (ES) Mr President, the financial supervision package is one of the most important legislative measures that has come before the European Parliament, and is a decisive step towards improving the economic governance of the European Union.

Work on it, which began formally in September 2009 with the presentation by the Commission of the legislative proposals that followed the report by the de Larosière Group, has deeper roots in this Chamber.

I would point, in particular, to the work of all of the Members who, for years, have advocated European financial supervision and, in particular, those who represent my group.

When the Council adopted its position under the Swedish Presidency, in December of last year, the main parliamentary groups held it to be insufficient for addressing the deficiencies detected. The rapporteurs were subsequently able to reach a broad agreement in the Committee on Economic and Monetary Affairs, which was put to the vote on 10 May of this year.

The trialogues began the following day. A marathon series of meetings has taken place since then: 18 under the Spanish Presidency and two under the Belgian Presidency. There has been very significant progress on fundamental issues which are already important bases for the agreement: the definition of objectives; consumer protection; the role of the authorities within the regulatory process; the checking of compliance with legal standards; the establishment of binding mediation; the temporary banning of products; the introduction of the notion of systemic risk and the strengthening of supervision relating to it; the development of the concept of the 'stakeholder'; proper use of the safeguard clause; the authorities' voting system, etc.

When including this item in this plenary sitting, we had anticipated completing the negotiating process by this date. We wanted to send a positive signal to the public and to the financial markets, declare our commitment to the authorities being in operation by 1 January of next year, and associate ourselves with the arguments of the European Council in favour of a speedy conclusion to the negotiations.

We have been open up to the last minute to reaching a compromise, but the technical, legal and political complexity of the proceedings has not allowed us to arrive at a final text.

In addition, the new Presidency of the Council has expressly requested time to bring its positions into line with the prospect of an agreement upon a first reading.

As colegislators, we need to continue making an effort, as this agreement is still possible. We rapporteurs have therefore decided to vote for the text that reflects our commitment, endorsing the ambitious mandate of the Parliament, but not to put the legislative resolution to the vote. This leaves some leeway for reaching a compromise at a first reading within the next few weeks.

The 'Omnibus' Directive, for which I am rapporteur, introduces the new supervision architecture into 11 sectoral Union legislation directives relating to banking and securities markets. It is not a case, therefore, of a regular, generalised review. There is a great parliamentary consensus on doing this by preserving the *acquis communautaire*, adapting the comitology procedure to the Treaty of Lisbon, and updating the Lamfalussy architecture within the context of financial services.

Financial supervision must be based on the existence of a set of standards, a 'single rule book' at European level, and to achieve this, a key role for the authorities in drawing up technical, or even regulatory, standards, by means of delegated acts or implementation measures, has been acknowledged throughout all of the sectoral legislation, in accordance with the Treaty of Lisbon. The Commission has been given the necessary powers to ensure its adoption within the anticipated timeframe. All competences and powers have been incorporated into the sectoral legislation.

I hope that the negotiations on this directive can be brought to a satisfactory conclusion.

**Sven Giegold**, rapporteur. – (DE) Mr President, ladies and gentlemen, I feel that it is nothing short of symbolic that the Council's seat is empty just when we are coming on to this item. I am aware that the Council is currently attending the swearing-in ceremony, giving it a good excuse for its absence. However, the Council's empty seat is indicative of the fact that now, after very many weeks and 18 trialogues on the core packages, which are the ESRB and the individual supervisory authorities, we have still not received any written common position from the Council in which it expresses its response to what we have done as a parliament.

Parliament has the following message, which is supported by a large, overall majority. We will not allow the Council to water down the proposals made by the de Larosière group and those submitted by the Commission itself into a nationally prejudiced, parochial approach, by not responding to the experiences from this crisis, but engaging instead in narrow-minded bickering over powers, without seeing which solutions were effective and what form financial supervision must take in a European internal market, but rather by ensuring that it did not give up any of its powers which, as has been very apparent in recent years, have not been exercised effectively at all because Europe's financial centres have been competing with each other to make the best offers and people were happy to turn a blind eye occasionally to what was going on.

Since then, we have had a wide-ranging discussion about many issues. Europe's citizens do not understand why a common European Financial Supervisory Authority is going to be spread across three different cities. They also would have expected these authorities to be granted strong investor and consumer protection rights. This is the decision we have come to now in Parliament. There also seems, fortunately, to be a broad consensus that this step is necessary.

The regulation of derivatives will create new European market infrastructures. It should be the norm for public goods in Europe to come under European scrutiny as well, and not just from national state institutions. We also insisted in Parliament on the new authorities receiving rights allowing them to ban risky financial products.

Let me spell it out: the aim is not to stop the introduction of innovative products on the financial markets. If things turn out to be risky, however, there should be an opportunity to ban these products throughout Europe. This principle is now accepted in the negotiations, but while the details are being ironed out, attempts are being made to make it so difficult to ban products that it is hardly likely to be applied in practice, and at least not to innovative financial products.

Then we have the long debate about direct decision rights. This was another case where we had to fight against the suggestions being watered down. The key point remains: if a real financial crisis breaks out, who declares the emergency? The Council insists that it should be the Council itself which should decide that decision rights should be transferred from Member States to a European authority. Will the Council ever do this? It is insisting that the fox should be put in charge of the henhouse. This does not make any sense, a fact which the Commission has also continually pointed out. So far, the Council appears inflexible.

The Council also insists that any decisions made by the European authorities at the time when they are curtailing Member States' budget rights can be reversed. We are happy to accept this principle, except for small amounts and not if it involves, for instance, reducing tax revenues. It must be a case of large sums being allocated by means of a decision at European level.

In other words, in spite of negotiations lasting months and 18 trialogues, we are still not close to finalising everything. It is now over to the Council. We must now vote on this matter this week and send out a clear message to ensure that the Council finally heeds our citizens' calls and establishes an efficient, uniform European Financial Supervisory Authority, capable of providing an adequate response to the crisis. On that note, I am sure that we will continue our constructive cooperation in this House, and I am obliged to all my fellow Members for this.

### IN THE CHAIR: ROBERTA ANGELILLI

*Vice-President*

**Sylvie Goulard**, *rapporteur*. – (FR) Madam President, Commissioner, with the Presidency absent, I believe that at this stage, we must look at where we are coming from and what we have done these last few months.

When we were living through the worst part of the crisis, every one of the actors, whether it was the governments, Parliament or the Commission, agreed that we needed strong and well-organised financial supervision in Europe.

Since then, the Commission has done its work. It commissioned a report from Jacques de Larosière. This report, which is of a high quality, served as the basis for a package of texts which, I believe, shows a high level of ambition for the introduction of these authorities.

Parliament has also done its work, and in particular, we voted last May, in the ECON parliamentary committee, for a strict text which has gone even further than the Commission's proposal, taking particular account of the latest developments connected with the crisis in Greece and in the euro area.

As for the Council, it has got its scissors out and, from the start, it has been intent on slimming down the proposals that have been made by the Commission. Last December, the Swedish Presidency achieved a unanimous agreement, which, however, Parliament said was not satisfactory, even on the day it signed it. The Spanish Presidency has strived over these last few months, but has not managed to fill in the gaps, and here we are with a new Presidency which has shown a lot of energy since last Thursday, but which has not been in place for long.

For this reason, Parliament accepted that it has to take a rather complicated step, but one which we can explain to the citizens and which involves giving the Belgian Presidency a chance without sacrificing anything fundamental.

We are making quite a remarkable effort to say that we are going to vote tomorrow on the amendments to the ECON text; there is a text by Parliament in plenary. Quite simply, we are not completing the procedure at first reading in a way which gives our Belgian friends a chance.

I would like to emphasise the points on which, in my view, the Member States will have to move in order for Parliament to accept an agreement. First, there are the issues concerning efficiency. We were reminded of this very well by the previous speakers, and I would like to emphasise that there is a quite remarkable level of agreement between the four main political groups, which allows us to move forward with a common front.

We need the authorities to be European; we need them to be able to decide, at the European level, in a certain well-defined number of cases. This is not a question of replacing national supervisors, but when there is an urgent need, when there are toxic products on the market, when there is a violation of Community law, when the national authorities are arguing, we in the internal market really need decisions to be made at the

European level. We do not need a safeguard clause. On this question, I would nevertheless like to make a comment. Who do the Member States want to protect themselves from when they plan safeguard clauses against Europe? It is as if there were a conspiracy here, with people aiming to get their hands in the Member States' coffers. All of that is grotesque. We need a system which works and in which decisions can be taken, and without abuses, as Mr Giegold reminded us, but also without giving a kind of generalised right of veto to Member States who do not want to do anything.

We also want these authorities to be located in a single place, for reasons of efficiency. We have made proposals and counter-proposals to which successive Presidencies have not, to this day, deigned to give the slightest response. I believe that, when we ask for employed people to make adjustments which are as important as they are now, saying that the Member States cannot envisage the transfer of some authorities to a single city is a massive joke to our fellow citizens.

I would like to make a final point relating to the issues concerning information from Parliament and the control of authorities that we want to be independent. We want them to be independent, but because we want them to be independent, we also want responsibility and dialogue to be possible with those elected by the people. On this matter, we have also made some requests. We have also asked for greater openness from these bodies.

I would like to say one final word relating to the United States. I am always shocked when people tell us that the Americans have pulled ahead. I also notice that a number of governments are having discussions in two stages. First, we refuse any federal state. We refuse any new stage of integration and we decry the Community method. Then, later, we always compare ourselves to the United States. There comes a time when we have to abide by our responsibilities.

I want a stronger Europe. We want supervisory authorities which are able to function and which can find a place for Europe, at the global level, in this great competition that we are experiencing at the moment.

**José Manuel García-Margallo y Marfil**, *rapporteur*. – (ES) Madam President, Cassandra had a gift: that of telling the future. She also bore a curse: that of not being listened to. For this reason, Troy fell.

Parliament anticipated more than 10 years ago that liberalising the markets, without putting in place European supervision mechanisms at the same time, would lead to a crisis in the system, for one very simple reason: cross-border institutions cannot be supervised by national authorities whose jurisdiction ends at their borders. They can only be supervised by European authorities. We did not take heed of this, and the crisis erupted. Exotic products, unknown even to their creators, flooded the markets. Nobody trusted anybody else, nobody lent to anybody else, and credit dried up. The result: 23 million unemployed and EUR 3.5 billion – one third of our production – committed to aid the financial sector. Now what?

We in Parliament have been at odds with the Council for some days now. Parliament has given a great deal of ground in order to reach an agreement; the Commission too. The Belgian Presidency has shown great willing. It has asked us for time. We are going to give it time, but let us show today that Parliament is united, that it has very clear ideas. For this reason, let us vote massively in favour tomorrow of the amendments that the most influential groups within this House have put forward jointly. There are several ideas that Parliament would like to highlight. The first is that the crisis will only be overcome when confidence recovers and transparency is re-established within markets, institutions and products. This will only be possible when there are European supervision authorities that are credible, strong, independent and subject to democratic control: authorities that are not limited to meekly repeating the slogans emanating from national governments.

What does it mean to say that they are European? It means that they must have real power to ban the sale of toxic products; it means that they have real power to put an end to the regulatory distortions that prevent the market from working; it means that they must have real power to require national supervisors to always operate in defence of European interests. National supervisors cannot be feudal lords invested with absolute power. The European authority must ensure that the law is obeyed, that national authorities do what they need to do when there is a threat of pandemic, and that they are able to resolve conflicts when colleges of supervisors do not want to do so, or cannot. They need to be able to require private institutions that are offside to do what they need to do when national colleges of supervisors notice any omissions within the European guidelines.

The second lesson is that, among cross-border institutions, there is a special, singular type: those known as systemic institutions. An elementary truth about capitalism is that when it is done well, money is made, and when it is done badly, money is lost. This governs everything except systemic institutions. When things are

going well, they make a fortune, and when things are going badly, it is the taxpayer who has to run to their aid. To resolve the problem of systemic institutions, there are only two solutions, only two: either supervisors within the countries where they operate are given greater powers to control their solvency and liquidity, which would lead to the removal of the European Parliament from the equation, or truly European institutions are put in place, which is what this House is proposing.

This means that European authorities need to watch over these institutions with particular zeal, as their ruin will be the ruin of all. It means that the European institution needs to be provided with resolution and control mechanisms for stabilising endangered institutions, if this is possible, or to wind them up, if this is not possible. Lifeboats should be made ready before the voyage, not in the middle of a storm. Also, these systemic institutions need to be required to pre-finance, to provide funds for guaranteeing the interests of depositors, which is our main concern, and for paying the costs of a crisis when it occurs. What cannot happen is for the taxpayer to have to carry the can again. What cannot happen, as the Americans say so often, is for 'Main Street' to have to pay for the excesses of 'Wall Street' again.

I would ask the ladies and gentlemen of the Council who are absent today – they have been very active this morning, talking on the telephone, and it seems that the storm has passed and things are calm, and they are still not here – to convey the same message through the Commissioner. The Council has asked for time. Parliament has given it time. Let nobody be confused, however: this is not a sign of weakness. This is a sign of the strength of this House. The strength of a body that believes in what it says, and feels that it has the support of the public, who back it. The Council and the Commission, which is doing a magnificent job, needs to make use of this time to forge a parliamentary consensus on the European direction, in the direction of Europe. It must not make use of this time to try and put together blocking minorities in opposition to Parliament. I ask the Council to listen to Cassandra for once. Today, Cassandra is the rapporteurs who have spoken. Cassandra is also Commissioner Barnier. Those who are not Cassandra know only too well to whom I refer.

Listen to Parliament, seek an agreement, say here what was said in Toronto. Do not say one thing here and another there. As old Castilians say, if the Council does this, God will reward it, and if not, God will demand it. God and this House.

**Peter Skinner**, *rapporteur*. – Madam President, I would like to focus on the EIOPA report, which is about the Insurance and Occupational Pensions Authority. As most of you are aware, insurance and occupational pensions are two subjects very close to my heart, indeed probably the subjects in which I have been most interested in the ECON Committee.

Solvency II, which Parliament voted on last year and on which I was the rapporteur, is the piece of legislation that, in fact, I am most proud of to date. It remains the most comprehensive piece of sectoral financial services legislation voted on in this Parliament. I expect it to reduce both consumer costs and systemic risks posed by the insurance sector, such as they are. A large part of Solvency II is devoted to overcoming the challenges facing supervisors and supervisory colleges in managing the risks and complexities associated with large cross-border insurers. As such, Solvency II is intimately linked with the proposals for EIOPA. EIOPA, in my opinion, provides the oil that will allow Solvency II to operate more effectively.

It is perhaps because of my experience with Solvency II that I was keen to take on this report. I knew that it was the context in which we could make Solvency II really work. It has also meant that in the ECON debate, I was unable to support some aspects of the more ambitious plans of some of my fellow supervision rapporteurs in the areas they have described that I could initially support, such as day-to-day supervision of financial institutions or resolution funds up by January 2011. This may or may not be appropriate for banks or capital markets, but for insurance, the debate is really open. Insurance is not banking and I am glad that my fellow rapporteurs have accepted that.

The concerns I have raised are now recognised by many as legitimate and all parties no longer believe that there is a dispute. Direct supervision and resolution fund projects are for those for the coming years and the rapporteurs are, I believe, converged in their belief on this point. The objective of the Commission is that the three sectoral ISAs should, in fact, be the same in terms of composition. The sectoral legislation, principally in this respect Solvency II and IORP, will define what specific powers EIOPA will have.

Thus, the rapporteurs have worked on the basis that what goes into one ISA at this stage must be read across to the other two, and it is because of my concerns at the outset that some of the ambitions behind this were perhaps not as directly appropriate for insurance and pensions that we have – if you like – the nuances which we can read into the EIOPA. They will not be different but they will be balanced. They are not necessarily



the headline-grabbing areas but I believe we can rely upon something which will work – and work just as well across the board as if it were any of the other sectors.

One of my key objectives was to ensure that there was a counterbalance from the micro cross-sectoral level to the one which is operated by central bankers in the ESRB. Whilst I accept Mr Tremosa's point about central banks, it is also important that we have this balance in the micro-supervisory field as well. That is why I am so pleased about the joint committee – which we have been able to reveal and to push forward, where we can see that this balance will be held – and that my joint rapporteurs have accepted this point as have, I believe, also the Council and the Commission. This is a real gain for Parliament. I also believe that having, of the three ISAs, one of the revolving chairs as a Vice-President of the ESRB is quite essential also for a plurality of the views which have to be heard from the coalface.

We have to take into account that EIOPA will be reflecting two connected, but different, sectors so we must have the stakeholder groups involved too, reflecting both those sectors. As I have stated, the ISAs come from sectoral legislation and for insurance, I believe that Solvency II and EIOPA are an excellent marriage.

For pensions, the question is up in the air. A lot will now depend upon the Commission's report on the IORP, and I hope to work closely on this, but I believe that there is a deal here for us to make, a deal which we will make in the forthcoming days – perhaps weeks – which will benefit greatly EIOPA and the role Parliament has played in defining its powers, which I believe will serve consumers and, of course, the authorities around Europe, well.

**Elisa Ferreira, rapporteur.** – (PT) Madam President, Commissioner, never has the European project, built with such effort over the last 50 years, been as threatened as it is today. The European public's frustration is enormous: the financial system which should serve them has destroyed their savings, their pensions, their investment projects, and their jobs; in short, it has destroyed their future.

In terms of the necessary strengthening of the whole financial services market, banking, insurance, and securities, the road to follow is clear and resides in the architecture which we are discussing here today. In fact, we need strong European supervision architecture, covering all products and actors, endowed with efficient methodologies and intervention instruments capable of responding to a market reality which does not recognise national frontiers, especially in the European context.

Risk cannot and should not be eliminated from the financial market, but we need regulation which makes this risk more transparent, and which avoids the accumulation of bubbles that affect the whole system when they burst, spreading to the real economy. However, if new crises occur in the future despite these defences, it is crucial to have mechanisms available that limit contagion, especially regarding the banking system, because this is vital to the economy's functioning and is the depositary for Europeans' savings. Here, in the very powers and competences of the European Banking Authority, resides the capacity to execute a new strategy for the management of transnational crises in the banking sector, a topic referred to in my report.

It is not in our hands to prevent the bankruptcy of banks, but rather to ensure that their reorganisation or possible winding up are carried out in an orderly fashion, limiting the collateral effects in the rest of the system and, above all, preventing the taxpayer from being the one who foots the bill for the resulting crises. For this, we need a series of new mechanisms, we need to adopt rules, definitions, methodologies, instruments and terminology common to all those intervening in operations of restructuring, reorganisation or winding up. We need to harmonise all the relevant national legal frameworks for crisis management, not least the laws for bankruptcy and winding up. We need to attribute wider powers of intervention to the supervisors. We need to specify clear criteria, not just quantitative but also qualitative, that allow intervention in an institution in difficulty. We need to prepare contingency plans. This entire process takes time for 27 Member States.

However, around 50 of the 12 000 banks operating Europe represent 70% of assets. This means an enormous concentration of risk, but also an opportunity to intervene primarily in them. There exist, therefore, conditions for us to propose a special and urgent process of listing those banks whose size and relations with other banks make them transnational, potentially giving them a systemic impact on the financial system. For these banks, it is possible to anticipate special supervision by the new European Banking Authority, even if operating in the college of national supervisors. Owing to the risk that they generate, it is possible and urgent that they begin to make contributions to a fund to finance any interventions that may be necessary; and it is important that the European Banking Authority should create a specialist unit to coordinate interventions in the case of difficulties in these banks.

The package of proposed elements ensures that the interventions in transnational banks of a systemic nature are consistent and coherent between the various countries and, above all, that they comply with a principle very dear to Europe: that the costs of the pollution caused by these banks should be borne by the polluter.

This proposal fits perfectly well in what we are discussing, above all, in the competences of the European Banking Authority; I would even say that it is the most obvious test of its efficiency. There was a huge majority – 87% – in favour of this proposal in the Committee on Economic and Monetary Affairs vote. We are counting on a massive vote in favour in this Chamber too, in the knowledge that by massively supporting this visionary, realistic and pragmatic proposal, we will be taking urgent and necessary action to re-establish Europeans' faith in Europe, in its financial system, and, especially, in its banking system.

**Olli Rehn**, *Member of the Commission*. – Madam President, the Commission appreciates the constructive spirit that has guided the trialogues where the regulation on the European Systemic Risk Board was negotiated. I want to thank the rapporteurs for the formidable efforts they have made so far, and the work is bound to continue.

As you well know, the latest trialogue actually took place yesterday evening. We regret that an agreement could not be reached for adoption at first reading at this plenary part-session, but we are satisfied that all parties are committed to carrying out the adoption by September.

I understand that many of the discussions between the Council and Parliament revolve around people and institutions and who will do what in the ESRB. Should the Chair of the ESRB be elected, or should he or she be automatically the ECB President? Should the ESRB general board and steering committee include outside independent experts and, if so, with or without voting rights? Should the President of the EFC participate in the work of the ESRB? I am confident that these diverging requests by the Council and Parliament can be merged into a mutually acceptable solution.

The same goes for the many discussions revolving around the involvement of the Council and Parliament in the follow-up to the recommendations of the ESRB. There again, an agreement is not far away. I trust there is no divergence that cannot be resolved by a thorough negotiation and appropriate wording to avoid any misunderstanding on the respective prerogatives of both bodies.

So while I somehow regret that Parliament will not be able to vote on a text fully agreed with the Council now at this session, I am still delighted by the clear willingness shown by all to reach an agreement by September.

Finally, let me say frankly that we badly needed a modern supervisory architecture, as well as a body doing analysis of systemic risks to macro-financial stability, well before the financial crisis hit Europe. We would be much better off now in dealing with the financial repair if we had already had this at our disposal.

I therefore want to stress again that the fact that the new supervisory framework will be established rapidly, and certainly by 1 January next year, is indeed sensible. Our citizens expect action without further delays, which should be possible considering how much we agree in the fundamentals and how close we are to an agreement on even the details.

Equally important, the ESRB is an essential building block of a genuine economic and monetary union of its stronger economic pillar and thus of our systemic response to the financial crisis. It is also a key building block to restore and reinforce confidence in the European economy which is so much needed now. In order to strengthen the economic recovery, to strengthen confidence, we need to deliver on all fronts: safeguard financial stability, pursue fiscal consolidation, conclude financial repair and especially the new supervisory architecture, and reinforce economic governance. Only by making concrete and rapid progress on all these fronts can we strengthen the recovery and solidify the economic and monetary union. I count on your support on these very important endeavours.

**Michel Barnier**, *Member of the Commission*. – (FR) Madam President, ladies and gentlemen, it was a good idea for Parliament to join the debate on the supervision and management of the crisis.

It is also only fair to talk about these two major topics in a more general context, as we will have to act to obtain reinforced capital requirements and improved corporate governance, and to bring these to completion. We will come back to this, as I will have the opportunity of returning, as you know, in the next few weeks or months, to a series of proposals which were put together in an agenda approved by the Commission on 2 June, which the Council of Finance Ministers supported, and which the European Council adopted. We will also see – and I echo what many of you said – if there is a real consistency between decisions taken at the

G20, decisions taken at the European Council and decisions taken at the Council of Ministers in the same vein.

There are many subjects which are part of this architecture of prevention, crisis management and supervision. I am thinking of the funds for resolutions that we have proposed, like Mrs Ferreira herself, in the context of crisis management. I am also thinking of the earlier proposals of Mr García-Margallo y Marfil, and we will present legislative proposals on these subjects in 2011. There is also financial corporate governance and banking capital. I will come back to this when talking about Mr Karas' report.

I would like to say a few words on the two subjects for today. First, I will address supervision, which is effectively the backbone. This is an extremely serious subject and, as you have said, if we do not succeed in creating credible authorities and the European Systemic Risk Board, many other reforms will not be effective. Some weeks ago, we spoke of rating agencies – I will come back to these – and the implementation of prudential norms. We need this credible European architecture of supervision. This is why I want to welcome the high level of ambition that has been shown by your rapporteurs throughout the past few months: Mr García-Margallo y Marfil, Mr Skinner, Mr Sánchez Presedo, Mrs Goulard, Mr Giegold, Mr Tremosa i Balcells and Mr Balz, and particularly the level of ambition concerning the power of these authorities and their legally binding authority.

We find here the spirit and the philosophy of the Commission's proposals. We found some new ideas there, which we should use, to improve the European system of financial supervision, as well as the reinforcement of consumer protection that Mr Giegold proposed, notably to prohibit certain financial products. I am thinking of the role given to the authorities in the identification of systemic risks and in crisis situations. I am thinking of the reinforcement of the joint committee, as advocated by Mr Skinner. I am thinking of the improvement in the transparency of the markets, which we discussed in the context of the Omnibus Directive that Mr Sánchez Presedo is piloting.

These are only a few examples: the most difficult things still lie ahead of us. Naturally, we have done a lot of work or, in any case, I have worked with you, for five months. We have made a lot of progress, but even if we are in the final straight, as I hope we are, we have not yet arrived at an agreement and what I would call a dynamic and credible compromise so that this can function. Although she is not here today, I want to welcome the Belgian Presidency, who, from the first few hours – 1 July, 10.00 in the morning – has responded through her finance minister, Didier Reynders, and who participated, very late yesterday evening, in a dialogue with many of you.

I want to repeat what Mr García-Margallo y Marfil said. We need the Council to understand that now is the time to act and to make progress. Others have also said this. In any case, the Commission, with the competences that it has, will do whatever is necessary to encourage the Council to seize the opportunity that you are giving it – this is my understanding of the situation. The ball is in its court to use these few days to reach an intelligent and credible agreement. You can count on me to be available.

I would like to say a few words on crisis management and prevention in order to thank Mrs Ferreira for her commitment. I have myself believed in precautionary measures for a long time. I have thought for a very long time that, as regards ecological risk, industrial risk and financial risk, the polluter must pay, that a cure always costs more than prevention, and that, when we need to prevent or cure, it is not the taxpayers who should be called upon first and foremost.

That is the spirit of the toolbox that we will be presenting to the Council of Ministers. We will bring forward many of the tools that Mrs Ferreira herself proposed, and we will translate these proposals into legislative proposals. I make the commitment that a legislative text will be presented to you. This is a subject on which I committed myself on the very first day – on 13 January – before you and before the ministers, during the course of my hearing and at the Ecofin Council in Madrid. You can count on me to present this credible toolbox, relying on the proposals of Mrs Ferreira, because, once again, I am convinced, in this area as well as others, that prevention costs a lot less than cure.

**Sebastian Valentin Bodu**, *rapporteur for the opinion of the Committee on Legal Affairs*. – (RO) I would like to say that I am speaking as the shadow rapporteur for the opinion.

The current financial crisis has highlighted the lack of effective management of crisis situations which have arisen in cross-border financial entities in the EU.

There have been different approaches adopted at national level. In general, the authorities have either used public funds to bail out the banks or they have isolated the banks' assets in their own country, applying national instruments to tackle crisis situations, but only at the level of their own branches.

These actions have heightened the risks associated with the loss of confidence, distortion of competition, legal uncertainty and the high level of costs incurred for bailing out the banks, borne by taxpayers.

Finally, we need measures at European level to stop the management of crises involving a cross-border banking group using national systems, which may be extremely different, and which tend to protect branches located on their own territory and not resolve the problem faced by the group as a whole.

**Raffaele Baldassarre**, *rapporteur for the opinion of the Committee on Legal Affairs*. – (IT) Madam President, Commissioner, ladies and gentlemen, the crisis has confronted us with the evidence that greater coordination at European level is an absolute priority for the development and stability of the financial markets.

That said, I shall limit myself here to highlighting one fundamental issue, particularly in the light of the difficult dialogues still ongoing. If giving financial oversight authorities the power to adopt individual, directly binding decisions – as provided for in Article 10 of the regulations – responds to the political desire to react quickly to emergency situations, then in the case of daily supervision, this power conflicts with Articles 17 and 258 of the treaty, which state that it is the exclusive power of the Commission to ensure the application of the law of the Union. Furthermore, in this case, a paradoxical situation would be created in which the Member States, present in the highest body through their own authorities, would be indirectly responsible for applying the law of the Union.

As rapporteur for the opinion of the Committee on Legal Affairs, I proposed a compromise amendment which attempts to resolve this discrepancy between the powers conferred on the authorities and the role and competences of the Commission, in full compliance with the treaty. I hope that the contribution of the Legal Affairs Committee can be used as a basis for any further compromises with the other European institutions in order to arrive swiftly at a much needed solution, which is completely in accordance with the law of the Union.

**Klaus-Heiner Lehne**, *rapporteur for the opinion of the Committee on Legal Affairs*. – (DE) Madam President, ladies and gentlemen, we may have a single internal market, but we have a fragmented supervisory body. It is obvious that this cannot work. We need strong central European structures which utilise the expertise and in-depth knowledge of the Member States' agencies, while also having intervention powers to be used in emergencies. If only in light of the huge tax burden imposed on them by this crisis, citizens are expecting a quick, sound decision to be made in this House without delay. If there are power games being played at national level merely as to who decides what, this is of little interest to citizens. What citizens want is for an effective decision to be made to get problems resolved.

Objectively speaking, if measures are required in an emergency, they must be dealt with and a decision made centrally at European level if coordination between Member States is inadequate and does not work. This is the line taken for decisions made by the G20 and G8, as well as by Heads of State or Government, but unfortunately, this is not the case at Council level. The Council only takes a narrow-minded approach. The public do not find this policy acceptable. We expect the Council to take action.

**Evelyn Regner**, *rapporteur for the opinion of the Committee on Legal Affairs*. – (DE) Madam President, Commissioners, if the European Union's Member States want to be strong economically and externally, they must present a united front as the European Union. The financial markets supervision package, with a European Systemic Risk Board which is as powerful as possible, is therefore exactly what is needed, along with strong European – and I stress the word 'European' – banking, securities and insurance supervisory authorities.

The European Systemic Risk Board is – if you allow me to make the comparison – somewhat akin to the Federal President of Germany. In his current form, he does not have any far-reaching intervention powers – I would have liked him to have more – but he can display great moral authority. This means he can issue warnings, make recommendations, and all of this in public. The European Parliament – and I consider this to be a particular success – also insisted on stakeholders from civil society being included on the Board of the ESRB, in other words, consumer protection groups, trade unions and scientists. I really do regard this as an extremely positive move which should be highlighted.

On that note, I would like to call on Member States not to resort to the outdated methods of the past to create the economic order of the 21st century, but to think and act in a European spirit.

**Françoise Castex**, *rapporteur for the opinion of the Committee on Legal Affairs*. – (FR) Madam President, Commissioners, European supervision of financial markets is the minimum that we can do. It will require the regulation of rating agencies. We have seen what the instruments of speculation against states are, but the supervisory authorities that we have to introduce must not repeat the same mistakes by being both judge and jury. As a result, the issue of control has not been resolved: the control must be political. This regulation is necessary but not sufficient if we do not supplement it with an economic governance of the euro area and the European Union which goes beyond the Stability Pact. It is also insufficient if we do not take real measures against the flight of capital to tax havens. Finally, this European supervision will be insufficient if we do not take measures so that the regulation is also implemented at a global level.

A regulation at the European level is useful, but insufficient. We must have global supervision of financial markets.

**Sajjad Karim**, *rapporteur for the opinion of the Committee on Legal Affairs*. – Madam President, all has clearly not been well with financial regulation in many of our Member States. We cannot simply allow things to carry on in this dysfunctional and incoherent manner.

In the UK, the new government has taken radical action to overhaul and provide the necessary reform at a national level. Equally, the new European framework must radically improve both the quality and coherence of regulatory supervision. It needs an independent structure – truly independent in a regulatory sense – but there is a balance to be struck. The current proposals would allow the EU to overrule national regulators, and the danger is that technical standards may be used to actually make and dictate policy choices at an EU level.

Our Member States are right to resist such a move. The UK and Germany are right to adopt the positions that they have. Commissioner Rehn, Commissioner Barnier, the UK remains committed to delivery, but proper recognition of subsidiarity principles is required.

**Íñigo Méndez de Vigo**, *rapporteur for the opinion of the Committee on Constitutional Affairs*. – (ES) Madam President, I believe that there can only be two solutions for resolving the financial crisis that we have experienced: either we give more powers to national supervisors, or we create a European supervisor and give powers to it. I am glad, Madam President, that at this moment, Parliament is firmly committed, politically committed, to European supervision, and I believe that there is great consensus on this among all political groupings.

The Committee on Constitutional Affairs will support, and has supported, all institutional measures that move in this direction. It seems to me at the moment, Madam President, that once this commitment becomes manifest tomorrow, the Commission has a first order function in negotiations with the Council. During these negotiations, it seems to me that the key point will be whether these European authorities will be able to deal with companies affected directly at national level if the national supervisor is not involved.

Therefore, Commissioner, the best of luck with this task, which I believe to be a determining factor for the future of supervision and capital, at this time, for those of us who would like more Europe.

**President**. – I wanted to make an announcement: quite correctly, many of you have complained about the absence of the Council, but today in Belgium, there is the first sitting of the new Parliament and therefore, due to *force majeure*, it has not been possible to secure the presence of the Council. Let us now begin the debate with the political group speakers.

**Markus Ferber**, *on behalf of the PPE Group*. – (DE) Madam President, Commissioners, ladies and gentlemen, one could wonder what we have actually now achieved after a year spent in discussions, debates and many sessions in the trilogue, and I could have certainly imagined doing something nicer than spending my time there. One year on from the European elections, when we announced in public how we wanted to bring the finance markets into line, we are now at a point where our success rate ranges from very little to none at all.

The problem has already been explained. We are dealing with markets which operate globally nowadays. Member States still believe that they can use their national supervisory structures to apply rules in this environment. The fact that this did not work was not what actually triggered the financial crisis, but it contributed to Europe being affected by it as well. This is why I would ask when this realisation, which is

often mentioned in grandiose speeches, will be converted into political action, where it is suddenly about protecting stock exchange centres and banking structures and no longer about protecting citizens.

This is the task to which we have committed ourselves as the European Parliament. I hope that Member States will commit themselves to this task, too, because we share the responsibility for implementing proper supervision regulations for citizens, which will ensure that individuals' savings are also permanently secure. I would of course hope – and I am now addressing the Commissioners – that every effort will now be made by the Commission so that we can achieve a good outcome as quickly as possible, for the benefit of people living in Europe.

**Gianni Pittella**, *on behalf of the S&D Group*. – (IT) Madam President, ladies and gentlemen, it seems clear that the decision that Parliament is about to take – to vote on the amendments and not vote, to postpone the vote on the legislative resolution – is a desperate attempt to remind the Council of its responsibilities, so that by the next September session, this package will be approved at first reading. Honestly, I cannot believe that the myopia persists among the governments not to endow the supervisory bodies we are creating with real powers. It would be akin to creating structures unable to carry out supervision – what is the point in setting them up?

