

WEDNESDAY, 10 NOVEMBER 2010

IN THE CHAIR: JERZY BUZEK

President

(The sitting was opened at 15:00)

1. Resumption of the session

President. – I declare resumed the session of the European Parliament adjourned on Thursday, 21 October 2010.

2. Approval of the minutes of the previous sitting: see Minutes

3. Statements by the President

President. – I would like to make several statements at the beginning of this part-session.

On 6 November 2010 in Moscow, unknown assailants inflicted a savage beating on the journalist Oleg Kashin. This brutal assault, which was not motivated by robbery, deserves the most severe condemnation. We note and welcome the swift reaction of President Medvedev in this situation and his personal commitment to finding the perpetrators, and we hope this will be effective.

Secondly, on 31 October, and for the first time in two years, an opposition demonstration was held in Triumph Square in Moscow without the police intervening. We take this as a promising signal from the Russian authorities, in the hope that the appeals of the European Parliament made over the years for further democratisation of public life in Russia have not gone unheeded.

Thirdly, 10 days ago in Baghdad, an attack was made on Christians who were at prayer in their church. Some people were killed, and others were injured. On behalf of the European Parliament, I reiterate my call for respect for freedom of religion and for an end to the religiously motivated violence which is being witnessed in this part of the world.

Fourthly, on 10 December, a ceremony will be held in Stockholm to award this year's Nobel Prizes. We consider unacceptable the attempts made by the Chinese authorities to put pressure on Member States of the European Union not to participate in the ceremony. The European Parliament strives unremittingly for the fundamental and inalienable rights of every person throughout the world to be respected, and we do not, of course, make exceptions for China. At the ceremony in December, the head of the European Union delegation in Norway will represent the European Union and, therefore, the European Parliament too.

Luigi Berlinguer (S&D). – *(IT)* Mr President, ladies and gentlemen, in recent days, the Veneto region of Italy has been hit by serious natural disasters, in particular, the provinces of Vicenza, Padova and Verona. These catastrophic floods have affected around 500 000 people in various ways and have caused hundreds of millions of euro of damage. This tragedy has brought all productive sectors, small and medium-sized enterprises, and various other sectors, to their knees.

I should like to appeal to my fellow Members and the European institutions to do everything possible to support these people and find solutions to respond to this disaster, within the limits of the rules set out by the European Union Solidarity Fund and the Structural Funds.

I should also like to note that Italy also has another reason to weep today, although for a completely different reason: the collapse of Pompeii. I only wished to note it here in order to emphasise the significance and importance of an event of this type and the need for Europe to keep an eye on these things as well.

President. – Thank you for making this point. Please also use the one-minute speeches for this. This is also a subject which can be raised in a one-minute speech. Thank you, Mr Berlinguer, for raising this matter.

4. Composition of Parliament: see Minutes

5. Corrigendum (Rule 216): see Minutes

6. Composition of committees and delegations: see Minutes

7. Documents received: see Minutes

8. Action taken on Parliament's positions and resolutions: see Minutes

9. Texts of agreements forwarded by the Council: see Minutes

10. Oral questions and written declarations (submission): see Minutes

11. Transfers of appropriations: see Minutes

12. Implementing measures (Rule 88): see Minutes

13. Order of business

President. – The final version of the draft agenda as drawn up by the Conference of Presidents at its meeting of Thursday, 21 October 2010, pursuant to Rules 130 and 131 of the Rules of Procedure, has been distributed.

The following amendments have been proposed:

Wednesday:

The debate on 'Strengthening the OSCE: a role for the EU' will be based on a statement by the Council on behalf of the Vice-President of the Commission and High Representative of the Union for Foreign Affairs and Security Policy.

The Gauzès report on alternative investment fund managers and the statement by the Commission on the Single Market Act will be taken, in this order, after the debate on the EU external strategy on passenger name records and before the oral question on innovation partnerships.

Mrs Griesbeck's two recommendations on the agreement between the European Union and Georgia have been withdrawn from the agenda.

Thursday:

Mrs Lichtenberger's report on the request for waiver of the immunity of Krzysztof Lisek has been entered on Thursday's voting list.

The vote on the proposal for a decision of the European Parliament on closure of the accounts of the European Police College for the financial year 2008 has been postponed to the next part-session.

The vote on the motions for resolutions on Ukraine has been postponed to the November II part-session in Strasbourg.

Marta Andreasen (EFD). – Mr President, our group opposes the postponement of the vote on the closure of the CEPOL accounts, because this institution has had discharge refused due to irregularities. We think that decisions need to be made urgently, so we cannot postpone the vote.

William (The Earl of) Dartmouth (EFD). – Mr President, I am not going to speak for very long. The EU has a very long and undistinguished record as far as its accounting procedures are concerned. I understand that the Court of Auditors has declined to sign off the budget for the 14th time running. The entity which is being discussed now has a similar – and, if possible, even less distinguished – record. It is important that this matter be addressed by the European Parliament forthwith if the European Parliament is to have any credibility at all in these matters.

Véronique Mathieu (PPE). – (FR) Mr President, may I remind you that it was I who was the rapporteur for the report on the discharge of the European Police College (CEPOL). I can tell you that in the Committee on Budgetary Control, with the shadow rapporteurs, we planned a hearing on 30 November concerning this discharge and closure of the accounts in order to hear not only the Director of CEPOL but also the Chair of its Governing Board, and that the Committee on Budgetary Control has not yet finished with the enquiry into the discharge for 2008.

Some corrections have been made to the accounts for 2008 with the new Director of CEPOL. I would be really saddened, however, if Parliament did not complete this enquiry and I propose that, above all, you do not close the accounts, Mr President and ladies and gentlemen. It really would be a serious mistake for us to close the accounts during this part-session.

(Parliament rejected the request)

Elmar Brok (PPE). – (DE) Mr President, on behalf of my group, I would like to request that the vote be held. It has already been deferred once, before the elections. We should not now defer it until after the EU-Ukraine summit. In this resolution, we call on the summit and also on the Commission and the Council to push ahead quickly with the negotiations with Ukraine in respect of the free trade agreement, visa facilitation and the matter of the association agreement. However, we would also like discussion to take place regarding the fact that the opposition was disadvantaged in the regional and local elections, that it was not able to stand everywhere and, moreover, that there is increasingly little separation of the executive and the judiciary.

It is important to make clear our positive approach to Ukraine. It is a European country that must have a European perspective. We do not want it to descend into an authoritarian

regime that makes it impossible to achieve this goal. We should pass a resolution ahead of the summit, since otherwise it may be misinterpreted as meaning that the European Parliament does not oppose such negative positions. We have seen nearly all the electoral observer organisations conclude that the elections were problematic. We are practically the last to take a position on this. We should not bring about the loss of our own credibility.

Gunnar Hökmark (PPE). – Mr President, this is very much about Parliament being before or after: before the summit meeting or after the summit meeting. It is very much about trying to exert influence or to limit ourselves to making a comment afterwards. It is fair to say that in Ukraine, some things are developing in the right direction but there are a lot of things that are moving on the wrong track and, if they continue, they will move Ukraine further from European cooperation.

When we raise worries and concerns, we are not trying to raise obstacles, we are trying to get rid of them, and that is why we want the resolution to be adopted now. We know that in Ukrainian society and in the Ukrainian Government, there is a keen interest in listening to what the European Parliament has to say on these matters. If we speak out, they will listen and be aware. If we do not speak out, they will note that as well. That is why we favour a decision on the resolution at this part-session.

Hannes Swoboda (S&D). – (DE) Mr President, I am somewhat surprised, because there was an agreement between all the parties that a very carefully prepared resolution would be passed during the November II session in Strasbourg. Of course, everyone has a right to change their mind. I simply feel firstly that it would be sensible to wait for the report by the electoral observers, so that once this has been clearly presented, we can then base our statements on that. Secondly, there is no question that in our view, there were problems with these elections; in some cases, serious problems. We are not the *ex officio* defenders, but, ladies and gentlemen of the Group of the European People's Party (Christian Democrats), please do not be the *ex officio* defenders of the opposition. If you were to be as critical of the opposition as we are of the government, then we would be able to find a common denominator.

I advocate that we observe matters in Ukraine objectively, not through party political spectacles. I recommend that we make our decision in November. However, if a majority here today decide that we should vote today, then I would request and urge the PPE Group to join us in attempting to find a common critical way forward on all the critical issues, not just against the government.

(Parliament rejected the request)

(The order of business was adopted)

14. Upcoming EU-US summit and Transatlantic Economic Council - EU-US Data Protection Agreement (debate)

President. – The next item is the joint debate on the following:

- Council and Commission statements on the upcoming EU-US summit and the meeting of the Transatlantic Economic Council and
- Council and Commission statements on the EU-US data protection agreement.

Stefaan De Clerck, *President-in-Office of the Council*. – (NL) Mr President, Mrs Reding, Commissioner, honourable Members, as you know, the debate on the cooperation between the United States and the EU has been ongoing for some time now and, notably, we received a Commission proposal on 28 May 2010 requesting approval for the opening of negotiations on an agreement between the European Union and the United States on the protection of personal data, a subject that has been discussed several times before, including in this House.

At the same time, the Commission has been acting on the work of the EU-US High-Level Contact Group on Data Protection and Data Sharing, which drew up a report in 2008 that was also made available to the European Parliament. The data protection discussed in that report is, of course, a fundamental subject as far as Europe is concerned. It is a fundamental freedom which is enshrined in Article 16 of the treaty, and to which the Presidency attaches particular importance. Therefore, the Presidency supports all initiatives aimed at improving data protection in transatlantic relations and at ensuring an adequate level of such protection.

This agreement should take account of the data protection principles laid down in various documents: the Charter of Fundamental Rights of the European Union, the 1995 Data Protection Directive and the 2008 Framework Decision. I said we need to achieve an adequate level of data protection, and this must be interpreted as not always being an equivalent or identical one.

There must be a high, adequate level of protection of the rights of the individual, but the way in which these rights are guaranteed may differ from country to country. Each system has specific characteristics, including with regard to data protection, and this must not pose a fundamental problem. What is important, however, is that we can guarantee that the civil rights contained in the future agreement are enforceable, and are enforceable in favour of everyone concerned.

How will the United States and the European Union guarantee that these rights are enforceable in specific terms? Each party will have to decide this for itself. We take the view that, in the same way that a European directive can be transposed differently by different Member States, an international agreement can also be transposed in different ways. Yet what matters to everyone at all events is the end result: having rights that are enforceable in favour of the parties concerned on both sides of the Atlantic Ocean.

Since the Council shares Parliament's concern on this point, it will make a request, in its decision authorising the opening of negotiations, for the Commission to submit a report to the Council in the course of those negotiations, focusing, in particular, on the specific question as to how the specific enforceability of rights laid down in the agreement will be guaranteed.

Sectoral agreements have already been concluded in the past, with specific data protection arrangements that were different for each sector; and, at present, the differing provisions of these agreements form a kind of inextricable tangle that really hampers the task of the police officers responsible for applying the data protection provisions. The negotiations on these specific agreements are under great time pressure. This was true of the Passenger Name Record (PNR) agreements and of the Terrorist Finance Tracking Programme (TFTP); you are familiar with the discussions. Thus, when it comes to the forthcoming comprehensive data protection agreement in which the data protection principles are to be enshrined, we must try to avoid the need to repeatedly negotiate new sectoral agreements.

On the other hand, we must also be realistic and understand that a single comprehensive agreement with the United States in the field of data protection will never be able to eliminate all possible future problems. We should bear in mind, therefore, that it is still possible to conclude additional specific agreements afterwards.

Thus, there will have to be what is known as an 'umbrella agreement', which lays down fundamental rights but does not, in itself, form a basis for data transfer. Data must be transferred on the basis of other existing or future specific agreements.

By way of conclusion, therefore, Mr President, I should like to emphasise that the Presidency is striving to have the negotiating mandate for this comprehensive agreement dealt with at the same time as the three mandates for the PNR agreements with Australia, Canada and the United States, and that we should very much like to discuss the matter at the Council meeting on 2 and 3 December next. Thank you for your attention.

Karel De Gucht, *Member of the Commission*. – Mr President, Baroness Ashton could not be with us today so I will cover both the EU-US summit and the Transatlantic Economic Council — often called the TEC. As you know, the summit will take place in Lisbon on 20 November; it needs to demonstrate the added value of the EU-US partnership and its continued relevance in the 21st century.

Let me take this opportunity to welcome the active contribution of the European Parliament to EU-US relations and inform Members about our objectives for the summit. The EU and the US are still suffering from the aftermath of the economic crisis. Therefore, the economy and jobs will be at the heart of the summit's discussions.

We will start by reviewing relevant results of the G20 summit and will discuss our respective contributions to sustainable and balanced global recovery. We also want the summit to underline the need to conclude an ambitious, comprehensive and balanced agreement in the WTO on the Doha Development Agenda. We will state our joint intent to resist protectionism at home and abroad. We will focus on expanding the economic benefits of the transatlantic economy. As regards the Transatlantic Economic Council, I very much welcome your ideas as expressed in the resolution.

I would like to underline three elements in particular: the importance of strengthening the strategic components of the Transatlantic Economic Council; the need for the TEC to support and foster cooperation on all matters affecting the regulatory environment for industries and consumers in the EU and the US; and the crucial role of legislators in becoming guardians and actors in the convergence of our approaches.

Let me tell you some of my own views on EU-US relations and why I think the TEC is of importance. The EU and the US are the world's most integrated economies; we are each other's largest trade and investment partners; we share common values and responsibilities for tackling global challenges on a variety of issues, be it innovation or environmental challenges, energy security or access to raw materials. Even if our respective approaches to economic and regulatory issues remain different, consumer safety and data protection illustrate this.

What comforts me is our proven ability to work together when times get tough. We pooled our efforts very effectively in fighting the economic and financial crisis; our joint pledge at the G20 and WTO has helped to fend off protectionist moves. Two years on, the EU and the US are now moving towards the next phase: the creation of smart and sustainable

growth and jobs while facing serious challenges and increasing competition from emerging economies.

The question is: how can reinforced cooperation with the US help us to get there? In my view, both the EU and the US need to rethink and probably redefine the transatlantic partnership to adapt to the new situation. We need to ask ourselves today what the transatlantic market place should look like in 2020. Will the EU and the US be leaders in innovative technologies which have the capacity to transform society, such as electric cars and smart grids? Will they succeed in jointly promoting open ICT services networks and transparent regulation? Will our SMEs prosper and access new markets by protecting their intellectual property rights? Will consumers benefit from information exchanges between the US and the EU on dangerous products? How will we approach security threats and terrorism? By unilateral activism or by relying on more effective and mutually agreed solutions to foster secure trade? How should we approach economic challenges posed by emerging economies in areas including intellectual property rights, access to raw materials or subsidisation of domestic industries? The relaunch of the TEC is an attempt to develop this strategic relationship.

With my counterpart, the US Co-Chair of the TEC, Michael Froman, we have agreed to set new directions. We envisage the TEC as the main political platform where we can discuss economic issues, strategic issues – including third country issues – and regulatory issues. In advising the Commission and the US Administration, legislators, businesses and consumers have provided and should continue to provide crucial input and come up with possible transatlantic solutions to existing and potential problems.

The next TEC meeting will take place on 17 December in Washington. It should focus on three main themes: innovation and emerging technologies; building the transatlantic market place and building the strategies for greening our economies.

On energy policy: the EU-US Energy Council will meet on the eve of the summit; it will continue to work on framing joint responses to energy security. Our intention is that the summit should ask the Energy Council to intensify EU-US cooperation on the development and deployment of green energy technologies and promote exchanges between our researchers to allow them to participate freely in each other's energy research programmes. This work supports both our efforts on climate change and the creation of new jobs.

We are aware of the deep concern amongst our citizens about the impact of the global climate change. At the summit, we will press the US on the need for the Cancún conference to deliver a significant step towards a comprehensive global framework for tackling climate change.

On development: the EU and the US are the world's leading aid donors. As well as working on implementing millennium development goals on food security and helping the poorest countries adapt to climate change, we need to work closely on coordinating our efforts in the recipient countries so as to maximise the effectiveness and impact of our aid and avoid duplication of effort.

On security: recognising that fundamental rights and the security of citizens are complementary and mutually reinforcing; we need to ensure that there is a good balance between the two in all of our work. I know that Viviane Reding will discuss this important issue, including the agreement on passenger name records, with you later today. The EU

and the US must also work together in a more comprehensive way to tackle new threats to the global networks, such as cyber effects and cyber crime.

Finally, in the foreign policy arena, we will stress our joint strategies and maximise our impact. We must support the Middle East peace process, with the aim of achieving a framework for agreement between Israel and the Palestinian Authority within a year. On Iran, the EU has delivered on tougher sanctions while, at the same time, being strongly committed to seeking engagement with Iran.

So overall, the summit will cover a range of issues that lie at the heart of the transatlantic relationship. I look forward to the debates that will now ensue.

IN THE CHAIR: ALEJO VIDAL-QUADRAS

Vice-President

Viviane Reding, *Vice-President of the Commission.* – Mr President, on 26 May, the Commission recommended that the Council should authorise negotiations on the EU-US data protection agreement and submitted draft negotiation guidelines. This recommendation for a mandate is now being discussed in the Council. I know that the European Parliament shares my view: this is a unique opportunity, an opportunity to reach a high level of personal data protection, while bringing new dynamism to our transatlantic partnership.

Sharing relevant information is an essential element of effective cooperation in the fight against crime, not only inside the EU, but also with the US. The EU-US security partnership is very important: it is indispensable and that is why we should allow it to function.

In the past, personal data protection has been a recurrent issue. Each time exchange of data across the Atlantic for law enforcement purposes has been discussed, the question has come up again. We believe that an agreement can ease negotiations on specific future agreements involving the sharing of personal data. Such an agreement will also give us the opportunity to build on common ground and to find satisfactory solutions for future cooperation.

Let me be very clear on this. We need a general agreement which provides a coherent and legally binding framework in order to protect personal data and to enforce the rights of individuals. We also know that there are currently many specific agreements on data sharing between the US and the Member States, and between the US and the EU. Each of these has its own ad hoc data protection rules. That means a patchwork of different safeguards and provisions for processing personal data. We thus have a solution which is far from satisfactory, and which is hardly justifiable since we are talking about a fundamental right – and the right to data protection is a fundamental right.

With your support, I am determined to end this piecemeal approach and to negotiate an umbrella agreement that:

- (i) provides a coherent and harmonised set of data protection standards and includes essential principles such as the principle of proportionality, data minimisation, minimal retention periods and purpose limitation;
- (ii) is applicable to all future and existing agreements dealing with information sharing for law enforcement purposes;

(iii) contains all the necessary data protection standards in line with the Union's data protection acquis and suggests enforceable rights for individuals, administrative and judicial redress or a non-discrimination clause;

(iv) ensures the effective application of data protection standards and their control by independent public authorities.

I believe that citizens and businesses alike expect a single set of legally binding data protection standards, which will then be applied uniformly across the Union, as well as to transatlantic cooperation for law enforcement purposes. I also believe that we need to be ambitious.

I am determined to pursue my objectives and I am confident that I can count on the support of the European Parliament in order to achieve a good agreement with the US, an agreement which will ensure a high level of data protection for all individuals and allow us to pursue the necessary and important cooperation with the United States to prevent terrorism and organised crime.

Elmar Brok, *on behalf of the PPE Group*. – (DE) Mr President, Mr De Clerck, Mrs Reding, Mr De Gucht, ladies and gentlemen, the Group of the European People's Party (Christian Democrats) supports the joint motion for a resolution and would like to thank those who have spoken here.

We must understand – ahead of the EU-US summit and now, as the G20 summit takes place – that on many issues – not just economic issues, but also in matters concerning peace and environmental protection – only a joint response by Europe stands a chance of being realised on a global scale. For this reason, we would like to have closer cooperation here and, as the European Parliament, are also endeavouring to achieve this with the new majorities in the US Congress, which play a major role in this context. Mr De Gucht realises this in the case of the Transatlantic Economic Council (TEC), Mrs Reding in the case of data protection, and we also saw in the case of SWIFT that parliaments play an important part when it comes to realising this. Together, the Europeans and Americans – who still account for 60% of the world's gross domestic product – have a chance to lay down such standards and give a positive response to the challenges of terrorism, matters relating to Iran and the Middle East, climate change and many other issues besides. We need to make the appropriate efforts here.

I therefore hope that we can move forward on these general political matters and that progress will be made in the TEC, which has been revived by Mr De Gucht's efforts. I hope that the original objective can be realised there so that we can remove trade barriers to arrive at a transatlantic market, which could generate a lot of growth for us while avoiding unnecessary costs – and also, Mrs Reding, moving forward on matters relating to fundamental rights, data protection and similar issues. It is necessary to ensure data protection, but for a variety of reasons, we also need to have an exchange of data. It is therefore a very good thing that we are attempting to agree on common standards here despite our different legal approaches.

If you will allow me to make a further comment, in this instance on matters relating to financial markets, it must of course be said that while legislation has been passed to ensure that the events of two years ago cannot be repeated, the Fed has now, for example, decided to place USD 600 billion on the market without consultation, with the result that naturally, there are fears concerning inflation and other things and some turbulence in the global

economy. It will not help us if exchange rates do not develop correctly relative to each other.

Hannes Swoboda, *on behalf of the S&D Group*. – (DE) Mr President, I would like to add my very warm thanks to the Council and Commission for their introductory remarks. I would particularly like to concentrate on what Mr De Gucht said, because it needs to be noted that the US has changed since 2 November. Not that cooperation with the US was perfect before, but it must be feared that it will now be more difficult.

You mentioned protectionism, Mr De Gucht. I believe that we must act jointly to counter protectionism. It may provide a solution for one area or another in the short term, but overall, it is no solution because it results in competitive protectionism that is quite definitely not in our interests. You referred to energy matters. Today, the Commission published a paper on energy – Energy 2020. While I would criticise some aspects of this, the thinking behind it is along the right lines. However, I cannot imagine that the US will publish a similar paper with similar guidelines. This area will be very difficult, and all the more so since 2 November. You also mentioned electric cars and the matter of developing smart grids jointly with the US, and these are indeed things that we should attempt. At the same time, however, we need to tell the US that we also have other partners. We can also try to develop similar things with China, Brazil or other countries. We need to give the Americans the impression that we are not necessarily reliant on them. We would like to do it with them, but they are not our only partner – particularly when it comes to climate change. Let us bear in mind the behaviour of the US and President Obama's inability to act because laws had not yet been passed. Now, with the current majorities in Congress, the law is not even on the table – with the result that we must assume that things will be more difficult unless we succeed in taking some of these matters further with countries such as China, India or Brazil. We have to acknowledge this fact clearly.

I will respond to Mr Brok's comments by saying that initially, there was a great difference, but now there is less difference. It is absolutely right and vital, from our point of view, too, that the US goes back to balancing its budget. I have nothing against that; on the contrary, it is a good thing if the US tries to create new jobs again – good for America, and good for us. However, it needs to be done in a coordinated way. The Americans therefore need to get used to accepting greater global cooperation in this area too, particularly cooperation with Europe.

Sarah Ludford, *on behalf of the ALDE Group*. – Mr President, the transatlantic relationship is Europe's most important. Not only do we still account for half of the global economy, but our democracies are the key drivers of the maintenance of human rights and the rule of law. However, we sometimes seem to either take each other for granted or let our family squabbles obscure our overriding common interests.

That is why our joint resolution insists on the importance of a strategic partnership, one which stresses coordination and cooperation in meeting global challenges and regional issues and in which legislators are full and serious players. That strategic partnership must be rooted in economic and political freedom.

I am pleased that MEPs are reiterating our insistence on the aim of a free transatlantic market by 2015. That means gearing up our ambitions for the removal of trade and regulatory barriers. A very large – and growing – part of the transatlantic relationship is about issues of justice, law enforcement and human rights. It used to be ad hoc, now it is really one of the core elements. The more we anchor our partnership in shared respect for

our common values, the more strongly we can act to resonate those values in the wider world.

In that context, the renewed justification by former President George Bush of water boarding – which is unequivocally torture – sums up everything that went wrong in the disastrous eight years of his Presidency and that made the West both less free and less secure. The emerging, widespread evidence of apparent mistreatment of Iraqi detainees by UK and US troops demands examination at the highest level, including at the forthcoming summit and in independent inquiries.

I was very pleased to hear Vice-President Reding on the data protection agreement. It really is vital to have this ‘umbrella agreement’, as she called it, because at the moment, we are fire-fighting on each individual data sharing agreement. If we could just have a settlement, a framework in which individual data sharing requests can be examined, that would be extremely valuable because so much of our attention and squabbles have focused on that subject. It is a great prize worth a lot of effort.

Reinhard Bütikofer, *on behalf of the Verts/ALE Group*. – (DE) Mr President, ladies and gentlemen, the elections of 2 November represent a fairly major turning point in recent American history and one gets the impression that the country is now pausing for breath. In such a situation, it is all the more important to signal our reliable cooperation and to set clear priorities for our future work together.

I am grateful to Mr De Gucht for bringing up the subject of the Transatlantic Economic Council (TEC) at the start of his remarks and for what he said on this matter. We need to breathe new life into the TEC. So far, the TEC has done very little, but we can still hope. I also agree with and support the two aspects that you mentioned, Commissioner; both bilateral cooperation – with a view to the standardisation and regulation of low carbon technologies, for example – but also, above and beyond this, the strategic component. We hope that this is a step forward.