As is well known, the European Parliament is not an army of extremists making revolutionary demands. We are normal people who live among the citizens, which is to say among those who have felt the disaster of financial markets without supra-national regulation in their day-to-day lives and in their pockets. Our proposals are those of de Larosière, not Robespierre, as the fine Commissioner Barnier knows.

Friends in the Council, even if you are not here, you will read our words. We expect a positive response to our gesture of responsibility, but if it is not forthcoming, we will proceed with the vote in September and we will tell all European citizens that we want direct supervisory authority over financial intermediaries, that we want the oversight of ESMA extended to pan-European bodies as well, and that we want the European authorities to have the last word in case of disagreement between national authorities.

Dear friends in the Council, do not bury your heads in the sand like ostriches. Reality is tough, but it must be faced with choices of courage and strength.

**Sharon Bowles**, *on behalf of the ALDE Group*. – Madam President, despite good things in Solvency II, which we have already heard about, we shelved the group support regime due to concerns over its practicality in periods of economic stress, its interplay with national insolvency laws and mistrust of other countries' supervisors. Crisis examples, such as Fortis Bank, exposed grounds for such suspicion and the need for a European supervisory architecture and discipline. Solvency II convinced me that cross-border insolvency and near-insolvency in financial institutions have to be tackled at the European level. This is challenging but it is a serious omission from the whole concept of the single market.

The Ferreira report covers many of these issues, and I thank her for including my ideas on averting moral hazard from crisis funds and a 28th regime for insolvency of cross-border banks. Now, planning is everything, and contingency plans, living wills and resolution mechanisms will reveal a lot about the present as well as protecting the future.

**Philippe Lamberts**, *on behalf of the Verts/ALE Group*. – (FR) Madam President, I would like to address the Council, and obviously I, like many of us, am frustrated that I cannot do this directly, because I would like to say to the Council that Parliament is being reasonable in this matter. It is simply asking for European supervision for European actors and national supervision for national actors. It is asking for consumer protection and, in particular, the prohibition of products which everyone here would describe as toxic, and not just here, but also in industry, in the workplace. If they are toxic, why authorise them? It is obviously asking for binding actions. All of this does not seem to me to amount to extremism. Why can the Council not accept that? I think that the patience of our fellow citizens and the patience of this Parliament is coming to an end. If we give the Belgian Presidency a chance to act, this chance will be taken and we will have results next week.

You know, we in Belgium are confronted with slogans like 'Eigen volk eerst' ('Our own people first') or 'What we do, we do better' and unfortunately, we find this national egotism all too often at the European level. It is this which most surely paves the way towards a future of decline for the citizens of this continent, citizens of whom we can nevertheless be proud. Thus, as Jean-Claude Trichet has said, after introducing a monetary federation, we need an economic and budgetary federation. I can think of no other name for that than a political federation.

**Ivo Strejček**, *on behalf of the ECR Group*. – (CS) I have been listening to the debate here this afternoon and thinking that some very serious words have been spoken. The first were uttered by President Barroso, when he said that ‘we are willing to do whatever it takes to protect the euro’. The second ones were spoken by one of you, who said that ‘a firmer or closer European Union could defend financial stability’. Here lies the essence of the entire debate on financial architecture and the supervision of financial architecture. We have currency union. Currency union cannot be separated – even according to the science of economics – from fiscal union, and the latter cannot exist without political union.

The citizens sitting here and watching us may quite rightly ask: ‘So what is your solution?’ We will say to them: ‘We want to create political union, but because we have now gone through the catharsis of the Treaty of Lisbon, we need to do something without you. We need to do something without giving you a say.’ In my opinion, that is the wrong approach.

**Thomas Händel**, *on behalf of the GUE/NGL Group*. – (DE) Madam President, ladies and gentlemen, we have the responsibility in this European Parliament to regulate the financial markets firmly. All the proposals we have made were strongly watered down in the trilogues. The Council and the governments do not want strong intervention rights. Mr Giegold is right when he described what is currently going on as ‘parochial’. The intention seems to be not to tighten the regulations, but simply to design a system which is slightly less prone to breaking down. We will get a fragmented supervisory structure which will be incapable of exercising proper control over the financial markets. Inadequate conclusions are being drawn from this financial and economic crisis, which means that the next crisis is already brewing.

Many national economies, including those in Europe, will not withstand the blows to come, with all the social and economic repercussions this entails for people living in Europe. They are expecting this predatory financial market capitalism to be tamed and the dominance of politics to be restored. If the CEO of UniCredit Bank, Alessandro Profumo, says as he did at the weekend that we need a strong, uniform European Financial Supervisory Authority and a common set of rules for all Member States, calling for tighter capital rules, this is an appeal to this Parliament to actually draw up these rules. It is this European Parliament’s job to exert pressure on the Council and enforce effective regulation as a matter of urgency. This would be just the first step to a *status quo ante*.

It is finally time for the grandiose promises to be backed up by actions. My group supports strong European regulation. Any other situation, without regulations, would pose a danger to the euro, a single EU and democracy.

**Claudio Morganti**, *on behalf of the EFD Group*. – (IT) Madam President, ladies and gentlemen, I share the aim of safeguarding the security of the markets and the investments of European citizens. I wonder, however, whether the road we are about to embark upon is the right one. I would not want the reactions of the European institutions, and ours in particular, to miss the mark in their response to the crisis and the recent financial scandals.

To create new laws and new so-called independent authorities may not, in fact, be the essential and decisive solution to the current problems. Across Europe, there are already, both at European and national level, a great many and extremely costly independent authorities which, in any case, did not avoid the market crisis, or the difficulties and financial scandals recently seen in Europe.

I agree that we need closer coordination between the various national authorities but I also believe that it is not necessary to sanction everything in this area. Maintaining the possibility of having autonomous supervisory bodies is, in my opinion, surely preferable in order to provide greater protection for investments and savers.

Finally, I am convinced that politics should take more responsibility. As the only European institution which is directly accountable to the people, I believe that we must not relinquish our prerogatives. We must not and cannot place blind trust in so-called independent authorities: they are a technical instrument for us to make use of, but they are not, and never will be, the solution per se.

**Martin Ehrenhauser (NI)**. – (DE) Madam President, the European Union already has around 40 EU agencies. Every year, these organisations gobble up EUR 1.5 billion. The Council and Member States have never had any problem making quick-fire decisions to establish such agencies. The Council and Member States have also never had any problem with the fact that the agencies very often breach the principle of subsidiarity with their activities. Most of all, there is frequently no rationale given for these agencies.

We now have three new agencies which are going to be set up, three sensible agencies which have powers that are to be exercised in an area where the European Union can finally prove how much we need them. However, Member States are now putting up resistance in a situation where the policy has been lagging behind the global impact of the financial markets for years, if not decades. If, on the one hand, the European Union operates where it is not needed and, on the other, fails to do so where we urgently need it, the annoyance which this causes its citizens is quite understandable.

All that remains for me to do is to ask the Council finally to act sensibly and drop its obstructive attitude.

**Astrid Lulling (PPE).** – (FR) Madam President, I confess that I find it difficult to follow my fellow Members who are so fond of flexing their muscles and claiming a monopoly of our legitimacy in relation to the other institutions of the Union. Unfortunately, they often take a ridiculous stance. However, when the members of this House, through work and conviction, put forward a well-argued position when we defend what would appear to be the general European interest, confronted with somewhat tense nations, then it is a different matter.

In this debate on European supervision, Parliament has played this role. On the subject of the European Systemic Risk Board, for which I am the shadow rapporteur for my group, I, like the rapporteur, Mrs Goulard, defended an ambitious position. I advocated mechanisms which would ensure a certain amount of efficiency, and I emphasised the supremacy of the European Central Bank. Why is this? Because the European Central Bank is the only Community institution in this group, and because it has shown itself to be serious.

Out of a spirit of Christian charity, I will not mention the names of all the institutions and all these great figures who suddenly disappeared during the storm. We can consider ourselves fortunate to have at least had a captain on board during the worst part of the crisis. I would therefore be reassured if tomorrow we see macro-prudential supervision attached to a strong Community institution, with micro-prudential surveillance necessarily remaining fragmented.

In these troubled times, the European Systemic Risk Board must get to work as quickly as possible. The future will show if changes are necessary, but it is essential to start on a healthy basis, because systemic risks affect the entire European and worldwide banking sector.

**George Sabin Cutaş (S&D).** – (RO) The current economic crisis has shown us that we need a system to prevent crises and contain their adverse effects.

The de Larosière report, published in February 2009, examined financial supervision in the European Union, proposing the creation of a *sui generis* body which will be responsible for macro-economic supervision at European Union level and offer a solution to the current weaknesses.

In addition, the European Parliament has been asking the Commission, as far back as 2000, to come up with proposals intended to guarantee the stability of the European Union's financial markets. In practical terms, the European Union is at a critical juncture where it must prove its worth to its citizens who are expecting it to provide solutions to the current economic recession and effective mechanisms for preventing future economic recessions.

There has been talk about a democratic deficit in the European Union, about the decline in the level of European citizens' participation in the European Parliament elections, about their failure to identify with European policies. This is why I believe that the Treaty of Lisbon can really mark an important step towards remedying these shortcomings. However, this is only a start. A strong foundation needs to be laid which will foster confidence in Europe's economic and political system through stability and the benefits gained.

We need an effective supervision system which will create the conditions for providing the economy with stable finances and ensuring economic growth and sustainable jobs. The unity of the European single market must also be supervised if we want to avoid its fragmentation.

This is why I ultimately feel that the creation of the European Systemic Risk Board and Financial Supervisory Authorities is appropriate.

**Wolf Klinz (ALDE).** – (DE) Madam President, ladies and gentlemen, even the members of the Council realise that the weaknesses of the supervisory system are or were one of the causes of the biggest global financial crisis experienced since the 1930s. They are also aware that national measures alone are not sufficient to deal with the consequences of this crisis, but that we need to look for global, or at least European, solutions.



The Council should know that the European Parliament does not want an independent European supervisory structure and systemic risk board to be set up out of dogmatism or stubbornness, but from a deeply-held, cross-party conviction. This is the only way of guaranteeing transparency and protection for investors, based on a uniform regulatory framework and a uniform interpretation and application of this framework.

One clear message from the crisis is that we need not less, but greater involvement from Europe in the financial sector; if we do not go forwards, then we will go backwards. Member States should drop the hypocrisy they display when calling for global solutions at G20 meetings and demanding at least European regulations at home, but actually refusing to make any compromise in the dialogues.

**Lajos Bokros (ECR).** – Madam President, we should not be complacent about our work in this area and should not look down on the United States. Actually, on the one hand, the US is much closer to making comprehensive new legislation on financial sector regulation and supervision. They are also concentrating more on substance than on a turf war. The new legislation, which is before the US Congress, envisages a consumer bureau with substantive powers to give rulings, including a total ban on specific financial products. Standardised derivatives will be traded on established exchanges and forced through clearing-houses. Hedge funds and private equity firms will have to register with the SCC over and above a certain, very large capital limit.

We are discussing how to distribute the powers between European institutions and national institutions. Well, the solution is quite easy. The macro-prudential institutions, like the ECSRB, should be closely linked with the European Central Bank, a European institution, but micro-prudential institutions need to be coordinated among national institutions.

**Mario Borghezio (EFD).** – (IT) Madam President, ladies and gentlemen, the measures for the supervision of the European financial system must – and this should be better emphasised in the report – have a priority objective, which must be very clear and strongly supported: to establish strict rules to control the derivatives market as this is one of the main causes, if not the main cause, of the current financial crisis.

Here, instead, we are, above all, designing a centralised institution, to some extent copied from the model of the ECB. This is not good, because at this point it is not known or fully clear what the role of the national supervisory bodies will be – the *Banca d'Italia* in our country. It seems that they are being watered down somewhat to the role of agent, which is not a particularly well-defined role. Instead, oversight should begin in our countries. In Italy, for example, it happens via a system of local branches which can monitor situations well.

Furthermore, why should the headquarters of the European agency be in Frankfurt? Who decided that? Based on what criteria, if not in order – I would say – to make it conformant with the European Central Bank? We propose it be sited in Milan, for example, which is a major financial and banking market, including from a geo-economic point of view due to its position at the centre of Europe.

I believe that this plan should generally go much deeper, with measures that require courage to implement, such as introducing a separation between commercial and investment banks in European legislation, based on the principles of the old US law.

**Danuta Maria Hübner (PPE).** – Madam President, the current crisis has taught us that when a European bank runs into trouble, its problems can spill across borders. An EU-wide system of financial supervision is being established to deal with the prevention of such situations, while an integrated European framework for cross-border crisis management will hopefully compliment the supervisory architecture as soon as possible.

The last two years have proven that relying on national approaches to cope with crises is clearly a sub-optimal solution. The new system will have to be developed in such a way that a crisis can be handled cost-effectively, moral hazards eliminated and taxpayer finance bailouts excluded. Asset transfers will have to be regulated in a manner that ensures a level playing field, especially for host countries.

The cross-border crisis management system – based on 28 regime concepts – should be designed in a way that would eliminate the interdependence between banks and national budgets. It should also contribute to the emergence of a single banking market of the Union. After all, if we had a single banking market in Europe, we would not have to talk about cross-border crisis management.

Last but not least, let me emphasise that all the elements of the European financial stability framework, as well as the resolution regime for cross-border institutions, should be adopted urgently to reduce uncertainty

and fragilities in the banking sector. Having a European mechanism in place would also allow Europe to be more effective in ensuring that global solutions materialise quickly.

**Edward Scicluna (S&D).** – Madam President, firstly, I would like to congratulate all rapporteurs on their work on this package of highly significant reforms. This overhaul of the EU's financial architecture has been a huge undertaking for the Committee on Economic and Monetary Affairs and has dominated much of my first year as an MEP.

I am glad that it appears that we are close to agreement. A proper functioning of Union and global financial systems and the mitigation of threats requires better consistency between macro- and micro-supervision. In retrospect, it seems astonishing that we did not have a single EU-wide macro-prudential body doing just this. Our financial markets for countries both inside and outside the eurozone are so closely integrated that an oversight body looking at market trends, asset bubbles, future causes of systemic risks and imbalances would perhaps have led to a faster, more coordinated response to the crisis.

The crisis has demonstrated many things: that our regulatory framework was not robust enough; that markets do not always self-correct; and worse, that they were exposed to unmonitored systemic risks. I welcome, in particular, the establishment of the European Systemic Risk Board, a body designed to act as a watchdog giving an early warning of systemic risks or imbalances.

In this regard, the most immediate priority is to provide a qualitative definition of systemic risk to enable effective functioning. The recent development that stress tests are to be published for some of the largest banks in the EU is welcome. I hope the Commission will follow this example, by likewise carrying out and publishing stress tests for public finances of all Member States on a regular basis.

In conclusion, Parliament has put in an enormous effort and showed political will to compromise and agree this package of reforms before the recess, but we should take heart that the deal is within sight and we can still have these reforms in place before January 2011.

**Vicky Ford (ECR).** – Madam President, I would like to start by thanking the rapporteurs very seriously for their enormously hard work, and the Commissioner, the Members of the Parliament and the Presidency who were still patiently negotiating at nearly midnight last night. We all agree that the ESRB and the ISAs will allow for a completely new and necessary approach to the management of financial risk across Europe; it is good, but it is not easy.

The package is five different directives which themselves amend or affect 11 more, and there are significant changes to the ways national regulators, central banks and ministers will interact. I am extremely pleased to see how close we are to a final agreement. Of the 67 articles in the ISAs, I can already see agreement on 64, and, of the three that remain, most of the sub-clauses are agreed. We should all, and the rapporteurs themselves, be very proud.

Please, next week, keep an open dialogue during the negotiations at ECOFIN. We need to get these authorities established, ensure that they have high quality staff and, if necessary, add to powers later.

**Theodor Dumitru Stolojan (PPE).** – (RO) I also wish to draw attention to the activities of foreign banks in new Member States which are not part of the euro area.

These activities must be treated with the utmost importance as part of the financial system's supervision, both at European Union and national level, in order to prevent incidences of irrational and reckless behaviour.

I support this action as foreign banks in some new Member States have created a highly sensitive risk because they have taken foreign credits in the short term and granted credits in the medium and long term to companies and citizens in these countries. This was one of the main reasons why the relevant countries urgently called on the conditional support of the International Monetary Fund.

**Burkhard Balz (PPE).** – (DE) Madam President, we need more supervision of the financial markets in Europe too. The economic and financial crisis has made it glaringly and painfully obvious that opportunities were missed in the past.

The European Financial Supervisory Authorities must be provided with extensive powers. They must not degenerate into empty shells which passively observe market developments. Particularly for financial institutions operating across borders, a central body is required which can join forces with the national supervisory bodies at the crucial time and provide rapid, targeted intervention. Direct intervention rights

are imperative where there are differences between national authorities at times of emergencies and also where there are infringements of Community law.

The Council must finally accept the European Parliament as a legislator of equal standing. There has certainly been no lack of preparatory work by the responsible MEPs. Numerous discussions have taken place and work has been carried out in Parliament quickly and purposefully. We are now waiting for the Council to provide clear answers and concrete proposals in writing. I feel that a reference to the FIFA World Cup lends itself at the moment to describe the situation: the ball is now in the Council's half.

**Enikő Győri (PPE).** – (HU) The crisis has taught us all some painful lessons. We cannot allow financial institutions to carry out speculative and unsupervised activities which pose a risk to the job security of millions. The new supervisory authorities will serve exactly this purpose. I am glad that the compromise suggestions made to the Council included amendments that are important for Central and Eastern European countries. For instance, it was accepted that central bank presidents of Member States outside the euro area will have the right to participate in the managing bodies of the European Systemic Risk Board, and it was also accepted that a simple majority decision-making process will be used if there is a dispute between supervisory authorities. The new supervisory authorities will have to be established by the start of the Hungarian Presidency, that is, by 1 January 2011. In order to reach a compromise, I believe it is necessary for both the Council and Parliament to make concessions when technically expedient and reasonable. For instance, the Council should allow the seats of all new authorities to be in Frankfurt, it should allow cross-border financial institutions to be placed under the supervision of the European supervisory bodies, and it should make it possible for these bodies to operate independently from the Commission. Parliament should also make concessions. Fellow Members, I do believe it would suffice if we focused exclusively on strategic guidance instead of establishing technical standards. Finally, ECOFIN should be granted the right to announce an economic crisis. I trust that a compromise agreement can be made along these lines by September at the latest, and that the new institutions will be in place on 1 January.

**Jean-Pierre Audy (PPE).** – (FR) Madam President, I am happy to find my friend Michel Barnier in this Chamber. I would also like to say to Mr Manuel García-Margallo y Marfil how grateful I am to him for accepting that, once a credit establishment is no longer regulated by a national authority, the future European banking authority will have competence in this area. I am thinking of international public banking establishments and, in particular, of the European Investment Bank.

I would like to discuss two subjects which seem to me to be important: first, accounting standards, and then the dispute that we have with our American friends on fair value.

We will have to be able to deal with this agreement in the financial sector and in the context of insurance companies and market authorities and, if not, to have our own accounting standards in these financial sectors.

Finally, if we should happen to address the question of the failure of states, I propose that we should think about the responsibility of credit institutions and, in particular, blame credit establishments for improperly supporting a state in financial difficulties. I think that it is not right that a credit establishment should continue to lend to a state which does not respect the rules of the Stability and Growth Pact.

**Elena Băsescu (PPE).** – (RO) This crisis has shown that we need a better mechanism for regulating financial markets across borders and for supervising them.

The main aim of the entire legislative package is to maintain financial stability within the EU, detect existing risks in the system in good time and protect investors. However, it is extremely important to avoid over-regulating the market, which could entail more red tape and even corruption.

I believe that the three European supervisory authorities and the European Systemic Risk Board will help reinforce supervision at EU level. This is why it is important for Parliament, the Council and the Commission to reach a compromise as soon as possible on the proposals for improving regulation and supervision.

**Zigmantas Balčytis (S&D).** – (LT) In truth, until now, many of us politicians have been unable to answer one simple question: why did this financial crisis happen, where were we before and why were we unable to forecast that it would be like this? In my understanding, we left a simple issue, the issue of control, to the financial market actors themselves. I think that today, the establishment and emergence of these three institutions is unavoidable and this really must be done. Data which will be collected by those three institutions will be very important and will be partially confidential. I believe that, as the Member of the Commission, Mr Michel Barnier, mentioned, for the main chain to be completed, we need the establishment of a European

rating agency. If we have a closed circuit, in future we will be able to use the data we have collected to increase the competitiveness of the European market.

**Marielle De Sarnez (ALDE).** – (FR) Madam President, we have experienced a financial crisis which is very serious and deep, which has shaken the world, destabilised our economy, exacerbated unemployment and accelerated our debt, and we are still continuing to suffer its effects.

Therefore, it seems to me that our responsibility is clear. We must do everything in our power so that this does not happen again. This is why it is vital that rapporteurs, the Commission and the Council move forward together and quickly to finally achieve a worthy agreement. We need regulation and supervision. We need independent, strong authorities in the interest of Europeans. What the United States has succeeded in doing, the European Union must also do. This is the only way open to us to change things, and this is why we must succeed.

**Jaroslav Paška (EFD).** – (SK) The continuing turbulence on financial markets shows us that the global financial system reacts very sensitively to all information on the creditworthiness or solvency of individual players.

Even European Union countries cannot avoid suspicious looks from outside, of course, whether they are part of the euro area or not. It is therefore an elementary precondition for the functioning of the Union for every state to have a responsible and credible economic policy. However, efforts to create stricter regulation and closer supervision will not, by themselves, prevent potential crises.

The disproportionate growth of the financial sector in relation to the real economy, and its thirst for profit, lead to risky practices which have turned the global economy into a kind of casino where countries and their citizens will again provide final guarantees for financial gamblers.

We must therefore continue to work patiently for the broadest possible balanced reform of the financial system, so that the new rules can banish gambling, both from the political sphere and from financial institutions.

**Salvatore Iacolino (PPE).** – (IT) Madam President, ladies and gentlemen, a serious and credible European Union financial policy must put strong coordination between European policies and those of its Member States at the centre of its agenda. The new 2014-2020 programme must take this opportunity into due account since it also represents a serious prospect for sustainable development.

The authorities which need to be created to this end must develop intervention strategies consistent with the sustainable growth of the European Union and carry out ever more oversight to prevent the possible collapse of the economy, without hindering healthy entrepreneurialism. There should be a banking system – and why not, I would say above all – which simultaneously protects the family, provides better regulation and strict oversight, to give further vitality to the European economy, which requires growing prosperity.

**Othmar Karas (PPE).** – (DE) Madam President, I would like to address the absent Council as follows: Come back to a strong Europe with a sense of community, do not run away from reality, look the citizens in the eyes and do not abandon responsibility to future generations.

We need more involvement from Europe. The proposal tabled by the Commission already provides a minimum scenario. We need strong supervision with teeth, a right of intervention and a mediator function. We need decisions without further notice in emergencies. We require banking supervision as part of crisis management. The safeguard clause is an obstructive instrument and contravenes Community solidarity.

We need strong supervision with teeth. We should agree next week, stop stalling and tell our citizens that we are ready and willing to take up the challenge.

**Janusz Władysław Zemke (S&D).** – (PL) Madam President, thank you very much for giving me the floor. I would like to stress very strongly that what we are talking about, today, does not just concern the economy in individual Member States, but it concerns 500 million people.

It is very good that the Union is not passive in ensuring financial security. In this regard, the increased activity on the part of Parliament itself, the European Commission and the European Central Bank is worthy of note. I fully agree with the idea that we should support Member States in crisis situations, but 'support' does not mean 'bail out'. Let us remember to link the responsibility of the Union to the responsibility of all Member

States. Better supervision at European level is a very good idea, but we should also make greater demands in the area of supervision in individual Member States.

**Alexandra Thein (ALDE).** – (DE) Madam President, Commissioner, the financial crisis has highlighted that a uniform financial supervisory authority is an absolute necessity for the European Union. The three EU-wide supervisory authorities which are envisaged for banking, insurance and securities should thereby be provided with the right to intervene directly in national institutions, such as Deutsche Bank.

These intervention rights are restricted to absolutely exceptional cases and will hopefully never be used. As a member of the Committee on Legal Affairs, I regret that the committee responsible has not given any consideration to our constitutional objections regarding the envisaged intervention rights, both at European and national level, especially in the wake of the Lisbon judgment of the German Federal Constitutional Court. A recommendation from the Committee on Legal Affairs, whereby the Commission, as guardian of the treaties, would act as the final decision-making authority within the framework of a set procedure, or, in other words, have the last say, was not followed.

On this point, the Committee on Legal Affairs recognises that the technical expertise required to make judgments is indisputably available in the national and European supervisory authorities and not in the Commission. I hope that during the current negotiations, too, a solution will also be found to this constitutional problem.

**Oreste Rossi (EFD).** – (IT) Madam President, ladies and gentlemen, at a time of economic and financial crisis, the European Union should adopt strong measures at European level, increasing control over banking institutions and financial markets.

The creation of four new control bodies could be a valid alternative, guaranteeing strict cooperation with the national supervisory bodies. It would not be a matter of having bodies responsible for monitoring their entire field of responsibility, but specific financial institutions composed of top-level representatives from the national supervisory bodies, who would contribute to harmonising standards and regulation across the EU States. In particular, the European Banking Authority will evaluate the access to, and availability and cost of, credit for consumers and small and medium-sized enterprises.

Following the G20, unfortunately, the idea of taxing banks – which was strongly supported by President Barroso and Mr Van Rompuy – was not even taken into consideration. In a Europe which is ever more exposed to the crisis, we need to act together to build common rules to protect citizens and investors.

**Thomas Mann (PPE).** – (DE) Madam President, an effective European banking supervisory authority, as presented in the report from Mr García-Margallo y Marfil, will contribute to the architecture of a new financial control system. We want to keep systemic risks permanently to a minimum. To do this, we obviously need the banks' equity base, which has to be strengthened, among other reasons, in order to carry out business activities entailing less risk. However, precedence is given to national supervisory authorities, which are finally cooperating with each other and keeping each other fully informed, thereby preventing risky transactions.

The importance of own national interests, as stipulated by some EU finance ministers, must take a back seat. It would be disastrous if even one Member State stepped out of line, and this does not just refer to countries in the euro area. The Presidency of the Council, which happens to be absent, must assume responsibility for conducting a close dialogue with the European Parliament and the Commission and for redirecting the current national thinking towards joint, consistent, long-term action. For the sake of taxpayers, we need more involvement from Europe, not less.

**Seán Kelly (PPE).** – Madam President, the fact that 64 of the 67 articles have already been agreed indicates that not only are people happy with what has been proposed but that they are absolutely delighted that somebody, somewhere, is taking control of a situation that ran amok for too long and caused the terrible situation we are now in. Where ordinary people are concerned, they see these proposals as bringing hope where there was despair, control where there was disorder, honesty where there was corruption, and optimism where there was pessimism.

Certainly, today's message goes out loud and clear, not just to banks, regulators and speculators – and indeed weak governments – not that they are too big to fail, but that from now on, they are too big to fail to perform. If they fail to perform, they have somebody to answer to. That is a key message.

I would like to conclude by saying that I have no problem with institutions being based in Frankfurt. After all, Germany has been a better model of financial propriety than many others.

**Gay Mitchell (PPE).** – Madam President, in large part, the problem caused in Ireland by the banking and financial crisis can be traced to overpriced assets, particularly houses, but also other properties that banks loan money on.

The European Central Bank has been enormously successful in controlling inflation in the European Union, other than asset inflation. For two and a half years, at every meeting of the Economic and Monetary Affairs Committee with the President of the Central Bank, I raised the question of what could be done to control asset inflation.

Having low interest rates, where the interest rate is used as a method of controlling our inflation, is a very good instrument when used for lower interest rates or higher interest rates. The problem is that we ignore asset inflation. We have to find, under these new institutions, a way of bringing asset inflation into the calculations and of having an early warning system that deals with assets, particularly house price inflation, because this is at the centre of the problem in some of our countries and in my country in particular.

**Michel Barnier, Member of the Commission.** – (FR) Madam President, first I must apologise for the absence of Mr Rehn, who has had to take an aeroplane, but who has largely heard the essential parts of our speeches. I will report all those matters to him which may concern him directly.

I would first like to draw the attention of the Chair, Mrs Bowles, and Mrs Ferreira to the importance that I attach to this whole system of prevention and precaution. Mrs Bowles reminded us of the need for early intervention measures. I think that these are good ideas. You will find them again in the Commission's communications in October, in the toolbox, and in the legislation that I will present in 2011. I would like to say finally, Madam President, that I will be very careful to see that we get it right on Solvency II, and also on everything that affects the implementation of Basel.

Many of you, ladies and gentlemen – Mr Ferber, a moment ago, Mrs Győri, Mr Balčytis, Mr Karas just now – mentioned the citizens. I think that it is good to remind people of the shock, the concertina effect, the human social consequences of this financial crisis, along with its economic and social consequences, which have not come to an end. We are indeed carrying out this reform for the citizens. I think, like many of you, that if a new crisis should occur – the risks in various sectors were mentioned a moment ago – without us having learned the lessons from the financial crisis over the past two years, and without us having created tools of prevention and precaution, the citizens will not forgive us. This is very much a reform for the citizens. This is a question of putting financial services, the markets, in the service of the real economy, employment and therefore the citizens. This is one of my priorities, quite apart from what we are saying at the moment this afternoon, Madam President, on other points of concern to the citizens, such as the protection of citizens who are consumers of certain financial products.

Just today, the Commission adopted, at my suggestion, the revision of the directive on deposit guarantees, the revision of the directive on compensation for investors and a White Paper on guarantees in the insurance sector.

Mrs Lulling mentioned a point which is of interest to my colleague, Olli Rehn. It is clear, Mrs Lulling, that the President of the Central Bank must have a pre-eminent role in the European Systemic Risk Board. The exact mechanism for nominating the president is a point on which we are working with my colleague, Olli Rehn.

Mr Klinz, I would like to thank you for the support that you are showing us. You reminded us of the importance of applying our rules properly. This is the very idea behind a single rule book, which I am personally very much in favour of.

I would like to say again to Mr Lamberts and Mr Giegold, who is here, that the question of the European authorities prohibiting certain products or certain transactions is an idea which interests me. I am open to this idea, which would mean that the supervisory authorities grouped together in the new European network must be proactive in the supervision of products, particularly the most harmful ones, which may pose a risk to financial stability and the protection of consumers that I have just mentioned. That must be embarked upon, Mr Giegold, well before we talk about a ban. I could imagine an important coordinating role for the authorities in this area. The Council also accepted that the authorities may have such a role. I think that it is

possible to come to an agreement on a text which ensures a large scope of application while foreseeing the possibility of taking action on dangerous products or transactions.

Mrs Hübner, Mr Méndez de Vigo, Mr Balz and Mr Audy mentioned the cross-border mission of these institutions. The proposal of the ECON committee to hand control of cross-border institutions to the authorities is an option which poses political and technical problems that I suggest you should not ignore. The important thing for me is to have in place, by 1 January 2011, authorities which have real binding powers to deal with the lack of coordination and the weakness or failure of supervision noticed in the past, to act in cases of emergency, to ensure respect for Community law and to control the rating agencies that many of you have mentioned this afternoon.

Then, after these authorities have been functioning for three years, and when their reputation on the markets is established, we will carry out an evaluation together with you to see if a change in competences is required.

Mr Bodu, the Chair, Mr Lehne, and Mrs Regner also gave their support to the work that we are doing together. I think that we effectively need, as I have just said, real European supervision which is efficient and coordinated. This is why it is very important that we use the days that we have before us intelligently so that we can succeed in convincing the Council to grab the ball that is now in its court, and to take the opportunity that you have offered it to provide detail on these matters and to reach a true agreement.

Mr Baldassarre mentioned a worry that Mr Lehne also has concerning the powers of the authorities. I would like to remind Mr Baldassarre that the proposals that I have made on behalf of the Commission, which were also made before me, have been prepared with our legal service, without prejudice to the powers of the Commission.

Mr Pittella, Mr Méndez de Vigo, Mrs De Sarnez just now, Mrs Goulard, Mr Ferber and Mrs Lulling reminded us of the ambition of the proposals put forward by the de Larosière group. As Mrs Goulard also said, I would remind you that these are proposals that were made at the request of President Barroso. We have tried, in the Commission proposal, to stay as close as possible and even sometimes to go a bit further than the ambition of the de Larosière report on this European architecture. I would like to repeat to you my wish, in the weeks and, I hope, the days to come, with the cooperation that we will enjoy with the council of finance ministers, to stay as close as possible to the credibility and ambition of these initial proposals by the Commission, which are based on the proposal by Mr de Larosière.

I would like to say a word on a subject which Mr Bokros and Mr Audy mentioned earlier on relating to accounting standards. This has to do with the transatlantic calibration that I sometimes mention. I am not worried about the energetic interaction between Americans and Europeans. At the moment, 80% of financial exchanges take place on both sides of the Atlantic. The other regions of the world are there, between the Americans and the Europeans. I notice that President Obama and European leaders have signed the agreements and have taken the decisions together at the G20. We therefore have the same road map. Also, the last G20 was something of a follow-up G20, in my view. Even if it were only that, it is important that we show the same determination to implement what has already been decided and which is a long way from being implemented. The Americans adopted a different method from our own – they adopted a global package. They will now need to open the drawers one by one to implement these decisions. As for us, we have a series of proposals, which are currently being examined, on the regulation on hedge funds and private equity, the one which has just been adopted on CRD 3, and the one which I hope will be adopted on supervision.

Brick by brick, week after week, we will come up with all the proposals expected of the Commission in implementing the G20 decisions. This is why I wanted not just to do the same thing as the Americans, but to give you an overall vision so that journalists, businesses, markets, citizens and European and national parliamentarians have an overall global vision, and to put this entire agenda into a complete and coherent document, which was adopted last 2 June and which is now our road map.

On some points, the Americans have achieved somewhat more, but we will also take action on one extremely important point, namely the regulation of derivatives and short selling, this coming September.

I think that there are real parallels between the Americans and the Europeans. We are not always using the same tools, and we will not always use the same methods. Our banking sectors are quite dissimilar. I would remind you that in Europe, the banks finance between two-thirds and three-quarters of the economy. In the United States, it is the other way around. We do not always have the same banking structures. We will not always have the same tools, but we must achieve the same objectives within a similar timescale. The only point, Madam President, where we have a debate which may become a matter of divergence is the point that

Mr Audy mentioned, which is the extremely important point regarding accounting standards. On this subject, we are having a confident dialogue with the Americans, but one without naivety.