It is regrettable that climate policy will not play a part in the one and a half hour summit in Portugal. Nevertheless, it is important that our representatives, President Barroso and President Van Rompuy, make it clear there that Europe will not allow itself to be held back or dragged down by this. The focus on development policy is a good thing, and from a European perspective, it would also be good if we could seek to achieve not just any cooperation, but qualified cooperation, by emphasising the Millennium Development Goals and climate policy.

Finally, in view of the fact that the Presidency has now been weakened and that there are new isolationist tendencies in the US, it will be important for Europe to independently take the initiative internationally, such as in the Middle East in respect of the Palestinians, Syria or Lebanon. We should tell the Americans quite clearly that we are prepared to do this and that we want to shoulder this responsibility.

Timothy Kirkhope, *on behalf of the ECR Group*. – Mr President, no bilateral relationship is more important to us than that with the United States. We face an uncertain century ahead, which will be characterised by a fundamental shift in the global economic balance of power away from the liberal democracies of Europe and North America to states which do not all share, as yet, our commitments to the rule of law, democracy and human rights.

As long as I hold my position in this House I will, of course, fight for unity between the North Atlantic democracies in promoting a common vision for the future. For example,

in pursuing our shared goals for security, we should seek the maximum cooperation to avoid unnecessary difficulty.

I therefore applaud the work that is being done on the data protection framework and the PNR agreements, but I would urge caution when considering the potentially serious consequences of retrospectively applying new legislation to existing legal judgments, both here and in the United States.

We must also recognise that the EU does not have legal competence over national governments' own negotiations with third parties. I very much hope that on this, as on so many issues of common concern, we can find a practical and acceptable solution.

Takis Hadjigeorgiou, *on behalf of the GUE/NGL Group.* – (EL) Mr President, we believe that cooperation should not preclude independence. We believe that the European Union should learn self-respect. We believe that good cooperation presupposes respect for the other side's independence. We believe that dialogue and relations between the European Union and the United States should be conducted in a spirit of mutual understanding and independence.

Of the very serious issues which I wanted to comment on, therefore, I would highlight the following as issues which are primarily our responsibility: the need to put real pressure on Israel to resolve the Palestinian question and on Turkey to resolve the Cyprus question, the urgent need to abolish the death penalty in the United States, the fact that President Obama has broken his promise to close the Guantánamo base, the need to defend – and I use the term advisedly – personal data and, finally, the massive issue of climate change. We must convince the United States to shoulder its real responsibilities.

Fiorello Provera, *on behalf of the EFD Group.* – (IT) Mr President, ladies and gentlemen, I should like to refer back to a passage of Commissioner De Gucht's speech on international development cooperation. We know how important this is in order to reach the Millennium Objectives. Reducing inequalities between rich and poor countries does not only meet a moral requirement, but also contributes to resolving the motives for international conflict and disputes as well as improving quality of life in vast areas of the world.

The recommendation made in the motion for a resolution to spend 0.7% of industrialised countries' GDP for this purpose by 2015 can therefore be supported, but further measures are essential if the aid is to become effective. Coordination between Europe and the United States on aid policy is needed to avoid overlapping interventions in the various geographical areas. Best practices for the implementation of the plans must be better defined, and they must respect the needs of the recipients, not the donors. Good governance in countries benefiting from the aid policy is essential to increase the effectiveness of the intervention and avoid the dispersion of precious resources through corruption, incapability and a lack of responsibility.

The last point to note is coherence between the development cooperation policy and the commercial policy. For example, in agriculture and fishing, it makes no sense to fund economic development plans with one hand and close the door on products from developing countries with the other. The Doha agreement will be a significant step forward in this important sector.

Andreas Mölzer (NI). – (DE) Mr President, the coming months will show what the effects will be of the weakening of President Obama in his own country as a result of the relatively poor showing of his party in the recent elections to Congress. I am thinking, for example,

of whether protectionist tendencies will increase and influence trade and economic policy, or whether President Obama will turn his attention more towards foreign policy areas such as the Iran conflict, the Middle East or the conflict in Afghanistan. We shall see.

For Europe, and for the EU in particular, this should only be of limited interest, because the EU needs to be able to define its own emphases and objectives, and its own interests. This is particularly true of the area of global politics, where the European Union's presence is rather dwarfed. One only has to think of the Middle East conflict, where we do not even have a place at the negotiating table. As everybody knows, on all the relevant issues – whether it is Iran, Afghanistan or the conflict in the Middle East – we tend to sail in the lee of the US, with no vision of our own. Yet in areas where greater cooperation with the US would be appropriate – such as in resolving the Cyprus problem, where the US could influence its ally Turkey – very little happens. Although President Obama appears to be more interested in the Pacific than in the Atlantic, from our perspective, we need to place greater focus on Eastern Europe and the Middle East.

Greater cooperation or coordination with the US is undoubtedly also required in the Transatlantic Economic Council. There is no doubt that the West – in other words, Europe and the US – should maintain its position as the global leader in the areas of research, innovation and development. Finally, we should not forget that improved data protection as well as the maintenance and upholding of citizens' rights should also play an important part at the summit.

Ioannis Kasoulides (PPE). – Mr President, the world's centre of gravity is steadily shifting from the West towards the East, with the emergence of new global powers like China and India. In this new context, while the EU remains the first commercial power in the world and the US continues to be the first commercial partner of the EU, our cooperation is much more than that: it is a core element of the international system as it is based on common values, historic ties and strategic interests, which is not always the case for other strategic partners.

From an alliance of necessity during the Cold War, the transatlantic partnership has evolved into an alliance of choice. The emergence of a multi-polar world dictates the need for a new definition of modalities for cooperation between the two sides on all existing bilateral and global issues.

We reiterate the EU Council's conclusions of last September, asking for fresh impetus to be given to the transatlantic relationship and for renewed reflection on ways of creating a true partnership based on our respective strengths and specificities. The transatlantic partnership should concentrate on maximising the potential benefits of our economic relationship, with the reinforcement of the Transatlantic Economic Council. Unilateral actions, such as the quantitative easing by the Federal Reserve, are as worrying as the depreciation of the renminbi.

Stavros Lambrinidis (S&D). – (EL) Mr President, the explosion of interest in the European Parliament on the part of the United States in the wake of the rejection of the initial Swift agreement has now died down somewhat. However, that does not mean that we are back to business as usual. On the contrary. The enhanced competence of the European Parliament in the field of the economy, energy, anti-terrorism and fundamental rights is not business as usual. The current feeling in the United States that the European Parliament counts, for which we need to congratulate Mr Kennard, the American Ambassador in Brussels, is not business as usual. The fact that we have vital and crucial negotiations before us on issues

such as those raised by Mrs Reding, on which the European Parliament supports the Commission, as you requested Commissioner, is not business as usual. Nor is the fact that the European Parliament has opened a Liaison Office with the US Congress business as usual.

It is perhaps a good thing that the initial hoo-hah has abated, because we can develop a really strong long-term relationship between the European Parliament and Congress with a clear head, using the new structures being set up.

Alexander Alvaro (ALDE). – (DE) Mr President, Mr De Clerck, Mr De Gucht, Mrs Reding, we have heard enough already about how important transatlantic relations are; I do not believe that anybody here is questioning that. The US is one of our most important trading partners and one of our main allies, and as a German, I am acutely aware that what the US has done for us is something that can never be repaid. Nonetheless, it also has to be said that you cannot negotiate eye-to-eye if you are constantly bowing.

If we, as the European Union, want to have a decent relationship of respect with the US, then it is time we showed some backbone where our positions are concerned. Mrs Reding, you have once again made it clear that you are the right woman in the right post to do that. You mentioned fundamental principles of European data protection law, and I believe we can make no concessions on these in connection with an EU-US data protection agreement. We cannot have a race to the bottom here when we are making an agreement that is primarily aimed at protecting our citizens. Such protection – the protection of personal data and the safeguarding of privacy – is laid down in a multitude of ways in articles contained in the Charter of Fundamental Rights, the European Convention on Human Rights and the Treaty of Lisbon. The aim of an EU-US data protection agreement must be to realise this; to uphold and not water down the measures that we have taken and implemented in the European Union. I am talking here about the rights that you mentioned in respect of access to data, data deletion and correction; about purpose limitation, about proportionality, about the principle of data avoidance and data minimisation.

At the same time, when negotiating such an agreement, we must, of course, also make sure that this does not take place in a vacuum. It will have repercussions on the European Data Protection Directive that is shortly to be revised, on the data protection directive for electronic communications and on the forwarding of Passenger Name Data that is being negotiated by Mrs in 't Veld. All this must be seen in context. Mrs Reding, I believe that when your mandate is negotiated in the Council on 2 and 3 December, it can be assumed that this House will be behind you. I wish you good luck and every success. We are with you on this.

IN THE CHAIR: STAVROS LAMBRINIDIS

Vice-President

Jan Philipp Albrecht (Verts/ALE). – (DE) Mr President, ladies and gentlemen, the planned agreement is in accordance with the longstanding desire of this esteemed House to finally create binding minimum standards and legal rights in respect of data protection with the US. The intention is to fill the gaps in legal protection and achieve a higher standard of data protection for the citizens of the European Union. Close cooperation with our US partners is necessary and right. However, it must not result in the constitutionally guaranteed rights of European citizens being undermined.

The Commission's proposed negotiating mandate for such an agreement is good and points us in the right direction. As rapporteur for the European Parliament, it is a pleasure for me to take this opportunity to assure the Commission that the present draft has the broad support of all the groups in Parliament. From our perspective, it is now urgently necessary that the Council also accepts this proposal, so that the negotiations can commence as soon as possible.

I have no doubt that it will not be easy to convince our partner across the Atlantic of our concerns in detail. I am convinced, however, that the United States was founded on the principles of freedom, democracy and fundamental rights and shares our respect for individual rights in relation to state authorities. It is therefore not an impossibility, nor a matter for conflict; rather, there is a realistic possibility of reinforcing our common ground on both sides of the Atlantic and creating a new basis for even closer cooperation.

I should like to conclude, however, by mentioning one more aspect that is particularly important to us as Parliament: only when we succeed in creating a uniform framework within the EU will we gain the trust of our citizens in respect of transatlantic data protection. It is therefore of the utmost importance that the data protection agreement with the US represents a framework for all agreements made by the EU and by the Member States with the US. As such, I am looking forward to my work as rapporteur in connection with the data protection agreement with the United States and to cooperating closely with my fellow Members of this Parliament, with the Commission, the Council and also with the US Congress and US Government.

Geoffrey Van Orden (ECR). – Mr President, I was in the United States during the mid-term elections and saw something of the political earthquake that took place there. There are lessons for Europeans in this, both in our home countries and in the European Union. Citizens both in the United States and here want less government intrusion in their lives, control of the deficit and cuts in public expenditure, and for us that should mean a smaller EU budget.

Turning to defence matters, the recent UK strategic defence and security review reminds us that Britain's pre-eminent defence and security relationship is with the United States. That should apply to all other European countries. I very much hope that NATO's new strategic concept will demonstrate a revitalised commitment to the alliance which binds the United States to Europe's security. We must not allow the distraction of EU defence ambitions to dilute or undermine this. We cannot afford duplication and distraction, particularly at a time when defence budgets are being slashed.

The forthcoming NATO summit on 19 November presents a good opportunity for the 21 NATO allies that are also EU Member States to demonstrate their commitment to the new realities.

Ilda Figueiredo (GUE/NGL). – (PT) It is time to urge the US to work towards the peaceful resolution of conflicts, to end military occupation and war, whether it be in Iraq, Afghanistan or the Middle East, to end the embargo on Cuba, to stop supporting the aggressive policies of Israel, which are responsible for the humanitarian crisis in Gaza and the occupied Palestinian territories, and to work towards nuclear disarmament.

It needs to be made clear that the pretext of the fight against terrorism cannot continue to be used to undermine international law and respect for human rights and fundamental

freedoms. Collaboration is essential in order to reduce poverty and to end tax havens and speculative capital transfers.

This summit coincides with the NATO summit in Lisbon, which wishes to revise its strategy, and in which the US is seeking a commitment from its EU allies to a military escalation at a global level, with the aim of securing resource exploitation, market control and political dominance through the threat of military force, which increases the dangers and threats to people. We would therefore like to show our solidarity with the struggle of the peace movement, with the workers' struggle and with the many organisations which are building up the 'Yes to peace, no to NATO' campaign, including the demonstration which will take place in Lisbon on 20 November.

Bastiaan Belder (EFD). – (NL) Mr President, Turkey's strategic importance to transatlantic relations is obvious. In the light of this, I am very curious to hear the Council's opinion on the new 'Red Book' of the Turkish National Security Council. Logically, this new edition follows the strategy of the Turkish Minister for Foreign Affairs.

My first question to the Council, with the forthcoming transatlantic summit in mind, is as follows: does the Council share the fear that current Turkish foreign policy is playing into the hands of revisionist actors in the region – principally the Islamic Republic of Iran – and is thus actually undermining stability in the Middle East?

My second question is whether, indeed, the Council intends to raise the subject of the Red Book at the transatlantic summit, in view of Turkey's position as being crucial to the EU as a candidate country and also crucial as a NATO partner?

Andrew Henry William Brons (NI). – Mr President, on the agenda of the TEC meeting in December will be removing trade barriers, which is a sacred aim among globalists that owes more to faith than to reason. Economic theory never tires of telling us that international trade makes the world as a whole richer. It is more reticent about telling us whether or not everybody in every country benefits.

The problems that the developed world faces are not too many trade barriers, but too few. That is, too few barriers against products from emerging countries such as China, with its low wage rates, grossly undervalued currency and its artificially impoverished home market. This means that Chinese goods, which are already low priced because of low wages, become artificially lower still because of the low value of its currency. The impoverished home market means that there is negligible demand for consumer imports and even insufficient demand for Chinese goods, making China completely dependent on its export trade.

Europe responds to this threat by saying it will become more competitive, perhaps by research and development. This might be a possibility if China respected international intellectual property rights. However, as soon as a novel improvement is developed in the West, China quite ruthlessly and without any shame copies the product and produces it at a fraction of the price. On the agenda of the EU-US summit will be increasing jobs on both sides of the Atlantic. Some hope of that if we continue to embrace globalism.

José Ignacio Salafranca Sánchez-Neyra (PPE). – (ES) Relations between the European Union and the United States are, as has already been said, based on principles, ideas, a shared history and a shared passion for freedom. These values could, however, end up being diluted in rhetoric and languishing if we do not move from words to actions. One of the most reliable pieces of work that has been done in this House on the state of transatlantic relations since the presidential elections is the report by my colleague,

Mr Millán Mon. The report is included in the current joint motion for a resolution that we will vote on tomorrow, and contains a series of specific initiatives that are still perfectly valid for establishing a genuine partnership, on which we need to get to work, Commissioner.

Here, there has been talk of the importance of economic and trade relations, and 15 EU Member States alone invest more in Texas than the 50 US States invest in Japan.

We need to give new impetus to the summit mechanisms, create a Euro-American Assembly and, most importantly, create a coordination and consultation mechanism for global issues and the most crucial areas of the world – the Middle East, Iran, Afghanistan – and relations with the emerging powers.

Mr President, during President Obama's recent tour of the Middle East, we heard him say that they saw their most important partnership as being that between the United States and India. This reminded me of one of the fundamental aspects of Mr Millán Mon's report, in which he recalled President Obama saying in Berlin that Europe was the most important strategic ally of the United States. The upcoming EU-US summit will be a wonderful opportunity to clarify this point and to clearly define what the strategic partnership really is. We could start by asking the United States to support the European Union in its demands to have an institutional presence, for example, in the United Nations General Assembly, based on the new approaches introduced by the Treaty of Lisbon.

Adrian Severin (S&D). – Mr President, not so long ago, this Parliament adopted a resolution which spoke about the new possibilities for developing transatlantic relations after the election of President Obama in the United States. The forthcoming European Union-United States summit will take place in a slightly different context. It does not mean, however, that the opportunities are not there. It is simply that the context is a little bit more complicated.

I think, therefore, that we will face certain challenges in the preparation of this summit. I hope we can persuade our American allies to continue their multilateral approach in international relations and to show this multilateralism in a practical approach in their relations with the European Union. We have to insist on the development of the civilian dimension of the peace enforcement and peace keeping missions, as well as of the crisis management and post-crisis rehabilitation operation.

It is also important to try and coordinate our policies on development aid in order to be more effective in this endeavour. On non-proliferation, we should not only keep our capacity to work together but also act in a smart way. Part of this process is the ratification of the new START Treaty, which is still pending in the United States Congress. We hope that the new realities of Congress will not hamper the possibilities for voting for this treaty.

The US has announced and has already started the reworking of relations with Russia. I think this reworking is very important to us and it is also important, if we look forward, for a trilateral dialogue: Russia, the United States and the European Union on the most important global topics. Above all, I hope that during this summit, we can consolidate the European partnership instinct of the United States. We need a functional mechanism for permanent communication, consultation and coordination with our American allies.

Marietje Schaake (ALDE). – Mr President, to be a credible partner and to act as a global player, the EU needs to speak with one voice. President Obama and his administration have rightly made this known, and we need to be able to honestly criticise each other like

that. This is necessary to ensure a credible transatlantic relationship characterised by complementarity and coordination.

How can we work together on defending human rights, the rule of law and democracy in this world when Hillary Clinton gives a speech on a vision for global Internet freedom while the US is insisting on keeping the negotiations on the Anti-Counterfeiting Trade Agreement (ACTA) non-transparent, leading to tremendous concerns about Internet freedom? This is contradictory and undermines our credibility. Why do we have to learn through leaked documents that torture was inflicted and condoned in Iraq? We call for an independent inquiry.

Why could the Commission not answer my question about requests made by the US Administration with regard to criminal measures against Wikileaks? Does it consider the transatlantic relationship more important than questions from MEPs? Why does the US push European companies to take sanctions beyond those taken by the EU regarding Iran? The US should respect the EU's independence and its complementary role.

Both the EU and the US have to work transparently, respect each other's independence and allow for democratic scrutiny of our actions. Is it not that which distinguishes us – the US and the EU – from others, most notably with regard to fundamental freedoms and human rights?

Eva Lichtenberger (Verts/ALE). – (DE) Mr President, ladies and gentlemen, in the transatlantic dialogue, there are many things that unite us – I am talking about basic values, the fundamental rights of freedom and democracy – but there are also some things that divide us, namely, how these rights are applied and put in concrete terms when it comes to transatlantic relations. In particular, this contradiction repeatedly comes very clearly to the fore in respect of security issues. Data protection is a source of constant misunderstanding; we have long known that. Consequently, the framework agreement – if we succeed in bringing about a very good one – will be a great step forward. We need to find a solution here that also enables citizens on both sides of the Atlantic to assert their rights in respect of the other partner.

A second important area in which our principles are similar but our approaches diverge considerably is the area of climate change. I would therefore very much like to see this on the agenda and being clearly discussed. We cannot allow the European Union to use the transatlantic dialogue to weaken its own promises and commitments.

Mirosław Piotrowski (ECR). – (PL) Mr President, one of the fundamental principles of cooperation in the European Union is the freedom of movement of people. In its capacity as an entity recognised by international law, the reformed Union strives for the equal treatment of all citizens, which includes the freedom to travel throughout the world. In anticipation of the forthcoming European Union-US summit, it needs to be reiterated that out of 27 Member States, four, including Poland, are still subject to a restrictive visa regime.

During the summit, the matter of the equal treatment of EU Member States in the visa waiver programme should be made a priority. This will be the first test of the effectiveness of the President of the European Council, Mr Van Rompuy. We will find out, too, if the talks with President Barack Obama are treated as the beginning of specific dialogue or if they prove to be a courtesy meeting on the occasion of the NATO summit which will be under way. Taking a strong line on the visa issue will show whether the US is treating the Union seriously as an entity recognised by international law.

Marietta Giannakou (PPE). – (EL) Mr President, we support the joint motion for a resolution by the political groups. We do, of course, need to debate the issues before the EU-US summit and before the G20 summit. The United States are our natural allies. However, an alliance means equality and there can therefore only be a true alliance where relations are set on an equal footing.

We need to engage in closer, institutionalised cooperation, primarily in order to promote global democracy and human rights, a society of knowledge and science, global security and stability and data exchange, and this must be done on an equal and mutual footing, as Mrs Reding said. Within this framework, of course, global drug trafficking and the threat which it represents to international policy, security and stability, has been overlooked.

We also need to cooperate on efforts towards crisis management and conflict resolution and the development of third countries. However, whereas Europe basically supports the development of third countries, the United States does not. If we want real balance, development and security issues need to be divided between the United States and Europe within the framework of international action in general.

Knut Fleckenstein (S&D). – (DE) Mr President, ladies and gentlemen, I would simply like to make three brief points, on behalf also of some of my colleagues on the Committee on Transport and Tourism. These are critical points that I would ask the representatives of the Commission to bring up in their discussions.

The first is that although it has already been passed, the travel promotion tax is an unacceptable unilateral decision by the US Government. We hope that you can persuade it to think again on this.

Secondly, the exclusion of Romania, Poland, Bulgaria and Cyprus from the visa waiver programme is something that the European Parliament cannot endorse, and, in our opinion, it should not be allowed to continue.

Thirdly, we welcome the joint efforts to elaborate international security standards and to develop smart security concepts, but unilateral stipulations such as compulsory container scanning are not a solution because they are one-sided and disproportionate. The costs are out of all proportion to the benefit and it is unreasonable to expect this of European ports and enterprises.

Vladko Todorov Panayotov (ALDE). – (BG) Commissioner, ladies and gentlemen, since President Obama has assumed office, relations between the European Union and the United States have entered a new era of stable cooperation. The summit in Cancún, which will be starting in a fortnight, will provide a fine opportunity for the US and Europe to adopt the same stance and lead the other countries towards a lasting, binding agreement on combating global climate change.

Time is of the essence. Kyoto runs out in two years, but we need certainty and time to adapt. We must give a clear signal to developing countries by providing cooperation in the transfer of technology and suitable financial support.

I am sure that, as the Chinese ambassador also emphasised during the meeting with us today, the US, the European Union and China will assume their responsibility when they sit down at the negotiating table and will lead the way in the efforts to achieve a new agreement guaranteeing the safety of future generations.

Godelieve Quisthoudt-Rowohl (PPE). – (DE) Mr President, the United States and Europe are the West's companions in fate. Access to third country markets is a shared concern and is in the interests of both the EU and the US, particularly since the economic upturn following the financial crisis is likely to begin in emerging countries such as Brazil, India and China, where there remain considerable and discriminatory trade barriers as well as non-tariff barriers to trade.

We are convinced that the Transatlantic Economic Council not only can, but indeed must, play an important part in promoting a joint approach by the Economic Union and the US to their trade relations with third countries. We urge this Transatlantic Economic Council to work towards a common approach and a common strategy for new free trade agreements by the US and the EU, although I realise that this will not be without its problems. Furthermore, such harmonisation between the US and the EU is urgently and rightly being demanded by industry in the context of the G8 and G20, as well as in WTO negotiations. Moreover – and I expect the US shares this desire – we would like to see the Doha Development Round being concluded as quickly as possible. However, it will be necessary not just for us to make new and substantive proposals, but also for the emerging economies to move towards us. Here, too, a common strategy by the US and the European Union would be beneficial to both sides.

If I may address you directly, Commissioner De Gucht: when it comes to cooperation, it would be good if the Commission and Parliament could learn something from the way that Washington works together in the area of trade policy.

Corina Crețu (S&D). – (RO) I think that one of the items for discussion during the transatlantic dialogue at the forthcoming European Union-US bilateral summit must be the lifting of visa requirements for the four EU Member States whose citizens are still subject to this travel restriction; namely, Romania, Bulgaria, Poland and Cyprus.

I deplore the lack of flexibility on the US side in view of the consistent progress which has been made by these countries, especially since their accession to the European Union. I believe that this nit-picking over technical details concerning admission to the visa waiver programme must be opposed more firmly and effectively by the European Union's representatives. It is the European Union's duty to display, as a whole, a more active and clearer show of solidarity with all of the Member States' citizens.

I would also like to stress the need for cooperation on development and humanitarian aid at a time when relations between the US and the European Union are of paramount importance in the current economic and geostrategic climate.

Marielle De Sarnez (ALDE). – (FR) Mr President, no one can seriously give an assurance, in this House, that the measures taken on both sides of the Atlantic will prevent a future financial crisis. This issue must, therefore, be put back on the agenda, and we must go further with regard to supervision, banks' equity capital, prohibition of certain financial products and the fight against tax havens.

My second point is that everyone can see that we are completely interdependent in terms of finance, economy and currency. That is why any decision taken unilaterally, without consultation, is not going in the right direction. I am, of course, thinking about the European Development Fund's (EDF) action a few days ago. We have to move forward together in order to reform, for example, the international monetary system.

We also have to take action together to make international institutions more balanced, more transparent and more democratic. If we want Europe's voice to be heard on the major issues, however, it really has to take the initiative and to speak with one voice. That is what we will demonstrate in a few hours, for example, at the G20 summit; at least, I very much hope so.