That is what I would say in conclusion, and I thank you for your speeches.

#### IN THE CHAIR: MIGUEL ANGEL MARTÍNEZ MARTÍNEZ

*Vice-President*

**Ramon Tremosa i Balcells, rapporteur.** – Mr President, I propose that we imagine for a moment what would have happened in Europe with this huge crisis without the euro. In my case, I could argue that Spain would probably have had a big *corralito*.

The euro was created 11 years ago. Creating a single currency was not an easy process and there were great speculative attacks on very important European currencies. However, I think that the benefits and advantages of the euro for the eurozone citizens are much higher than the costs associated with it.

Dear colleagues, now we are experiencing another European momentum; another European train – European financial supervision – has arrived at the train station and it is waiting for the European countries to jump on board.

Let me also say that we will not have another opportunity to rescue the financial sector if there is another financial crisis and we continue doing business as usual. I will not say ‘in the ECB we trust’, because I know that my colleague, Sven Giegold, does not like to mix economy and religion, but the further step towards a European financial authority increases the role of the European Central Bank in European financial supervision.

**Antolín Sánchez Presedo, rapporteur.** – (ES) Mr President, Commissioner, ladies and gentlemen, the European Union has a special responsibility within the area of financial services, as it is the world leader with regard to banking and insurance, and the world’s second largest securities market. Europeans expect a system of supervision that guarantees the reliability and strength of our financial services and we cannot disappoint them.

I believe that we should make use of the time and reach a speedy agreement. We could go further in three directions: firstly, ensuring the effectiveness of decisions by the authorities in cases of emergency; secondly, clearly demonstrating our commitment to savers having priority with regard to protection for deposit institutions; thirdly, moving towards a European system for crisis resolution. Those who advocated self-regulation in the past now need to accept self-financing. The public cannot be the ones who have to pay the bills and carry the can during the next crisis.

There are three directions within the ‘Omnibus’ Directive: firstly, adapting ourselves to the Treaty of Lisbon; secondly, increasing transparency, providing information on sanctions to the European Securities and Markets Authority, and ensuring that financial institutions provide the information required to guarantee responsible investment; and thirdly, ensuring that there are correlation tables for the transposition of directives.

I would like to end by expressing my thanks to the rapporteurs: my compatriots Mr Tremosa and Mr García-Margallo, Mr Giegold and Mrs Goulard, Mr Skinner and Mrs Ferreira. I would also like to thank the shadow rapporteurs, those who put forward amendments, all those who made contributions, the secretarial staff, the group administrators and my assistants. They have done an excellent job, which has not yet borne fruit. I would also like to say that I acknowledge the work of the representatives of the Presidency and the Commission. However, we do not have Cassandra’s calling within this House; we wish to legislate and carry out effective supervision.

**Sven Giegold, rapporteur.** – (DE) Mr President, Mr Tremosa i Balcells, ladies and gentlemen, even if I feel tempted now to touch on the subject of religion, mainly because of the emphasis placed several times on the principle of subsidiarity, I always find it irritating whenever this principle inspired by Christian social ethics is used to state that we should have as little as possible at European level. This principle clearly states that everything should be regulated at the level where it can be best regulated, and at the lowest possible level. However, what we have seen is that financial supervision involving major cross-border institutions in a single internal market is simply no longer working at national level. It is a pity therefore that my fellow Members are no longer present. Otherwise, I would have been glad to make them even more familiar with the principles of Christian social ethics.



However, one thing which is also important to me is this compromise which we are now producing. We hope – obviously with your help, Mr Barnier – that we will actually now produce it quickly in order to avoid any misunderstanding here. Parliament tabled a last-minute compromise last week. According to the current interpretation we have, the points on which we indicate that we would be willing to change our position again, as part of a compromise we find difficult, are now taken as read, and all the other points are to be renegotiated.

The rationale behind this is as follows; Parliament will approve because we all want the authorities to get started on 1 January 2011. The only thing I can say about this is that we all want the authorities to get started, but we will fight for strong powers. It does not work if an inch being given ultimately results in a mile being taken. This method will fail. The consensus in Parliament on this is too strong, and we want a compromise, but only with strong powers. I hope that this signal is also clearly understood by the absent Council. Otherwise, we are all going to find it very uncomfortable next week.

**Sylvie Goulard**, *rapporteur*. – (FR) Mr President, Commissioner, I would like to say three things.

The first is that while we are flexible on the procedure, we will be even stricter on the substance. Let us be quite clear. We have made an effort. This Parliament agreed to interrupt the procedure of first reading. Nothing forced us to do that, other than the desire, which you have yourself shown, to seek a compromise, to have a discussion with each other. This should not end up as cherry picking. No. Parliament has, for a number of months now, been developing a very consistent vision, and I thank all my fellow Members for this. I cannot mention all of them. I will just mention Mr Karas as an example, who emphasised the fact that we wanted a European solution. This is our line; this is what we believe in for reasons of efficiency.

My second remark has to do with the date. Yes, we want something by 1 January and, furthermore, I would say that I could repeat Mr Giegold's words exactly: 'we spend so much time together and we are so much in agreement that we end up repeating ourselves', but I repeat this once again. The date is not a fetish. We do not want 1 January for its own sake. It is 1 January with good reason. What we do not want is to put pressure on Parliament only to get, on 1 January, a pretence of European supervision.

Finally, I would like to thank all the shadow rapporteurs and all my colleagues here who have spoken, because we feel that there is a genuine basic unity in this Parliament. Of course, everyone has their sensitive issues here, but we need to ask ourselves – and, Commissioner, I would also have asked this question if the Presidency had been here – what will we take back to the citizens at the end of all this. Will we have at least laid the foundations – I will not go as far as saying the top floor, but at least the foundations – of a solid European house, or will we return with one of these pseudo-compromises which the Council has a taste for, but which Parliament would quite happily do without?

**José Manuel García-Margallo y Marfil**, *rapporteur*. – (ES) Mr President, Commissioner, please inform the Council that there is a convergence of opinions in this House that is rarely seen.

The Council must take note: for six months, it has been telling us that it had a fixed mandate from the Swedish Presidency, and now we also have a mandate.

While we are talking about Cassandra, the important thing is not to prophesise the past, which is what the Spanish Presidency did, but to prophesise the future, which is what the Belgian Presidency seems to want to do.

We have a consensus that is just as strong as the one within the Council, with an added advantage, which is that the winds favour Parliament's stance and do not favour the old and anachronistic stance that the Council maintained up until the start of the Belgian Presidency.

We have the advantage that we incorporated proposals that had been rejected; proposals that were in the de Larosière report, such as the resolution mechanisms to which Mrs Ferreira has referred. It makes no sense to put in place a supervisor that can forecast the weather but cannot do anything in the case of shipwreck.

We have the advantage that we anticipated things that other institutions said later. When we talked about systemic institutions, we were told that there was no such species; the European Council acknowledged its existence in March.

When we talked about how the taxpayer should not have to bear the cost of the crisis and that pre-financed funds should be established by the sector for facing up to its responsibilities, we were told that this was premature, utopian or simply idiotic. Then, the Europe 2020 strategy adopted by the Commission said it,

Ecofin said it, the European Council said it and took it to Toronto, and I would not understand why they are not advocating it now.

*(The President cut off the speaker)*

**Peter Skinner, rapporteur.** – Mr President, Bill Shankly, a famous Liverpool football manager was once asked by columnists whether he thought football was a matter of life and death. He replied ‘no, it’s much more serious than that’. I think that the passion which he showed then is also being shown by many of the rapporteurs and the shadows in this particular field. I would like to thank everybody who has participated in this. We have converged from different directions but we have come out with a strong Parliament voice. I think it is convincing – here we stand united – being able to convince many that this is right and appropriate at the European level of discussion.

The White Paper on the insurance guarantee scheme which you mentioned, Mr Commissioner, is, in fact, very important for us, and we look forward to that. Alongside the issues of binding mediation, it carries us towards what Sharon Bowles was referring to in terms of the issue of group support – something which was left out of Solvency II. Indeed, in terms of supervision, on a scale of things, I think we can be rightly proud that what we have is still a very ambitious project, something that I believe will lead to the right actions at European level in the future. We should be proud.

On an international level, we should be proud too. I would agree with you, Mr Commissioner, that in comparison with the United States, we can speak positively about what we have done in our backyard on structural reform that the United States has failed to achieve, even in its most recent finance bill, especially in insurance, and that we can take this to Washington when we need to.

However, I do not necessarily agree with you on international financial accounting. You will not be surprised to hear that. I do not agree with using historical trends.

Nevertheless, on supervision, the rapporteurs deserve a pat on the back. We have far to go and I think it is close, but it is like a game of football after all. We have gone through full time, we are now in extra time. Let us hope it does not have to go to a penalty shoot-out.

**Elisa Ferreira, rapporteur.** – *(PT)* I will try to be very brief here in underlining just four points. The first of them is that it has been an extraordinary experience to work in such a united way with my fellow Members from other political groupings. My thanks for having integrated me into the supervision package and, in particular, many thanks to Mr García-Margallo for all his cooperation.

Secondly, I would like to thank my personal assistants and also the fellow Members who made contributions to the specific report under my responsibility, which enabled me to incorporate 90% of their proposals.

A special mention for the office staff, for Susana Vravova, and for the services of the committee.

Finally, my thanks to the Commissioner for his services and for very clearly expressing his hope that – above and beyond the report, which I hope will be adopted tomorrow – it will be possible to build a solid base, a base that is truly European, for the protection of Europeans.

**President.** – The joint debate is closed. The vote will take place tomorrow, Wednesday, 7 July 2010, at 12:00.

#### **Written statements (Rule 149)**

**Alfredo Pallone (PPE), in writing.** – *(IT)* The EU cannot tackle this type of emergency promptly and effectively because it lacks suitable political and economic mechanisms and common rules. Firstly, we need a supervisory system that actually works, that goes beyond the bureaucratic approach used so far to tackle the systemic crises. Secondly, it is crucially important to coordinate and harmonise economic and fiscal policies, even if it means leaving behind those countries that are most reluctant to harmonise these policies. The European Union has a political, social and moral duty to intervene. That duty finds its justification in the values underpinning the Union and enshrined in the treaties. First and foremost, however, the Union has its own concern: the recent global crisis has already amply demonstrated how interconnected the financial systems are, and the Member States of the euro area are even more interconnected. Thus, in order to avert a crisis that could have much more serious consequences, it is necessary to monitor and intervene by means of strict external controls. The economy can only function with healthy financial markets dedicated to it. This is one

of the conditions that must be met if citizens are to make the internal market, the European market, their own.

## 12. European Financial Stability Facility and European financial stabilisation mechanism and future actions (debate)

**President.** – The next item is the debate on the oral question to the Commission by Mrs Bowles, on behalf of the Committee of Economic and Monetary Affairs, on the European Financial Stability Fund, a European financial stabilisation mechanism and future action (O-0095/2010 - B7-0318/2010).

**Sharon Bowles, author.** – Mr President, in so many matters nowadays, the expression ‘the devil is in the detail’ is quoted. At times, this is becoming too much of an excuse for pronouncing conclusions aimed at markets, without realising that a less than fulsome follow-up negates the conclusions, or even does more harm than good.

I said this about the banks’ stress tests, where we need transparent and credible assumptions, as well as results, published. I said it earlier when it was taking too long to come up with the detail on the Greek rescue, and the committee has, in fact, been demanding more details for months. We are the devils that look at the detail, and we want more of it.

On 11 May, the European Stabilisation Mechanism was established utilising the EU budget. It had taken so long to deliver on the earlier promises that this was not enough, so, on 7 June, the more general European Financial Stability Facility was created. A bit more haste would have been useful, and perhaps cheaper.

There are potential knock-on effects, as a result of these new instruments, for the EU budget and also for borrowing by other EU institutions, such as the EIB. It will be damaging if, once again, there has, in effect, been a bailout arranged for banks holding sovereign debt, and lending to SMEs in the real economy is what pays the price. So what plans are there to mitigate such an effect, given that growth is so important to recovery and SMEs will be in the vanguard of that?

Concerning the Special Purpose Vehicle itself, in the interests of EU solidarity, those countries that are not in the eurozone but wish to join the Stabilisation Mechanism should be able to do so. Can you confirm that the rules of the SPV are being changed to permit this? Indeed, more generally, as was raised in committee yesterday, we would like to know more about this off-balance-sheet vehicle, Member States’ accounting treatment of it and the advice for setting it up.

There remain many other questions. How will the coordination between the stabilisation fund and the IMF operate? Will allocation be made on the 2:1 basis, reflecting the pledged amounts, and what is the relationship between the respective interest rates? Will the EU and IMF loans rank *pari passu* or will only the IMF loans benefit from exclusion in any eventual restructuring of the borrowers’ obligations. Is this all the right way around? Should the IMF be topping up an EU rescue, or should it be the other way round? Is the SPV active now or must first calls use the EU budget mechanism?

I would now like to turn to Eurobonds. There is a fundamental question to face here, that if there is a general Eurobond with a common interest rate, then one of the most powerful incentives for fiscal discipline – market forces – is lost. Market forces are not popular right now. They were, in fact, sleeping as Greece and others ratcheted up debt much earlier on, but there are reasons for that embedded in the zero-risk weight applied to sovereign debt in the Capital Requirements Directive.

Had that not been there, banks would progressively have been weaned off riskier bonds and spreads would have reflected better the fiscal positions of Member States and we would not be bailing banks out again via the Stabilisation Mechanism and, indeed, the forthcoming stress tests would be a whole lot less stressful.

As part of the new economic governance, surely this has to be fixed in the longer term and I would say automatically, not as part of a politically determined excess deficit procedure that takes away the zero-risk weight. But I think that here we have the opportunity to turn what is a problem in the Capital Requirements Directive into a useful tool in the future.

Since writing this oral question, I am pleased that the Commission has indicated its intention to involve Parliament in economic governance, surveillance procedures and forthcoming legislation, and the committee looks forward to participating wholeheartedly in that involvement.

**IN THE CHAIR: SILVANA KOCH-MEHRIN***Vice-President*

**Michel Barnier**, *Member of the Commission*. – (FR) Madam President, as you have understood, I will be answering on behalf of my colleague Olli Rehn, who, incidentally, may have used a bit more of my time on the final response. Mrs Bowles mentioned angels. I do not know if there are many angels when we talk of financial services. I would like to say to Mrs Bowles that the devil is always in the detail, and I will respond in as much detail as possible to the questions that she has asked.

The first question: what amount are we talking about when we talk of this European stabilisation mechanism? What is the link with the ceiling on own resources? Madam President, the conclusions of the Ecofin Council mention a sum of EUR 60 billion for the European financial stabilisation mechanism, but the legal limit is given in Article 2(2) of Council Regulation (EU) No 407/2010, which limits loans to the margin available in the ceiling of own resources.

The decision on own resources limits the possibilities for the European Union budget to call for payments from own resources by the Member States to 1.23% of European Union GNI. This means that the combined total of the ceiling of the Multiannual Financial Framework and the total amount of the flow of debt services on the loans guaranteed by the European Union budget cannot exceed 1.23% during a given budgetary year. That is the precise response that Mr Rehn wanted to give to you on this point.

The second question: will the Commission carry out an impact analysis for these two instruments? According to the regulation on the European stabilisation mechanism, the Commission is required to prepare, six months after the creation of this mechanism and, if necessary, every six months, a report on its functioning. This report will be transmitted to the Economic and Financial Committee and the Council. Notably, it will include an impact evaluation of the text. As for the European Financial Stability Facility, this is an intergovernmental structure whose functioning is not subject to the evaluation requirements applicable to European Union texts.

The third question: what is the impact on the financial capacities of the EIB? The European stabilisation mechanism and the European Financial Stability Facility will have no direct impacts on the borrowing and financing activities of the EIB. The EIB will only manage liquidities, provide logistical support and carry out certain back office functions for the European financial stabilisation mechanism. It will not lend or borrow on behalf of this mechanism.

The fourth question: when will there be a legislative proposal for permanent crisis management on sovereign debt, and on what legal basis? Madam President, the Commission is working on potential proposals in close cooperation with the working group presided over by President Van Rompuy. No exact choice of legal basis has yet been made. You have just mentioned the question of the role of the European Parliament. The European Parliament will be kept informed of any change regarding all of these new procedures. The legal nature of the European Parliament's participation will depend on the legal basis of the legislative proposals, as provided for by the treaty.

The sixth question: what is the coordination with the International Monetary Fund? The political conditions for a potential programme of aid to a Member State will be decided by a joint agreement with the International Monetary Fund when there is a joint package from the European financial stabilisation mechanism and the IMF, as is usually the case.

The seventh question, which you went into some detail on: how should we respond to the potential needs of countries which are not members of the euro area? Member States not participating in the euro can, if necessary, appeal to the existing rules on assistance with balance of payments. Last year, the ceiling for the aid which can be given through this facility was increased by EUR 25 billion to EUR 50 billion, of which EUR 15 billion has already been committed for loans to Hungary, Latvia and Romania. In addition, the conditions on borrowing relating to the rules on balance of payments are more favourable than those established by the rules on the European financial stabilisation mechanism.

The eighth and final question relates to the choice of legal bases. Article 122(2) of the treaty has been used as the legal basis of the rules for this financial stabilisation mechanism, because the Commission and the Council have acted in emergencies in which a number of Member States were seriously threatened by grave difficulties caused by exceptional events outside their control. The Commission and the Council, which were placed under extreme pressure, in particular from the financial markets, had to act very quickly to safeguard the euro. This would have been difficult to reconcile with a long procedure involving an important role for

some national parliaments. I would add that the European Parliament itself, Madam President, had called on the Commission, in a resolution adopted in April 2009, to adopt a regulation on financial aid to Member States on the basis of Article 122.

That is the most detailed reply I can give to Mrs Bowles on the basis of the detailed questions that she put.

**Othmar Karas**, *on behalf of the PPE Group*. – (DE) Madam President, Commissioner, unfortunately I am unable to go into detail now on the disregard for parliamentary rights and the basis for the safety net. However, I wish to say the following on the subject. In our view, the financial stabilisation mechanism is not a substitute for developing a European monetary fund. I believe that we need a European bank levy which should be used, primarily, to raise the necessary capital for a European rating agency and, secondly, to develop a European monetary fund.

The financial stabilisation mechanism illustrates the urgency of financial market reforms. However, it also indicates a lack of any crisis mechanism, as well as the fact that we need a political, economic and social union, and a stronger Europe in general.

The best stabilisation mechanism, in my view, is to comply with the Maastricht criteria and the Stability and Growth Pact, implement the internal market and devise a competition policy based on a dynamic education, research and investment campaign, so that we can achieve growth and employment without us having to dip into taxpayers' pockets in an emergency.

**Anni Podimata**, *on behalf of the S&D Group*. – (EL) Madam President, Commissioner, without doubt, the decision taken on 9 May to create the European financial stabilisation mechanism was of crucial importance in protecting the single currency and the stability of the euro area in general. That is why Parliament, which asked the Council to proceed in that direction a long time ago, immediately welcomed it.

That decision, like the decision to create a European Financial Stability Facility, finally sent an – albeit belated – message of unity and solidarity in the euro area to the international markets. The European Central Bank demonstrated the same willingness and solidarity in its decision on temporary intervention in the secondary bond market, a practice which is fully in keeping with the more general spirit of the decision by the finance ministers in the euro area.

However, these are mechanisms and measures of a provisional nature and, if we really want to learn lessons from the current crisis, obviously we should not wait for the next crisis to highlight the shortcomings and weaknesses in the euro area and the Union before we decide to intervene. Now is the right time to create permanent economic coordination and supervision mechanisms that will function as both prevention and cure.

Within this framework, the recent Commission communication on stronger economic coordination is certainly a move in the right direction, but we should not forget that our basic objective is the stable and viable recovery of the European economy and that is why we need a framework of economic governance which focuses not solely on the pillar of financial restructuring, but also on protecting employment and on growth and social cohesion.

In order to achieve this, our priority should not be sanctions; it should be incentives and preventive measures which will safeguard equal treatment for all the Member States of the Union and their citizens.

**Pervenche Berès (S&D)**. – (FR) Madam President, Commissioner, as you know, in this Parliament, we were very happy that solidarity has finally been introduced, even if some of us regretted that this was done many months after the initiative by President Van Rompuy to convene an extraordinary European Council on these questions on 11 February. In the meantime, the markets have done their job.

While we address this European solidarity initiative, I believe that we must also look at where we are coming from and recognise that, if this situation has been created, it is because we do not really have the right elements in place in terms of the governance of the euro area. Our fellow Member, Othmar Karas, spoke of the Stability Pact. It seems to me that the simple application of the Stability Pact is not enough, and that fundamentally, we have, from the start, underestimated these risks of divergence on the evaluation of the sovereign debt ratings of the Member States.

Today, we have a mechanism that was put together in an emergency, as you reminded us. You also reminded us that, in this Parliament, since October 2008 – that is, since the implementation of the facility concerning the balance of payments – some people have spoken up to ask that Article 122 be looked into. We did this

in an emergency. Emergency is never the best counsel, and you mentioned that you would study the potential proposal for making such a mechanism permanent. I hope that you will come forward with more attacking proposals in this area, because we are sure that an area like the euro area does not just need good governance to avoid such situations arising in future, but should this happen, it also needs a permanent mechanism in place.

Next, I would simply say that I regret the fact that, rather than appealing to Eurobonds, the Member States preferred to introduce the special purpose vehicle at a time when we are also asking ourselves questions about the functioning of this type of structure in the markets.

One final point: I think that in responding to Mrs Bowles regarding the EIB...

*(The President cut off the speaker)*

**President.** – This is a good course of action. As we then still have time, this is the best way to do it as we will stay within the rules and not take away any speaking time. Thank you for your understanding.

We now move on to the speakers in the catch-the-eye procedure.

**Elena Băsescu (PPE).** – (RO) On 9 May, Member States' finance ministers decided to create a European financial stabilisation mechanism. This is part of a package of legislative measures envisaged to protect the euro and support the recovery of the financial situation in the European Union.

I believe that the new mechanism will have to provide a prompt, well coordinated response if a state is unable to finance its public debt off its own bat. In fact, this will be able to contribute to the sustainability of the public finances of the beneficiary Member State. The EU has already responded to a crisis situation using the European financial stabilisation mechanism which it was not adequately prepared for.

Finally, I would like to ask you the following question, Commissioner Barnier: given the temporary nature of this mechanism lasting three years and taking into account the EU's need to respond promptly in crisis situations, when do you reckon that this mechanism will become permanent and where would the relevant sources of funding come from?

**Franz Obermayr (NI).** – (DE) Madam President, in the event of a crisis in other Member States, EU countries should now no longer bail them out with direct financial packages, as has been the case until now, but stand surety for them. This sounds a really good idea, but it does not by any means get rid of the basic problem.

The problem is that countries in the euro area, with far-reaching differences in terms of financial policy and difficult financial policy conditions, are naturally faced with extremely tricky situations. In such cases, the problem is just shifted, and the guarantor himself is quickly made into a debtor. Besides, the issue arises concerning the dependency of rating agencies. To be able to secure capital at the lowest possible interest rate, the European Financial Stability Facility would therefore have to achieve the best rating from the rating agencies, which would make this instrument particularly dependent on US agencies.

Consequently, it does not make sense to create a public company, entrust it with such important duties and then put it under the huge influence of private rating agencies. However, with a European version of the agency, the question arises as to how to guarantee a neutral rating. I find, therefore, that this measure has not been thought through well enough. It poses the risk again of Member States running up debts at the expense and liability of others.

**Paul Rübig (PPE).** – (DE) Madam President, Commissioner, I am interested in the question of stabilisation and how we can achieve economic growth. My question is: given that the 2011 budget is in the midst of being negotiated, are you aware of any budget lines which can really boost employment? How can we provide better support to small and medium-sized enterprises, and how we can get more and better entrepreneurs? I believe that this is the crux of stabilisation. If we generate more profit, we can, in turn, distribute more resources and also make Europe a fairer place.

The Competitiveness and Innovation Programme, CIP, is precisely the kind of measure which would be a huge help to us making further progress in the future. Any reduction of this programme would be totally counterproductive. During the analysis, we ought to look out for which budget lines totally discourage employment, which are neutral and which create new jobs. Would you have a suggestion to make on this?

**Pervenche Berès (S&D).** – (FR) Madam President, regarding the EIB, I think that one of the questions asked was what the conditions are in which it will be able to borrow on the markets, alongside these mechanisms which are being introduced, and if there will be an impact on interest rates.

I would simply like to ask you a question, Commissioner. In this context, do you not think that within the Van Rompuy working group, you or Commissioner Rehn should propose studying the idea of pooling part of the sovereign debt? This is not a proposition which is on the table, but it is much debated outside the working group. It might be worthwhile if this pooling of part of the sovereign debt were taken into account in the proposals which could be developed by this working group.

**Michel Barnier, Member of the Commission.** – (FR) Madam President, if you will allow me, I would suggest to you that Mr Rehn respond to you directly on the important question of Eurobonds, in particular, and on the final points that Mrs Berès mentioned a moment ago. He will do this in writing in the next few days.

In her initial speech, Mrs Bowles mentioned the stress tests, which are tests of resistance to events which have not yet happened, and which perhaps will not happen. We must therefore understand properly what the question is here, and in the Commission, we thought quite early on – President Barroso has expressed his feeling on this subject, as has Olli Rehn – that transparency would have great benefits. I refer you to the quite comprehensive response that President Barroso gave on this question.

Mr Karas mentioned a very important point which was raised in the preceding debate on prevention and precaution and, in particular, the idea that it is the banks that must pay for the banks, and not the taxpayers. I would like to confirm that, besides the communication that I have given on this subject, we will propose legislation at the start of 2011 which provides for the creation of these precaution or bank resolution funds to implement the principle of 'the polluter pays' while emphasising another idea, which I would repeat here, namely, that prevention always costs less than cure. However, this is only a tool, Mr Karas. This bank resolution fund, this tax or bank levy, is only a tool in a toolbox which contains others, the objective being to identify the risks early enough to prevent them turning into a crisis and this crisis turning into a catastrophe.

Regarding the credit rating agencies, we are examining all the questions, including those of sovereign debt ratings mentioned a moment ago by Mrs Berès. I confirm that we are working on the diversification of this market, which is excessively concentrated in a few hands, and, in particular, on the possibility of a European agency. These ideas will also be turned into legislative proposals at the end of 2010 and the start of 2011. Mrs Berès mentioned the application of the Stability Pact. Like you, I think that we must go further. As you have understood, we introduced this European financial stabilisation mechanism in a time of emergency. As I said earlier on – and here I am also responding to Mrs Băsescu – we are working on more permanent mechanisms, and the Commission, together with the working group led by the President of the European Council, has not yet chosen the legal basis on which we will establish these proposals relating to a more permanent mechanism for crisis management.

I would like to conclude, Mrs Podimata, by mentioning the work that Greece has done, which you know well. We must take into account the very important commitment of the Greek Government to playing its part in this work. I would like to remind you that this recent crisis which has affected your country, though not only your country, and the risks of contagion associated with it, have provided good evidence of the interdependence of the Member States, especially in the euro area. This crisis has also emphasised, in my view, the need for Europe to demonstrate its determination to undertake fundamental reforms to ensure the smooth running of the European Union and the euro area as a whole. In its decisions on the creation of these two instruments, the Ecofin Council of 9 May plainly showed that the European Union was capable of responding quickly and efficiently to the great political and economic challenges. I believe, however, that it is clearly necessary to improve this economic and budgetary coordination, and I know that we can go beyond the word 'coordination' and go further when it comes to the Union.

I would also like to say to Mr Rübig that, just like him, I think that we have learned the lessons in the current situation – and it is not over: we have spoken of supervision and we must follow through with the decisions taken relating to supervision and regulation – from the jolts on the euro and Greece, thanks to the proposals for governance and coordination and this system of response and stabilisation. The Commission has also made important proposals relating to budgetary surveillance. I think that we must do all this, but we must do even more to talk to the citizens, who expect us to deal with the economic situation, in terms of growth and employment. While on the subject of surveillance, stabilisation, efforts, regulation and rules, I think that we must also talk about initiatives in the context of the Europe 2020 strategy in order to regain growth and employment.

This is why, in the second part of my portfolio, I attach importance to the proposal I am working on with a dozen of my colleagues, which I will present at the start of October, on this idea of a Single Market Act in order to make the fundamental basis – the platform of the entire European economy that is the single market – work better. This is a market of 500 million citizens in which small businesses, of which there are very many, citizens and consumers are not doing well. Yet we know that if this market functioned better for small and medium-sized businesses, citizens and consumers, we could find 2% of growth in this market, in ourselves.

In summary, then, I think that we must continue with this discussion while taking the action necessary to respond to all the questions which our citizens are currently asking.

**President.** – A motion for a resolution<sup>(1)</sup> to wind up this debate has been tabled by the Committee on Economic and Monetary Affairs.

The debate is closed. The vote will take place on Wednesday, 7 July 2010 at 12:00.

### **13. Capital requirements for the trading book and for re-securitisations, and the supervisory review of remuneration policies - Remuneration of directors of listed companies and remuneration policies in the financial services sector (debate)**

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

– the report by Arlene McCarthy, on behalf of the Committee on Economic and Monetary Affairs, on capital requirements for the trading book and for re-securitisations, and the supervisory review of remuneration policies (COM(2009)0362 – C7-0096/2009 – 2009/0099 (COD)) (A7-0205/2010) and

– the report by Saïd El Khadraoui, on behalf of the Committee on Economic and Monetary Affairs, on remuneration of directors of listed companies and remuneration policies in the financial services sector (2010/2009(INI)) (A7-0208/2010).

**Arlene McCarthy, rapporteur.** – Madam President, firstly, I would like to put on record my thanks to those who have helped to secure the agreement we have reached on CRD III (Capital Requirements Directive) regulating bank capital and bankers' pay and bonuses. A very special thanks goes to my shadows in the Committee on Economic and Monetary Affairs, to the staff, and also to Commissioner Barnier for his continued support for the committee's proposals, and of course, not least, to the Spanish Presidency for their persistence and efforts in 12 hours of trialogues to mediate between Parliament's negotiating team and the 27 Member States.

The final law we are debating today fully implements the Basel rules on capital against the trading book and re-securitisations and it robustly implements the international remuneration rules agreed at the G20. Financial experts all agree that a high risk short-term bonus culture, combined with a lack of capital, were central elements in the 2008 global financial crisis. Governments and taxpayers ended up bailing out the banking sector across the European Union with an injection of some EUR 3.9 trillion of support. In my Member State, the UK, an estimated GBP 1.2 trillion of support was extended, almost equivalent to one full year of GDP. Savers and investors saw the value of their pensions and investments decline as a result of the banks' risky practices. The bankers walked away with the short-term profits from these risky practices, while the risks they took will remain on the banks' books for years to come.

The new law amending the Capital Requirements Directive addresses these fundamental flaws and weaknesses in the banking system which led to the crisis. It will force banks to hold more capital against riskier activities on the trading book. The law also forces banks to reform their remuneration and bonus practices with rules that break the link between financial reward and excessive risk-taking. The effect of Parliament's amendments is also to ensure that those remuneration policies, first and foremost, prioritise the health and stability of a financial institution and indeed, lending to the real economy.

We are constantly told by the banks that they have learned the lessons of the crisis. If that is the case, why did the Bank of England financial stability report state in June that the proportion of bank revenues allocated to salaries and bonuses has, in fact, increased since the banking crisis? The extra GBP 10 billion paid out by UK banks in salaries and bonuses represents GBP 10 billion that could have been put towards banks' capital and, as such, support, as the Bank of England makes clear, around GBP 50 billion of lending to small businesses

<sup>(1)</sup> See Minutes



and families. Furthermore, the Bank of England reports say that lending to small and medium-sized enterprises in the UK has actually declined in recent months and that mortgage lending is expected to contract in the next few months.

So, colleagues, at a time when governments across the EU are making substantial budget cuts, scaling back public services and support to families and businesses, we cannot continue with a banking culture that prioritises bankers' pay and perks over sustaining capital and credit for Europe's economic recovery. It is therefore imperative that these rules on bonuses apply in 2011.

These rules are deferral, in line with the business cycle with annual review clawback; tough measures for bailed-out banks; a cap on the ratio of bonus to fixed salary; payment in contingent capital alongside shares; increased transparency and accountability and improved corporate governance; and, of course, coverage of bonus-like pensions so a banker responsible for the collapse of his own bank will no longer be able to walk away with a GBP 16 million pension pot.

Parliament has insisted on a tough interpretation of the G20 principles to ensure that the upfront cash proportion of a bonus is strictly limited. Paying a large part of the bonus in cash without any deferral or assessment of actual performance leaves, the Parliament believes, an unacceptable incentive for taking dangerous short-term risks.

Colleagues, we have a duty, as legislators, to defend the taxpayers' interest. We have a duty to respond to the public's concerns. Our voters demand and expect banks to prioritise stability and lending over bankers' own pay and bonuses. In the last two years, since 2008, the banks have failed to reform their structures. They have failed to do this and we are now doing the job for them in order to rebuild trust and confidence in Europe's banking system.

**Saïd El Khadraoui**, *rapporteur*. – (NL) Madam President, Commissioner, ladies and gentlemen, I should like to start by thanking the shadow rapporteurs for the constructive cooperation that has enabled us to establish what is, in my view, a coherent package of opinions and recommendations.

The financial crisis has made clear that remuneration policies in the financial sector have been excessively geared towards short-term profits and that this has encouraged risk-taking behaviour, with all the associated consequences for the economy as a whole in the wake of the banking crisis. In addition, the limited impact of non-binding recommendations on remuneration policies has been demonstrated, and so it is important that we lay down ground rules aiming to contribute to sustainable growth of the companies involved and of the economy as a whole. The political agreement concerning the Capital Requirements Directive just proposed by my colleague, Mrs McCarthy, is an important step forward, as it sets out, for the first time, binding provisions concerning the structure and payment of bonuses in the financial sector. The limits on payment in cash, the stipulation that there must also be the possibility of limiting bonuses in the event of underperformance, and the spreading of bonus payments over several years strike me as particularly important aspects.

My report seeks to show that this is insufficient and that we need to look at remuneration policies from a broader perspective and strengthen the corporate-governance rules so that the ground rules and internal procedures for all the companies in the financial sector, on the one hand, and listed companies, on the other, meet the same criteria.