Francisco José Millán Mon (PPE). – (ES) Mr President, the Union's most important strategic relationship is the one it has with the United States. We must maintain a continuous dialogue on bilateral issues and also on global issues, and try to ensure the most coordinated action possible. In my view, this is the main message of tomorrow's resolution.

I therefore regretted the fact that the planned summit in May was not held. Moreover, I found the argument given at the time that there was no agenda to be absurd. There is always an agenda between two partners that are so important and which are immersed in a global economic crisis, and when there are challenges such as terrorism, climate change, energy security or nuclear proliferation.

Moreover, there are major regional conflicts, for example, the Middle East peace process, the Iranian nuclear challenge or the issue of Afghanistan, which, in my view, are worthy of coordinated action by the United States and the European Union.

I hope that the forthcoming Lisbon summit will be a success. There are many issues to tackle, some of which I have already mentioned. Moreover, the world is changing. Asia is in the ascendancy; let us think about the importance of China or India, which President Obama has just visited. There is even talk of a post-Western world.

In this context of a changing world order, we need close coordination between Europe and the United States. We have many interests, ideals and values in common. We will be stronger if we act in a coordinated way.

Ladies and gentlemen, the Treaty of Lisbon has also created new bodies to strengthen the Union's role in the world. We should therefore also improve our mechanisms for dialogue and coordination with the United States. The resolution adopted by Parliament in March last year contains many ideas as to how to strengthen those institutional mechanisms for dialogue between Brussels and Washington.

My final comment is that I regret the fact that the representative of the Council only referred to an exchange of data; he did not come here to talk about the summit, about which we heard nothing. Unfortunately, the Commission did so only very briefly. Who really came here to talk about the summit?

Wolfgang Kreissl-Dörfler (S&D). – (DE) Mr President, ladies and gentlemen, international terrorism is undoubtedly something that we must fight together; that is beyond dispute. However, we must fight it on the basis of our common values and the rule of law, not based on the very individual interpretations of the law currently being proclaimed by former US President George W. Bush in his book and on talk shows. I mention that also in view of the new majorities in the US Congress.

The decisive thing for us is that we advance the level of data protection, that we respect our citizens' rights; for there is one thing that must also be made clear, which is that the song of freedom cannot be played on an instrument of violence. We cannot tell people in other countries what we expect of the rule of law if we do not jointly uphold the same standards and act accordingly.

I am very pleased, however, that President Obama has brought a breath of fresh air into the US, even if his position may appear to have been weakened somewhat recently. One thing is clear, and that is that we will be on the side of those who defend this rule of law.

Mario Mauro (PPE). – (IT) *(The speaker begins speaking with the microphone turned off)* ... by which the new powerhouses of the world move, in my view, the transatlantic area still remains the most developed and efficient economic area on the planet.

It is true that there is a widespread and – in many ways understandable – rush to a commercial agreement, for example, with countries like China. However, I believe we must not forget the fact that the existing relationship between Europe and the United States has, for a very long time, been the link that, more than any other, we must take care to hold dear and guard almost jealously.

This consideration is a result of the histories of both Europe and the United States. Indeed, it is demonstrated by the common love of democracy, peace, rights and the market economy. Acceleration of the process of strengthening transatlantic economic integration is indeed indispensable in order to promote global development based on a combination of values whose stated aim is to reach an acceptable standard of living for all people of the world, following a fair and effective policy of multilateralism which contributes to the construction of a more democratic global structure, which is therefore more free.

I therefore appeal to those managing the European Union's foreign policy at this time. Over the years, we have noted how the abilities of the US leadership – whoever the President was – have always had an enormous role in global transatlantic decisions. It is time for us, too, to take the situation in hand. We derive strength from the will of 500 million people and from a new and more solid institutional structure that must give us the ability to abandon the temptation to hide behind the American giant and instead take the destiny of our people into our own hands, perhaps asking our friends in the United States to state their position on a single seat for the European Union at the United Nations.

Ioan Enciu (S&D). – (RO) I welcome the EU-US data protection agreement, which must be supported in order to strengthen cooperation in the areas of combating crime and terrorism. As the European Parliament has stated on frequent occasions, the lack of US data protection legislation which is compatible with European legislation raises serious question marks over the actual protection which Europeans will enjoy within the United States.

In this context, I would like to ask the Commission and Council what guarantees will actually be given in practice concerning the rights of Europeans to lodge judicial and administrative appeals, as well as proportionality in terms of the various US authorities and agencies processing and accessing data and, last but not least, how supervision of the entire process by an independent authority will be guaranteed.

Nuno Melo (PPE). – (PT) The world is experiencing some very difficult times. In such difficult times, we should have no doubt as to who is our ally and who is our enemy. The United States is one of Europe's key allies. Terrorism is being fought on a global scale against entities who do not even have a face both inside and outside our common area, and this fight is aimed at safeguarding the values of civilisation, which we want to defend.

Yet the pre-eminence of these values that we wish to defend also means that in Parliament, the Commission and the Council, we can and should demand clear rules on data protection, the protection of personal rights and the right to privacy. The prevention, investigation

and prosecution of crimes cannot happen at the expense of the disregard for and violation of individual rights. Neither Europe nor the US would allow this to happen. Once again emphasising the critical importance of transatlantic relations and good cooperation at all levels between Europe and the US, we should therefore support negotiations for a future global agreement which sets out rules, safeguards rights and, on a reciprocal basis, does not demand any less from the US than what we are also prepared to concede to the US in the light of this common goal.

Edit Herczog (S&D). – Mr President, I would like to welcome the Transatlantic Economic Council on 15 December, and especially its discussion of innovation, the digital agenda and energy technologies. In the last couple of years, we have seen how difficult it is to harmonise existing legislation and even approaches on moderated industries and services. This is therefore a great opportunity to shape our legislation in these new fields where there is no legislation as yet. These new fields are precisely what we are talking about; new challenges, like ageing society or climate change, require further development in the legislation for the enabling technologies.

Finally, Commissioner, it is high time to talk about energy security and think about the Transatlantic Energy Council for the future. I wish you good luck for your meeting on 15 December.

Laima Liucija Andrikiienė (PPE). – Mr President, the EU-US agenda is as full as ever and both parties should use the opportunity to advance common positions on issues such as financial regulation, climate change, the deepening of trade ties, nuclear proliferation and the fight against terrorism. The economic recovery, however, has to be issue number one on the agenda.

The transatlantic economic relationship is vital to global prosperity as the bilateral trade of our two economies represents almost USD 4.3 trillion. Our economic partnership is a key driver of global economic prosperity and represents the largest, most integrated and longest lasting economic relationship in the world. Together, our economies account for half of the global economy. Therefore, we need to devise common strategies on the further actions we are going to take to ensure stable recovery from the crisis, including regulating the financial markets, the stimulus packages, and strategies to curb currency manipulation of other major global economies.

On the other hand, we should reconsider whether holding biannual EU-US summits is a good idea. President Obama's decision not to attend the previous summit in Madrid earlier this year exposed the excessive EU synergy. By insisting on frequent bilateral summits, we risk devaluing them to the extent that they will become irrelevant.

Françoise Castex (S&D). – (FR) Mr President, Commissioners, I would like to come back to the anti-counterfeiting agreement which is currently being negotiated, in particular, with the United States. This agreement raises some questions also for the United States, particularly among the officials from the US Patents Office. Furthermore, 75 US law professors have recently sent a letter to President Obama. They consider that the Anti-Counterfeiting Trade Agreement (ACTA), which is a simple executive agreement, would be contrary to the US constitution.

While the European Parliament, as you know, is about to adopt a resolution on the ACTA Agreement, and this is still causing considerable disquiet and is far from finding unanimous support among our fellow citizens, I think that it would be useful for us to have a very clear

response from the US negotiators on two points. Can ACTA be ratified by the United States? In their opinion, is ACTA a binding or a voluntary agreement? Indeed, an anti-counterfeiting agreement that does not include China, India and Brazil, and which would not be implemented by the United States, would be seriously lacking in credibility. Thank you.

Tunne Kelam (PPE). – Mr President, I would like to thank Commissioners De Gucht and Reding for their intense but realistic approach to the EU-US summit. I think it is time to recognise that the US can accomplish none of its strategic goals without Europe. Similarly, the EU cannot play its intended role as a world player without close cooperation with America. The paradox is that globalisation and the rise of non-Western powers give the US and EU more, rather than fewer, reasons to intensify their cooperation. At the same time, we see that the transatlantic gap is expanding, not narrowing.

Europe occupies a smaller role in current American plans and concerns. Therefore, it is crucial to recognise that time and opportunities for strengthening mutual partnership are limited. Probably during the next 10 years, the US and EU will have a chance to set an international agenda providing for a value-based and stable world, but only on condition that they act together.

This has to start with completing the Transatlantic Free Trade Area, which the European Parliament has advocated for several years, overcoming internal divisions in Europe and opposing protectionism.

Simon Busuttil (PPE). – Mr President, I would like to speak about the general framework agreement on data protection that Ms Reding has started to negotiate. Hardly a week goes by without us hearing about a new terrorist attack or attempted attack, and this is obviously harmful to the well-being of our citizens. We need an efficient tool to combat terrorism. This is one obvious area where we can cooperate with our friends across the Atlantic. There is clearly an urgent need for this framework agreement on data protection. Ms Reding, you have our support on this agreement.

Of course, we want this agreement, not only to fight against terrorism but also because we have concerns about data protection. We would like you to protect the privacy of our citizens and to protect the principles of necessity and proportionality in particular. This is not a zero-sum game. We do not think that there is a choice between our security and our privacy; we think that we can actually secure both.

I would like Ms Reding to go into these talks feeling strengthened by the support of the European Parliament and with peace of mind, knowing that we are behind her in securing a deal which is good for our citizens, a deal guaranteeing both our security and our privacy.

Danuta Jazłowiecka (PPE). – *(PL)* Mr President, two years ago, when Barack Obama was elected to the office of President of the United States, it seemed that, after the difficult term of office of his predecessor, relations between Europe and America would be normalised. It seemed that the times when Washington acted unilaterally in the international arena were coming to an end. We all believed that, faced by an enormous crisis, the United States and the Union were going to work together to try to change the world in order to ensure economic security.

We know, today, that this was a vain hope. After the Copenhagen climate summit, and after the way Mr Obama ignored the Spanish Presidency, the Americans have once again humiliated us and the rest of the world by making a unilateral decision to print money.

Despite the numerous promises made to the representatives of European governments, they have made this decision without any kind of consultation. Acting in their own particular interests, they have decided on measures which will adversely affect the European economy.

The upcoming EU-US summit should be used to express our disapproval and to appeal to be treated as partners. Cooperation is not only in our interest, but is also in Washington's interest, particularly in view of the new geopolitical order which is emerging.

Monika Flašíková Beňová (S&D). – (SK) Relations between the European Union and the US are relations between two great powers, but despite that, I often cannot help thinking that pragmatism is over-ruled by a kind of narrow-minded egotism.

However, there are some very important topics under discussion and we must resolve these important topics together with our US partner.

The November summit will be the first meeting between the US and the EU since the Treaty of Lisbon entered into force. In view of the fact that the European Union and the US represent half of the global economy, one very important topic will be the economy. In a time of major crisis, it is necessary to coordinate macro-economic policy, agree on the regulation of the financial sector, and attempt to shut down tax havens and the like.

It is necessary to focus on concrete problems, and not to do one thing at the expense of the other, in other words, the two partners at the expense of the rest of the world, but to act in a way that is appropriate for two responsible, leading global powers.

In addition to the November summit of the EU and the US, the December meeting of the Transatlantic Economic Council also provides a platform for responsible and pragmatic policies.

Malcolm Harbour (ECR). – Mr President, I am very pleased that I caught your eye because I particularly want to thank Commissioner De Gucht for what I thought was a very important reorientation of the Transatlantic Economic Council. I was in Washington in July on a mission as Chair of the Committee on the Internal Market and Consumer Protection. I visited him afterwards to say that we needed to lift the sights of this Economic Council to look at the long range strategic technological issues that we are both working on, and particularly to work around the basis of standards which my committee has been doing a lot of work on over the last few months.

What we should be doing is creating the common standards for future technologies, not creating new trade barriers by working independently. As he said in his statement, it will help us to harness common research programmes, common opportunities for business, and strengthen our competitiveness with our partners in the United States.

I think that this element of your announcement today is very important. I am sorry that so few of my colleagues have talked about it – I know that Ms Herczog did – but I hope that we can work together to take this forward. I am disappointed that Elmar Brok has gone because I want to say to him that this new orientation means we will need new people to work in his transatlantic legislators' dialogue because we have new challenges to meet.