To begin with, it is important to exercise and expand sound internal and external supervision of remuneration policies. Therefore, companies should have a remuneration committee, which must be independent, and is accountable to the shareholders and supervisors, who must also be given access to all the potentially relevant information. This committee should also be able to cooperate closely with the risk committee on the evaluation of the incentives created by the compensation system. People engaged in risk control should, of course, be independent from the business units they control, be able to assert sufficient authority and be compensated independently of the performance of the business units under their supervision.

Risk management arrangements should be reviewed in detail by the supervisor, and companies should establish an internal procedure to address problems and conflicts which may occur between risk management and its operational units.

The remuneration itself must reflect the company's long-term performance as far as possible. Bonuses should not just be guaranteed. The levels of variable remuneration should be based on predetermined and measurable performance criteria, which should be not only quantitative but also qualitative in nature. In addition, in the interests of social justice and for ethical reasons, the difference between the highest and the lowest

remuneration in a company should remain reasonable. A proportion of variable remuneration should be paid out over a sufficient period. Furthermore, more than half should be paid out in shares or share-linked instruments, and effective recovery of a proportion of these bonuses must be possible. Also, an upper limit of two years' pay should be set for severance pay, which should certainly be banned in cases of non-performance or voluntary departure.

With regard to transparency, it is important that details of companies' pension and supplementary pension arrangements be published and that shareholders be able to express their views on their company's remuneration policy. We also call for the development of an international structure enabling disclosure of the individuals earning upwards of EUR 1 million, to include the main elements of salary bonuses, long-term pay and pension contributions.

We call on the European Commission to continue its work and develop strict, binding principles on remuneration in the financial sector on top of those we have already agreed. We call for the establishment of a system for listed companies that provides full transparency, enabling us to find out which companies are keeping to the arrangements and which are not. I think that we can go even further in this matter. Commissioner, I am looking forward to your proposals on corporate governance, which have been announced in the Green Paper, as that is another dossier we shall certainly be continuing to work on in the coming months and years.

**Michel Barnier**, *Member of the Commission*. – (FR) Madam President, ladies and gentlemen, we are now debating another aspect of the response to the economic crisis, namely the lessons that can be learnt from it. After supervision has been dealt with, the next issue is how best to reform those remuneration practices which encouraged reckless risk taking, how best to reform capital requirements.

Regarding these two points, I should like to thank and congratulate your two colleagues, Mrs McCarthy and Mr El Khadraoui, the shadow rapporteurs who have worked with you, and who have demonstrated the commitment of your Parliament to a more responsible, more sound, more stable economy, to markets that should be placed once more – I repeat – at the service of the real economy, at the service of the citizens, rather than the reverse. This is an objective on which the Commission, in general, and I myself, in particular, are in full agreement.

Since my hearing, I have supported responsible European businesses, focused on the citizens, in order to improve the governance of financial institutions. I would like to thank Parliament for its support on these issues, on these tasks. I agree with your observation, Mr El Khadraoui. There must be binding measures on the remuneration policies of financial institutions. I am therefore delighted with the compromise reached by the three institutions on the revision of the directive on capital requirements, known as CRD 3. It is a balanced, well-conceived compromise which sends a strong political message to the banks and to the public.

This revised directive will strengthen the regulation system and increase the requirements for capital in areas where risks are under-capitalised. It will limit those remuneration practices which, I repeat, encouraged excessive risk taking, which have, rightly, been condemned by European citizens. It is a very important reform which tackles aspects which made a very significant contribution to the causes of the recent crisis: the trading book, complex securitisations, and remuneration practices. It is a text which not only transposes at European level the principles of the Financial Stability Board, which we agreed at the G20 in Pittsburgh, in September 2009, but which also goes beyond this by setting clear and stringent limits on variable remuneration, while allowing credit establishments and investment companies a margin of flexibility.

The payment of bonuses to directors of banks receiving State aid is greatly restricted. I think that that is fair. The clawback mechanism will also allow for a portion of the bonuses to be reimbursed in the event of under-performance. I also welcome the fact that these measures must be implemented by the Member States from 1 January 2011. I think that it is very important for the bonuses awarded in 2010, but not yet paid by 1 January 2011, to be fully covered by these new rules.

Finally, ladies and gentlemen, rapporteurs, we shall propose corresponding rules for the other financial sectors, such as the insurance sector or investment fund sector, while showing respect for, and taking full account of, the particular features of each of these sectors.

A few words about corporate governance in general, because beyond these aspects, Mr El Khadraoui's report clearly illustrates how necessary it is to improve the governance of all businesses. This is one of the key elements of a more robust and more stable regulatory framework. I have begun this task. I recently put forward an international agenda for a financial regulation for growth. The Green Paper of 2 June 2010 on

corporate governance in financial institutions is a first step in this direction. We are examining the role of auditors, of members of management boards, in order to check that everyone with a responsibility is fully competent to fulfil it. This is one of the requests made in your report, Mr El Khadraoui. Your report also deals with conflicts of interests, the role and function of boards of directors, risk management, the roles of shareholders, supervisory authorities and auditors in financial institutions. We shall open a two-month period of genuine consultation on all these issues.

I also intend to undertake a study next year on corporate governance beyond the financial sector, in particular, concerning the role of shareholders, diversity, and the role of women, for example, in the composition of corporate boards of directors.

Thirdly, there is the matter of the modernisation of capital treatment. I have just referred to CRD 3 and the issue of remuneration. This is a different issue to those of the capital requirement for high-risk activities and the bank trading book, which are both at the root of the crisis. We now know that the current levels of capital held against these assets were totally insufficient in the face of the financial crisis. CRD 3 strengthens regulation in this area, remedies deficiencies in the ways in which capital in relation to the trading book has been calculated and considerably increases the levels of capital held against its assets.

Ladies and gentlemen, some of you are undoubtedly concerned that these crucial reforms will not come into effect by the end of 2011. I am very aware of this risk. Nevertheless, when it became clear that the United States would not be in a position to implement the Basel Committee's new rules on the trading book by the end of 2010, during my recent visit to the United States, I reviewed this matter with the US Treasury Secretary, Tim Geithner, and we reached an agreement, at international level, on a date for the application of the new rules. This international agreement was reached in May, when the Basel Committee agreed that the member countries would apply the new rules by the end of 2011.

With very flexible and internationalised markets, I think that it is extremely important to have global convergence, particularly between the Americans and the Europeans. I believe that by negotiating this deadline, we have ensured that all our international partners, chiefly the United States, will implement the rules in accordance with the amended timetable.

I am aware that these negotiations on CRD 3 have sometimes been very difficult. I should like, Madam President, to thank Mrs McCarthy and the shadow rapporteurs once again for the perseverance, creativity and receptiveness they have shown. I am delighted that I, my staff and my colleagues within the Directorate-General are able to work with you with such understanding.

**Ole Christensen**, *rapporteur for the opinion of the Committee on Employment and Social Affairs*. – (DA) Madam President, the financial incentives that bonuses have provided and that have affected the behaviour of stockbrokers, portfolio managers and directors in the financial sector were a major contributing factor to the financial crisis. We know what the outcome of this was, and therefore it is clearly a good thing that the directive is being amended so that we can avoid something similar happening in future. In this regard, I would like to congratulate the rapporteur on the new agreement and thank her for the work she has done.

We actually discussed remuneration policies in the Committee on Employment and Social Affairs, and we therefore welcome those areas of the agreement, for example, that focus on more openness and transparency in connection with the provision of information to all stakeholders, shareholders, employees, the general public and the authorities.

Moreover, in the Employment Committee's opinion, we were almost unanimously in favour of a ban on stock options. Stock options have been the bonus scheme instrument that has provided the greatest incentive to take unnecessary risks that have resulted in losses. Even the financial sector recognises this problem, and I therefore regret the fact that the agreement does not contain a ban on stock options.

**Othmar Karas**, *on behalf of the PPE Group*. – (DE) Madam President, ladies and gentlemen, the Council is again absent. One must presume that the Council is not really aware of the political message conveyed by these regulations or by its absence.

During the negotiations, the Council came out on the side of the bonus recipients. The European Parliament is in favour of clear European regulations. We are in favour of maximum limits. We are in favour of payment methods involving less risk. We are in favour of liability. We are in favour of restrictions on bonuses for managers of banks supported with public funds. We do not want cash amounts to be higher than the tied-up capital. We have managed to get our way with splitting the timetable. We are delighted that

Commissioner Barnier has agreed with the Americans that the second part, the banking book and trading book, should be implemented globally together.

It is also important that we have adapted the trading book and banking book. The disclosure requirements have been clearly tightened, the inclusion of risk for re-securitisations in the trading book has been adapted to the banking book and the stress test has been introduced in the trading book to build up capital buffers for crisis periods.

It is also important that we have tightened the preventive measures against insolvency in the trading book, but on this point, I would like to mention that we need a harmonised European insolvency law on top of this. We support this compromise as it takes us further in the right direction.

**Olle Ludvigsson**, *on behalf of the S&D Group*. – (SV) Madam President, the area of bonuses and remuneration systems is one in which we have heard a great deal of rhetoric in recent years. On the other hand, there have been very few specific measures. It is therefore a positive move that we are now establishing legislation that is both clear and practicable. This legislation will most likely reduce the short-sighted and exaggerated risk taking in the financial sector. That will reduce the risk level and increase stability.

The financial services industry should have removed the elements of the bonus systems that are damaging to society long ago, but since this has not happened, there is nothing else we can do but legislate. It is too risky for society to largely accept the status quo. Taxpayers have already paid out too much to cover losses in banks that have taken risks that were far too high. It is now vital that the directive is implemented properly in the Member States and that the regulations are used effectively, thereby helping to change the current bonus culture.

**Sharon Bowles**, *on behalf of the ALDE Group*. – Madam President, the reform of bank capital is Europe's most important legislative response to the crisis so far and it deserves big billing. Yes, I mean up there alongside the supervisory architecture. Under-capitalised trading books were a fundamental cause of the crisis, making speculative proprietary trading attractive and almost cost-free. So the three- to four-fold increase of capital required against such trading positions should be welcomed as directly addressing the root cause of the crisis and cutting down on the motive for casino banking.

On remuneration, when I first suggested that big bonuses and pension lump sums could be paid in subordinated debt, many said that this could not fly. So I thank the rapporteur and my fellow shadows for supporting this idea, which we transformed into contingent capital and is already becoming part of mainstream thinking elsewhere. I regret that my specific tax-avoidance texts could not be included, but we have prohibited payment in ways designed to undermine the purpose of the directive.

**Pascal Canfin**, *on behalf of the Verts/ALE Group*. – (FR) Madam President, Commissioner, my political group is particularly delighted that this directive has been adopted. It is a directive which arguably contains the most ambitious rules in the world on remuneration factors. I must say that the ability to strictly limit the variable remuneration of directors of banks assisted by the public purse, and even the possibility to defer up to 70% of traders' bonuses in the long-term interests of the bank and, potentially therefore, to take account of the risks taken and the negative effects of these risks in order to reduce these bonuses, are important rules which translate the G20's commitments in principle into real figures at European level.

However, I must also say that in negotiations with all the other shadow rapporteurs and with the rapporteur herself, we constantly came up against a lack of commitment by the States, against the huge gap between fine rhetoric on the regulation of capitalism, on the raising of the moral standards of capitalism, on the one hand, and the negotiating positions of the Council and the main States, which constantly refused to agree figures, and tried to reduce the scope of and water down all of our ambitious proposals, on the other. I must say, Commissioner, that the Commission has largely been on our side in this struggle. Therefore, I think that this is an achievement which we can share.

Now, there is an important issue at stake. As we lost, we have had to make compromises. We lost a number of battles aimed at agreeing figures, and we have had to replace these figures with a number of words, often rather portmanteau words, such as 'justified', 'appropriate' and 'balanced'. The challenge now is for the future European banking authority to translate these principles and portmanteau words into real figures, which will then be applied by all banks and all Member States. I would therefore like to know, Mr Barnier, how you intend to apply pressure on and strictly monitor this future process so that it does not distort the text on which we are going to vote tomorrow.

**Franz Obermayr (NI).** – (DE) Madam President, we have obviously learnt something from the crisis after all, as irresponsible economic activity is now no longer to be encouraged or rewarded. The system supporting the payment of only some bonuses, in this case 20% or 30%, promotes efforts towards managing companies in a more sustainable way. The regulation should also set an example to citizens, as they have already footed enough of the bill, and it is incomprehensible why their taxes should be used to pay bonuses to irresponsible managers.

We have here a regulation which is unique on a global scale. If the EU wants to avoid the possibility of emigration towards New York or Tokyo, it must now have a second trick up its sleeve, which means pushing more strongly for a common regulation on the international stage. After all, any managers who are successful and responsible also want to continue making a good living.

In addition, it might be worth considering applying corporate governance requirements which do not affect the capping of executive pay, even in companies not listed on the stock exchange. This is a fundamental change towards greater sustainability and cost efficiency, and hopefully away from gambling.

**Śławomir Witold Nitras (PPE).** – (PL) Madam President, it seems to me we have been able to do something very significant in regulating or creating a new framework for remuneration policy. On the one hand, we have managed to agree that the escalation of remuneration was one factor which helped cause the financial crisis. We have also been able to agree with each other that we have to increase the role of management bodies and particularly of supervisory bodies, including both internal and external supervision in companies. We have also agreed that general principles have to be established for situations when a completely independent management committee has to be formed in a company. We have finally managed to agree what previous speakers have talked about, that bonuses should be linked to long-term financial results and that they can be set aside.

We were also able to agree with something else, which seems to me no less important – we were able to agree that remuneration policy, although undoubtedly incorrect, was not the main cause, and certainly not the only cause, of the financial crisis. I welcome this last point in particular, because if we had written this into the report – and there were such suggestions – we would have accepted information which is simply not true, and this would not have helped us fight the causes of the crisis. Thank you to all fellow Members for their cooperation on this report.

**Carl Haglund (ALDE).** – (SV) Madam President, I was shadow rapporteur for the second report, and I would first of all like to thank our rapporteur for his excellent cooperation.

After the extensive financial crisis, it is probably only natural for us to review remuneration policy within this sector. At the same time, we have to admit that the issue has, without a doubt, been politically interesting and quite simply populist. It is clear that we need principles that promote and create guidelines for a sound remuneration policy. We know that there have been individual cases where remuneration policy could have given rise to the problems that we have seen over recent years.

At the same time, we must avoid broad generalisations and blaming the sector as a whole. We should perhaps remember that it is hardly in the interests of an individual company to encourage exaggerated risk taking. I am therefore also pleased that we were finally able to agree on the comply-or-explain principle, among other things. In the end, we succeeded in achieving a relatively balanced result. I believe this is a good result, even though I think that as politicians, we should perhaps, in principle, not go into as much detail as we are doing in this case.

**Burkhard Balz (PPE).** – (DE) Madam President, Mr Karas has already mentioned some key points. I fully concur with him on them. I think that we need better capital requirements for financial institutions in both qualitative and quantitative terms. One thing is therefore certain, namely that the Basel rules need to be developed further. However, it does not help to force the situation as this could have totally the opposite effect.

The financial crisis is obviously a global crisis. The lessons we need to draw from it must therefore be drawn at a global level as well. This means that if we tighten capital requirements, we must coordinate this measure internationally too. The level playing field must be retained. Judging in particular by the decisions that have been made in the last few days by our friends in the US, I have certain doubts about this.

Another consideration, which is especially important to me, is that the accumulation of current projects must not result in inconsistency. For example, texts and annexes must remain consistent. Calculation examples

in the annex must also match the wording. However, the future supervisory authority will be responsible for the interpretation.

There is one other thing we should not forget. The financial economy and the real economy are not two self-contained systems. Capital requirement regulations have an impact on the real economy. However, at the moment we do not know exactly what this will be. We therefore need at least to carry out thorough impact assessments before we make any further changes to the legal framework. This has been the negotiating line adopted by the Group of the European People's Party (Christian Democrats) from the outset. The compromise which has now been reached with the Council is therefore, in my view, the only sensible solution. I wish to thank Mrs McCarthy and Mr Karas, in particular, for the work they have put in to this report.

**Roberta Angelilli (PPE).** – (IT) Madam President, Commissioner, ladies and gentlemen, I would like to thank the two rapporteurs for their excellent work. The restriction on bonuses to top managers is a very important sign: first of all, because it is the first time, anywhere in the world, that a ceiling on payments to bank directors has been established; secondly, because this is a package of clear rules – managers' bonuses must only be paid when the bank has collected the profits and no longer only on the basis of forecast results; and thirdly, because the new measures will put an end to the encouragement to take excessive risks. Finally, there will be greater transparency and responsibility since shareholders will be able to take part in shareholders' meetings and exercise the right to vote on the remuneration of directors.

**Miroslav Mikolášik (PPE).** – (SK) Inappropriate systems of remuneration contributed to excessive and careless risk taking at the expense of employees, savers, investors and overall economic growth, which finally also contributed to the financial and economic crisis.

For this reason, I welcome the initiative leading to the regulation of remuneration policies in the financial services sector, which takes account of the fact that managers are often led by their own financial interests when managing a company.

Excessive risk taking is also, in many cases, contrary to the long-term interests of a company and its shareholders. In the case of banks and other financial institutions, moreover, taxpayers are faced with the risk that they will have to take part in rescue measures in case of financial difficulties.

In my opinion, we should ensure a high degree of transparency in remuneration and strengthen the rights of shareholders to supervise remuneration policies for company managers and to express their opinions on this at AGMs.

**Andreas Mölzer (NI).** – (DE) Madam President, there is a real wave of post office closures at the moment in Austria while, at the same time, there has been a 40% wage hike at Post AG, but only for executive salaries. However, particularly during times of crisis, the general population is unable to comprehend such fantasy salaries, bonus excesses and serial severance pay recipients. It will not be that easy to put an end to this.

It is well known that the German law on the appropriateness of management board remuneration has simply brought about more red tape and greater influence from foreign investors on remuneration policy and company strategy. The attempt to make management executives more accountable with retentions was thwarted by new insurance policies. The EU draft should draw a lesson from this.

When one hears that disclosure of managers' salaries in the US has led to their increase, it becomes clear that our plan is tantamount to fighting against a hydra. A chief controller will, at any rate, find it difficult to be responsible for two companies at the same time which compete with each other. The factors determining the bonuses must definitely be transparent.

**Mairead McGuinness (PPE).** – Madam President, I would like to thank the rapporteurs and the Commission. This is a specialist area but every single citizen in Europe is pleased that Parliament, the Commission and the Council are tackling the issue of excessive remuneration. We only know about the excesses of the banking sector because of the disasters that have happened. I would argue that, even if things were profitable in banking, the remuneration is way out of line from the general public perception.

Transparency is the key to all of this. When people have knowledge of what is happening, then we can take action on it. We published the payments of farmers, from the very smallest right up through the chain, and we regard this as transparent. In my view, bankers make profits from public money, from their shareholders and those of us who take out loans, so it is time to tackle this particular problem. I am not, however, convinced that the mindset of many bankers has changed at all and I fear that when this does eventually blow over, unless the Commission is very strong, we will revert to type.

**Michel Barnier**, *Member of the Commission*. – (FR) Madam President, I am deeply touched that you still have the patience to listen to me as I have been with you for four hours now, and I am delighted to be here, to answer your questions and to listen to your debate on some very important matters.

Once again, my thanks go to Mrs McCarthy and Mr El Khadraoui and to all the members of the Committee on Economic and Monetary Affairs for their commitment, their contributions, and the important improvements that you, the rapporteurs, have made to these texts.

We still have a great deal of work to do on the issue of the financial sector, on remuneration in the other financial sectors, on corporate governance, on CRD 4, on derivatives and on short selling, and I shall propose some regulations on these areas in September.

Only today, the College approved two legislative texts on deposit guarantees and compensation for investors, and a White Paper on guarantees in the insurance sector.

To return to today's texts, on which you will vote tomorrow, I think they are sound texts which have benefited from a considerable number of contributions in the course of the negotiation process, from positive amendments, tabled by your committee, in particular, concerning details on the calculation of remuneration, transparency in remuneration policies, restrictions on bonuses in those companies which have benefited from State aid, and clawback.

With regard to international competitiveness, I would like to remind you that the Financial Stability Board's remuneration principles are general principles designed for states, which differ considerably in terms of their economic development. There is considerable diversity amongst these states and, where the Financial Stability Board's general principles allowed them too much room for manoeuvre as regards the implementation of those principles, it was indeed necessary, at European level, to ensure that the Member States implemented the text of the directive consistently. Clear rules have been implemented which cannot be interpreted in different ways. As I have already said on numerous occasions, I do not believe that a clear, consistent legislative framework would in any way compromise our international competitiveness. I even believe that if Europe becomes one of the very first continents to implement these intelligent regulations and intelligent supervision, it will enjoy a competitive advantage.

With regard to what you were saying about the workings of the new European authorities, we still need to establish these authorities. They have not yet been established. This is the aim of the debates we are having with the Council at this very moment. In my view, these new authorities will have to have real powers of coordination and be able to ensure that these common rules are applied coherently and consistently. Furthermore, there must be the opportunity to take decisions relating directly to institutions, in the event that European law is not applied correctly. This includes, Mr Canfin, decisions on rules relating to remuneration.

Therefore, I assure you that the Commission will be extremely vigilant as regards these various points in the coming days.

I should now like to say a few words about the application of these new rules. They must apply to all investment banking firms. The directive includes a general principle of proportionality, which allows for the application of the principles to be adapted to different credit institutions, taking into account their legal structure, size, complexity and the nature of their activity. We firmly believe that CRD 3, thanks to you, will make significant changes to practices which have been all too frequent until now, and which have led to excessive risk taking by the banks and hence to the economic crisis, the consequences of which we are suffering today.

I should like to thank Mr Karas for his support on the issue of implementation, as agreed, in parallel with the US, in respect of insolvency law. We shall work on this issue within the framework of the programme for resolving the crisis, but it is a long-term project.

Mr Christensen, you stressed the need for transparency. This is a very important point on which the European Parliament still has a great deal to do to improve the Commission's original proposals, and I thank you for it.

Mrs Bowles mentioned the central issue of capitalisation, as did Mr Balz a short while ago. Capitalisation is indeed important. However, I think that an appropriate internal and external supervisory framework, which we are also debating, is equally important. Regarding CRD 4, which is under discussion with the banks, I must tell you, Mr Balz, that I am extremely anxious to carry through to the end and with great care the impact

and macro-economic studies that we need in order to adjust the measures contained in CRD 3 and CRD 4. There is the adjustment within the Basel measures themselves, there is the adjustment between the Basel measures and the other measures relating to precaution and prevention, internal and external supervision, corporate governance, resolution funds and the range of tools for precautionary purposes, and then there is the final adjustment, with regard to which I am very vigilant – I say this one last time, by way of conclusion – which is a confident but clear-sighted adjustment between what the United States is doing and must do, on the one hand, and what we ourselves must do from a European point of view, on the other.

We need to achieve exactly the same objectives. They have been set by the G20. We must achieve them in parallel, and I shall be careful to ensure that this does indeed happen.

**Arlene McCarthy**, *rapporteur*. – Madam President, just very briefly, I agree with Mrs McGuinness that mindset and culture have not changed. In fact, over the last week, some banks and institutions have attempted to derail and undermine the proposals that we will be voting on tomorrow. It is why enforcement is vital, it is why national regulators must have the backbone to enforce this legislation and it is why tomorrow, Members will have to give a strong vote and a strong signal to banks and the public that we do intend to reform and, indeed, transform the discredited bonus culture in the long term. I believe, colleagues, that it is the beginning of the process, not the end. Therefore, I urge colleagues to give a strong vote to this report in the plenary tomorrow.

#### IN THE CHAIR: Edward McMILLAN-SCOTT

*Vice-President*

**Saïd El Khadraoui**, *rapporteur*. – (NL) Mr President, ladies and gentlemen, I too shall keep it brief. I believe we all agree that ground rules are needed for remuneration policies, and it is clear – from an evaluation of the Recommendations on remuneration policies published by the Commission one year ago – that these must be as binding as possible. I am, of course, aware that not everyone wants to go as far in this matter and not everyone is as ambitious, but we must all agree that what we are discussing today and will hopefully be adopting tomorrow is just an initial step in the right direction. It cannot be the end of the story.

It is clear that there is still work to be done. Supervisors must be strengthened so as to enable external monitoring, too, of companies' remuneration policies. The role of the remuneration committees must be clarified, as must the link with those engaged in risk management. The role of the shareholders must also be strengthened. Therefore, Commissioner, I am delighted to hear that you are in favour of a corporate governance regulatory framework for all companies, and I gather that there is to be an in-depth discussion on this with stakeholders in the coming months. This is important, and it is also an important signal to our citizens that we are serious about establishing solid ground rules for this in the interests of the companies themselves and of the economy.

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

The vote will take place tomorrow (Wednesday, 7 July 2010).

### 14. Question Time (Commission)

**President**. – The next item is Question Time (B7-0316/2010).

The following questions are addressed to the Commission.

*Part one*

Question 15 by **Cristina Gutiérrez-Cortines** (H-0327/10)

Subject: Selection criteria for senior management and high-profile executives in Joint Technology Initiatives (JTI), and support for SMEs

Given that a number of public-private partnerships (PPPs), particularly Joint Technology Initiatives (JTIs), are being established under FP7, and that they will manage a significant part of the EU budget in an autonomous way (e.g. Hydrogen EUR 470 million), I would like to know:



whether the procedure for the selection of the JTIs' senior executive managers guarantees independence from the influence of large companies, both in the selection process itself and as regards the CVs of the senior managers selected;

whether, in those selection processes, the EU commitment to supporting SMEs is taken into account, given that SMEs will be the cornerstone of future industrial development in Europe.

**Máire Geoghegan-Quinn**, *Member of the Commission*. – The first part of Mrs Gutiérrez-Cortines' question refers to whether the procedure for the selection of the JTI's senior executive managers guarantees independence from the influence of large companies.

The answer is 'yes'. The procedure for selecting the executive directors for joint technology initiatives follows the guidelines for the appointment of heads of community agencies and joint undertakings. The guidelines are applied to all EU bodies and hence ensure that JTI selection processes are fully coherent with those of other EU bodies such as executive agencies and regulatory agencies. In this way, the process for all EU bodies, including JTIs, is based on competence and merit and guarantees equal treatment to all candidates.

In this respect, as was prescribed in the guidelines, Commission senior staff members were a majority both in the pre-selection committees and during the proceedings of the Consultative Committee on Appointments. These are the only two steps of the procedure where industry was given a role in one way or the other, apart from the indirect role of industry representatives when they cast their vote in the governing board at the moment of the appointment itself, which is among candidates shortlisted by the Commission.

It is to be noted that the running and operational costs of all JTIs are partially covered by industry, up to 67% in the case of ENIAC and ARTEMIS, the two joint technology initiatives in the field of nanotechnologies and embedded computer systems. This implies that their involvement was necessary and in keeping with the nature of JTIs as public-private partnerships.

The second part of the question asks whether in those selection processes, the EU commitment to supporting SMEs is taken into account. The answer is that, generally, staff selection criteria for the day-to-day operation of the JTI must be based – as mentioned earlier regarding the guidelines for appointment – on competence and merit. In this respect, the promotion of SMEs is an important political objective of the Commission but may not easily translate into selection criteria for the appointment of staff covered by the EU Staff Regulations such as JTI staff.

The executive director and his or her staff are covered by professional ethics principles in the EU Staff Regulations and thus, they are not allowed to defend or represent any specific interest, be it SMEs or large companies. The EU Staff Regulations foresee disciplinary procedures for breaches of this obligation. Having said that, the regulations establishing the joint technology initiatives cater for SMEs. They contain provisions encouraging and promoting SME participation and representation at governing board level.

**Salvador Garriga Polledo**, *deputising for the author*. – (ES) Mr President, Parliament and the Commission share this concern, but, Commissioner, specific cases are taking us in the opposite direction. We know that joint technology initiatives (JTI) are 'common bodies' and that they therefore have a selection procedure that must be followed. We also know that elected individuals must not come directly from companies within which they have seats on the board of directors.

Let me describe an actual case. For the hydrogen JTI, with its budget of EUR 470 million, the European Commission went through a selection procedure that ended up with three people, and finally with one, who was a Commission expert originating from the small and medium-sized enterprise sector, but who, upon joining the board of directors of the hydrogen JTI, was replaced by someone originating from a large company, specifically Toyota Daimler.

I believe that this specific case completely contradicts the answer that you gave me, which should be logical in relation to the procedure. I would therefore ask, Commissioner, that you monitor the selection procedure.

**Máire Geoghegan-Quinn**, *Member of the Commission*. – Certainly I would be prepared to keep a close eye, as you have asked, on this issue. I think that it should be noted that the running and the operational costs of all the joint technology initiatives are partially covered by industry. In line with that contribution, and in the spirit of a public-private partnership, some involvement of industry partners is foreseen in the guidelines for the appointment of the executive director.

This involves a prominent role, of course, for the Commission's senior staff – who are always a majority in the selection process. The involvement of industry was of two kinds. Perhaps it would be helpful if I outlined how that was. One member out of three in each pre-selection committee (with voting rights) and the other two members are: the director-general from the parent directorate-general from within the Commission or one of his/her deputies as chairperson, and a director of the parent directorate-general. There is one observer from industry in the consultative committee on appointments (without voting rights); and the six members of the consultative committee on appointments are senior Commission staff members.

Three out of the six industry representatives on the governing board of the fuel cells and hydrogen JTI, which appoints its executive director, come at present from SMEs. That SME representation in the governing board is actually enshrined in the fuel cells and hydrogen regulation which reads that 'at least one of the representatives to the Governing Board appointed by the Industry Grouping shall represent SMEs'.

Of course, as I said at the beginning, I will be quite happy, as the Member of Parliament asked me to do, to keep a close eye on these procedures in the future.

**President.** – Question 16 by **Joanna Senyszyn** (H-0331/10)

Subject: European Union accession to the European Convention on Human Rights

The European Court of Human Rights (ECHR) has recently delivered several rulings regarding legal provisions in Poland which are in breach of the European Convention on Human Rights. Hitherto, the question of how ECHR rulings are implemented by EU Member States which are also members of the Council of Europe has been a matter for each individual Member State. Will the anticipated accession of the European Union to the European Convention on Human Rights alter this situation and, in particular, are there any plans to introduce EU mechanisms for monitoring the implementation of ECHR rulings by Member States of the European Union which are also members of the Council of Europe?

**Algirdas Šemeta**, *Member of the Commission.* – Accession of the European Union to the European Convention on the Protection of Human Rights and Fundamental Freedoms will not affect the manner in which a judgment of the European Court of Human Rights against an EU Member State is executed by that Member State. That means that the accession agreement can only create obligations on the basis of the convention and, where applicable, of any additional protocol of the convention which the Union might ratify insofar as it concerns acts and measures adopted by the institutions, bodies, officers or agencies of the Union, but not when it concerns acts and measures adopted by the Member States.

There are no plans to introduce any EU mechanism for monitoring the implementation of such rulings, since there is no legal basis for doing so. Indeed, Protocol No 8 to the Lisbon Treaty states that accession will 'not affect the competences of the Union or the powers of its institutions' or 'the situation of Member States in relation to the European Convention'. This relates not only to the scope of the substantive obligations of Member States, but also to the manner in which a judgment of the European Court of Human Rights against an EU Member State is executed.

**Joanna Senyszyn (S&D).** – (PL) Thank you, Mr Šemeta, for your answer. Unfortunately, I do not find it satisfactory. Monitoring execution of ECHR judgments would, however, appear to be essential, because some Member States will not want to comply with them voluntarily.

I have a supplementary question related to rulings of the Court concerning breaches of the European Convention on Human Rights and, in particular, the case of *Lautsi v. Italy*. In a judgment passed on 3 November 2009, the Court held that hanging crucifixes in classrooms is a violation of human rights, and on 15 June 2010, in the case of *Grzelak v. Poland*, it held that the lack of opportunity for a schoolboy to attend lessons in ethics in the majority of Polish schools is also a violation of human rights. Is the Polish legislation, which was held by the Court to be at fault in these two cases, also at variance with the draft ...

*(The President cut off the speaker)*

**Algirdas Šemeta**, *Member of the Commission.* – Mr President, I will try to answer the question. Where Member States act in the scope of Union law, they must respect fundamental rights as enshrined in the Charter and in the general principles of Union law. Any violation of this obligation may lead to an infringement procedure before the European Court of Justice under Article 258 of the Treaty on the Functioning of the European Union.

However, this is the only procedural means that the European Union has at its disposal to ensure the compliance of a Member State with fundamental rights. Conversely, where Member States act outside the scope of Union law, there is no general competence under the treaties in the area of fundamental rights. Therefore, the Union is precluded not only from monitoring in general whether a Member State respects fundamental rights, but also from monitoring whether a Member State complies with the judgment of the European Court of Human Rights.

**Lidia Joanna Geringer de Oedenberg (S&D).** – (PL) Mr Šemeta, I am certain the Commission will be included in the process of negotiation over accession of the Union to the convention. One of the most important questions in this process will be that of the relationship between the European Court of Justice and the Court of Human Rights in Strasbourg. How, in the opinion of the Commission, should it be ensured that the prerogatives of the ECJ in the area of the interpretation of EU law are preserved?

**Sarah Ludford (ALDE).** – Technically and legally, I understand the Commissioner's response. Politically, and in terms of real commitment to fundamental rights, it makes no sense and it runs completely counter to Articles 6 and 7 of the treaty, which say the EU and its Member States will obey the convention. Indeed, a mechanism was put into Article 7 to try to make sure that Member States do not breach human rights, so how is what the Commission said compatible with the mechanism under Article 7?

We need a peer review system; we need monitoring mechanisms. I am afraid that answer shows why the Commission is so feeble about pursuing human rights breaches in the Member States.

**Algirdas Šemeta, Member of the Commission.** – The negotiations should ensure that the *a priori* internal control of the Court of Justice of the European Union, in accordance with primary law, is also applicable in cases where the conformity with a convention of an act of an institution, body, office, or agency of the Union is at stake in a case brought before the European Court of Human Rights (ECtHR), but the Court of Justice of the European Union has not had the opportunity to rule on the compatibility of such an act with fundamental rights defined at the level of the Union.

Any such procedural means allowing the Court of Justice of the European Union to assess the compatibility of such acts with fundamental rights should be meant to safeguard the subsidiarity nature of the procedure before the ECtHR, and should not result in causing unreasonable delays in such a procedure.

**Sarah Ludford (ALDE).** – Articles 6 and 7, Commissioner – what meaning do you place on Articles 6 and 7 in the light of your reply and the mechanism for pursuing breaches?

**Algirdas Šemeta, Member of the Commission.** – I would just like to inform you that work in the Council of Europe is ongoing regarding improvements to the execution of judgments of the European Court of Human Rights. So, work is now in progress.

**President.** – Well, let us hope that it does not take too long!

Question 17 by **Georgios Papanikolaou** (H-0313/10)

Subject: International cooperation on tax havens and offshore companies

As part of its efforts to prevent fraud and tax evasion, the European Union is negotiating agreements with third countries which are considered to be 'tax havens', such as Liechtenstein and Switzerland; an agreement with these countries has been submitted to the EU Member States for ratification.

Does the Commission have information indicating the main third countries in which European funds choose to set up offshore companies in order to evade taxes?

In addition to the bilateral agreements, which are certainly very important, does the EU intend to conclude multilateral agreements on international cooperation in order to tackle tax evasion more effectively?

**Algirdas Šemeta, Member of the Commission.** – I confirm that last year, the Commission presented to the Council a proposal for an agreement between the European Union and its Member States and the Principality of Liechtenstein to combat fraud and any other illegal activity and to ensure exchange of information in tax matters. In addition, the Commission has presented to the Council a draft mandate to open negotiations on similar agreements with Andorra, Monaco, San Marino and Switzerland.

Both the draft agreement with the Principality of Liechtenstein and the draft mandate are still pending in the Council, as some Member States have political reservations and link those files with the revision of the EU

Savings Directive. I believe that these draft agreements and mandates should not be held hostage to the Savings Directive revision, as their objective is to fight against fraud at a time when there is an even more urgent need to protect our common financial interests.

The Commission has no specific information indicating the main third countries in which European funds choose to set up offshore companies in order to evade taxes. However, it is my conviction that the proposed agreements will contribute to improving the flow of this kind of information and they are essential tools to promote the policy of good governance in the tax area, which is built along the three following principles: transparency, exchange of information and freer tax competition.

The objective of this policy is not to target tax havens per se but to reach an agreement with as many third countries as possible on the common principles of cooperation and transparency. The ECOFIN Council has endorsed these principles and has recognised the need to promote them on as broad a geographical basis as possible.

The draft agreement with the Principality of Liechtenstein and the draft mandate for negotiations with four other jurisdictions constitute prime examples of a coherent EU approach. They provide a multilateral framework for minimum rules on exchange of information and assistance between all the parties, which should enable EU Member States and third countries to combat tax fraud and evasion more effectively. But the Commission is doing more to promote its policy of transparency, exchange of information and freer tax competition in its relations with third countries. This is pursued, notably through initiatives such as the enhancement of administrative cooperation, the code of conduct on corporate taxation or the communication tax and development, cooperating with developing countries on promoting good governance in tax matters, which address relations with third countries. The Commission is also very active, together with its Member States, within international organisations such as the OECD, notably in the global forum on exchange of information and its peer review process.

**Georgios Papanikolaou (PPE).** – (EL) Mr President, Commissioner, it is clear from what happens in practice and from what you have told us today that the Member States cannot deal effectively with this very important problem with their own control mechanisms alone. Of course, it goes without saying that this form of tax evasion seriously damages growth and leads to flows of funds not on the basis of the criterion of return, but on how best to evade taxes.

There is another approach, as adopted in Spain and the United States of America, where controls of deposits are more relaxed and thus, these tax havens become less attractive. Of course, be that as it may, that cannot be applied in Member States which have no effective control mechanisms, because it results in loss of revenue.

My question therefore is: what are the Commission's priorities, what is its strategy, what is its approach in this endeavour and what balances does it want to retain ...

*(The President cut off the speaker)*

**Algirdas Šemeta, Member of the Commission.** – Well, first of all, I should say that when negotiating with third countries, namely the countries which I mentioned, we negotiate on behalf of the 27 Member States and we take a multilateral approach in negotiating issues relating to tax evasion. Your point is a really interesting one and we are looking at various forms of tax evasion. As you rightly pointed out, tax evaders are adjusting to the changes in our controls; that is why we have this Code of Conduct Group where we try to ensure that the code is applied not just at Member State level; we also try to encourage third countries to apply the principles of this code of conduct. This could also allow us to make progress in dealing with tax evasion.

**Janusz Władysław Zemke (S&D).** – (PL) I would like to ask you the following question: from what you have said, today, Mr Šemeta, we have a good proposal, but it cannot enter into force. It is being blocked by a group of Member States and, if I may, I would like to ask you – because I understand you cannot give us the names of these Member States – how many Member States are against the proposal, and what are their arguments? For I suppose they do have some kind of justification, and they must be using it.

**Seán Kelly (PPE).** – I listened this morning to a British MEP saying that they would be far better off outside the European Union, with the same arrangements as Norway and Switzerland. Does the Commissioner have a comment to make on that? Have we arrangements with them that are too facilitating, encouraging them to stay outside the European Union, while encouraging countries within the European Union to leave the EU in order to have a similar arrangement?

**Algirdas Šemeta**, *Member of the Commission*. – Concerning those EU agreements, there are two Member States which continue to have political reservations on the proposal. They want to take a ‘package’ approach to this issue by linking together a proposal amending the Savings Directive, the mutual cooperation proposal and the proposal relating to negotiations with the said Member States.

It is an issue that we are working on and the Belgian Presidency is making this issue a priority for the Presidency. I hope that we will be able to make progress in this area.

I am sorry, but the beginning of the second question was not very clear.

**President**. – Mr Kelly, perhaps you could restate your question very briefly if you would not mind. The first part of your question was not very clear.

**Seán Kelly (PPE)**. – Was it not a British MEP who said that they would be far better off outside the European Union with similar financial arrangements, etc. to those enjoyed by Switzerland and Norway? Does the Commission agree with that statement? Are we facilitating the likes of Switzerland and Norway too much, particularly in view of Mr Papanikolaou’s question? Should we change our approach to those countries, so that they might be encouraged to come into the Union, rather than the situation that exists at the moment where countries are saying that they would be better off outside the Union, like Switzerland and Norway?

**Algirdas Šemeta**, *Member of the Commission*. – I would not like to comment on whether Britain would be in a better situation outside the European Union. I will leave the question to the comments of those who made them.

Concerning issues of harmful tax competition, tax evasion and tax fraud and concerning Norway, we are in a negotiation process with Norway. There is quite substantial progress in this area and I hope that we will be able to come to an agreement with them on those particular matters.

As I said in my introduction, we also asked the Council to give us a mandate to negotiate a similar agreement with Switzerland. We are now dealing with the current package, which includes three directives, and the issue of Lichtenstein. Only after these parts of the package are resolved will we be able to get a mandate for the negotiations with Switzerland and other European countries which are not members of the European Union.

With regard to Switzerland, we are also waiting concerning another topic – the application of the code of conduct in business taxation matters. Quite recently, the Council asked us to start a dialogue with the Swiss authorities on their views regarding the application of the principles of the code of conduct in Switzerland. The Commission started this dialogue last week. Sometime in the future, I will be able to inform you of the progress in this area.

*Part two*

**President**. – Question 19 by **Bernd Posselt** (H-0308/10)

Subject: Serbia-Macedonia-Kosovo cross-border cooperation

In the Commission’s view, what are the chances of cross-border cooperation and development in the southern Serbia – Macedonia – Kosovo border region and, in particular, in the Presevo Valley, which belongs to Serbia and is inhabited by Albanians? How can the rule of law, investment, infrastructure and local border traffic be encouraged in the region?

**Štefan Füle**, *Member of the Commission*. – The European Commission is indeed aware of the situation and the worrying economic conditions in the southern Serbian region, including the Presevo valley area. Historically, the area has been underdeveloped and is currently the poorest in Serbia. The Commission has been providing significant financial assistance since 2000.

The objectives are to reduce the disparity between southern Serbia and the rest of the country in terms of living conditions and public services, and to ensure that the area plays a full part in the state institutions with responsibility for planning, future investment and their implementation. Concerning cross-border cooperation, under the IPA instrument for the pre-accession assistance programme for the region to which the question refers, this will depend on future progress in the relationship between the partners concerned.

In the meantime, the European Union will continue to encourage and support the rule of law, investment infrastructure and local border traffic in this region through the instruments it has at its disposal. These

instruments include the EULEX Rule of Law Mission in Kosovo and the activities which the European Union supports under the annual IPA programmes for Serbia, the Former Yugoslav Republic of Macedonia and Kosovo.

As far as Kosovo is concerned, the Commission's October 2009 communications on Kosovo included a number of important proposals which the General Affairs Council, December 2009, asked us to take forward. As a result, Kosovo will effectively start to benefit from the European Union financed cross-border cooperation project later this year. The Commission will mobilise IPA component II for Kosovo-Albania and for Kosovo-the Former Yugoslav Republic of Macedonia in 2010, this year. We intend to include Kosovo-Montenegro as well, starting next year.

The Commission will continue to closely monitor the initiatives taken in this area through our structured dialogue with the authorities, as well as through our yearly reports, the next of which is due to be published in November 2010.

**Bernd Posselt (PPE).** – (DE) Mr President, Commissioner, thank you for your excellent reply. You yourself come from a wonderful region of Europe, Euregio Egrensis. In my view, we should support local border traffic, particularly in the region which we are talking about, as the borders will not be open for a long time, so that people do not need to join the queues of tourists if they want to go to their field on the other side. We must make it easier for people to go to hospitals in border regions and for educational qualifications to be recognised. This is an area where there is a huge amount of work to do and I would really like to ask you to make it a priority. People are really suffering a great deal there.

**Štefan Füle, Member of the Commission.** – It would, indeed, be one of my priorities in this region. There was no time to talk extensively about the importance of the regional cooperation, especially in that particular region. The issue you raised has already been a subject of my consultations with the Regional Cooperation Council, in a follow-up to a rather successful Sarajevo conference. So, it will remain as one of my priorities in dealing with both the countries there and the regional organisations that are equipped to help assist us in this common endeavour.

**Nikolaos Chountis (GUE/NGL).** – (EL) Mr President, Commissioner, as you probably know, an explosive situation has arisen in Kosovo due to the fact that, last Friday, a hand grenade was thrown into a crowd of Serbian demonstrators protesting against the opening of Kosovan government offices in Mitrovica.

Given that the International Court in The Hague is due to return a decision in July in connection with the unilateral declaration of independence of Kosovo, I should like to ask if you consider that this action, by which I mean the opening of an office, was objectively provocative and should have been avoided?

**Georgios Papanikolaou (PPE).** – (EL) Mr President, the question of cross-border cooperation is very important and I should like to thank the Commissioner for his reply.

However, I should like to put it on record that the title of the question on Parliament's official list is unacceptable. The internationally recognised name of one of the three countries is FYROM, Former Yugoslav Republic of Macedonia. That is the official name of the country and you know full well that negotiations are currently under way between Greece and FYROM to resolve the issue. It is unacceptable for this to be entered on Parliament's list in an official debate.

**Štefan Füle, Member of the Commission.** – After talking to the two Prime Ministers – Prime Minister Gruevski and Prime Minister Papandreou – I can confirm that the discussions on solving the issue that has been raised by the honourable Member are indeed well advanced. I hope that the leaders will use the window of opportunity to solve these issues, thus allowing that country and Skopje to start their accession negotiations.

To answer the first question, a couple of weeks ago, I was in the northern part of Kosovo, opening some EU offices there and talking about the programmes and how to make sure that whatever we do for the citizens of Kosovo – and, of course, the citizens of other countries in the region – is shared by everybody and that we do not have isolated places where the citizens do not have these possibilities.

You are absolutely right to make the point that before the ICJ ruling, we should avoid any acts that would make the situation more violent or even explosive. With that in mind, after that tragic incident, Baroness Ashton, the High Representative and Vice-President of the Commission, had telephone conversations with leaders both in Pristina and Belgrade and called on them to continue the policy of restraint, particularly as we are moving ever closer to the expected ICJ ruling.

**President.** – Question 21 by **Nikolaos Chountis** (H-0325/10)

Subject: Full implementation by Turkey of the Association Agreement and the Additional Protocol

The Commission's 2009 progress report on Turkey states that: 'Turkey has made no progress towards fully implementing the Additional Protocol to the Association Agreement ... it is now urgent that Turkey fulfils its obligation to ensure full, non-discriminatory implementation of the Additional Protocol ....'

Bearing in mind that for the fourth consecutive year, Turkey has failed to implement the Additional Protocol, how does the Commission believe Turkey should be persuaded fully to implement the Association Agreement and the Additional Protocol, since efforts so far have not borne fruit? Has Turkey made any commitment to sign the Protocol in 2010?

**Štefan Füle**, *Member of the Commission.* – The Commission reiterates at all appropriate levels, at every opportunity, its call on Turkey to fully implement the additional protocol to the Association Agreement and to remove all obstacles to the free movement of goods, including restrictions on direct transport links with Cyprus.

The Commission will continue to report on all issues covered by the 2005 European Council Declaration in its next annual report. It will deliver a factual, objective report on progress, or the absence of progress, on those issues, as it did last year and the year before. On this basis, the Council will be able to evaluate the situation and draw the appropriate conclusions.

**Nikolaos Chountis** (**GUE/NGL**). – (EL) Commissioner, thank you very much for your reply.

I should like to ask the following supplementary question: in a recent statement, the President of the Republic of Cyprus, Mr Christofias, linked the opening of the new chapters in the Turkish pre-accession process to the opening of the port of Famagusta, emphasising that the port could be handed over to the United Nations and could operate under the aegis of the European Union, given that a similar proposal was made in the past, in 2006, and received a positive response from the United Nations.

I should therefore like to ask what is your opinion, what is your reaction to Mr Christofias's proposal?

**Štefan Füle**, *Member of the Commission.* – There are a number of issues which are on the table directly or indirectly in the talks to find a comprehensive solution to the Cyprus issue. The role of the Commission is absolutely clear on this one: not only do we support this UN-led process, not only do we support both leaders in finding a solution to this issue, but we have also dispatched the President of the Commission's personal envoy to help the parties throughout these discussions with the EU-related measures.

There are other elements which are probably not directly on the table in these talks but which are inter-related, interconnected. One of them has been mentioned by you. The role of the Commission is to call on both parties and on other countries interested or connected to do everything to find a solution; to be creative in finding the solution and, if being creative with the aim of finding a solution means solving this problem too, then the Commission will propose it. Otherwise, we hope very much that the issue which you have raised will be tackled and solved in the framework of the overall talks on the comprehensive settlement.

**President.** – Before I come to Mr Kelly's supplementary, I should like to inform colleagues that we are going to finish at 20.30. The reason for this is not only it is foreseen in the agenda but also the interpreters have to have time to eat before resuming at 21.00.

However, the next Commissioner, Mr De Gucht, will start at around 20.15 and because the following questions are inadmissible – Nos 27, 28, 29, 30 and 31 – Mr De Gucht will start with Question 32 by Mr Tarabella.

Concerning Mr Crowley's question, we have not been notified of any replacement for Mr Crowley and accordingly that will not be taken, so we move to Mr Howitt's question for a joint reply.

Mr Gallagher, I am asking one of the staff to come round to talk to you. We now move back to Mr Kelly. It is your second and last supplementary.

**Mairead McGuinness** (**PPE**). – Mr President, lest you – or colleagues – think that the questions on Mercosur that I and other colleagues raised are inadmissible because they are not good questions, I believe they are inadmissible because the item is on the agenda for Thursday.

It is important to stress that we were not to know, as questioners, that this would happen. Indeed we have been pushing for a debate on the Mercosur bilateral talks. That is why I believe the question should be deemed admissible – and I believe it should be taken now because it is not just myself: there are many other colleagues who want to raise this issue, and I am sure others will take up the mantle. Let me just put on the record why these questions have been ruled out of order at this Question Time, and urge colleagues to support us in our debate here on Thursday.

**James Nicholson (ECR).** – Mr President, I will not delay you because I understand you are pressed for time. I totally agree with what Mrs McGuinness has just said. I am very angry, quite frankly, about the way this has been done. I know the rules are there to be adapted, but this is a very burning subject and the question should have been answered tonight because it would also be giving better support for the debate to be held on Thursday morning.

**President.** – I am advised that you are both authors of the oral question and accordingly are to be congratulated on getting it on the agenda for Thursday. It will provide a much wider opportunity for debate and discussion. Therefore, I think we will leave it there, but thank you for the points you make, and we will try to make sure that people are advised earlier in future.

**Pat the Cope Gallagher (ALDE).** – Mr President, my office did advise the President's office that I would be taking Mr Crowley's question.

**President.** – I am sorry; the problem is that we have not been notified by Mr Crowley, and I am told that this is the requirement. But let us see how we get on, Mr Gallagher. If you want to be patient and wait, we will see how we get on.

**Seán Kelly (PPE).** – I was more interested in the Turkish Cypriot athletes, if the Commission wanted to comment on that, because as a sportsman myself, I believe that there should be no boundary to the march of an athlete other than their own ability. If the situation exists, has the Olympic Council in particular done anything to try and alleviate it, because not everything can be left up to the Commission?

**Štefan Füle, Member of the Commission.** – On this particular issue, I have to say that the problem of the isolation of the Turkish Cypriot sportsmen and women should be solved through an internal Cypriot dialogue, through ongoing talks to find the comprehensive solutions I referred to earlier.

The United Nations framework offers an opportunity for such talks. The European Union has no competence to intervene in such cases. Ultimately, this regrettable situation results from the yet to be resolved Cyprus problem. The Commission strongly supports the leaders of the two communities in Cyprus in the ongoing negotiations on a comprehensive settlement on Cyprus, as I said earlier.

A swift solution to the Cyprus issue would effectively address the problem raised by the honourable Member, but I can add that the Turkish Cypriot sportsmen and women should have the right to decide freely for which federation they want to be active. There should be no pressure from any side. As mentioned earlier, this is an issue for internal Cypriot dialogue.

**President.** – Question 22 by **Gay Mitchell** (H-0329/10)

Subject: Middle East Peace

Despite our proximity to the Middle East and efforts to coordinate a united foreign policy, the European Union remains a peripheral player in efforts to move along the peace process between the Israelis and Palestinians.

How is the Commission using the European Neighbourhood policy to bring positive results to bear on this situation?

**Štefan Füle, Member of the Commission.** – The European Union is a major actor in the Middle East peace process, both politically and practically. At a political level, the European Union's role is founded on strong bilateral relations with all partners in this important region. The European Neighbourhood Policy (ENP) has provided the framework for these bilateral relations, which can be tailored to each country's needs.

ENP meetings provide a platform for regular, in-depth and robust discussion of various issues, including those relating to the Middle East peace process.



The European Union has used ENP meetings with Israel and the Palestinians to address different aspects: political issues, discussions of specific human rights cases, the situation on the ground, our assistance work, etc. In each case, the ENP framework has helped to consolidate a regular flow of information and sharing of views.

At a practical level, the European Union designs its substantial support for this region as a result of bilateral consultations in the ENP framework. For example, the European Union is a major contributor to Palestinian state-building efforts and to relief efforts for the refugee population throughout the Middle East. In parallel to close bilateral relations, the European Union has consistently supported a multilateral approach to the Middle East peace process. The Union for the Mediterranean offers another forum where the Middle East Peace Process can be discussed by all partners in this region.

In addition, the European Union – along with the United States, Russia and the United Nations – is a member of the Quartet, which is supporting the current proximity talks between Israel and the Palestinians. At its meeting of 19 March 2010, the Quartet indicated that a peace deal covering all final status issues should be completed within 24 months.

**Gay Mitchell (PPE).** – I would like to thank the Commissioner for his reply. Is the Commissioner not concerned that the Arab states in the Middle East constantly fail to meet their commitments to humanitarian aid in the region? They have only done this once – I think in the mid-1980s – in the last 20 years, while hard-pressed taxpayers in the European Union are meeting commitments in difficult times. What have you done to raise this question?

Secondly, I understand from Mr Ging's evidence yesterday from UNRWA to the joint committees, led by the Development Committee, that the efforts by non-governmental organisations did succeed in bringing to bear pressure on the Israeli Government in the area of humanitarian aid, which we have singularly failed to do.

We all know what the outcome is going to be – it will be a two-state approach and we have the road map, but do we not need new ways of communicating our message to both the Israelis and the Palestinians in the region?

**Štefan Füle, Member of the Commission.** – I would like to start where the honourable Member ended.

We should use to the maximum the channels we have and find new ones, as appropriate. The Middle East peace process, and this particular region, is indeed an area over which we cooperate closely with Cathy Ashton, the High Representative and Vice-President of the Commission. It is an area where we are hopeful of seeing the fruits of a post-Lisbon European Union external service and policy, bringing together the Community approach and the instruments of our common foreign and security policies.

As far as the first part of your question is concerned, I am both proud that the European Union is one of the biggest donors and proud that the European Union is now channelling that support to state-building activities. I am, at the same time, concerned that other countries, particularly the rich ones in the region, are not doing enough to match our efforts.

**Gay Mitchell (PPE).** – There was a second part to my question, which was about the need to communicate our message in a different way. NGOs can go in, force their message onto the agenda, and then we are left in the situation where they are saying that peaceful means do not work. Do we not need a new way of communicating our message?

**Štefan Füle, Member of the Commission.** – I am sorry, I thought I answered that particular question at the beginning of my answer.

My answer was yes, we do need that, and we are in discussion and close coordination with the High Representative and Vice-President of the Commission about how best to do it and how, in this particular region, to combine the instruments the European Union External Service has at its disposal after the Lisbon Treaty enters into force.

**Chris Davies (ALDE).** – Our Special Representative, Tony Blair, has given the impression that Israel is to lift the blockade of Gaza. Yet this morning, we heard from John Ging, the director of operations for UNRWA, that in practice, although food is now being allowed in by Israel, people cannot afford to buy it because nothing is being allowed in for commerce or business to create the employment and the job prospects to give them sufficient income.

I think Israel's policy has been regarded by many of us as deceitful. Last month, Parliament called for the Commission and the Council to stop just using words and to start applying some action. Through the Association Agreement, the Commission has the power to put pressure upon Israel. When are we going to see some action from the Commission to ensure that the relief of Gaza takes place?

**Štefan Füle**, *Member of the Commission*. – To be honest, I am not sure that the Association Agreement and that framework are the best way to pressure anyone.

The honourable Member is aware of Israel's willingness to upgrade the relationship between the State of Israel and the European Union – the so-called Advanced Statutes – but, including for the reasons mentioned by Members, that wish has not met with a positive response from the European Union.

What is needed at this point in time is a political solution to the closure of Gaza. Catherine Ashton, the High Representative and Vice-President, is involved on an almost daily basis in solving this particular issue. I was about to go to the region, but we both agreed that it would be best to first find a political solution for opening up the region, and then for the Commission to see how it could best serve the region, in terms of more than just humanitarian aid.

**President**. – I apologise to Baroness Ludford, who has now left the Chamber. I indicated earlier that we would not get to her question, whereas in fact, we can do so because at the present time, the questioners to Mr De Gucht are not in the Chamber.

Question 26 by **Ryszard Czarnecki** (H-0342/10)

Subject: Progress of democratisation in Georgia and Azerbaijan

How does the Commission assess the clear progress on democratisation and human rights that has been achieved in Georgia (in the context of the latest elections) and Azerbaijan? Does the Commission intend to reward countries that have made progress in complying with European standards?

**Štefan Füle**, *Member of the Commission*. – Respect for human rights and fundamental values and adherence to democratic standards are at the heart of the European Neighbourhood Policy. The Commission has been monitoring the implementation of the EU-Azerbaijan and EU-Georgia action plans since 2006, when the action plans were signed. This monitoring is recorded in the Commission's annual progress report, which we issue every spring.

In the case of Azerbaijan, last year's assessment indicates an uneven development in the field of democratisation and human rights. We have noted some positive developments but we continue to be concerned in particular about freedom of expression and freedom of media, an assessment which the European Parliament shared in its resolution of 17 December 2009.

As regards Georgia, in 2009, the country made good progress in the implementation of the ENP action plan priorities, especially in the areas of rule of law, reform of the justice system, good governance and the fight against corruption. The issues of human rights are being discussed regularly through the EU-Georgia Human Rights Dialogue which met twice in 2009 and will, in fact, meet again this week in Tbilisi to review progress.

The Commission is following developments in both countries, including in relation to commitments taken in the context of the Council of Europe and the OSCE. The Commission continues to raise its concerns with the administration of Azerbaijan and Georgia at various levels.

The Commission assesses progress in its annual reports on the implementation of the action plans agreed with the partner countries. The financial locations for ENP partners through the European Neighbourhood and Partnership Instrument will, from next year, reflect in an objective and transparent manner the degree to which the values underpinning the ENP in the area of democratic governance and respect for human rights and fundamental freedoms are effectively shared.

Moreover, the Eastern Partnership provides for new and ambitious association agreements between the European Union and those partner countries that are willing and able to comply with the resulting commitments, including commitments on governance.

**Jacek Włosowicz**, *deputising for the author*. – (PL) Mr Füle, thank you for your answer. However, the question was: is a specific form of approval or incentive possible or anticipated as part of the Commission's work, to draw special attention to the fact that countries which agree with what is jointly agreed upon and which comply in these areas can count on a particular premium?

**Štefan Füle**, *Member of the Commission*. – I agree with the approach that neighbourhood policy is about reform for reforms. The more our partners are committed to reforms, the more active the Commission is in supporting that country and ensuring that reforms are adopted and implemented.

If you look at the countries participating in the Eastern Partnership, you can see that this policy is actually working. We have the same set of instruments – the Association Agreement, the Economic Integration Agreement and a method for dealing with mobility and visa-related issues. If you look at the participants in the Eastern Partnership, you can see a big difference in their attitude to reforms and in the Commission's attitude to those countries. I could cite Moldova as a good example – the country with which we have actually started negotiations on an accession agreement, with which we have started the dialogue on visas, and with which, I hope, we will very soon also start negotiations on the Economic Integration Agreement, otherwise known as deep and comprehensive free trade agreements.

Question 32 by **Marc Tarabella** (H-0309/10)

Subject: Infringement of fair trade rules by European importers

In recent months, several cases, many of which have come to court, have demonstrated that European importers and distributors are not complying with the most fundamental rules of fair trade (hours of work, child labour, overtime, etc.), while professing the contrary by means of misleading advertising and 'ethical' labels.

Can the Commission provide details of how it is including these obligations of compliance with the ILO's minimum social standards in the trade agreements which it is negotiating for the European Union, how it is monitoring compliance with these obligations and what penalties it is imposing where an infringement is substantiated, such as the case of Lidl, a company recently found guilty by a German court?

Question 33 by **Linda McAvan** (H-0353/10)

Subject: Fair Trade

The EP, the Council and the Commission have all recognised that Fair Trade initiatives contribute to sustainable development and introduce more fairness in trade, which is one of the new EU treaty objectives. European citizens have also shown their support, with fair trade products reporting a massive increase in sales, particularly in my own Member State, the UK, where sales have increased by 12%. On top of this, hundreds of local authorities are becoming Fair Trade towns.

Commissioner Mandelson took up the coordination of Fair Trade issues in DG TRADE in 2006. Does the Commission plan to keep this responsibility? How does the Commission plan to ensure that there is a consistent policy across the EC to ensure that Fair Trade initiatives can play their role in contributing to more fairness in international trade?

**Karel De Gucht**, *Member of the Commission*. – Fair Trade-type schemes – or 'private sustainability assurance schemes', to give them their proper, though rather cumbersome, label – have an important role to play in promoting development and informing customer choice. One of their biggest assets is that they are non-governmental in nature. As expressed in the Commission's May 2009 communication on these schemes, governmental involvement should be limited so as not to interfere with the dynamic nature of Fair Trade and the manifestation of consumer preference.

I would also recognise that there is considerable scope for consumer confusion. That is why the Commission is supportive of the efforts of bodies such as the ISEAL Alliance, the International Trade Centre and UNCTAD to provide more clarity on the sustainability criteria used for different schemes.

In the Commission, responsibility for Fair Trade-type schemes is shared between different Commissioners depending on the initiative in question. Thus, for example, the services of Commissioners Tajani and Barnier have taken the lead in the preparation of the guide to socially responsible procurement. Those of Commissioner Dalli lead on informing EU consumers, and those of Commissioner Piebalgs lead when it comes to projects in developing countries.

DG TRADE currently plays a central coordinating role to ensure that EU policy initiatives are coherent and consistent with the 2009 communication, and I am prepared to maintain that coordinating role in line with the commitment taken by my predecessors.

**Linda McAvan (S&D).** – I am pleased to hear that you are going to coordinate. Your services will provide a lead and a link on Fair Trade, and I wonder how much you have been involved in the social procurement issue with Commissioner Barnier. We do need coordination because we found out a few weeks ago that there was wording in that text – which is coming out very soon – which would have damaged Fair Trade.

Luckily, Commissioner Barnier has intervened, but I think a lack of coherence was obvious from that original text, so, is it in your service as a coordinating group, do you link in with all the different services and how will this work in practice?

**Karel De Gucht, Member of the Commission.** – This will happen at the inter-services level, and we will make sure that we coordinate frequently with the other Commissioners involved so that as a result of this coordination, an EU policy will evolve with respect to this on the basis of the 2009 communication. If needs be, I will also, of course, have direct talks with my colleagues, the Commissioners.

**President.** – Thank you for your brevity, Commissioner.

As the author is not present, Question 34 lapses.

Question 35 by **Richard Howitt** (H-0347/10)

Subject: Draft EU-Colombia Free Trade Agreement

Is it the Commission's view that the EU-Colombia Free Trade Agreement, as negotiated and initialled, will require ratification by the national parliaments of the EU Member States?

Question 36 by **David Martin** (H-0352/10)

Subject: EU - Colombia Free Trade Agreement

Following the signing of the EU-Colombia Free Trade Agreement last month in Madrid, can the Commission clarify when the agreement is likely to come to Parliament under the consent procedure? Can the Commission confirm that a human rights clause has been agreed with Colombia, and also whether the text of this clause has been transmitted to Parliament?

This human rights clause should include the provision to suspend the agreement where human rights violations occur. Therefore, can the Commission detail the procedure for suspending the agreement – i.e. is the Commission the sole initiator of any proposal to suspend the agreement, and is a qualified majority or a unanimous decision needed by the Council to support any such proposal? Additionally, can the Commission outline what role Parliament and interested third parties such as trade unions will play in any proposal or decision to suspend the agreement?

Could the Commission also confirm whether national parliament ratification of the agreement will be necessary and what the timetable and procedure would be in this case?

**Karel De Gucht, Member of the Commission.** – Indeed, very briefly, because this is a subject which we could discuss at length. Let me just say that the negotiations on a Free Trade Agreement between the EU and Colombia and Peru were indeed finalised recently, but the agreement has not yet been formally initialled.

The text of the agreement is currently subject to legal review in order to ensure coherence and correspondence of the two negotiated texts in English and in Spanish. This is likely to end in the autumn of this year, and, once the final texts are initialled by the negotiators, the Commission will submit them to Council for signature and conclusion of the FTA.

The FTA will be formally submitted by the Council to the European Parliament for its consent after the adoption of the Council decision for its signature. At this stage, it is difficult to predict the exact date for this, but it is likely to take place in the second half of 2011.

It is not yet clear whether the national parliaments would also be called on to approve the agreements. The Commission will examine whether Member States' ratification is necessary as soon as the final text of the FTA is consolidated, taking into account the new distribution of competences between the EU and the Member States resulting from the Lisbon Treaty.

I can confirm that the agreement with Colombia and Peru includes a broad clause on human rights. As this clause constitutes an essential element of our relationship, it can therefore lead in case of breach to the unilateral suspension of trade preferences without prior consultation. Such suspension would be made

through a decision taken under qualified majority by the Council on the basis of a proposal either by the Commission or the High Representative of the EU for Foreign Affairs and Security Policy, pursuant to Article 218(9) of the Treaty on the Functioning of the EU.

The whole text of the agreement, including the clause on human rights, was transmitted to the INTA Committee in March of this year after the conclusion of the negotiations.

**Richard Howitt (S&D).** – Thank you, Commissioner, for that answer. Could you comment on whether you were aware of the leaked intelligence documents from the Colombian government intelligence service DAS that show that there were potentially illegal intelligence activities on European soil against the Belgian humanitarian organisation Broederlijk Delen, the Fédération internationale des droits de l'homme, Amnesty International in Madrid and other bona fide human rights organisations, and indeed against this Parliament's Subcommittee on Human Rights?

Would you agree that this is relevant and serious information that requires investigation and that it is relevant to how we deal further with the draft free trade agreement with Colombia?

**David Martin (S&D).** – The High Representative has described human rights as a silver thread that will run through all our external policy. Can the Commission tell us what assessment has been made of Colombia's likely reaction to the signing of the FTA? What analysis have they carried out to prove or otherwise that this will help the human rights situation rather than hinder the human rights situation?

I have heard what the Commissioner said about the suspension clause. I welcome that but, before we sign such an agreement, we have to be clear that such an agreement will advance human rights and not move them backwards. I want to know if any assessment has been made.

**Karel De Gucht, Member of the Commission.** – First of all, on the alleged spying by the secret services, we are aware of the reports relating to this and we are taking this very seriously. The Commission has raised this subject in its dialogue with the Colombian Government, *inter alia* during the visit of DAS director Felipe Muñoz to the Commission in March 2010 and through the contacts between the EU delegation in Bogotá with the DAS and other government departments. We are going to continue to monitor this very closely.

With respect to the question by David Martin, yes, we have made that assessment. In the end, it is a political assessment. You know what the remedies are; they are the right ones. However, I agree with you that before talking about remedies, you have to be sure that the stance itself, of coming to a free trade agreement, is going to foster human rights – or, rather, that it is not going to impede human rights. Our assessment, and my personal political assessment, is that, given the overall situation in Colombia, the concluding of the free trade agreement is beneficial for human rights.

**President.** – Thank you Commissioner. Thank you, colleagues, for your questions. The Chair of the European Parliament is wholly impartial and independent, but I hope Holland wins!

Questions which have not been answered for lack of time will receive written answers (see Annex).

That concludes Question Time.

*(The sitting was suspended at 20.30 and resumed at 21.00)*

**IN THE CHAIR: MIGUEL ANGEL MARTÍNEZ MARTÍNEZ**

*Vice-President*

## 15. Novel foods (debate)

**President.** – The next item is the recommendation for second reading of the report drawn up by the Committee on the Environment, Public Health and Food Safety on the common position adopted by the Council at first reading with a view to adopting the European Parliament and Council Regulation on novel foods, amending Regulation (EC) No 1331/2008 and repealing Regulation (EC) No 258/97 and Regulation (EC) No 1852/2001 of the Commission (rapporteur: Kartika Tamara Liotard) (11261/3/2009 - C7-0078/2010 - 2008/0002(COD)) (A7-0152/2010).