Franz Obermayr (NI). – (DE) Mr President, I refer to the data protection agreement and would like to point out that all existing agreements absolutely must comply with European data protection standards. This applies not just to the agreement on the forwarding of banking data, but also in the area of Passenger Name Data. The Commission cannot deviate

from this position when negotiating the data protection agreement with the US. We cannot allow EU standards to be tailored to those of the US. We need uniform protection instead of the piecemeal approach that has existed to date, and each new individual agreement on data exchange must include principles such as purpose limitation, minimal retention periods and the right of EU citizens to effective legal remedies in respect of data processing.

We must not, on any account, allow the EU to keep moving closer to the increasingly grotesque profiling systems of the US or to feed the US with the personal data of EU citizens. Notwithstanding this, an agreement without adequate guarantees would have no chance of standing up in the European Court of Justice.

Seán Kelly (PPE). – Mr President, as a member of the EU-US delegation, I take a special interest in the forthcoming summit and I am looking forward to going to the US as part of the delegation in December. It is fair to say that the US is our natural ally and, for that reason, I would dispute the statement made here this evening that the world is less secure as a result of American policy rather than more secure. If we want to point the finger, we should look at countries where there is no freedom, where there is no democracy, and where terrorists are harboured, before we point the finger at America.

Having said that, it is important that we approach further meetings and summits with the US as equals because that is what they will respect; We saw in Copenhagen in particular that we were regarded – as some thought – as weaklings. That cannot happen again, particularly in issues such as quantitative easing. We have to assert ourselves and have our voices heard.

Mario Pirillo (S&D). – (IT) Mr President, ladies and gentlemen of the Commission and the Council, ladies and gentlemen, relations between the European Union and the United States must be based on the maximum guarantee of security in order for our cooperation to succeed. We must eliminate all the problems here, within the European Union. Visa requirements for citizens of four countries that form part of the 27 Member States is a serious limitation of freedom. Last week, a delegation from Parliament put this problem to the Canadian authorities and it seems that they will take it upon themselves to deal with it.

Trade with the United States is important, as it strengthens our euro and puts the European Union in a position to compete with the great Chinese, Japanese and Indian markets, and we also noted a careful attitude in Canada towards the US and Mexican markets. Interacting with the United States on climate change, for sustainable energy and for the global market, is a good start to the talks.

Angelika Werthmann (NI). – (DE) Mr President, ladies and gentlemen, I refer to the data protection agreement. For me, there is no question that, following the conclusion of a data protection agreement, the existing agreements between the US and the EU will need to be checked and updated in accordance with this new framework agreement. That is the real purpose of the agreement that we are working towards here. As I see it, the risk of legal uncertainty comes if we did not do this. After all, our highest priority must be to protect our citizens.

Karel De Gucht, Member of the Commission. – Mr President, let me first answer a number of specific questions which have been put, and start with climate change. The new majority in the US House of Representatives is likely to limit President Obama's room for manoeuvre even further. We need to make sure that the US does not back-track on its Copenhagen

commitments and we must encourage them to contribute to a successful outcome of the COP 16 meeting in Cancún.

In the meantime, we can advance on concrete issues, such as fast-start finance, reduce emissions from deforestation, and facilitate adaptation to climate change for poor and developing countries. These can proceed without US domestic legislation, as can biological research work on clean technologies.

There was also a question on the US visa waiver programme and the fact that a number of EU Member States – Bulgaria, Cyprus, Poland and Romania – are still not admitted to this programme. We attach much importance to their admission and we will continue working with our US counterparts on resolving this issue.

In relation to the introduction of the ESTA fee for travellers under the visa waiver programme, the Commission has repeatedly voiced concern that these new requirements are inconsistent with the commitment of the US to facilitate transatlantic mobility and that they constitute an additional burden for European citizens travelling to the US. We need to make sure that work on security issues, such as PNR, goes hand in hand with facilitating transatlantic travel for legitimate travellers.

Regarding the question on the Wikileaks documents, we are unable to comment on the information contained in the leaks at present. However, as a matter of principle, the EU is firmly committed to upholding the absolute prohibition of torture and cruel, inhumane and degrading treatment. This is all we can say at this moment in time.

There was a question from Ms Quisthoudt on the possibility of a free trade agreement with the US. We are not considering this at this moment in time, Ms Quisthoudt, because, as regards the EU-US trade relationship, an earlier study conducted by DG Trade on non-tariff measures shows that non-tariff barriers remain the major obstacle in EU-US trade relations and concludes that the GDP of the EU and the US would increase by about EUR 160 billion and exports would grow by 2.1% and 6.1% respectively if half of the non-tariff measures and regulatory differences were removed. In fact, there are not that many tariffs any more between the US and the EU. That said, existing barriers are often very difficult to remove but this is precisely why, in the TEC, we are pushing for early and upstream cooperation, for example, before we adopt regulations in important areas, in particular, emerging markets and new technologies.

Regarding the TEC and what its agenda might be, we are currently working with our US counterparts to fix the final agenda for the next TEC meeting, bearing in mind the input from advisers. The main themes we are looking at are innovation and emerging technologies, and strategies for greening our economies and building the transatlantic market place. Under these themes, we will have opportunities to discuss a wide range of issues including e-health, the interoperability of electronic health records, secure trade, mutual recognition of authorised trade standards and the overall approach to regulation, the Innovation Action Partnership and exchange of information on consumer product safety. We will also discuss joint responses to economic challenges. Furthermore, at the end of November, as was asked by the Committee on the Internal Market and Consumer Protection, I will discuss standards. I believe the precise date is 29 November.

The last question was on the 100% scanning of inbound container freight. We are concerned about the US requirements that, by July 2012, all US-bound maritime containers will have to be scanned before being placed on a vessel at a foreign port. We believe that this

requirement will not bring proven security benefits and will be a barrier to smooth trade. For these reasons, the Commission does not envisage the implementation of 100% scanning in EU ports. The US Homeland Security Secretary, Janet Napolitano, has announced plans to push back the July 2012 deadline for 100% scanning by two additional years. The Commission is hopeful that this delay will lead the US Congress to review its policy and favour a risk-based approach to supply chain security.

The main challenges for the EU over the next year suggest many synergies and opportunities for cooperation with the US: dealing with the economic crisis; governance, restoring growth and jobs by accelerating reforms, building an area of freedom, justice and security, and pulling our weight on the global stage. We have a number of important tasks ahead as we look to the forthcoming EU-US summit and beyond. One of them is building a more open and outward-looking EU-US relationship that would take into account the full scope of relations that both the EU and the US are building with emerging powers such as China, India, Russia and Brazil.

On the economy, jobs and growth are at the heart of the discussion. We will compare notes on the G20 results, especially financial and banking reforms and the need to deliver a global trade deal, and look for EU-US added value there. At the same time, we need to focus more on delivering the full potential of the transatlantic market. My aim will be to refocus the TEC on a transatlantic agenda for jobs, growth and innovation. With the support of the EU-US Senate leaders, I will look to move forward on that at the forthcoming TEC meeting on 17 December.

IN THE CHAIR: ROBERTA ANGELILLI

Vice-President

Viviane Reding, *Vice-President of the Commission*. – Madam President, after the remarks of my colleague Karel De Gucht on the general agreement and relations with the United States, let me concentrate on the future umbrella agreement on data protection. It is very clear that we need to share data in order to fight terrorism and organised crime and, at the same time, we need to preserve the rights of citizens to data protection. Trying to achieve both in equilibrium will be the content of those negotiations.

As I have already told you, on 26 May this year, the Commission put forward a proposal for a negotiation mandate. We are looking now to the Council to have this mandate agreed upon, hopefully at the beginning of December, so that we can start with real negotiations. I absolutely agree with what has been said in this House. We need to concentrate on legal security in an umbrella agreement instead of – and I quote a Member of this Parliament – ‘fire-fighting on each individual data sharing agreement’.

If we, the United States and Europe, manage to set common standards, then those common standards will sooner or later become world standards. We have to show that those standards are built on our values of justice and fundamental rights and of the right to reciprocity, both of which have to be very clearly put on the transatlantic agenda.

The question of individuals’ rights in such an agreement has also been raised. What the Commission has put on the table would mean the following for our European citizens and for the citizens in the United States: enforceable rights for individuals, such as the right to access personal data that has been collected about them and the right to rectify and erase this data, administrative and judicial redress, regardless of nationality or place of residence, and compensation for any damages suffered.

The effective application of these rights would be ensured by the monitoring and controlling of these data protection standards by independent public authorities and, in this context, a non-discrimination clause should also be included to ensure that all personal data is protected regardless of a person's nationality or place of residence, bearing in mind, at all times, that we need to strike a balance between rights and security and also, at least in my view, not to allow any discrimination on racial grounds.

In order not to allow this, the Commission will certainly need the help of Parliament. I have heard that you want to establish, or you have already established, specific new bilateral relations between Parliament and the United States Congress. I think that this will also be very important in order to raise understanding of such data protection agreements on both sides of the Atlantic, so here, you could be of much help in the course of the negotiations.

Stefaan De Clerck, *President-in-Office of the Council*. – (NL) Madam President, I can be very brief, as I, of course, concur with the words of Commission Vice-President Reding, namely, that it has been a good debate and that the next stage will be 2 and 3 December. The Council does indeed hope to be able to finalise the mandate then, so that the Commission will be able to start the debate in earnest at long last and the negotiations can really begin.

This represents an opportunity to improve cooperation between the EU and the United States; an opportunity to strike a balance between security and privacy; an opportunity to unite fragmented subject matter; an opportunity, indeed, to translate an explicit request from the European Parliament into a solid framework agreement.

I presume that today's debate has equipped the Council to endorse the Commission's negotiating mandate, assuming that the Commission also provides feedback at appropriate intervals and that the debate on the specific details, on the enforceable aspect of the rights, continues to develop in such a way that feedback is given. I hope, therefore, that the Commission will achieve good results in the short term – hopefully after the Council meeting on 2 and 3 December. Thank you for this debate.

President. – I have received four motions for resolutions ⁽¹⁾ tabled in accordance with Rule 110(2) of the Rules of Procedure.

The debate is closed.

The vote will take place on Thursday, 11 November 2010.

Written statements (Rule 149)

Elena Băsescu (PPE), *in writing*. – (RO) The EU and US form the largest trade partnership, accounting for half of the global economy. On the other hand, both partners must cooperate more closely to promote growth and employment in their own economies, especially as 30 million jobs have been wiped out worldwide in recent years by the economic crisis. In this respect, the Transatlantic Economic Council remains the most suitable mechanism for achieving the objective of establishing a unified transatlantic market by 2015. I believe that during the Lisbon summit, the priority topic of the visa regime applying to all Member States must be discussed. As freedom of movement is a highly valued right in the EU, the Commission must continue the political and technical dialogue on the progress made and on future courses of action.

⁽¹⁾ See Minutes

I should mention that the Romanian Government has recently approved a legislative framework for setting up a national visa information system, facilitating the exchange of data with other Member States regarding visa applications. This IT system will improve controls at Romania's borders and the EU's external borders. This is a necessary step with the prospect of accession to the Schengen area.

Carlos Coelho (PPE), in writing. – (PT) The signing of an expanded agreement with the United States on data protection is essential and urgently needed; it will prevent these issues from being dealt with by the Member States on the basis of individual bilateral agreements. I am fully aware of the difficulties inherent to the signing of this agreement, since there are fairly different approaches to data protection on either side of the Atlantic. In the EU, the right to the protection of personal data is explicitly established in both Article 8 of the Charter of Fundamental Rights and Article 16 of the Treaty of Lisbon. In the United States, there is no general law on the protection of private life, nor is there explicit reference to a fundamental right to the protection of private life in the country's constitution. There is much to be done with respect to access to data and their rectification, to reciprocity, to legal protection, and to independent supervision. I therefore call on the Council to adopt the mandate for negotiating this agreement as quickly as possible, in order to move forward with the negotiations and obtain the progress that is so urgently needed, as well as the resulting transposition of these results into the respective bodies of legislation as quickly as possible.

Kinga Gál (PPE), in writing. – (HU) First of all, I should like to congratulate the rapporteur on the splendid job he has done. Being adopted on the eve of the review conference in Astana gives the report special emphasis, sending a message to the decision makers at the Organisation for Security and Cooperation in Europe. I note with pleasure that through my amendments, references related to the protection of national minorities, which is an organic part of the OSCE's overall security concept and its human dimension, have been incorporated into the report, and that the report managed to draw attention to the role of the OSCE High Commissioner on National Minorities. The task and responsibility of the High Commissioner is particularly important in promoting the peaceful coexistence of national minorities and the prevention of potential minority and ethnic conflicts. Emphasising the role of the High Commissioner is also important in order to ensure that the parties concerned give due weight to the official's proposals and opinions in the absence of any means of enforcement.