**Kartika Tamara Liotard, rapporteur.** – (NL) Mr President, I, too, should like to extend warm thanks to all the shadow rapporteurs and fellow Members, both present and absent, for their really tremendous cooperation.

In my opinion, the objective of the novel foods regulation should ultimately extend beyond merely food-safety aspects, as other aspects, too, are important to consumers in today's society. Examples are environmental aspects, animal welfare aspects and ethical objections. Indeed, we often hold discussions here on food that has been tinkered with. Innovation is all well and good, but not at the expense of human life and health. Fortunately, a large majority of Parliament agrees with me on this, and I hope that we can also win over the Council.

What exactly are 'novel foods'? Well, these are products that were not on the EU market before 15 May 1997 because they had not yet been invented or were not yet recognised as food in the EU, for example. One example of this is nanotechnology. The manufacturers would like to place this on the market. Consumers always love novelty, and indeed new technologies can help us combat obesity, for example. On the other hand, we must be extremely careful about authorising new technologies if we do not know for certain that they are harmless to health, the environment and animal welfare. One of my starting points, therefore, is that the precautionary principle must always apply when novel foods are placed on the market. A food should not reach our plates unless its safety is guaranteed. In addition, consumers must always have a choice and so, if the food is a novel food, this should be stated on the label.

Now for the stumbling block: meat from cloned animals and their offspring. Research has shown that consumers are spending more and more money on animal products produced using methods respectful of animal welfare. Cloned animals are often crippled or diseased, and most are not even alive when they are born. In other words, there is little sign of respect for animal welfare. So far, cloning of animals for human consumption is not commercial practice in the EU, but the possibility that imported meat from cloned animals is already on our tables can no longer be ruled out. There are no specific EU rules for either cloned meat or the placing on the market of semen from cloned animals.

The discussion on cloned meat is not new. The European Parliament has been debating the cloning of animals since back in 2006. In 2008, it adopted a resolution by Mr Parish seeking to regulate the trade in meat from cloned animals. However, the talks with the Council on that report made it clear that that call by Parliament would not be answered. The Council took the view that meat from cloned animals should fall under novel foods legislation. Therefore, Parliament was unable to reach agreement with the Council at second reading. If Parliament were to give its assent to meat from cloned animals being dealt with under novel foods legislation, it would be giving indirect assent for cloned meat to reach our tables.

In addition, the main focus of the novel foods legislation will be on safety for consumption, and there will be much less emphasis on animal welfare and ethical aspects. Therefore, I make an emphatic call for separate legislation on the cloning of animals. Time is short, as the trade in meat and semen from cloned animals was approved in the United States a few months ago. Without a European position, there is a high likelihood of meat or semen from cloned animals finding its way onto the EU market unnoticed and unhindered. I can only hope that Parliament will remain just as firm on this point as it has been over the last three years. We must not produce any unpleasant surprises at the last moment. After all, as a politician, it is damned difficult to explain to voters why – without a public debate on the subject – we are serving up meat from cloned animals on the tables of our consumers.

**John Dalli**, *Member of the Commission*. – Mr President, in March 2009, Parliament voted on the novel foods proposal at first reading. Many of the amendments that were carried have been incorporated into the Council position that was adopted at first reading in March 2010.

The Council position maintains the principle of the need for pre-market authorisation for innovative products to reassure consumers that new production techniques are safe for humans and animals and respect both the interests of consumers and the environment. The proposed procedure would streamline and speed up the authorisation process through a centralised food safety evaluation undertaken by EFSA, and would set precise deadlines at every stage of the process. It also includes an improved safety assessment to allow safe traditional food from third countries to enter the EU more easily. I am grateful for Parliament's broad support for the improvement of the proposal to streamline the authorisation procedure.

Turning to nanomaterials, I underline that the Commission is considering the EP's request for the systematic labelling of all food containing nanomaterials with a favourable disposition. However, before finalisation of the text, we need to come to an agreement on the adaptation to the new provisions of the Lisbon Treaty, especially those regarding the necessary adaptations of the definition of nanomaterials. I am confident that a balanced solution can be found so that the improved text can be finalised in a timely manner.

Regarding animal cloning, I share the importance that Parliament attaches to this highly sensitive issue. As Members will recall, I am committed to producing a report considering all aspects of cloning for food production by November 2010, which will be followed by legislative proposals if appropriate. I am committed to looking at all issues, especially those relating to the health and welfare of cloned animals during their productive life and natural lifespan. The impact that any measures on cloning would have on international trade is also a key aspect which will be addressed in this report. I will view the conclusions of this report with an open mind, with a view to identifying a satisfactory and proportionate solution that can be implemented effectively. The report will act as a launching point for subsequent discussions, with the aim of reaching an outcome satisfactory to all institutions.

Finally, I would like to thank the rapporteur, Mrs Liotard, and the shadow rapporteurs, for their valuable work on this important legislative file. I look forward to hearing the views of the Members.

**Pilar Ayuso**, *on behalf of the PPE Group*. – (ES) Mr President, Commissioner, as you have said, this regulation is very important, not only for consumers, but also for the food industry. It deals with novel foods and new processes for manufacturing foodstuffs.

As has been said here, the most controversial issue has been that of meat originating from cloned animals and their offspring, as what generally enters the food chain is the offspring, not the cloned animal. I believe that it was a sensible move on the part of Parliament to remove the issue of meat from cloned animals from this proposal, as it is not really possible to dedicate just a few paragraphs to such a novel and new technique as the cloning of animals, even though it is normal in some countries.

There is an amendment relating to this within which the Commission, as you have promised, is asked to present a report and a legislative proposal. We are having a bit of a debate here, including within my own group, as to whether we should ask the Commission to present a proposal banning meat from cloned animals, or simply ask the Commission to present a proposal. My opinion is that the Commission should present the proposal, and we should not tell it how to present it. The Commission should present the proposal, and then we will debate it in Parliament, say whether we like it or do not like it, and amend it. This is my position, although we are divided within my group, and tomorrow we will vote on a divided basis.

There is another issue, which interests me a great deal, and which you have mentioned, which is the issue of nanomaterials. I agree that a new definition is needed, but we should not limit ourselves to definition and labelling. Any authorisation of nanomaterials must be preceded by exhaustive scientific tests, as these are new materials that are to be incorporated into food, and the question of food safety needs to be a priority. I hope and trust that this will be the case.

**Daciana Octavia Sârbu**, *on behalf of the S&D Group*. – (RO) I would like to begin by thanking the rapporteur for her efforts and also for her cooperation on many of the important issues our group had.

The main concern which the Group of the Progressive Alliance of Socialists and Democrats in the European Parliament had still related to food derived from cloned animals. Limited research has been carried out on the effects of eating food derived from cloned animals on humans and no research has been conducted to reach the conclusion that such food is safe to eat.

Ethical concerns about the use of cloning, the lack of knowledge about the effects of eating such food products on consumers, as well as issues concerning animal welfare, lead us to the conclusion that there is no justification for the use of cloning to produce food.

The report also deals with the issue of food products containing nanomaterials, as well as the issue of food produced using nanotechnology. The effects of nanomaterials on the human body are unknown. We must do our utmost to guarantee safe consumption. Therefore, we will support the development by the European Food Safety Authority of special methods for evaluating the risks involved before such food is authorised for sale. We must adopt a cautious approach to food technologies if we do not fully understand their impact on the human body and environment.

It is also important to keep consumers informed about what they are eating; hence the reason I support the labelling requirements.

Although the main objective of this regulation ought to be about making certain that the food is safe for human consumption, animal welfare is also an important concern. I am happy to support the amendments which will improve animal welfare, such as the development of alternative test methods and the exchange of data between applicants for novel foods, if this will avoid repeating the tests on animals.

The European Parliament's position on these issues was very clear at first reading and the report was adopted by a large majority. Given that the Council showed itself to be extremely reluctant to reach a compromise on the issue of food derived from cloned animals, it is important that Parliament adopts a firm stance now. We represent citizens and we must not forget this fact.

**Antonyia Parvanova**, *on behalf of the ALDE Group*. – Mr President, Commissioner, I would also like to express my thanks to the rapporteur and, on behalf of our shadow rapporteur, Ms Lepage, I would like to express our support for the main key points of the report adopted by the Committee on the Environment, Public Health and Food Safety.

As my colleague said, the main outstanding issue in the revision of the novel foods regulation is the question of animal cloning. While no safety concerns have been identified so far with meat produced from cloned animals, such a technology still raises serious concerns about animal welfare, the reduction of biodiversity, and ethical considerations.

This is why we want to exclude meat produced from cloned animals and their offspring from the scope of this regulation, and we ask the Commission to present a legislative proposal addressing all aspects of this issue. It would be unacceptable to set up an authorisation process for the marketing of cloned animals without giving European citizens and the European Parliament the chance to have a proper debate about all the implications of this technology.

Let me also remind you that this position has already been clearly expressed by Parliament in its 2008 resolution on the cloning of animals for the food supply chain.

With regard to nanofood, we should indeed make sure that no products containing engineered nanoparticles are put on the market until appropriate specific risk assessment methods have been developed and approved. Guidelines in this regard should be drafted by EFSA in consultation with all stakeholders and approved by Member States and Parliament.

Most of us would also agree that the question of transparency is crucial when we address this dossier. We therefore need to guarantee public access to data on which the risk assessment for novel food is based. It is not only studies paid by public money that should be publicly accessible, but all data related to risk assessment, in conformity with the Aarhus Convention and the EU law currently applying.

There is no contradiction with this principle of public access to data and protection of intellectual property rights, as long as an applicant who uses data from another applicant pays royalties. Transparency should also apply when we speak about the labelling of products from animals fed by GMOs.

To conclude, I would like to stress our hope that the discussion in conciliation will lead to a clear text which guarantees both safety and transparency for our citizens.

**Bart Staes**, *on behalf of the Verts/ALE Group*. – (NL) Mr President, Commissioner, ladies and gentlemen, when I was first elected in 1999, one of the first debates in which I spoke concerned food safety. We Belgian Members had been elected in the midst of the food crisis there, which involved chickens, PCBs and similar issues. One of the first things the Commission proposed back then was the White Paper on Food Safety, which, I believe, proposed 83 measures to ensure food safety in the European Union. That was 11 years ago, and so many years later, we can be proud of the work accomplished. I believe that approximately 90% of that work has been implemented, and indeed one of the few outstanding issues relates to the European Commission's announcement back then of its intention to explore how to deal with this kind of product: novel foods, that is. These are foods manufactured using new production techniques, foods that did not exist before 15 May 1997. The original Commission proposal from January 2008 had a number of objectives: ensuring food safety, protecting human health and also securing the functioning of the market for food.

As I see it, over the last three years, rapporteur Mrs Liotard has steered a splendid course and has demonstrated constructive cooperation with the shadow rapporteurs and also within Parliament's Committee on the Environment, Public Health and Food Safety. At first reading, she managed to obtain the support of a particularly large majority for her proposals: 658 MEPs supported her work, which is a majority of the kind seldom seen. Therefore, I think it important, Commissioner – and Council, which is unfortunately absent – to bear in mind that this House is united, and is incredibly strong. We believe that foods derived from cloned animals and their offspring should be excluded from the scope of this regulation, and we do indeed want more than just a report, Commissioner; we want the European Commission to table a legislative proposal.



The Group of the Greens/European Free Alliance wants to go even further; we also want a moratorium on these foods. We want the Commission to present a legislative proposal without delay, and we are really pushing for this. I believe it is very clear, including from the words of the previous speakers, that this House is united. The – absent – Council has accepted only a very limited number of amendments from our first reading. It is clear that the Council is taking a very unyielding approach to this dossier; something that I find regrettable. Such an unyielding approach has meant that, despite the efforts of the past weeks and months and the countless informal meetings, we have not in fact progressed a single step and are now forced to go to second reading, to stay strongly united and to ensure that we do make some progress in conciliation with the Council.

Therefore, my whole group supports the rapporteur's approach, the desire to retain as many of the first reading amendments as possible and also the whole approach to cloned animals and other elements of this proposal. I hope the Council receives this message loud and clear after the vote and that we can then establish honest, constructive dialogue. I hope the Commission does keep its promise to produce not just a report but an actual legislative proposal. I believe this is something the European public really needs and is calling for.

**Anna Rosbach**, *on behalf of the EFD Group*. – (DA) Mr President, firstly, I would like to thank my fellow Member, Mrs Liotard, for her sterling work. Personally, I am always in favour of putting consumers' safety and right to information first, and that applies to all foods. The report that we are discussing here deals, among other things, with the issues of new food additives, enzymes, flavourings and ingredients with flavouring properties, as well as the issue of food containing nanomaterials. Can these things affect our health? If so, should they therefore be included in a regulation on medicinal products?

It makes sense to have EU legislation in this area, but there are many different interests involved. Nanomaterials, cloned animals and esoteric products are already consumed to a large extent in other parts of the world. Who actually wants these new initiatives? Is it the industry that wants to sell more products? Or is it really the consumer? I do not believe it is the latter. I believe that citizens in the EU want good food in their supermarkets with a reasonable declaration of the ingredients. In my home country, I see more and more customers choosing organic goods, which signify a good standard of animal welfare and no artificial additives.

Finally, I would like to say something about cloned animals – and my thanks to Commissioner Dalli for his comments on this subject. In Europe, we can easily feed ourselves without the need for cloned products. My own small country, with a population of 5.5 million, produces around 25 million pigs and more than 100 million chickens a year without any use of cloning.

**Claudiu Ciprian Tănăsescu (NI)**. – (RO) Food products obtained by using nanotechnology must certainly be submitted to specific risk assessments before being approved, labelled and placed on the European market, as is true for food derived from cloned animals and their offspring. The precise purpose of these regulations is to safeguard food safety and human health.

I agree that the name 'novel foods', although uninspired, is interesting enough to make you long for every kind of beautifully coloured, juicy fruit, offering an extraordinary taste, never having been seen before. Unfortunately, however, the reality is much duller. We are justified in not wanting food products obtained by using nanotechnology to be approved until after nanospecific tests have been carried out.

Just because, in recent years, scientific discoveries are being made in this field at an ever-faster rate and their practical applications may provide real, life-saving solutions for eradicating hunger or tackling the effects of the economic crisis in the future, this does not give us the right to discard any concern for our safety and health and for those of future generations.

It is amazing how casually we often talk about food derived from cloned animals, as if it has been around for hundreds of years and we could not imagine our everyday lives without it. Need I remind you that the technology being used to obtain such food is still experimental in many respects.

I would just like to end by asking you a question: are you willing to put this food on the table for your children to eat?

**Peter Liese (PPE)**. – (DE) Mr President, Commissioner, ladies and gentlemen, first of all, I too would like to express my thanks to Mrs Liotard. The Group of the European People's Party (Christian Democrats) cannot support her on every point. We take a different view regarding additives and animals fed with feed derived

from GMO plants. However, she has done an excellent job. I also want to thank our shadow rapporteur, Mrs Ayuso, for the excellent work she has done.

However, as she has already mentioned, there was a controversial debate within our group on the topic of animal cloning. I am pleased to say as coordinator that the majority of the PPE Group are in favour of the ban on cloning and that we will also vote in favour tomorrow as a group, regardless of individual opinions which take a different view on this.

The following important reasons were put forward during the discussion in the group. Firstly, even our agricultural experts do not feel it is necessary for us to have meat from cloned animals to guarantee our food supply. We do not need it. Unfortunately, we must say on ethical grounds that, if the cloning of animals is used on a large scale, it will also become easier to clone people, which is quite clearly unethical.

The population is very evidently against it, as stated by all the surveys. I am sure that we are not just talking here about a vague gut feeling. Anyone who has taken a really close look at the statement from the EFSA cannot endorse it in good conscience. It contains so many unanswered questions, justifying this sense of unease.

However, the crucial reason is animal protection. This is mentioned by the EFSA, EGE and many other agencies. Cloned animals suffer. Only around 10% of implanted embryos ever reach birth, and then a third of them die by the third month. They suffer an agonising death. They often need to be put to sleep because they have terrible diseases. Animal protection is not just a principle which we can apply willy-nilly. The authors of the treaties have imposed this on us. We must absolutely avoid creating laws which fail to take animal protection into consideration. It is for these reasons that we will be supporting it tomorrow too, with a large majority.

**Jo Leinen (S&D).** – (DE) Mr President, Commissioner, ladies and gentlemen, a similar picture seems to be emerging from within all the groups. We had an interesting debate too on this regulation, which was also filled with controversy. However, the large majority of us feel that we will vote tomorrow with the rapporteur and give a clear signal to the Commission and Council.

Commissioner, I believe that you said that we have a consensus. With novel foods, we need prior authorisation before they enter the market. I also explicitly agree that we need a central authorisation procedure and not different authorisation procedures in 27 Member States. This would not conform to the concept of the internal market and the uniformity of health and living conditions.

We have new technologies entering the food market – as has already been mentioned in this Chamber – such as nanotechnology and GMOs. We are adopting a cautious approach in this House until we know all the facts and can be sure that our citizens can buy food which is totally safe in our supermarkets and then eat it afterwards.

We are not calling for a ban on GMOs and nanomaterials. We want consumers to be given the freedom of choice or, in other words, a label indicating if these materials are contained in the food. I hope that during its cross-section debate on nanomaterials next week, the Commission will also reach a definition and perhaps a regulation so that we can have more material available about how we should handle nanomaterials.

A great deal has already been said about meat from cloned animals. I would like you, Commissioner, to remove this section from the novel foods regulation. This would pave the way for a regulation on all the other topics which are not controversial. However, I would still call for a decision to be made about a separate regulation for meat from cloned animals before the conciliation procedure has ended, and to remove this from the novel foods regulation.

**Oreste Rossi (EFD).** – (IT) Mr President, ladies and gentlemen, the novel foods regulation includes a list of traditional foods from third countries to be admitted onto the European market.

The Committee on the Environment has approved the amendment proposed by my Group, according to which these foods shall have to conform to the safety requirements in force in the European Union. Furthermore, we enthusiastically welcomed the proposal to subject these foodstuffs to an advance ethical opinion, to avoid the circulation on our market of foods deriving from endangered species, or the consumption of foods which would be reproachable for us Europeans.

The main point of difference relates to the inclusion on the list of cloned meat for food, which we do not want. An agreement was not reached between the parties during the trialogue. Despite this, the wait cannot

continue any longer, but the Commission ought to submit some proposals on the labelling and traceability of meat from cloned animals as soon as possible.

The position of the *Lega Nord* delegation is clear and unequivocal: we are in favour of healthy, good quality products, possibly without any food miles whatsoever.

**Krisztina Morvai (NI).** – (HU) Unfortunately, the most crucial breakthrough for farmers is not included in the report on food products arriving in the EU from third countries. Such a breakthrough, fair competition and fair trade would have required that only food produced by manufacturers complying with strict standards similar to those met by European farmers – such as Hungarian farmers, for instance – are allowed into the European Union. We all know about the extremely rigorous cross-compliance rules. We should specify it as a requirement that food from third countries can only be imported into the EU if identical animal welfare, food safety, environmental protection, social and other criteria are met. However, there is a positive breakthrough, namely, that according to one of the proposed amendments, the labelling of products derived from foraging animals which are fed genetically modified organisms should mention this fact. We welcome this. We also support the fact that the report gives priority to food and consumer safety as a fundamental principle instead of the unconditional enforcement of free trade that previously seemed to be above almost all other considerations. Please take into account the rather difficult situation currently facing farmers and ensure fair competition for European farmers.

**Françoise Grossetête (PPE).** – (FR) Mr President, Commissioner, today we are debating a regulation which is particularly important because it deals with novel foods, because technological innovation plays a crucial role in the food processing industry and because it must always serve the interests of the consumer. This is how we can recognise the benefits of certain healthier novel foods.

Consequently, on the sensitive issue of the placing on the EU market of food derived from cloned animals, and particularly their offspring, I cannot go along with those who, straight away, wish to take advantage of this regulation to talk about a systematic ban. I find it regrettable to have only one ideological opinion on the issue of cloned animals.

The European Commission has pledged to put a proposal to us. Without anticipating whether or not there will be a ban, let us be careful not to indulge in any scientific populism on such sensitive issues, which require a very rational approach. Let us not systematically adopt a defensive position or, worse still, an entrenched position on a complex matter which deserves to be studied in depth. The precautionary principle must be observed, but it must be founded on scientific and not ideological opinions, and on a risk assessment. Had the precautionary principle existed a few decades ago, the first heart transplants would never have taken place and hundreds of sick people would not have been cured.

There is no doubt that prudence requires us to respond to questions about nanomaterials, about the semen of cloned bulls, already imported by many European breeders. What consequences will this have for transatlantic trade when, in practice, foods derived from the offspring of these cloned cattle are already on the European markets?

Let us therefore withdraw foods derived from cloned animals from this regulation and allow the European Commission to work at its own pace to guarantee greater food security for consumers. Our Parliament will then be entirely free to debate, amend and finally voice its opinion on this fundamental issue.

**Horst Schnellhardt (PPE).** – (DE) Mr President, Commissioner, ladies and gentlemen, I asked myself the following question at the start of the discussions: Do we need a regulation on novel foods? Do we not already have enough rules governing food? We certainly do need it. However, I have certain criticisms regarding this document at second reading, especially in the light of our efforts to cut red tape. If there is going to be a novel foods regulation, it should really only apply to novel foods. If the rapporteur now, before the second reading, brings back all the amendments rejected from the first reading with regard to genetically modified products, for instance, where there is already very comprehensive legislation, this should be flatly rejected.

Constantly rehashing ideological concepts which have already been dealt with and rejected umpteen times does not convey a clear legislative process, but mainly serves just to confuse the general public.

The situation is different with regard to nanotechnology, which is a new procedure. However, we should avoid demonising this new technology, as has often happened in the past. We must not stand in the way of progress. Just a few weeks ago, I attended a talk on nanotechnology given by a representative of the Federal Institute for Risk Assessment in Germany. I am astounded at the information that is already available and at

the research that has been carried out. We should invite this representative to appear in committee, which would put a stop to speeches about how we still need to do a great deal of research. We certainly still need to do this with nanotechnology, but the opportunities which it opens up are huge. We should continue to utilise and promote them.

As regards animal cloning, I would like to remind you that we made an explicit undertaking with the Treaty of Lisbon to protect animal welfare and to take animal protection fully into account in all legislative procedures. This is why I am pleased that the Commissioner has already agreed to table a new document on this issue. I look forward to finding out what will be put before us. Thank you for your attention.

**Elena Oana Antonescu (PPE).** – (RO) The purpose of this regulation is to provide a higher level of food safety and protection for consumers, the environment and animal welfare, based on the precautionary principle.

There are major doubts at the moment surrounding the safety of meat derived from cloned animals. These animals have suffered premature ageing or other diseases. Scientists do not understand very clearly either what the reasons are for the differences between the breeds of animals produced using traditional techniques and those reproduced using cloning.

Cloned animals suffer. Most cloned organisms have not survived or have died prematurely. The success rate is one viable organism in 75 cloning attempts. Last but not least, cloning also raises issues about the safety of using these techniques. This technique is still too dangerous to be used for the direct benefit of mankind. It is a serious ethical issue.

Given the serious health risks involved and the moral consequences of using these techniques, I believe that we must not beat about the bush on this matter. Based on ethical and animal welfare considerations and bearing in mind that cloning is not justified for the provision of food, I too think that the ban on cloning must be emphasised in this regulation.

**Christofer Fjellner (PPE).** – (SV) Mr President, the food I put on my dinner table is not the same as the food my parents ate when they were young. The food my parents put on their dinner table is not the same as the food my grandparents ate when they were young. That is something that we should, in fact, be pleased about, partly because the variety of food has increased, but mainly because it is a prerequisite for us to be able to feed the whole planet.

What we will be voting on here tomorrow is something as strange as what my children and my grandchildren will be putting on their dinner table. It is important to remember here that we must not simply prohibit or put obstacles in the way of something that is new. We must guarantee that it is safe. In this regard, I would like to remind you of three basic principles that have guided me, and that I hope will guide my fellow Members.

Firstly, the legislation must have a scientific basis. Our decisions must be based on relevant research, and on objective and well-conducted science. It must not be a question of personal taste, religious conviction or particular interests. In order to meet future challenges, we need to welcome innovation and science, not prevent or obstruct it.

Secondly, it is important to use a scientific basis to take note of and safeguard the safety of novel foods. Consumers will reject novel foods if they cannot be certain that what we are offering is indeed safe. The citizens of Europe have a right to demand that.

Thirdly and lastly, food safety must never be used as a pretext for protectionism and new barriers to trade. This is at complete odds with innovation and development.

Thus, I would like to see innovation and the development of novel but, above all, safe products. We must not impede or prevent new things, but we must guarantee that they are safe.

**Christa Klauß (PPE).** – (DE) Mr President, Commissioner, ladies and gentlemen, novel foods mean that we also need new regulations. Apart from the issue of consumer protection, there are relevant ethical questions as well that are raised by the production of novel foods.

The main concern here, as also highlighted by the debate in the Chamber this evening, is the issue of meat from cloned animals. The situation in the European Union regarding our meat supply is adequate. There is no reason, therefore, to have to fall back on meat from cloned animals.

Meat from cloned animals is definitely not *a priori* harmful. However, risks cannot always be excluded either. There is no reliable evidence available to show what kind of suffering such animals endure. What is known for definite at the moment – and this is borne out by the statistics – is that cloned animals become ill more often.

Cloning is a clear encroachment on nature and we require a clear political decision on this. Not everything that can be made is also for mankind's benefit. There must be no cloned animals in the food chain. We must send out a consistent, clear political message to the Commission and our citizens.

Another important topic in this regulation is the rules on nanotechnology. In order to guarantee a high level of consumer protection and legal certainty for producers, we urgently need a definition with a horizontal scope, which not only applies to novel foods, but also to the food contact materials and cosmetics directives, as well as the biocide authorisation regulation, which we are currently consulting on at first reading. I call on the Commission to table a proposal on this as soon as possible.

**Licia Ronzulli (PPE).** – (IT) Mr President, ladies and gentlemen, eight out of ten European citizens consider the cloning of animals for food to be unjustifiable and six out of ten say they would never consume products derived from cloned animals. This data confirms once again that there is not one valid reason to allow the cloning of animals for food.

Authorising the trade in food and products derived from cloned animals must make us all reflect carefully on the consequences of such a choice. To allow today the consumption of meat, milk and cheese from cloned animals could, in the future, mean allowing trade in products which are not healthy and not natural but artificially created in a laboratory. Further, as Mrs Antonescu said a short time ago, we still do not know today if cloning for food purposes really is safe and does not pose risks to human health. We only know that this technique causes suffering, hurt and pain to animals, which is often avoidable.

Traditional production methods and the work of millions of farms which, through hard work and sacrifice, guarantee excellent products every day, are also put at risk by cloned food. So finally, I say 'no' to cloned food on our tables but 'yes' to a healthy, balanced and – why not, if I may say so – Mediterranean diet.

**Elisabeth Köstinger (PPE).** – (DE) Mr President, I would like to thank the rapporteur for her work. I warmly welcome the fact that this second draft of the novel foods regulation will finally enact uniform rules on placing novel foods on the market in the EU. This will take account of the high level of health protection in the European Union.

As far as I see it, mainly ethical and health factors are reasons against the authorisation of meat from cloned animals and of cloning itself as well. The agricultural sector in Europe produces food of the highest standard, whether based on conventional or organic agricultural production. Stringent regulations and quality standards are constantly being imposed on and implemented by the agricultural sector in Europe. The precautionary principle must apply in particular in the food sector. We do not need meat from cloned animals for the sake of food supply security. As the European Parliament we should, during the forthcoming second reading, ...

*(The President cut off the speaker)*

**Karin Kadenbach (S&D).** – (DE) Mr President, I offer my sincere thanks to the rapporteur and I urge the Commission to take seriously the appeals which have been made here today.

We need a new regulation in order to place novel foods on the market safely. We certainly do not need meat from cloned animals. There are a whole range of reasons why we do not need this meat from cloned animals. Our European citizens, who are our consumers, reject this product. This is presented, on the one hand, as scaremongering and, on the other, as anti-scientific.

However, I firmly believe that as long as there is no clear scientific data available to us which can actually confirm that this meat from cloned animals and the products made from this meat are harmless, we should, in case of doubt, oppose the approval of these products. I believe that we will benefit not only our consumers in doing so, but also European agriculture.

**Angelika Werthmann (NI).** – (DE) Mr President, I would like to speak about the use of nanomaterials in foods as there is a great deal of uncertainty among citizens about this. Even the European Food Safety Authority warns that the latest scientific findings are unable to provide any satisfactory information about significant effects from nanomaterials in food, especially about how they behave in the human body.

Consequently, nanomaterials should not be permitted in foods, under any circumstances, until appropriate risk assessment test procedures are available in order to guarantee food safety beyond doubt. I, too, would like to express my admiration and thanks to the rapporteur.

**Miroslav Mikolášik (PPE).** – Mr President, I would like to highlight the issue of prohibiting the placing on the market of foods derived from cloned animals and their descendants. I strongly believe this is unacceptable, not just from the point of view of a food market that shows food supplies in the EU to be sufficient and that there is no need to make additional use of meat from cloned animals, but also because it raises grave ethical concerns.

I would like to particularly note the statement by the European Group of Ethics, which is aware of the European Food Safety Authority's scientific findings and recommendations on food safety, animal health and welfare and environmental impact, as well as the indications of the current gaps in the knowledge about animal welfare and the health of animal clones and their offspring. At present, the European Group of Ethics does not see convincing arguments to justify ...

*(The President cut off the speaker)*

**Kriton Arsenis (S&D).** – (EL) Mr President, Commissioner, the question of a ban on cloned animals on the European market is, in fact, a question of respect for the principle of prevention, as set out in Article 191 of the Treaty of Lisbon.

We do not have adequate studies either on the health repercussions or on the repercussions on animals from the production and use of cloned animals. The same applies to nanotechnologies and one very important issue that we need to address in this directive is the labelling of modified products. If European citizens have the right to choose whether or not to eat modified products, then they also need to know whether or not a product has been manufactured and produced using modified products.

**Diane Dodds (NI).** – Mr President, it is my belief that neither cloned animals nor any product from a cloned animal or its offspring should be used for human consumption. The Commission must give due consideration as to how to deal with the issue and, in the interim period, no products from a cloned animal or its offspring should be allowed into the food chain.

Nanotechnologies have become widely used in food processing across the world. In Europe, we need well-developed and researched products which we can guarantee are safe for human consumption. Enforcement and regulation of both the technology and the materials is paramount, with transparency across the entire supply chain extremely important. Products must be safe, tested and approved and labelled in a way that does not mislead the consumer.

Third-country imports must also comply with the same standards as set within the EU and all products must be tested to ensure that they are safe for ...

*(The President cut off the speaker)*

**Zuzana Roithová (PPE).** – (CS) As the rapporteur for the Committee on the Internal Market and Consumer Protection, I am sorry that there is no agreement between the Council and Parliament ahead of the second reading, despite the fact that the regulation will enable a harmonised approval process at a single location in the Union, an approach for the entire unified market, which means less bureaucracy, lower financial costs, easier access to the market of traditional foods from third countries, improved food safety assessments and support for innovation.

At first reading, I proposed in my opinion that the European Group on Ethics in Science and New Technologies would be asked to express an opinion in ethically sensitive cases. The contentious issue now is products from cloned animals, which I do not support personally, and the labelling of products from animals fed on genetically-modified foodstuffs. However, this regulation did not originally apply to genetically modified foodstuffs, which are handled by another directive, and we should ask the Commission to revise it. Before that, however, this House should state that meat from cloned animals does not belong among the objectives of our agricultural policy.

**Sergio Paolo Francesco Silvestris (PPE).** – (IT) Mr President, ladies and gentlemen, should we authorise the sale of meat from cloned animals? One asks oneself: why should we? Is there perhaps a shortage of meat stocks in Europe? Absolutely not. This is not a valid argument.

Is there enough information for consumers? Can a consumer clearly understand and choose which is meat from a cloned animal and which is not? If there is no clarity on the nutritional content of the food already in circulation, then what are the chances for these newcomers?

Are they, by any chance, safe from a scientific point of view? Well, we will be able to say in 50 years. It took centuries to work out that penicillin could come from mould. Each time an epidemic breaks out, from avian flu to mad cow disease, you have to wait a long time to understand its origins and overcome them; now we are introducing new elements which have not been proved safe by scientific methods.

Does Europe, perchance, say yes to everything? No, because this Europe does not want product provenance stated, it is against ...

*(The President cut off the speaker)*

**John Dalli**, *Member of the Commission*. – Mr President, I would like to confirm my support for the following principles.

First, the replacement of the decentralised authorisation procedure with a centralised procedure at EU level. The safety assessment would be carried out by EFSA and the authorisation decision taken by the Commission.

Second, the introduction of a procedure setting out essential criteria and guidelines for traditional food from third countries that would allow safe food to be subject to adjusted safety assessment and risk management procedures.

Third, in order to support innovation and to ensure food safety, in justified cases, consideration could be given to granting data protection for newly developed food.

Fourth, the need for a science-based definition of nanomaterials which can be easily adapted to reflect the evolving state of science – a definition that should not be made by politicians but rather be science-based: made by scientists.

Fifth, clarification of the fact that all food products containing nanomaterials require case-by-case authorisation by EU citizens.

Sixth, the right of consumers to be able to make an informed choice through the systematic labelling of all food products containing nanomaterials.

Regarding cloning, I have heard Parliament's views and I will have an in-depth look at whether the novel food regulation is the right instrument to deal with animal cloning as this issue goes beyond the scope of this regulation.

I can assure Ms Grossetête that the promised report on cloning will be developed with a clear head and it will deal with all aspects of food produced from cloned animals and their offspring. I look forward to a debate with the European Parliament and Council on this. The aim is that such a report will also suggest options for a balanced solution that will aim to meet the concerns of all the institutions in line with our institutional and international obligations.

*Annex - Position of the Commission*

Amendments:

Accept / Acceptable in principle: 3 8 12 17 27 36 44 48 56 57 75 90 91 93 99 111 114 117 119

Acceptable in part or subject to redrafting: 1 26 34 35 45 47 49 50 52 60 82 94 95 96 97 106 112

Not acceptable: 2 4 5 6 7 9 10 11 13 14 15 16 18 19 20 21 22 23 24 25 28 29 30 31 32 33 37 38 39 40 41 42 43 46 51 53 54 55 58 59 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 83 84 85 86 87 88 89 92 98 100 101 102 103 104 105 107 108 109 110 113 115 116 118.

**Kartika Tamara Liotard**, *rapporteur*. – (NL) Mr President, I should like to extend my warmest thanks to all those who have participated in this debate. I think it a great shame that the Council is not present, as I believe that this House has again taken a very clear position on cloning, and indeed considers that this has no place in the present regulation and should, at all events, be the subject of open and public debate. I myself would not want meat from cloned animals on my plate, but I can imagine others saying we want separate legislation. In any case, it is very clear that we want to see separate legislation on this and that it should not be dealt with

as part of the novel foods regulation. I hope that this message comes across very clearly, as today we have been talking about nanotechnology and cloning.

Indeed, much has been said about this, but the novel foods regulation is about very much more. It is about all the new technologies that are on the verge of discovery or that scientists are working on at the moment. We do not want to stand in the way of innovation, but we do want consumers and producers to know where they stand, and we want to know for certain that the food on our plates is safe. Therefore, I hope that this discussion on cloning will no longer stand in the way of the novel foods legislation, and also that developing countries wanting to place natural, traditional foods on the European market are not now deterred by this kind of bickering from trading with the European Union in simple, natural products. I hope that Parliament will repeat the signal it has given in today's debate with equal clarity in tomorrow's vote, and then, I believe, things should turn out fine.

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

The vote will take place tomorrow, Wednesday, 7 July 2010, at 12:00.

#### **Written statements (Rule 149)**

**Tiziano Motti (PPE), in writing.** – (IT) The report adopted today on the placing on the market of novel foods is further confirmation of our Parliament's responsiveness to the information and food safety demands made by Europeans, rather than to those made by animal testing and food lobbies, which are often motivated by economic concerns. We reject in principle the genetic modification of humans, animals or plants until it is demonstrated at every level that it has absolutely no repercussions for citizens' health. Animals, moreover, should not suffer for human health. I wonder what possible advantage there can be in consumers having access to meat that comes from an animal that has been battered prior to slaughter, and 'reconstituted' into a succulent steak through an injection of engineered nanomaterials or proteins. Only a few months ago, when voting on thrombin, also known as 'meat glue', I voiced my concerns about initiatives that have a clear industrial benefit without, at the same time, guaranteeing complete protection of consumers. I therefore voted in favour of Amendment 14, in which it is argued that the European Commission must undertake to present a specific legislative proposal on the placing on the market of novel foods derived from cloning processes. As a good Italian and Emilia-Romagnan, the only 'pies' that I enjoy are those of the '*alla bolognese*' kind, since I can be sure that the age-old recipe is authentic. I reject, on the other hand, those genetically modified ones that are served up to consumers without any detailed information to make them fully aware of the true nature of the food on their plate. Thank you.

**Joanna Katarzyna Skrzydlewska (PPE), in writing.** – (PL) Today's debate on novel foods is very important from the point of view of protecting the health and life of consumers throughout the European Union. For it is extremely important that both Parliament and the Commission create mechanisms whose fundamental purpose will be to prevent the adverse effects which might be caused by putting new products on the market about which we still do not have, today, full knowledge as to what effect their consumption may have on the body. All citizens of the Union are entitled to the necessary protection and security in this area. They must have complete confidence that food available on the market does not contain ingredients which are new, unidentified and perhaps harmful to health. Therefore, we cannot allow the sale of food products made using technologies which have not been used or tested before. I am certain that on the matter of introducing new food to the market, strict precedence must be given, above all else, to protecting the health and life of consumers. Only if this is guaranteed can new products be authorised for sale in the EU.

### **16. Industrial emissions (integrated pollution prevention and control) (recast) (debate)**

**President.** – The next item is the recommendation for second reading on behalf of the Committee on the Environment, Public Health and Food Safety on the common position adopted by the Council at first reading with a view to the adoption of the European Parliament and Council Directive on industrial emissions (integrated prevention and control of pollution) (recast version) (rapporteur: Holger Krahmer) (11962/3/2009 - C7-0034/2010 - 2007/0286(COD)) (A7-0145/2010).

**Holger Krahmer, rapporteur.** – (DE) Mr President, this debate was timed badly. I would like to have seen the Dutch team win, even if for the last time in this World Cup. This is perhaps a bad omen, because we are no longer allowed to watch, so they will probably not win after all.



Commissioner, today – or more precisely tomorrow – we are completing a legislative package that we have been discussing for more than two years. It is not just controversy that is responsible for this, but also the European elections that have taken place in the meantime, and also the entry into force of a new EU Treaty which has meant that we have had to adjust a few things.

However, I think that, if we can draw a conclusion from today's debate, it is that we are voting on a compromise which completely deserves to be approved, even if, in some areas, we might do so with gritted teeth.

I would like to emphasise two aspects. The first is the environmental requirements in industrial plants. What we are talking about here is the better implementation of best available techniques in Europe. I think that we have found a paragraph of exceptions in the compromise which is currently before us which gives the European Commission – Mr Potočník, here I am addressing you directly – the tools to ensure over the next few years, better and more firmly than has been the case up to now, that the approximately 52 000 industrial plants in Europe which are affected by this finally make better use of best available techniques than they currently do.

I have heard many arguments in this debate. I would like to take up one of these and deflect it, because I cannot comprehend it at all. It has often been said to me that the use of best available techniques is too expensive and that we will thereby endanger the competitiveness of European industry, and even more so in the crisis. I do not like to remember my past, but I come from the former GDR, East Germany. The economic and ecological collapse of the GDR was attributable to the fact that for decades, we neglected to invest in up-to-date technology.

I think that every industry and every industrial enterprise, for its existence, needs to invest in up-to-date technology, because otherwise it will become less competitive, and this naturally means also reducing emissions of pollutants. Today, we have the opportunity to bring in a law which will improve this situation from which we are starting.

The second part of the directive – and here we have some of the gritted teeth that I mentioned – deals with large combustion plants. We are talking once more – as we did before with the last directive – about renewing exceptions up to 2020, and in some cases 2023, for large combustion plants which do not have to achieve the environmental obligations and, in particular, the limits on air pollutants.

Here I call on the Council, but also perhaps all of us here, to consider very carefully how sensible it really is that we regularly bring in ambitious environmental targets, and we discuss them and welcome them here, but always, whenever it comes to implementing them and transforming them into concrete legislation, then a tragedy begins in Europe. Then it suddenly becomes clear to the Member States how much it costs, which bills we have to pay, and then, as a rule, the ones who have done this in advance are punished.

There are a number of Member States which now already meet the obligations, and which will, in the end, be left out in the cold. I will say it here once again: whether we are talking about industrial plants or large combustion plants – which essentially means coal power stations – we are not dealing with science fiction. We are not talking about things which are not available; on the contrary, this is up-to-date technology. Best available techniques – what is available on the market given competitive and cost factors – can be incorporated into these plants, and today, against this background, we are completing a legislative package which I think is better than what is currently in force, and therefore I would encourage us all to approve it. I would also like to thank my fellow Members, who, while sometimes pulling no punches, have worked with me on this for the last two years, for their support, their legwork and, above all, for the fact that almost all of the main groups have subscribed to this compromise.

**Janez Potočník**, *Member of the Commission*. – Mr President, since I am also a sports fan I share your views, but there is a comfortable 3-1 lead for the Netherlands, and I think the proposal we are discussing today is worth being here for.

We are at the threshold of an agreement on industrial emissions that will bring European Union action to reduce pollution from the largest industrial sources into line with ambitious environmental objectives. At the same time, it will provide opportunities for eco-innovation and strengthen sustainable production methods in important sectors of our economy.

We would not have reached this point if it were not for the hard work of the European Parliament on this important dossier. I would like to thank and congratulate the rapporteur, Mr Holger Krahmer, as well as the Committee on the Environment, Public Health and Food Safety, for the excellent work carried out on the proposal for a directive on industrial emissions.

This directive represents a significant step forward in the control of industrial pollution in the European Union. We presently find ourselves in a situation where industrial pollution accounts for over 80% of emissions of sulphur dioxide, over 40% of dust and over 30% of nitrogen oxides. We find ourselves also in a situation where implementation at local level, with differing applications of best available techniques, is diverse.

It is therefore very clear that the status quo is insufficient, not only in terms of protection of the environment, but also in terms of distortion of competition.

The strengthening of two of the core elements of the legislation – the application of the best available techniques as a rule, and revised emission limit values for major sectors – is absolutely necessary, and I am happy to see that Parliament shares this point of view.

Action here will ensure that industrial installations throughout the European Union achieve high environmental standards and protect the health and well-being of our citizens. It also provides us with the opportunity to stimulate eco-innovation.

The work of the European Parliament, as I already mentioned, has been key in reaching an agreement that maintains the environmental integrity of the Commission's proposal and that, on a number of occasions in the institutional process, seemed unachievable. By voting now to agree on this directive, Parliament can demonstrate its true commitment to reducing pollution from industry.

The Commission can accept the compromise package – and it is a compromise – in order to reach an agreement on this directive at second reading, and I would encourage Parliament adopt the same position.

**Elisabetta Gardini**, *on behalf of the PPE Group*. – (IT) Mr President, ladies and gentlemen, first of all, I should particularly like to compliment our rapporteur, Mr Krahmer, since we all know that we have truly achieved a result which at times seemed hopeless. I would like to point out that this directive, this dossier, was thought to be at serious risk of going to conciliation.

Therefore, as we have also heard from the Commissioner, it is obvious to all that we are dealing with a piece of work which has been complex and which has required a great deal of time. One need only reflect that this is a directive from 1996 and that the work done brings us to the fifth and most important amendment of the directive on industrial emissions.

These few bits of information alone tell us, I believe, about all the shortcomings and defects of this legislation. The directive has proved difficult to implement – I would note that infraction procedures have been opened against nine Member States – and has a sphere of application so wide that at times it is actually inappropriate. So, all of this – we must not hide from it – has led to great efforts, has required sacrifices from all institutions involved, all political groups and all national delegations, and it has frequently put us face-to-face with truly difficult choices.

However, this evening, I am here to say with conviction that, in my opinion, we have achieved the best possible result to protect competition, the environment, and European industrial and employment policy. We truly have, on the one hand, a directive which imposes common obligations on all Member States and, on the other, a directive which also allows the necessary flexibility.

So, I truly hope that the results of this recasting have an immediate effect on reducing administrative burdens and, in the medium term, improve environmental performance and strengthen European industry.

**Marita Ulvskog**, *on behalf of the S&D Group*. – (SV) Mr President, I would like to begin by thanking Mr Krahmer for having pushed for ambitious legislation. I would also like to thank everyone who has given their support and come up with proposals, because the work that has been done on this directive is important. The directive covers more than 50 000 industrial plants, in other words, plants that employ a lot of people while, at the same time, being the cause of a large proportion of the air pollution and which therefore have an impact on the environment and people's health. The proposal that we will be voting on tomorrow is far from perfect, but nevertheless represents a definite step in the right direction compared with current legislation. It is therefore worth voting for.

The main problem is that we are extending the time limit for exemptions for large combustion plants, despite the fact that they are responsible for 90% of the industrial emissions of sulphur dioxide and nitrogen dioxide. On this issue, we were quite simply not able to get the better of the Conservative parties in the Council and the European Parliament, which I feel is unfortunate. Nevertheless, the positive aspect of the proposal that

we are to vote on tomorrow is the fact that, in future, there will be stricter and clearer conditions for when exemptions can be granted. The main priority of the Group of the Progressive Alliance of Socialists and Democrats in the European Parliament was precisely this, namely to create order and a stronger wording that would mean that there can *de facto* be fewer exemptions than there are today. I am pleased that we succeeded in achieving this.

At the same time, the best available technique and reference documents will play more of a key role, and the industry will have a great deal of flexibility to make the necessary investments. Overall, this may mean that we create the conditions for taking a step towards a reduction in industrial emissions and all of the positive consequences that that will entail for health and the environment. At the same time, we will also be taking steps towards fairer competition, as the amendments will provide the impetus for better implementation with regard to emission limits. Last but not least, additional and safer jobs will be created when our part of the world has to face up to competition from countries where large investments are currently being made in precisely this type of transition. Mr Krahmer, we must not end up in a situation like that of East Germany where we are lagging behind.

**Chris Davies**, *on behalf of the ALDE Group*. – Mr President, Holger Krahmer and I do not always agree about environmental legislation and the degree to which it should be enforced, but on this measure, I think we have found ourselves very close despite the fact that many of the arguments he has put to his colleagues have been nationalistic.

He has been able to argue that, with regard to this legislation, Germany has applied it effectively, or more effectively than any other Member State, including my own. This places Germany at a competitive disadvantage compared to others. This is an argument that can apply to many aspects of environmental legislation. There has to be a level playing field. The legislation that we put in force has to be applied equally and effectively across the European Union if we are to protect the environment, and if we are to ensure that certain countries do not gain a competitive advantage by not investing in the improvements that are necessary to make that possible.

The question is that we have now recast this legislation. We have not perhaps relaxed it, but we have addressed the fact that the first measure failed to be applied by Member States. Member States have got off the hook. My Member State, the United Kingdom, has got off the hook. It has not done what Germany did.

So, I ask the Commissioner in his response to tell us exactly – to put on the record – what is there in this new legislation that will ensure that Member States actually do what they are required to do?

**Bas Eickhout**, *on behalf of the Verts/ALE Group*. – (NL) Mr President, I shall keep it brief, as the Netherlands–Uruguay match is still going on. We are leading by three goals to one, so it looks as though the Netherlands will reach the final. I shall keep it brief, then, as I want to catch the end of the game.

Moving on to this directive, it is an incredibly important one as regards air quality for all Europe's inhabitants. In the light of this, I am truly disappointed with the course of the negotiations. I am pleased that my fellow Member, Mr Davies, has cited his own Member State, his own government, as that is one of the governments that has continuously obstructed any tightening of this piece of legislation. This has meant that, for example, the Netherlands currently suffers more air pollution from three filthy coal-fired power stations in the United Kingdom than from the 11 Dutch power stations. This indicates very clearly how uneven the playing field is in terms of air quality and of our approach to industry. The Netherlands, and also Germany, the home country of my colleague Mr Krahmer, has implemented this very well and very strictly, whilst other countries, such as Italy and the United Kingdom, have been failing to do so for years. It is crystal clear that this legislation needs to be tightened up, and so it pains me to see Italy and the United Kingdom, in particular, blocking improvements time and again in the Council.

Nevertheless, when all is said and done, I am a definite supporter of this tightening up. After all, although they have another 12 years, afterwards even the power stations in the United Kingdom and Italy, and also elsewhere in Europe, will have to comply with the high standards, thus guaranteeing the health of our citizens in all the EU Member States. At the end of the day, that is what this is all about.

Therefore, the Group of the Greens/European Free Alliance will ultimately be voting in favour of this legislation, but with a heavy heart, as it has been such heavy going. So often, we hear all MEPs speak of the need for a level playing field, but when it comes to implementing this for the sake of clean air, many Member States back out and lag behind. This shortcoming remains but, at the end of the day, it will not be long before all Member States have to comply. We are to be given a level playing field and we are to have clean air. That

is something worth voting in favour of, although the process has been disappointing, with a number of Member States letting us down. At the end of the day, however, we are making progress. I believe that the match is now over, and that the Netherlands has reached the final.

**Martin Callanan**, *on behalf of the ECR Group*. – Mr President, I hope that Mr Eickhout's disappointment at the legislation we are discussing this evening is mitigated by a famous victory for the Netherlands, using perhaps the best available football techniques in their game this evening. Sadly, England could not be there, but never mind; we cannot have everything.

Moving to the subject of the debate, I would first of all like to pay tribute to the work that Holger Krahmer did. It was a very long, complicated piece of legislation and he genuinely worked to involve all of the political groups and all of the different shades of opinion in this debate. We have reached, in the end, what is an acceptable compromise. Nobody got what they wanted – perhaps that is the mark of good European legislation but it is a bit of a messy fudge – and nobody is happy. Member States are not particularly happy. Certainly some Members of this House are very unhappy.

I hope Mr Eickhout's unhappiness is mitigated later but, nevertheless, it is a good overall result. The compromises reached are, in my view, a good balance between, on the one hand, protecting the environment but, on the other, taking into account some of the quite legitimate concerns held by some Member States that forcing a lot of coal plants to close early would actually be a bad thing for the environment – what would the power be replaced by? We have our long-term emissions legislation and directives to meet, which would be compromised by forcing too many plants to close early, and, at the end of the day, all the improvements we want to see have to be paid for by somebody. At the end of the day, that is always the consumer. We have a recession across Europe and we must be careful to get the balance right between environmental protection and costly improvements.

**João Ferreira**, *on behalf of the GUE/NGL Group*. – (PT) Mr President, Commissioner, Mr Krahmer, ladies and gentlemen, the new directive will create a new, more demanding and up-to-date legislative framework for industrial emissions, which we consider to be an important step forward for better defence of the environment and of public health, particularly of those living and working near industrial complexes or in areas affected by them.

By setting limits to emissions of an expanded series of pollutants and establishing the need to adapt high-emissions industries to these limits using the improved technologies that are available, an important principle is established: that in order to protect the environment and public health, we must implement in productive processes the best technology that scientific and technological development made available to us, particularly in those with the greatest environmental impact.

This is also the approach we support for carbon dioxide and other greenhouse gas emissions. As an alternative to the use of market instruments such as carbon trading, which the European Union has been supporting, we propose a legislative approach that is environmentally efficient and socially just, in contrast to what happens with the commercial approach.

For this reason, we welcome the rejection at this second reading of the application of emissions trading to nitrogen dioxide and sulphur dioxide as some have suggested, and we have noted the amendment that clarifies the possibility of also setting limits, and hence an approach by legislation and not by the market, for carbon dioxide and other greenhouse gases subject to the European trading system for emission licenses.

Nevertheless, while continuing this overall effort to reduce emissions, we must not forget the differences that exist between Member States and the specificities of each, such as the respective productive systems and conditions of production, as well as the ability to implement the necessary adaptations in technology and productive processes.

This commitment ensures that this varied reality will be observed. The appropriate and justified amendments that are envisaged, alongside the national transition plans, ensure the flexibility needed for the implementation of the improved technologies that are available, without compromising the original goals of protecting the environment and public health.

We also appreciate the possibility expressed for Member States to maintain or adopt stricter protection measures than those set in the present directive, namely regarding the aforementioned greenhouse gas emissions.

In order to safeguard sustainable production in the various Member States and regions, this new legislative framework must be complemented with EU measures supporting the modernisation of productive systems, especially in the more vulnerable economies.

Finally, it is also essential to support investment in public research and development to ensure that the best technologies available are developed and continuously improved.

**Oreste Rossi**, *on behalf of the EFD Group*. – (IT) Mr President, ladies and gentlemen, the measure being examined today is one of the most important in the entire legislature and shall indeed have significant economic ramifications.

We began with a text approved in committee with the *Lega Nord* delegation voting against it since, as it was initially proposed, it would have brought the closure of many industrial plants and the restructuring of others. Following the Council's block and a series of dialogues held between the Committee on the Environment, Public Health and Food Safety, the Council and the Commission, it was revised and amended with, in our view, an overall improvement.

Today, we shall vote on a text which increases attention towards the environment by industries but which, at the same time, does not have an excessive impact on the European industrial economy, particularly in the time of crisis which we are currently going through. Respect for the environment does not mean closing European industrial plants, because these facilities would simply move to third countries or emerging markets where environmental controls are non-existent.

Indeed, China recently declared that it has no intention of reducing its ratio of energy source usage – 80% coal to 20% oil – and, in fact, has declared that it wants to double its energy needs by 2020. Closing or moving businesses from Europe to other countries brings no advantage to the global environment, only lost jobs and aggravation of the economic crisis.

**Theodoros Skylakakis (PPE)**. – (EL) Mr President, the compromise achieved with the Council, which we shall be called on to vote for tomorrow, finalises the framework for industrial emissions in Europe over coming decades. It is a legislative success because, at a time of serious economic difficulty and important environmental challenges, a logical, realistic and balanced solution is being promoted.

This applies in particular to the transitional national plans which will apply to large power plants. In my country, in Greece, the initial provisions required immediate adjustment, which put thousands of jobs and the country's energy security in danger or, alternatively, would have required new filters worth hundreds of millions of euro to be fitted to old plants due for closure in three to four years. In other words, either we would have wasted a massive amount of money or we would have had to pay a huge economic and social cost.

Unfortunately, the electricity market is not yet a single market. It will take time to achieve that objective. If, therefore, we seek draconian measures for just one aspect of the market, then that will generate serious costs to states on the rim of the Union which, as yet, have no interconnections or contact with the rest of the single market.

With the compromise, on the other hand, between national plans, we have achieved – albeit belatedly – huge environmental benefits which will accrue at different times, depending on the real conditions and situation in each Member State, at no huge social cost. It is a judicious arrangement with which those of us who warmly supported it have every reason to be satisfied.

**Jo Leinen (S&D)**. – (DE) Mr President, Commissioner Potočník has thanked this Parliament emphatically for the fact that we have stayed so hard-headed with this legislative package, and that we have contributed to the big push forward that will now take place on the prevention of air pollution. The thanks for this must, of course, go to our rapporteur, Mr Krahmer, for his excellent work, but also to all the shadow rapporteurs and the others who stayed with us on this objective to make Europe's air cleaner.

The European Environment Agency has given us a report which shows that in some areas, we still have a bad situation as regards air pollution, nitrogen oxides and dust. Commissioner, you said it yourself. Now we hope that, with this new amendment, you will also have a tool for carrying out controls. We hope that you will also really implement this in a hard-headed manner and not accept any major exemptions or time wasting. After all, the previous directive dates from 1996 – that is, 14 years ago!

I can understand the new Member States such as Poland and others, but I cannot understand the old Member States at all – the fact that in all these years, so little has been done, and the arguments that we hear again in this instance too, with regard to jobs and costs. Well, of course, these things always turn out badly; if we wait too long, then everything comes at once. If we do our work on time, then we can also carry out innovations and still protect jobs.

Thus we have a great success, though it is spoiled somewhat by the large combustion plants. The small fry are arrested, while the big fish are allowed to go free. What happens so often in life is also unfortunately happening here with industrial plants.

**Evžen Tošenovský (ECR).** – (CS) It is clearly very important to press for reductions in emissions of hazardous substances by industry. This process is very important. On the other hand, we should not follow a purely bureaucratic line, because it might be the case that, through the influence of the economy and pressure for different solutions, we might achieve quite the opposite. Companies might close and the costs for solving the resulting problems will be much higher than if we really tried to find the best solution.

Nor am I convinced that it is possible to pressurise companies only to seek out and use the best technologies, but I see it as an important mechanism for seeking out the best solution and for really reducing emissions. I speak here as a man who was, for 16 years, a mayor and governor of a very complex industrial region, where it was often necessary to make very difficult choices through negotiation.

**Sirpa Pietikäinen (PPE).** – (FI) Mr President, this directive on industrial emissions will actually impose stricter emission limits for dust, nitrogen oxides and sulphur dioxide. This is the least we must do for the sake of human health and the environment. Even after this directive, the situation will not really be good anywhere in Europe.

I am especially sorry that both the number and size of the exemptions were so great under this compromise. It is quite pointless to imagine that by doing this we are doing a service to our industry or our levels of competitiveness: on the contrary, in order to implement the EU 2020 strategy, for example, we should be investing in green growth, resource efficiency and clean competitiveness. Something else that grieves me about this proposal is that no progress is being made in the areas of emissions into the soil and competency. I do hope, given how difficult the situation is of course, that the Commission will be able to implement prompt and effective measures under the Soil Directive.

Of course, it is a good compromise. I am especially pleased about the inclusion of the best available techniques principle, although the European safety networks, the minimum requirements, are only at the needs assessment stage, particularly with respect to exemptions. I think that it is especially important that there has been mention of the fact that this directive will naturally not prevent Member States from applying more stringent and better legislation, and this applies to greenhouse gases too. I hope that, when the directive comes to be amended and brought up to date in the future, the Commission also makes carbon dioxide emissions part of an integrated environmental monitoring system, because this is the right and effective way to go about things.

**Pavel Poc (S&D).** – (CS) I would first like to express my genuine admiration for the rapporteur, Mr Krahmer, and for an incredible piece of work, not only from a professional, but also from a negotiating standpoint, because to achieve a compromise and such a balanced result in the case of complex and sensitive legislation of this type is an almost superhuman performance. The new directive finally unifies the procedures applied in the European Union, and contributes towards reducing the administrative burden, ending disunity in the implementation and enforcement of the regulations in the Member States. I notice, of course, a certain dissatisfaction with the result of the trilogue negotiations in my country among civic groups and the regions, but I am, at the same time, aware that although the European Parliament did not manage to carry through all of its requirements and comments, a strong compromise was achieved, which will bring a real reduction in emissions and improvements to the environment, and not only in Europe.

The transitional national plans, together with the possibility of exemptions for large combustion plants, will slow down the modernisation process to some extent, but will, at the same time, provide national economies that depend on coal for power with an opportunity to innovate, and to do so within realistic time periods. The requirement to create a European rescue network was watered down but, of course, the European Commission must reconsider the minimum emission levels at regular intervals, thereby creating a definite basis for a European emissions standard. Strict rules have been pushed through for granting postponements over the introduction of the best available techniques, with a considerable level of flexibility provided to the relevant bodies. After tomorrow's vote, therefore, it will be time for them to take responsibility, and especially

for the Commission to take responsibility and deal with the pressure, since the compromise version of the directive is a foundation, and genuine success will depend on the implementation process in the Member States.

**Bogusław Sonik (PPE).** – (PL) Mr President, stricter principles on industrial gas emissions and fulfilling obligations concerning environmental protection are the main objectives of changes to legislation for industrial facilities in the European Union. The draft directive on industrial emissions, which combines and amends eight existing directives, is crucial from the point of view of improving the condition of the environment and air quality in the European Union. It introduces a tightening of standards for emissions from large combustion sources, and its regulations cover a significantly higher number of combustion plants.

The energy sector of each country has its own specific character and energy security policy, at least until we adopt a common, uniform energy policy. Around 95% of the Polish energy sector is based on coal. Adoption of the new directive's initial requirements would result in a serious threat to Poland's energy security as well as to that of other countries in our part of Europe which are in a similar situation because their energy sector has similar characteristics.

In view of this, it is a good solution to make it possible for Member States to achieve environmental objectives by establishing transitional national plans, enabling the temporary application of higher emission limits. Another key factor will be the possibility of granting permits with derogations, whereby it will be possible for consent for emissions to take account of the local situation and specific geographical and economic conditions. However, changes to environmental legislation should always move in the direction of setting objectives which can be achieved by all Member States.

The compromise text restores many of the Council's original plans, which took account of the fact that many Member States, because of their dependence on coal or geographical conditions, are unable to comply with very high environmental standards. This approach to reducing emissions and bringing in high standards is one which I think is proper, because it is both rational and workable in practice.

**Adam Gierek (S&D).** – (PL) Mr President, the Committee on the Environment, Public Health and Food Safety has rejected rational mechanisms of accommodation. Adoption of the Krahmer report will put enterprises in a difficult situation.

In Poland, in accordance with its accession provisions, facilities with a power of over 500 MW will have wet desulphurisation installed in 2018. If this restrictive directive comes into force in 2016, over 1 200 boilers will have to be modernised in Poland in six years. This is economically and technically problematic. This should be made to apply only to new investments. Adoption of this controversial compromise will mean that Polish power stations, for example, will shut down 50% of their power by 2020.

The draft recommendation for second reading should be rejected, because it does not take account of local economic and technical realities. It is based on dogmatic principles. It leads to unsustainable development and unfair competition within the European Union.

**Catherine Soullie (PPE).** – (FR) Mr President, the final agreement which has been reached on the recast of the directives on industrial emissions is more than acceptable, and I welcome the work done to reach a compromise.

This final package takes up the key points of the position which I defended with several of my colleagues within the Committee on the Environment, and which was designed to make this text an ambitious, yet realistic, piece of legislation.

First, a degree of flexibility is maintained for businesses and for the authorities responsible for granting exemptions. Next, I must applaud the new version of the ESN, which caused so much controversy and which seems much more achievable now that it has been restricted to certain sectors. It is also important to point out that, thanks to the agreement reached, there is a stronger link with the Emission Trading System (ETS) Directive, and the somewhat irrelevant notion of creating an SO<sub>2</sub> and NO<sub>x</sub> quotas market has been removed once and for all from the text of the new directive. A few reservations should, nevertheless, be borne in mind, and they relate more specifically to the provisions on soils. The Soil Directive is still pending, and unfortunately, this major issue will be addressed only by those Member States which have their own legislation.

Tomorrow, Parliament has a duty to adopt the points of the agreement reached at the end of the trialogues. Huge efforts have been made by all concerned to prevent this text from being sent back to the conciliation

stage. It is a text which, may I remind you, is crucially important for industry and European environmental policy alike.

**Silvia-Adriana Țicău (S&D).** – (RO) The purpose of the Industrial Emissions Directive is to reduce the polluting emissions from 52 000 industrial installations across the EU, operating in different industrial sectors.

Installations which come under the remit of this directive must be authorised. The permits issued must include emission limit values which must be observed, as well as operating conditions specified on the basis of the best available techniques. In order to obtain these permits, companies in the relevant industrial sectors should also submit an investment plan guaranteeing that their industrial installations will be modernised in order to reduce polluting emissions.

I think that this directive should be linked to the European Union's industrial policy. The directive should provide sufficient flexibility enabling European industry to be modernised so that we can maintain industrial output and jobs in the European Union, while still reducing polluting emissions.

Finally, I call on the Commission to consult Parliament and Member States right at the early stages of drafting the decisions for setting the emission limit values associated with the best available techniques, and not just after they have been adopted by the Commission.

**Bogdan Kazimierz Marcinkiewicz (PPE).** – (PL) Mr President, I would like to comment on two matters. The first is a quick answer – the match has ended and the score was 3:2 to the Dutch.

The second matter concerns Member States with a coal-based industry and the draft directive. Poland is participating, and is going to participate, in the realisation of European energy strategy, so we welcomed the compromise reached in the trialogue on the draft directive on industrial emissions. Poland has a fuel structure which is unique at world level – over 90% of its electricity and heat are generated using local coal, which gives our country security and a high degree of energy independence.

The transitional periods for large combustion plants concerning SO<sub>2</sub> and NO<sub>x</sub> emissions are particularly important to us. Without the derogations, it would be necessary to carry out, in a technically and economically unjustified way, the premature and sudden shutdown by the end of 2015 of over 30 functioning power plants and over half of the thermal power plants and district heating plants which supply the population and industry. The transitional periods allow the process of shutting down generating facilities to be spread gradually over the years 2016-2023 and the facilities to be replaced with modern power units of the highest potential generating efficiency.

The investment process which has begun in our country is also directed towards fuel diversification in accordance with current energy policy up to 2030. This will allow a reduction in the share of solid fuels in the production of electrical energy to below 60%. It should also be said that Poland, when implementing the requirements of the climate and energy package, is going to have to make an enormous effort to achieve, in 2020, a 20% share of renewable energy, an improvement in energy efficiency and technological redevelopment of energy generation for low levels of CO<sub>2</sub> emission.

**Zuzana Roithová (PPE).** – (CS) I firmly believe that the compromise negotiated between the Council and the European Parliament is a sensible solution to the ambitious revision of integrated measures to prevent and limit air pollution from emissions in the Union. It is based on the political consensus achieved under the Czech Presidency over temporary exemptions for existing facilities that require time and money for extensive modernisation, which is no easy matter, especially in a time of economic crisis. As a doctor, I would, of course, welcome a more dramatic reduction in emission ceilings, but this is not realistic in practice. I am pleased that an agreement has already been reached with industry in the Czech Republic and that there is a national plan for the gradual reduction of emission ceilings, so that the new limits should be achieved within 10 years. I am concerned that the adoption of any other proposals outside the framework of the hard-won compromise might bury the entire revision for years to come. I would like to congratulate all of the negotiators.

**Jaroslav Paška (EFD).** – (SK) First, I would like to support the efforts of the rapporteur, Holger Krahmer, to ensure that the European Union's environmental protection objectives are fulfilled as consistently as possible.



On the other hand, I understand the fears of European governments that consistent fulfilment of the requirements formulated by the European Parliament might, in some cases, complicate the economic situation in their countries.

However, a temporary slowdown in economic growth might, under certain circumstances, be an acceptable price to pay for a major environmental improvement for citizens in heavily polluted regions.

We must therefore, in a sensitive but vigorous way, continue with gradual pressure for the modernisation of production technologies aimed at reducing industrial emissions and leading to constructive dialogue with representatives of industry concerning the incorporation of this philosophy into their development plans.

**Elisabeth Köstinger (PPE).** – (DE) Mr President, reducing bureaucracy, simplification, increasing efficiency – three key phrases which stand for the right approach to amending the existing Industrial Emissions Directive. We need a controlled reduction of excess bureaucracy so that we can have more efficient activity. We need concrete and compact guidelines which establish EU-wide minimum standards. We need the accompanying increase in efficiency in order to be able to protect our environment more effectively. However, we also need an independent and objective controlling body which will ensure adherence to the new guidelines.

In recent years, CO<sub>2</sub> emissions have been reduced by 12% through new technologies, as well as sustainable economic activity in the agricultural sector. The agricultural sector therefore has a leading role to play in climate and environmental protection. Industry can now follow. With the creation of minimum standards and the resulting reduction in environmental damage, industry will also have to make a concrete contribution to the protection of our environment.

**Marian-Jean Marinescu (PPE).** – (RO) I approve of the compromise text resulting from the trialogues.

The disparities between Member States in terms of enforcing the legislation and monitoring this enforcement have been removed. A number of derogations and flexible provisions have been included for large combustion plants which are unable to comply before the date when the directive enters into force. This will allow minimum requirements to be established, along with minimum emission limit values for each industrial sector, which must be observed across the board by all economic operators in the European Union. It will allow derogations to be agreed from the emission values accepted and based on the best available techniques. These derogations concern cases where investment costs outweigh environmental benefits.

The compromise text is about providing systematic action for improving the performance of industrial installations, from the perspective of both environmental protection and economic benefits. The upshot of all this ...

*(The President cut off the speaker)*

**Eija-Riitta Korhola (PPE).** – (FI) Mr President, this important legislative reform unfortunately remained in the shadow of the Climate and Energy Package in autumn 2008. It is a pity, because it is a hugely important directive for both air quality and EU industry. At the time, I did all I could to ensure that its importance would not have any negative associations, in that it was expensive without having any of the environmental benefits mentioned. It is a shame that no one asked the Committee on Industry, Research and Energy for its views, even though the directive is obviously also its province.