Eija-Riitta Korhola (PPE), in writing. – (FI) For years now, one significant yardstick by which to measure relations between the EU and the United States has been climate policy. It is with reference to this that images of the United States as a unilateral actor that goes it alone have been strengthened. It is time, however, that we reviewed this image.

It is true that the United States distanced itself from the frontline of climate policy when it refused to ratify the Kyoto Protocol. Nevertheless, time has shown that the whole agreement is ineffective and the wrong way to resolve the complex problem of climate change. By investing in robust partnerships in the area of technology and in the development of clean energy, agencies responsible for large volumes of emissions have chosen a path which is a lot more promising and which has opened up new horizons.

It is now time the EU realised what is happening. The United States is not going to embark on any emissions trading scheme. Not long ago, Obama said that it was most important to do the right thing, which, of course, is useful, whatever we might think about climate

change. These useful acts include investing in clean energy and improving energy self-sufficiency. Of emissions trading, Obama said that it was a means, not an end, and that there were other ways to 'skin the cat'.

Is Europe now the bogeyman of climate policy, who does not appreciate the situation or learn from his mistakes? We take jobs abroad and raise energy prices; we do everything the hard way instead of taking sensible action. We should prevent pollution, in the same way that we should also invest in clean energy and focus on energy self-sufficiency and afforestation. Emissions trading, in contrast, is not worth our support. It was marketed to us as a way to prepare for an international scheme, which never came. Why do we continue to use it to torment our citizens, by depriving them of work and a livelihood?

Jiří Maštálka (GUE/NGL), in writing. – (CS) The forthcoming EU-US summit will certainly confirm the exceptional importance of these relations. The constant advance in globalisation means that both the EU and the US must pursue a policy of openness, and that the strategic importance of the transatlantic partnership must not be allowed to diminish. For this reason, it is important to approach such negotiations with maximum openness, which is an essential prerequisite for the operational character of the forthcoming meetings. The past few days have brought three subjects to the fore, which the Union's negotiators should focus their attention on: the different strategies with which the EU and the US approach the current global economic crisis; the different policy approaches for reacting to the unfavourable ecological situation of the planet and to climate change; and security issues. The unilateral decisions of the US Federal Reserve to buy USD 600 billion of US government bonds, decisions which were taken without consulting the EU, will weaken Europe's economic position. It is therefore essential that the EU clearly declares itself in favour of looking for global currencies other than the US dollar. It is important that the Union insists on its role as a pioneer of ecological technology and legislation, and accordingly puts pressure on both the US Government and Congress. I believe that it is necessary, at the forthcoming summit, to call on EU leaders to give Washington a clear indication of our support for the efforts of President Obama on global nuclear disarmament and on the ratification of the new START Treaty, which was signed by the Russian and US Presidents this year in Prague.

Justas Vincas Paleckis (S&D), in writing. – (LT) Since President Barack Obama triumphed in the elections two years ago, the positions of the EU and the USA have converged significantly, in particular, as regards disarmament, combating climate change, and issues of defusing flashpoints of international conflicts. This is significant capital and this line must be pursued. Unfortunately, some things have yet to be implemented in order to achieve common transatlantic goals. A large part of US society is opposed to actions combating climate change. An ambitious bill on limiting greenhouse gas emissions is still stuck in the Senate. There is no movement forward on the issue of the abolition of the death penalty which is important to the EU. The EU-US summit will take place next month in Lisbon. I hope that the EU will be able to convince its partner, the USA, to continue to make progress towards the common goals mentioned. It is also important to increasingly include Russia in the transatlantic dialogue.

Debora Serracchiani (S&D), in writing. – (IT) As the exchange of data between the European Union and the United States is increasingly necessary and frequent in the context of the fight against terrorism and organised crime, a general and common legal framework must also be drawn up to protect personal data. This framework must provide for protection equivalent to that enjoyed by European citizens within the Union. The Commission's

negotiating mandate is therefore heading in the right direction. With regard to the sphere of application, this legal framework must also apply to existing bilateral agreements. I hope that the Council adopts the mandate as presented and that Parliament is kept fully and promptly informed of all developments in the negotiations, bearing in mind that Parliament will have the final word on the future agreement.

Czesław Adam Siekierski (PPE), *in writing*. – (PL) The upcoming summit between the European Union and the United States will be the first summit after the entry into force of the Treaty of Lisbon, one of the aims of which was to enable Europe to concentrate more on relations with third countries. The forthcoming summit will provide us with an opportunity to outline a framework for transatlantic cooperation over the next few years. In view of their global position and common values such as the rule of law, democracy and human rights, the European Union and the United States have a key role to play in tackling the challenges of the 21st century. We need constructive, strengthened cooperation in areas such as overcoming the economic and financial crisis, the fight against terrorism, global stability, peace in the Middle East, the non-proliferation of nuclear weapons, development aid and climate change. The next climate summit in Cancún is approaching. I hope that the United States will demonstrate a greater level of commitment when it comes to joint obligations in the fight against climate change. As a significant player in the international arena, we should set an example to other countries. The recent ecological catastrophe off the coast of the Gulf of Mexico made it clear that disasters know no boundaries, and their effects are felt worldwide, ultimately by our citizens too. It is self-evident that what is needed is cooperation at global level. Against the backdrop of last week's elections, it is worth noting that these elections may constitute a point of departure for new, closer relations between the European Parliament and Congress. More intensive dialogue will be advantageous to both sides.

15. EU external strategy on Passenger Name Record (PNR) (debate)

President. – The next item is the statements by the Council and the Commission on the European Union's external strategy on the Passenger Name Record (PNR).

Annemie Turtelboom, *President-in-Office of the Council*. – (NL) Madam President, honourable Members, I believe that the importance and necessity of Passenger Name Record (PNR) data have become clear in recent years. We need only think of the attacks in New York, and also of the failed attack on the flight from Amsterdam Schiphol to Detroit. Of course, in the last few days, too, we have noticed that the threat levels have remained very high.

We need only look at information coming in from several Member States, and also the increased threat levels in a number of countries, such as France and Spain. My home country, too, has increased the threat level for certain places, and a travel alert was also recently received from the United States. I believe that the Commission and the Presidency have worked very hard in the PNR field in the last few months.

The current state of affairs is as follows. On 21 September, the Commission informed the Council about EU policy on the transfer of passenger data to third countries. It also presented three draft negotiating mandates for the conclusion of agreements with Canada, the United States and Australia, all three with identical content.

Therefore, the Council held discussions immediately, on 7 October, regarding these drafts – the method and timing of the three mandates – and decided that all three mandates should indeed have identical content, that the Council would adopt them at the same time, that they would start at the same time, and that the negotiations with the United States, Canada and Australia should start by December of this year at the latest.

Looking at the content of the mandates and of the PNR agreement, the Council is aware that the most important thing with regard to the three agreements is ensuring a sufficiently high level of data protection. In my opinion, our foreign partners, too, must obtain a guarantee that their personal data enjoy sufficient protection. Indeed, we have always required this when concluding agreements with other countries. The European Union has always focused on this, including in its previous agreements with countries.

Indeed, I should like to point out that one of those previous agreements – the one with Australia – was once described as the most data protection-friendly agreement of the year. Therefore, I believe that the European Parliament is right to impose stringent data protection requirements. The Council will therefore ensure that the data protection requirements continue to be respected, and will certainly also ensure, in particular, that the principle of proportionality will always be respected, in order to prevent any infringement of the right to protection of privacy.

Therefore, in the text of the negotiating mandates, the Council has also placed a strong emphasis on the importance of Articles 7 and 8 of the Charter of Fundamental Rights of the European Union. In addition, these mandates lay down retention times and duration of access to PNR data that are proportional and limited.

This requirement has been highlighted even further by taking into account the various ways in which PNR data can be used. Back data can be used only reactively, current data can be used in real time, and risk profiles, in particular, will be drawn up for proactive use.

With regard to the risk models, we are aware that the European Parliament is very concerned about such ‘profiling’. Therefore, the Commission will clarify in great detail in its proposal what exactly is meant by ‘profiling’. In addition, the Presidency will ensure that risk assessments can never result in stigmatisation of persons of a certain ethnic origin.

I should like to add two comments in my brief introduction: 1) PNR data may indeed only be used by the airlines and thus, not by the Member States’ authorities themselves, and, of course, their use by the airlines is subject to permission from the European Union. 2) The Presidency, too, is aware of the importance Parliament attaches to the general agreement between the EU and the United States in the field of data protection. I would refer in this connection to the debate you have just held in this House with my colleague, the Minister for Justice.

In this brief introduction, I should like to make it clear that, whilst these PNR data are a real priority of the Council’s, the Council also really wants to take the utmost account of Parliament’s justified concerns with regard to striking the good balance between privacy and security that is always needed. I do think that recent events and threats keep forcing us to face the facts. Madam President, I shall, of course, be at Parliament’s disposal at any time – not only today but also in the next few weeks – to continue the debate on PNR data and on the mandates.

Cecilia Malmström, *Member of the Commission*. – Madam President, on 21 September, the Commission issued a package of proposals on the exchange of passenger name records

data with third countries and that consisted of a communication on EU external PNR strategy with some principles, as you requested in your resolution from May earlier this year. There were also three recommendations on negotiating directives for new PNR agreements with Canada, Australia and the US. I would like to thank the authors of the May resolution for the excellent team work we have had and the very constructive cooperation on this file and your constructive way of finding solutions to move forward within the new institutional framework.

The objective of the communication is to establish for the first time a set of criteria and principles that would guide us in our external relations concerning PNR. We can use that as a method for communicating with third countries, but also define our own policy with that. The communication will, of course, seek to achieve coherence with the EU PNR that will be presented at a later stage.

The directive has not been adopted, that is, the mandate has not been adopted by the Council yet, but the mandates, of course, follow the structure of the general communication.

The issue of profiling was raised by the Belgian Presidency as well. Risk assessment is an issue that I know comes up very often in the discussions and that is why I have chosen to raise it immediately. The concept of profiling is not, in itself, defined in any legal instrument, but that does not mean that we do not have laws on it. The data protection instruments address it, but call it 'Prohibition of Automated Processing': that means that EU data protection legislation prevents any individual from being subject to a decision which produces legal effects concerning him or her, or significantly affects him or her, and which is based solely on the automated processing of data. It is not prohibited to process data in an automated manner, but decisions which legally affect individuals must not be taken in an automated manner.

The PNR communication highlights these principles and lays down efficient and effective measures to safeguard the interest of data subjects. In particular, any automated decision should be verified by a human being and allow the data subject to explain his or her point of view. This means that the final decision taken towards a person can never be taken in a fully automated manner. In this way, the communication seeks to ensure that the processing of data does not go beyond what is legitimate and that the processes comply with fundamental rights, including our current data protection rules.

You have also requested the Commission to clarify the state of play on bilateral agreements and memoranda of understanding relating to the visa waiver programme. I will try to enlighten you a little bit on this. In August 2007, the US passed the implementing recommendations of the 9/11 Commission Act and a section of this covers the modernisation of the visa waiver programme. The terms and conditions of this law affect all EU members, independent of whether they are in the visa waiver programme or not.

On the EU side, this act led to a twin-track approach agreed by the Council in March 2008. The EU track concerns the negotiations between the EU and the US regarding conditions for access to the US and, indeed, to the visa waiver programme. That falls under EU competences – repatriation of own nationals, enhanced travel document security and airport security. This resulted in an EU-US agreement confirming that the EU satisfies these conditions.

We also had the bilateral track: bilateral negotiations between the EU and between the US and Member States to satisfy US conditions for access to the visa waiver programme which

fall under the Member States' competence as opposed to EU competence. That is, cooperation with the US on serious crime, counter-terrorism initiatives and information sharing in these areas.

Under this bilateral track, a number of Member States initially signed a memorandum of understanding with the US. This memorandum was not intended to be, in itself, a legal base for any exchange of data. They confirmed a willingness of the parties to negotiate agreements on passenger information, screening information on known or suspected terrorists, information to combat terrorism and serious crime, and information, migration and border security matters.

According to the information that the Commission has just gathered from the Member States, eight Member States have signed such a memorandum of understanding with the US.

After the signature of these memoranda, the US and some Member States have negotiated two types of agreements. First, agreements on enhancing cooperation in preventing and combating serious crime: that concerns cooperation on matching of fingerprints and DNA samples. Fourteen Member States have identical agreements with the US.

Secondly, agreements on the exchange of screening information concerning known or suspected terrorists: these concern exchange of specific information about individuals who are suspected or known terrorists, namely, their full name, their date of birth, passport and citizenship. Ten Member States have such agreements. But let me add that none of these bilateral agreements cover PNR data. The exchange of PNR data only takes place under the EU-US agreement.