Although we achieved a reasonable compromise, companies must invest in cleaning technology, which is not necessarily available. Plants will have to be closed prematurely and the costs to the consumer will be considerable. Nevertheless, it is good that the compromise takes into consideration the need for flexibility in respect of old plants that are hardly used. The premature closure of plants would represent a cost that the resultant environmental benefit would not cover. It is also good that the emission limits for carbon dioxide, as promoted by the Group of the Greens/European Free Alliance, did not get through, because there is already too much control that overlaps with emissions trading.

**Janez Potočnik, Member of the Commission.** – Mr President, a key point that allows us to address problems of environmental protection and distortion of competition is, firstly, requiring BAT conclusions to be used in setting permit conditions and, importantly, emission limit values. Flexibility is still possible but must now be clearly justified. The Commission can collect information on the use of this flexibility. The largest sources of pollution – large combustion plants – will have to apply best available techniques by mid-2020 or shut down by 2023. You are probably aware that our proposal was for a shorter time.

All these measures, as well as provisions on monitoring inspections and public transparency, mean that this package should be agreed to allow us to move forward.

The Commission is certainly ready to help in this implementation process but I have stated many times that I will not hesitate to launch infringement proceedings if necessary. I hope that I have already proved that in the first half of my mandate. I believe that a level playing field is an important argument that we have to follow.

Concerning competition, of course we should take care of competitiveness and competition in Europe and of course we want to compete with China – but not with their air quality standards. Even today, we can see that in Europe, there are many premature deaths which prove to have been caused by poor quality air conditions.

I think it is fair to say that we give industry time to build changes into normal investment plans. We should also look to a positive side of the agenda: that we also gain a technological advantage. It is important also to recognise that the Commission's IPPC recast proposal does not fundamentally change the existing 1996 IPPC regime. The original proposal was based on a thorough impact assessment that took place over two years in Members States' industry and non-governmental organisations. It is also crucial to remember that the concept of best available techniques takes into account the costs of applying these techniques.

It is also important to know that we have a lot of complementary policies to support industry: the Strategic Energy Technology Plan, the Environmental Technologies Action Plan, the Seventh Framework Programme, the Competition and Innovation Programme, structural funding and so on.

To summarise what I have heard today: better environment, stay competitive, European jobs, sustainability, cutting costs, too many exemptions, stricter rules, more flexibility needed, interests, balanced rights. That is what the compromise is bringing. The fact is that we are moving. The fact is that we are moving in the right direction, in the direction of a better quality of life, a more healthy environment, a more level playing field for industry, with stimulus for new innovation. I think that the proposal which is on the table and which was excellently handled by the rapporteur deserves your support. It certainly has the support of the Commission.

**Holger Krahmer, rapporteur.** – (DE) Mr President, three relevant things have happened while we have been debating: first, it is clear that Europe will be the football world champions. A good omen, I think. Who exactly it will be, we will see. I do not want to express any preference now. The second is that Germany is receiving compliments from the United Kingdom. Chris Davies, many thanks! That also does not happen every day. It is certainly worth noting. Thirdly, all is still well with the world; even the Group of the Greens/European Free Alliance finds football more important than environmental protection. Regrettably, our fellow Member, Mr Eickhout, has left us again. However, congratulations to our Dutch friends, of course.

I wanted to talk about two aspects of the debate to which I have just been able to listen. The first is that I understand all the worries and woes of my Eastern European friends only too well. As an East German, I am also half-Eastern European. I understand that Eastern Europe cannot immediately catch up on every step of environmental policy that has been taken in the Western European countries in recent decades. In order to get high-level environmental protection, one has to be able to afford it. Yes, that is true. However, I think that – even if we allow for this – it is worth approving this compromise, because it will do justice to the different starting positions that many Member States find themselves in.

Secondly, the argument that the use of best available techniques will endanger competitiveness, in particular, with respect to China, is not only false; it is also dangerous. We must deal with the fact that industrial processes in Asia are always cheaper than here. However, we will only meet this challenge if we implement best available techniques in as many branches of industry as possible. Those which do not do this will become less competitive.

No one, including this law, is demanding that an industrial enterprise should be switched off tomorrow. No one is demanding a leap from 0 to 100 in order to achieve a particular pollutant limit within a week. We have enough transitional periods, but to say that we must go without for competitive reasons is false. I also think that with this directive, we have set a course not only for environmental policy, but also for industrial policy, a course for which it is worth working in the next few years.

**President.** – Mr Krahmer, congratulations on your excellent work.

The debate is closed. The vote will take place tomorrow, Wednesday, 7 July 2010, at 12:00.

**Written statements (Rule 149)**

**Ioan Enciu (S&D), in writing.** – (RO) I wish to welcome the trialogue conducted on the subject of the proposal for an industrial emissions directive. Europe needs a policy which will take into account the modernisation capabilities of the industrial installations in every Member State. The majority of provisions included in the text of the directive reflect a necessary adjustment aimed at ensuring that economic operators in the energy industry which need time to comply with the new regulations can continue to operate. In this respect, derogations are extremely important, and can be made on the basis of clear criteria that need to be outlined by the Commission based on guidance.

At the moment, we are witnessing tentative development of alternative energy resources in certain regions. This maintains considerable dependency on fossil fuels. We must find solutions enabling us to invest in state-of-the-art energy production facilities in the least polluting way possible. We must also facilitate the transition of workers from polluting industries, such as coal mining, to other economic sectors.

The European Commission must ensure that the latest generation technologies for energy production are distributed uniformly throughout the whole of Europe by providing logistical and financial support, where needed, to Member States which still do not have the necessary resources for investing in such projects.

**Richard Seeber (PPE), in writing.** – (DE) Industrial activity requires a high level of environmental protection. This is particularly true for the prevention of air and water pollution, but also for biodiversity. At the moment, the European rules on industrial environmental protection are too fragmented and do not yet achieve the desired degree of usage of best available techniques to raise the level of environmental protection. As a result of this, it is of particular concern that we make utilisation of the best available techniques the rule rather than the exception. The main strategy emerging as a result is to combat environmental pollution at source. With the recast and the renewed discussion of these rules, important steps have been taken towards restricting the possibilities for exemption and reducing bureaucracy, which is particularly relevant for SMEs. Apart from this, the Commission has the task of regularly checking whether further Europe-wide uniform requirements are needed for individual activities and plants, and reporting on this to the Council and to Parliament. It is also requested to support and monitor the Member States in implementing the measures. In this regard, cooperation with European confederations of industry, SMEs and NGOs plays an important role. The second implementation report in 2019 will show whether the application of best available techniques in the EU has really become the rule, in order to ensure a high degree of environmental protection in the industrial sector.

**Zbigniew Ziobro (ECR), in writing.** – (PL) The legislative process of the directive on industrial emissions (integrated pollution prevention and control), which is important for the whole of the EU, is slowly drawing to a close. However, it should be emphasised that not all Member States are able to implement it. From Poland's point of view, if adopted in its present form, the directive could have serious consequences for industry and district heating plants. Losses to industry may be as high as PLN 50 billion. Implementation of the directive will also have an adverse effect on thousands of Polish businesses. Reducing the level of pollution to the proposed value will mean many old plants will have to be replaced by new ones, which is a bigger problem than reducing carbon dioxide emissions. However, in the case of district heating plants, the directive provides for a transitional period for adapting to Union standards until 2019. This is four years shorter than Poland had expected. Extending the transitional period would make technological conversion easier for small heating plants. Introduction of the directive will also affect the lives of ordinary citizens. According to estimates made by the Polish Ministry of the Environment, introduction of legislation on industrial emissions will cause a 20% rise in the price of heat, and the costs of using electricity will also rise. In view of the above, the recommendation for second reading of the industrial emissions directive should be rejected.

**17. Obligations of operators who place timber and timber products on the market (debate)**

**President.** – The next item is the recommendation for second reading on behalf of the Committee on the Environment, Public Health and Food Safety on the common position adopted by the Council at first reading with a view to adopting the European Parliament and Council Regulation setting out the obligations of agents selling wood and products made of wood (rapporteurs: Satu Hassi and Caroline Lucas) (05885/4/2010 - C7-0053/2010 - 2008/0198(COD)) (A7-0149/2010).

Mrs Hassi is to be thanked for having picked up working on this report, which was already under way, the original rapporteur being Mrs Lucas, who gave up her seat to take up other responsibilities in the British Parliament.

**Satu Hassi, rapporteur.** – (FI) Mr President, ladies and gentlemen, I would like to thank the original rapporteur, Mrs Lucas, along with the negotiators from the other political groups, very sincerely for their exceptionally high levels of cooperation. My thanks also go to Spain, which headed the talks in the Council of Ministers, and the Commission. Both the Commission and the Council altered their original views significantly, and the EU will now shut down its market in illegally harvested timber. This breakthrough, which is of global importance, would not have been possible without the support of a strong majority in Parliament for a ban on illegal timber.

Now, a clear ban has been agreed on operators that place timber or timber products on the EU market for the first time. These operators must be aware of the wood's origin. Retailers have an obligation to record where they have purchased the wood or timber product and where they have sold it on. In this way, it is possible to discover, for example, the origin of wood used for furniture.

Parliament would have liked a ban on the entire chain, and not just the first seller. The regulation negotiated, however, contains guidelines requiring subsequent links in the sales chain and monitoring organisations not to act against the aims of the law. All parties must therefore take responsibility for ensuring that no illegal timber is sold in the EU.

I am sorry that the Council did not agree to list this regulation under the directive on the protection of the environment through criminal law. I would appeal strongly to the Commission that it should rework the directive as soon as possible to apply also to the latest environmental legislation. The most blatant breaches of the ban on the sale of illegal timber should be treated as crimes.

Parliament's negotiators were concerned about the concept of negligible risk that came out of the Council's insistence on a statutory text. We examined the sort of contexts in which this concept occurs in current legislation. It seems to mean a risk that is, to all intents and purposes, zero, in laws that concern such issues as genetically modified micro organisms, BSE (mad cow disease), food hygiene, cosmetics, pesticides, etc. Parliament therefore accepts the concept of negligible risk, understanding it to mean a risk that is, to all intents and purposes, zero.

With respect to the shortcomings that remain in the act, I would still like to mention the fact that printed matter is excluded from its scope of application. I fear that this could turn out to be a huge loophole, and one that will grow in size, and an incentive to outsource the printing of books and magazines to countries such as Turkey and China.

A total of 20% of global greenhouse gas emissions are caused by deforestation, and a part of that by illegal harvesting. Illegal harvesting also destroys biodiversity. It is because of this that we are losing, for example, potential medicines before there is even a chance to study them.

For years, the EU has preached against illegal timber, though at the same time hypocritically providing it with it one of the biggest markets there is. Despite the grand speeches, the EU has, through its actions, promoted the destruction of the world's natural forests. The fact that the EU is now to prohibit placing illegally harvested timber on the market is a globally significant breakthrough and an excellent example of how the EU can, again through its own actions, be part of the solution to what is a global problem. This legislation is a way for us to support all those countries that wish to curb illegal harvesting in their own territory.

**Janez Potočnik, Member of the Commission.** – Mr President, I thank the European Parliament and, in particular, both rapporteurs, Mrs Caroline Lucas and Mrs Satu Hassi, and the shadows for their engagement with the Council and Commission, which has resulted in the compromise text we have before us.

Forests are of vital importance in maintaining biodiversity and in global climate and water cycles. Nowhere are the three pillars of sustainable development clearer than in relation to forests. In addition to their environmental value, the economic and social value of forests is immense, as I know well from my own country in which forests cover almost 60% of our territory. In many developing countries, forests provide not only jobs but also medicines, food and shelter that are critical for the subsistence of millions of rural people.

Your vote should pave the way for a second-reading agreement that will send a clear signal to the world: the EU will not accept illegally harvested timber. The challenge remains as to how we detect illegally harvested timber. By itself, the regulation is not enough to tackle illegal logging as it only covers timber on the EU market. The EU will continue to engage with countries wishing to strengthen forest governance, in particular through FLEGT Voluntary Partnership Agreements. I am glad that the text before us recognises the efforts of countries entering into such agreements with the European Union.

To those who say that this proposal is a burden to European forest owners, I would say that legitimate operators should not face an undue burden – the text has considerable flexibility.

The proposal in front of you deserves your support. It certainly has mine.

**Christofer Fjellner**, *on behalf of the PPE Group*. – (SV) Mr President, first of all, I would like to thank Mrs Hassi and the other shadow rapporteurs. We were a long way from an agreement when we started this work, and I believe that we still have different views on certain aspects. However, I must say that we worked well together. I would also like to thank the Spanish Presidency.

I had three things in mind when working on this issue. Firstly, that timber is a wonderful and renewable material that we use too little rather than too much. The legislation that we are now laying down must not create more problems or bureaucracy for those who use, and trade in, timber. We must not impose higher requirements on timber than we do on oil, for example. If this legislation results in someone choosing to produce products from plastic instead of timber, then it will be the environment that will suffer the most.

Secondly, it must be possible to implement the legislation. Many of the proposals that we have seen while we have been working on this, and that we have thrown out, have quite simply been impossible to implement. The legislation must not cover recycled material, nor must it include products that are far too complicated or impose excessive regulations on operators that are far down the product chain. It is not acceptable to demand that a table containing chipboard be labelled with the origin of the individual fibres, or to force a book seller to guarantee workers' rights in connection with the felling of the trees from which the fibres in the books come.

The third point that I had in mind is that the legislation must not become a pretext for a new wave of protectionism. The export of timber and timber products was an important factor in Sweden becoming rich once upon a time. We must not prevent other countries that are currently poor from exporting and trading. Therefore, the requirements that we set for what we import must not be so high that, in practice, we exclude developing countries.

After working for several years on this matter, I have to say that the compromise that we have today is as far as we can go. Many of my objections have been heard, for which I am very grateful. I think the proposal we will vote on tomorrow is very much better than the one I actually voted against last May. I think that we have achieved a great deal.

Finally, I would just like to remind my fellow Members of one thing, and that is that when we talk about illegal trade in timber and timber products, we need to remember the main causes of this and continue to combat them: unclear ownership rights, corruption and poverty. This must not become an excuse to stop the important work of combating corruption, as that is the main problem.

**Kriton Arsenis**, *on behalf of the S&D Group*. – (EL) Mr President, Commissioner Potočnik, today's debate and tomorrow's vote are truly an emotional moment, an historic moment. I see many friends here who fought hard with us. We have now just about managed to bring the Council round to Parliament's initial positions, and we have before us a piece of legislation which protects both European citizens and European producers.

Until now, European citizens buying timber or timber products had no way of knowing if they were legal or illegal and if, in buying them, they were subsidising bloody civil wars financed through illegal felling or climate change through deforestation. Now, with this legislation and thanks to Parliament's efforts, we have managed to get the Council to agree with the obvious, by which I mean that illegal timber should also be considered illegal in Europe.

We have also managed to centralise, through the European Commission, the control inherent in the terms, approval and authorisation on the part of the operators who will supervise legal timber evaluation systems and approve timber products. We have also managed, when each operator examines if timber is legal, to include legislation on biodiversity and numerous other matters.

Nonetheless, there are two crucial points which the Council did not accept and which, in my opinion, are critical. The Council refused to accept the obvious, that being the first to import illegal timber and timber products on to the European market should be an infringement included in the directive on environmental crime. This is absolutely absurd. As is the fact that the concept of negligible risk has been retained, thereby opening a back door to certain activities which do not need to comply with the procedures provided for in the legislation. However, this legislation protects European citizens and European producers from unfair competition from cheap illegal timber.

Finally, I should like to thank my associates who worked on this issue, such as Alexandros Kandalepas and his staff.

**Gerben-Jan Gerbrandy**, *on behalf of the ALDE Group*. – (NL) Mr President, you see before you a very happy man, and not only because of the Dutch team's victory against Uruguay in the semi-final. It is also because today we are sending a very strong signal to the rest of the world. Five hundred million Europeans no longer want to use illegally harvested timber, and those who do attempt this practice will be punished. This is a very important signal on the part of the European Union, and should not be underestimated. Deforestation – both legal and, in particular, illegal – remains a major problem in the world. The European Union is now making effective use of one of its strongest powers, the power of 500 million consumers. Fair is fair, however: this signal is actually only effective thanks to the European Parliament. The Council wanted to deter the use of illegally harvested timber, whilst the European Parliament wanted to prohibit it: an important distinction. As far as I am concerned, this is a great victory for democracy.

I should like to thank the Spanish Presidency – regrettably, not even the Belgian Presidency is present – for the work it has done to obtain majority support in the Council for a prohibition on the import of illegally harvested timber. I call on the Council – regrettably absent – to set to work on proper enforcement of this regulation, as that will ultimately be the key to its success. Unfortunately, if it is not enforced effectively, it will be a paper tiger.

Finally, Mr President, I should like to thank Mrs Hassi and her predecessor, Mrs Lucas, most warmly for their excellent cooperation. This also goes for the shadow rapporteurs. In my opinion, Parliament has set an example of how it can operate and express its democratic power.

**Julie Girling**, *on behalf of the ECR Group*. – Mr President, I would like also to add my congratulations to Satu Hassi who has taken over this dossier so competently. It has been a pleasure working with her. I am very happy to have been part of the successful negotiations to secure an agreement.

The agreement is strict enough to ensure real strides in the protection of forests and biodiversity, but also flexible enough not to be over-burdensome for legal and honest traders. We would do well not to underestimate the success there. It is possible to come to such agreements when we all work together.

I would like to highlight one of the very welcome side effects. It follows on nicely from what Jan was just saying. For me, a very welcome side effect of taking a dossier like this through Parliament is the huge effect on public awareness. Certainly in the UK, it has widened out beyond what I might call the usual suspects, the green environmental groups, and has engaged the wider public. For me, as a very new MEP, it has brought unprecedented contact with the public, all of whom are supporting Parliament and, I think, are impressed that Parliament has been able to move this subject in the direction in which they want to see it going.

Thank you very much to you all and again thank you to Satu – it has been an education working with her.

**Marisa Matias**, *on behalf of the GUE/NGL Group*. – (PT) Mr President, Commissioner, I would also like to begin by thanking the rapporteurs of this excellent work.

As we know, deforestation is one of the planet's main environmental and social problems, and each year we lose 13 million hectares of forest, thereby contributing 20% of global carbon emissions and constituting an enormous threat to biodiversity.

Deforestation's contribution to climate change is undeniable and, as such, is a major cause of extreme weather events and floods, and even of the desertification of vast areas of the planet. The loss of forest puts all humanity at risk, but this risk and this impact is not shared equally by all of us. The communities with the least resources and those that depend most on the forest and nature to survive are those most affected.

Deforestation is linked to our collective existence, the scarcity of natural resources, their distribution, the rights of local and indigenous communities, and social justice. The main cause of deforestation is illegal

logging, which accounts for 20 to 40% of the world's industrial timber production. We are therefore also talking about the transfer of wealth from the producer to the countries consuming this timber. This illegal practice places sustainable timber exploitation and the companies involved in it at risk.

Nice sounding words are not enough. Parliament must adopt strong and consistent measures in this fight. This report takes a very important step in this direction by defining prohibitions on timber trading.

Good intentions are not enough either. Effective means are needed, particularly penalties, which could be of three types in this case. Firstly, fines that eliminate any financial benefit from the illegal practice, to be increased for repeat offenders; secondly, the confiscation of the timber and any products in question, and; thirdly, the immediate suspension of authorisation to exercise any commercial activity.

That is why those exploiting or trading a natural resource must be socially responsible, and that is why those importing timber or timber products into the European Union for the first time must be investigated to ensure that the timber has come from legal sources.

That is also why all subsequent operators must supply basic information on this timber, namely its origin and its destination. The public must also have the right – and I am ending here, Mr President – to access information on those in compliance and those who are not.

**Anna Rosbach**, *on behalf of the EFD Group*. – (DA) Mr President, my thanks to Mrs Hassi, who has quickly acquainted herself with a complicated subject. I would just like to mention a few of the many areas that the report deals with: the illegal importing of timber into the EU, endangered tree species that are felled illegally in remote parts of the world and the importing of finished products manufactured in countries outside the EU. If we are talking about timber that has been produced in European forests and that has been legally felled, it is not difficult to obtain information on the country in which the timber was felled, the species of tree, the quantities and value in order to be able to place a legal logging mark on a product. However, how far back should we trace timber, and which products is it realistic to check? I am thinking about furniture consisting of MDF and chipboard that is made of recycled wood, for example. We need to produce realistic legislation, otherwise we will only succeed in making European companies unable to compete any more on a global level and causing them to move far away from Europe's well-intentioned standards and controls. I hope that, with this proposal, we will be able to prevent that from happening.

**Sirpa Pietikäinen (PPE)**. – (FI) Mr President, this is an important step for the responsible use of resources, international responsibility, climate policy, biodiversity and people's lives. It shows that the European Union can be an effective international actor by means of its internal legislation, just as the Ecodesign Directive is also.

The result that has been achieved is a lot better than the disadvantages of the compromise, but I want to point out, as the rapporteur, Mrs Hassi, did, that the major drawback with this is the absence of sanctions, at European level and at a minimal level, and also that at this stage, the regulation is not included in the directive on the protection of the environment through criminal law, either in respect of illegal harvesting or in the trade associated with it. I hope that the Commission will put forward proposals relating to this as soon as possible. In the same way, it will be vitally important to include printed matter in the regulation in the future.

**Linda McAvan (S&D)**. – Mr President, it is very late now and I do not think I should distract us from the idea that this relates to one of the most important votes we will have this week in this Parliament. It is important for our citizens, judging by my postbag and the number of e-mails I have received. There is an online petition, which, about four hours ago, had 125 000 signatures – and the number is going up every minute – urging us to stick with this proposal tomorrow.

It is important for the climate, as everyone has mentioned, but I think, as the Commissioner has said, it is most important for the millions of people who live in the world's poorest countries and whose livelihoods are being destroyed by illegal logging. Let us take Madagascar, where 100 000 rosewood trees were illegally chopped down last year, each tree worth more than the average GDP in that country. No wonder illegal logging fuels criminality in Madagascar. The civil war in Liberia, mainly funded through illegal logging, killed 250 000 people. It fuelled the war in Cambodia in the 1990s and it is the enemy of democracy. Global Witness calculates that 15 tonnes of timber crosses from Burma to China every seven minutes, helping to prop up that despicable regime.

Illegal logging deprives millions of people of a better chance in life because billions of dollars are lost in tax revenues to governments. Human Rights Watch says that USD 2 billion have been lost in tax revenues in Indonesia. That is enough to provide basic health care for 100 million people in that country and is more than the entire health budget of that country.

So what we are doing today is a first step. It is not perfect, as the Commissioner has admitted, but it is a lot better than where we started off with a kind of voluntary code with which we would have due diligence. I would like to thank the Commissioner for going further than his predecessors. I would like to thank the Spanish Presidency for pushing for this agreement and I would like to thank Hilary Benn, the former UK Secretary of State, for sticking his ground in Council and pushing for a more ambitious agreement.

Tomorrow, we will make a start. I think Satu Hassi and the shadows have done a very good job, but we have to maintain consumer pressure and public awareness. I hope the Commission will also play a role in doing that and in getting good enforcement of this very important new law.

**Chris Davies (ALDE).** – Mr President, the world's forests are being destroyed – sometimes with the support of governments, but often through illegal activities. The drugs trade and the timber trade are two activities that can generate such enormous amounts of money that they corrupt governments, which makes enforcement hugely difficult. Five years ago, I took the case to Louis Michel, the Commissioner at the time, and said we needed a measure like this. He was sympathetic, but his services and lawyers said it could not be done. I would say to the Commissioner that there is an important piece of advice there, which is that if the lawyers say it cannot be done, then change the lawyers. It can be done, and here we have proof of it. This is excellent, this is good news and an important measure.

However, this directive requires that Member States introduce enforcement regimes which are effective, proportionate and dissuasive. What does that mean? What if Slovenia says that the penalty for illegally importing wood will be 10 years' imprisonment, and the United Kingdom says it will be a slap on the wrist? How do you ensure that this legislation will be put into effect properly across the whole of the European Union?

Commissioner, I would ask you to write to Member States and tell them that you are going to start publishing details of the penalties they put in place to ensure that this legislation is properly enforced, and that you will name and shame in a way that has never been done before. One sees the words 'effective, proportionate, dissuasive' time and time again. I would like you to be the first Commissioner to actually ensure that those words have proper effect.

**Holger Krahmer (ALDE).** – (DE) Mr President, I think that we are making good legislation today. It is good and right that we are taking steps to avoid illegal timber being placed on the European internal market.

However, what holds for all environmental laws also holds for this law: we cannot just put in what we want, but we must also always check whether what we put in and prescribe is feasible in the end. Therefore, I think it is right that we have, in the end, come to the compromise that due diligence only needs to take effect at the first instance of placing on the market, and also that only then can the import ban be issued.

It would be much too bureaucratic to provide documentary evidence of origin throughout the entire supply chain within Europe. This was on the table at the beginning of the debate. I think that it is not realistic here to constantly keep new accounts and provide documentary evidence, from the timber yard and the sawmill right up to the furniture factory. This produces bureaucracy which, in case of doubt, produces more paper and thereby may even accelerate legal felling. Therefore, we must be moderate in this area and ensure balance. We have succeeded in doing this.

I am not in favour of the approach that Mrs Hassi has just spoken of, namely that we can bring in a zero-risk policy. This is not only applicable to felling, and it will not work. Zero risk is not feasible. It produces bureaucracy and, above all, produces new risks. We must ensure that the laws remain balanced and feasible. In this sense, this compromise is a good one. I am pleased that we will be able to approve it with a large majority tomorrow.

**Riikka Manner (ALDE).** – (FI) Mr President, this illegal harvesting of forests must be stopped and we have to fight against it. We are surely all unanimous on that issue. I cannot, however, support this compromise in all respects, for example, where it concerns each operator in the chain being in a certain way responsible for verifying the origin of the wood. In my view, this is connected with the very considerable fear that this will increase bureaucracy both for forest entrepreneurs and owners. That should not be the purpose at all.



When we implement this regulation, we must also ensure that the very comprehensive certification system already in place in several countries is valid and that we do not start to create an overlapping verification method that again adds to bureaucracy and, in a way, weighs down our competitiveness in the forestry sector. It is also important that we do not accord timber a status that is inferior to other materials. That, too, is now something to make us apprehensive.

**Carl Haglund (ALDE).** – (SV) Mr President, the issue that we have before us is a very important one, and it is easy to agree with what has been said here this evening. At the same time, as Mrs Manner just said, in this work we are starting to lose sight of the fact that we have very sustainable forestry production and forestry activity in northern Europe, particularly in the Nordic countries. Unfortunately, we are forgetting this fact in our implementation of the important objectives that we had to prevent the import of illegal timber to the European market. This is an important example of how we should not work.

I am grateful that Mrs Hassi and others worked well in the trialogues, and therefore I, too, will be able to vote in favour of this tomorrow. At the same time, we need to learn from this, that when we do something important, as we are about to do here, and as we are also doing now, and finally produce a good regulation that prevents the import of illegal timber, we must not forget that it might have an effect on our own production within precisely this sector. We have quite a bit to do in this area in the future. We must try to avoid the sorts of problems that we have in connection with this issue in particular.

**Elena Oana Antonescu (PPE).** – (RO) The trade in timber purchased illegally or through illegal logging has pushed down the price of timber and contributed to the impoverishment of forests. This is why it is imperative for Europe to improve the legislative framework in this area. The new feature of this regulation, namely, the introduction of the due diligence and control system operated by accredited monitoring organisations at EU level, will provide an additional filter for verifying the legality of placing timber materials on the market. However, it is not a perfect solution.

There are options for bypassing even this system. This is why, as part of the debates in the competent committee, I proposed an amendment whereby monitoring organisations will automatically lose their accreditation if the competent authority notes the operators' failure to implement an efficient due diligence system. The content of this report is unarguably a particularly important step towards combating the placing of timber obtained illegally on the market. However, further measures are ...

*(The President cut off the speaker)*

**Karin Kadenbach (S&D).** – (DE) Mr President, Commissioner, 2010 is the year of biodiversity, and with the regulation before us, an important provision will be created for measures against climate change and for the preservation of biodiversity.

The EU can no longer offer a market for timber and timber products from illegal felling, as this illegal felling is a significant cause of deforestation. After all, 20% to 40% of worldwide industrial timber production comes from illegal sources. Around 13 million hectares of forest are deforested every year, as we have already heard today. Twenty per cent of worldwide CO<sub>2</sub> emissions can be attributed to this deforestation, and they are a leading cause of the loss of biological diversity. By providing an absolute ban within the European market on illegally felled timber or products manufactured from it, the European Union is showing that it takes its responsibility for preserving biodiversity seriously.

I would like to thank the rapporteur.

**Jaroslav Paška (EFD).** – (SK) The position of the European Parliament formulated in the report of Caroline Lucas is correct and decent, and should therefore be supported. It is not possible to accept the continuing tolerance shown by the governments of some European countries towards the trade in illegally harvested timber, or the way in which they avoid imposing penalties for this activity.

After a detailed examination of the positions of European Union governments concerning the regulation in question, it is hard to know whether some governments represent the views of their citizens more than the views of the business mafias who profit from the illegal harvesting of timber. The fact that some governments are not interested in suppressing the illegal grey or black economy should not be an obstacle, and should not lead us to tolerate the vandalistic looting of forests.

A decent society creates sensible rules. Decent people respect them, and decent governments should not have a problem with prosecuting thieves.

It is therefore necessary ...

*(The President cut off the speaker)*

**Janez Potočnik**, *Member of the Commission*. – Mr President, it is late and I will try to make it short, but not because the issues are less important. On the contrary, it is because of the high level of consensus in the room.

Forests are at the heart of the battle against climate change and at the heart of the battle for protecting biodiversity. Together with the recent Regulation on illegal, unregulated and unrecorded fishing, this means that in the European Union, we will have the instruments to counter illegality in two of our key natural resources: fisheries and forests. And, yes, it is also an important part of the fight against poverty.

The impact of the regulation depends on effective implementation, and the challenge is far from over. However, today we can start to appreciate the fact that a solution on this difficult, but important, file has been found. We are clearly dealing with a proposal of a noble nature. I am looking forward to engaging in the implementation and enforcement process together with you.

**Satu Hassi**, *rapporteur*. – (FI) Mr President, ladies and gentlemen, I wish to thank everyone who has taken part in this debate at this late hour. I was involved in the situation to which Mr Davies referred: in a discussion with the European Commissioner for Development Cooperation at the time, in which he said that he thought that legislation such as that which we have now been negotiating would be impossible. I am glad that we have made possible what he thought impossible at the time.

Both the Commissioner and the other Members have duly spoken about all the types of harm that illegal harvesting causes. Many have been and are concerned about bureaucracy. I would like to remind everyone, however, that the bureaucratic demands on all those except the first party to place timber or timber products on the market are extremely modest: simply that they should know and can prove where it was bought and where it has been sold on. The companies should have the documents needed for this in any case. It is required, for example, under the laws on VAT.

I am pleased that many companies, in the packaging and furniture industries, for example, have supported the ban on illegal timber. I have also received messages from wood industry trade unions that are in support of this and which talk about the harm to competition due to the fact that there is too much illegal timber on our market. As has been said here, this law must be implemented properly, and I am also seriously in favour of keeping a record of what sort of sanctions the Member States enact. They need to be genuinely effective in the prevention of malpractice.

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

The vote will take place tomorrow, Wednesday, 7 July 2010, at 12:00.

#### **Written statements (Rule 149)**

**Gaston Franco (PPE)**, *in writing*. – (FR) Nowadays, 20-30% of industrial timber production worldwide is from illegal sources. We need to clean up the European timber market as soon as possible. While it could still be improved, the proposed regulation is ambitious and courageous. In my view, it is an effective tool for limiting rampant deforestation, without imposing administrative constraints on our European companies or harming timber, which will, on the contrary, become more highly valued.

The regulation establishes a binding provision which delegates responsibilities on the basis of the 'due diligence system'. This allows operators to trace timber and timber products, to access information on observance of the applicable legislation and, thus, to obtain sufficient guarantees to prevent the sale of products from logging considered to be illegal.

The obligations contained in the regulation must target those operators who place timber on the market for the first time, because that is when there is the most risk. Furthermore, in order to guarantee that this regulation is effective, we should emphasise the need for regular controls and a system of stringent, deterrent penalties for offenders.

**Jaromír Kohlíček (GUE/NGL)**, *in writing*. – (CS) It is a well-known fact that every year, in various countries of the world, thousands of hectares of forest disappear without being replaced. In many cases, we see illegal extraction even in European Union countries. Even in advanced countries such as the Czech Republic, timber is stolen by selective extraction or clear cutting without the knowledge of the owner. Commercial forests,

of course, not only have an environmental role, but, as the term 'commercial forest' suggests, also have the role of producing timber. It is important for legislation to pay heed to the restoration of an optimal mix of tree types in forests. This is linked to the management of animals, especially the taller ones. It is appropriate to resolve these questions at the corresponding national or regional levels. Not even the best directive can have an impact on the damage caused to the economy of individual regions through the export of all kinds of timber outside the borders of the regions. In my opinion, the proposals contained in the European Parliament report are in accordance with the existing opinions of this supreme lawmaking body of the Community, and it would be appropriate to give full support to the report. The accelerated implementation of the regulation, the penalties in case of a breach of the regulations and the ban on trading are a necessary minimum. The attempts by some governments to take an extreme liberal approach in this sector are outrageous, and may damage the national economies of the states which uphold them on the Council. The Confederal Group of the European United Left – Nordic Green Left will certainly support the rapporteur's proposals.

**Kartika Tamara Liotard (GUE/NGL), in writing.** – (NL) Illegally harvested timber and timber products have no place on our market. As far as I am concerned, the sale of timber should be permitted only if it has been established on the basis of credible standards that the timber has not been harvested illegally or unsustainably. My appeal would be for us to think beyond the environment and the climate and consider countries where so-called 'legal' deforestation is depriving local populations of their livelihood. This is also a human rights issue. Today, the Group of the European People's Party (Christian Democrats) can show what it really means by stewardship and charity. The EPP Group wanted to decrease the protection of local populations by hiding behind the low moral standards of legislators in third countries, who allow their people to be exploited by facilitating large-scale deforestation or failing to combat it effectively. Last week, Dutch television showed how our energy companies profit from coal mining in South Africa. The spokespeople of these companies were turning a blind eye; they lacked the courage to be publicly accountable. Similar practices occur in the deforestation sector. We must eradicate these root and branch. The EPP Group cannot use the lack of effective laws and ethical codes as an excuse to switch off its own conscience. Large-scale logging drives people from the areas where they live. I endorse the environmental and climate targets, whilst also advocating protection of human rights.

## **18. Agenda for next sitting: see Minutes**

## **19. Closure of the sitting**

*(The sitting was closed at 23:40)*