Following the entry into force of the Lisbon Treaty and the abolition of the former pillar structure, all conditions for the US visa waiver programme now fall under EU competence. The Commission is right now evaluating whether the twin-track approach agreed in 2008 should be updated following the entry into force of the Lisbon Treaty. I will, of course, keep you fully informed about this.

The Parliament resolution also refers to the EU-US cooperation on one-stop aviation security. This is the responsibility of Vice-President Kallas who is Transport Commissioner. He has been pursuing negotiations with the US transportation security administration to exempt US-originating passengers at EU airports from rescreening. This should improve efficiency at EU airports without compromising security. Vice-President Kallas has kept the Committee on Transport and Tourism of this House informed about these issues.

It is important to underline that this issue is very much distinct from PNR. The one-stop cooperation aviation security is not about transfer of personal data and it does not concern information processing with respect to the pursuit of suspected criminals or terrorists, so as such, we will not raise it in the PNR negotiations.

To conclude – and I am sorry to be a bit long but I think this needed to be clarified – I would like to note that the Council will, as the President-in-Office from the Belgian Presidency said, adopt the negotiating mandates very soon. I am committed as always to keeping you informed about the progress in all the negotiation stages. It has already been decided that we will conduct negotiations in parallel with all three countries, but they will not necessarily be completed at the same time.

I know that this is of particular interest to your House and I therefore remain at your disposal to discuss this now and with the relevant committees and with the other Members whenever you wish to do so.

Axel Voss, *on behalf of the PPE Group.* – (DE) Madam President, tomorrow's vote on Passenger Name Records would not have been necessary had we here in Parliament been taken more seriously and kept better informed by the Commission and the Council on the subject of the forwarding of data by the EU and its Member States to third countries since the SWIFT decision. If interinstitutional relations continue in this way, there is a risk that we will end up in the same psychological situation with the US in respect of PNR as was the case with SWIFT. Nobody wants that, and I also think it would be very dangerous. Nonetheless, we must still make the effort to resolve this.

When it comes down to it, what I feel is missing here is a clear concept of what exchange of data is required in order to prevent terror; we can then adopt a position on the basis of this. First SWIFT, then PNR; then came the memorandum of understanding with national databases being accessed; then a framework agreement with the US; then the amendment of our own data protection amending act; now we want to install this programme for one-stop security – it all seems rather piecemeal to me.

Moreover, we need to clarify or find out once and for all what data the US actually needs to prevent terror, as well as how we can assist with this and bring it about. What we have seen so far is a kind of salami tactics, and that is damaging.

I know that there has been a break as a result of the entry into force of the Treaty of Lisbon, but it is even more damaging for us if the Council and Commission do not keep us informed of these processes.

I am therefore asking the representatives of the Council and the Commission for five things. Firstly, please develop a sensible concept that sets out comprehensively and conclusively what the exchange of data for the purposes of fighting terrorism involves. I also ask you to bring about coherence in the EU on matters relating to the forwarding of data and not to divide these into national and European matters. I also ask that the competence for decisions on these matters be set at a general European level and for the opportunity to take into account that we may prefer to conclude PNR agreements with Canada and Australia. Finally, I request that the process be speeded up, because the terrorists are constantly revealing where our security is lacking – just as recently in the case of freight transport.

Birgit Sippel, *on behalf of the S&D Group.* – (DE) Madam President, in a globalised world, terrorism and crime are, unfortunately, also globally organised, and therefore we know that we need to cooperate internationally and need to exchange data. I am very pleased to hear that both the Commission and the Council consider that citizens' rights and data protection are both matters to be accorded very high priority. However, that does not mean that Parliament can rest on its laurels, since issues such as retention periods, data volumes and purpose limitation, as well as controls and whether protective clauses can really be implemented in the area of data protection, will remain critical points. In this sensitive area, what we need is not blind checks, but more trust.

The terms on which data is exchanged must therefore also be set at a particularly high level, since it is not just a matter of specific agreements with Australia and the US; a number of other countries such as Korea and India also already want to have PNR agreements with

us. For this reason, too, it is very important that we build in particularly high security standards at this point. The same applies to the forwarding of data to third countries. Here again, we must examine very carefully the terms that we want to incorporate.

At the same time, when discussing PNR data, we also need to look beyond this. What is the point of keeping the volume of data as low as possible when negotiating on PNR if the US, as a countermove, announces that it wishes not only to levy an entry fee, but also to collect additional data from passengers?

We also have a problem within the European Union. What is the point of agreeing the highest possible standards and attempting to limit data volumes if, at the same time, bilateral agreements are being concluded without us having any knowledge of their content and security standards? Mrs Malmström has said that this is not about PNR data, but rather that all data that is collected should apparently serve the purpose of fighting terrorism and combating crime. I would therefore like to end by making one more request: what we need is not just good provisions on the individual measures, but also at last to take an overall view of all the measures, all the data that is transferred by the EU and the Member States. We need to be quite clear about this: we will never achieve one hundred percent security, however many measures we take and however much data we collect. That is a fact that we have to face up to.

Sophia in 't Veld, *on behalf of the ALDE Group*. – Madam President, I would like to thank the Commissioner and the Minister for their introductions. I very much welcome the very cooperative attitude of the Commission and the Council. We have had examples in the past where the cooperation was less intimate. I think that this example shows that, if the three main institutions can reach an agreement, we can speak with a single voice on behalf of 500 million citizens – and that is a very powerful voice.

The resolution has been tabled jointly by six political groups, meaning that this Parliament is sending a very strong political signal. I would also like to thank all the shadow rapporteurs of the other groups for their very good cooperation. There is one point which the Commissioner and the Minister did not address in their presentations: the issue of proportionality and necessity. Both the Council and the Commission still claim that the massive – not ad hoc – collection and storage of PNR data is necessary and proportional in view of the fight against terrorism. I am willing to believe them, but this claim has to be substantiated: we need proof of necessity, proof of proportionality. Why? The proportionality test is not a political test; it is a legal test.

European data protection laws require the collection and storage of data to be proportional and necessary. This is not something that we can agree on politically; it is something that has to be proven in court. If somebody goes to court and the court rules that these agreements are not watertight, then we look like idiots. The European Parliament cannot be asked to endorse something which is open to legal challenge. That is a key issue.

There are some other things which need clarification. I am pleased to hear that the Commission is looking into the profiling issue, but I think that we need some further discussion on that. Some of the Member States are proposing a sunset clause. I would, of course, wholeheartedly endorse that; I hope that the Council decides to introduce that. Finally, the European Commission refers to good relations with third countries, but these agreements cannot be seen as instruments of international diplomacy. They are instruments of international cooperation in law enforcement and protecting civil liberties and the rule

of law. We need to get it right now, because we are not only negotiating with the US, Canada and Australia, but also setting a model and example for agreements with other countries.

Jan Philipp Albrecht, *on behalf of the Verts/ALE Group.* – (DE) Madam President, Mrs Malmström, ladies and gentlemen, we, as Parliament, will tomorrow adopt a joint resolution which once again emphasises our concerns regarding the exchange of passenger name record data. Why will we do so? We will do so because we have been raising points of criticism for several years, but we have the feeling that insufficient attention has been paid to them in the current negotiations, and because it is important to us that this criticism is taken into account from the outset so that this agreement will at least have a chance of ultimately receiving approval here in Parliament.

There are three principal points of criticism, and Mr Voss has also already mentioned some of them. First of all, it is important and necessary to understand that we want a common European approach and not different data exchange measures with different provisions on data protection. It is therefore important to make it clear that a uniform solution should be found to this with the contracting parties at European level.

The second point – and this is even more important – is that all of this is above board and in accordance with the legal basis in the treaties. As Parliament, we have made it clear many times that we reject the use of passenger name record data for profiling purposes, and long storage times are incompatible with constitutional law. For us, that means that the proactive and reactive use of passenger name record data is actually out of the question as a matter of principle. This must be made clear in the mandate and also in the negotiations in order for it to be possible, ultimately, for Parliament to grant its approval.

Philip Bradbourn, *on behalf of the ECR Group.* – Madam President, PNR is, as has been acknowledged, an important tool for national security. It is a key component in the battle to keep us safe, not just in the air, but on the ground. However, PNR must only be a tool to combat terrorism. It must not become a free licence for the retention of data by governments or their agencies.

Therefore, we must deeply consider who we allow access to this data and why; not just to which country but which agencies. What benefits will there be to us from their access to it? How will it be protected by them and, importantly, how can we be assured that it remains so? We must also be certain that all arrangements with third countries are mutual so that we too can benefit. PNR is an important weapon in ensuring we protect ourselves against such terrorism, but it is not the only weapon: pragmatism and proportionality should be key to every decision we make in this House; the subject of passenger name records is no different.

Rui Tavares, *on behalf of the GUE/NGL Group.* – (PT) When discussing this Passenger Name Record (PNR) agreement, we all remember what happened in the case of SWIFT; it has already cropped up several times in this debate. The case of SWIFT was a telling one. We may disagree about SWIFT itself, and we certainly voted differently in this Chamber, but we are all agreed on one thing: we have learned a great deal about what to do and what not to do.

About what to do: we learned that Parliament must speak very firmly in defending the privacy interests of 500 million citizens. This time, moreover, the fact that we have six political groups participating in writing a resolution means that we intend to use the voice of Parliament in a clearer and more united way.

Yet we also know a lot about what not to do. At this stage of the negotiations on PNR, we can still use what we have learnt. This is clearly that the Council should prepare its mandate, which we will read very carefully; the Commission should conduct the negotiations, as it is the negotiator; and Parliament should have the final say. However, at the same time, what we have learnt is much more than that. It is obvious that Parliament should be kept informed at all stages, but at this juncture, I appeal directly to the Commission: the Commission could also accept Parliament's ideas during the course of this process. I recall that with SWIFT, for instance, it was Parliament's idea to have a supervisor in Washington. In the course of this process, Parliament is bound to have many ideas that should be included in the negotiations without, of course, trampling on the prerogatives of the Commission, but the fact is that Parliament will have the final word, *de facto* and *de jure*, on this negotiation, and it will certainly use it.

There is also one thing that I believe we should not forget in this process, which we have, at times, forgotten, namely, that these data are personal data. This means that we are dealing with loaned data belonging to members of the public, as we say in our resolution when talking about the concept of informational self-determination. This means that at all moments in this process and during the use of such data in the future, they will have to have direct access to what is being done with their data.

Jaroslav Paška, *on behalf of the EFD Group*. – (SK) At present, personal data on our citizens is being transferred to the United States on the basis of various agreements. Of these, it is particularly the bilateral agreements and memoranda of understanding concluded between certain Member States and the US that are giving rise to serious concerns over breaches of the data protection rights of European citizens.

It is therefore a good thing that the European Commission has turned to the European Council with a request to begin talks between the EU and the US on the creation of a new framework agreement on the transfer and processing of personal data for the purposes of preventing, investigating, detecting or prosecuting crime, within the framework of police and judicial cooperation in criminal matters.

Commissioner, in the negotiations with our American friends, however, we must insist that the new framework agreement is balanced and correct with regard to the rights of EU citizens in the area of personal data protection. It would also be a good thing if the new framework agreement were to amend the current bilateral agreements, which are incorrect and which, in many cases, infringe the personal data protection rights of our citizens.

Daniël van der Stoep (NI). – (NL) Madam President, the Dutch Party for Freedom (PVV) is very much in favour of measures that could help in the fight against terrorism, and Islamic terrorism in particular. The PVV also attaches great importance to protecting the privacy of Dutch citizens and takes the view that, where these interests clash, they need to be carefully weighed up against each other.

The United States can have some of our passenger data, but on three conditions. The first is that these data be used only in the fight against terrorism. The second is reciprocity. American airlines must also ensure that European authorities are sent these data, as happens the other way round. The data should be provided not to a European agency but rather to the authorities of the European Member State that is the aircraft's transit or final destination.

The third condition is that the data transferred be non-discriminatory. The United States and, thus, also European countries, can request all data that has been provided voluntarily

by passengers. I emphasise the word 'voluntarily'. Data on religion, ideology, address, telephone number, credit card number and data from a person's passport may be provided, but my party takes the view that data not provided voluntarily by passengers, such as data on sexuality, ethnic origin or disability, must not be provided.

Madam President, I should also like to reiterate why these measures are necessary. Let us be clear that they are not necessary to combat Christian or Buddhist terrorism. Regrettably, these measures are necessary because of the threat to the free world posed by Islam. It is about time the Members of this House grasped this at long last.

Agustín Díaz de Mera García Consuegra (PPE). – (ES) Madam President, freedom and security are essential elements for the implementation of any current democratic legal structure, in which freedom uses security as the most valued tool for protection.

The transfer of Passenger Name Record (PNR) data to third countries is an essential element of the transnational fight against terrorism and organised crime. It should be based on scrupulous compliance with EU rules on the protection of personal data, as laid down in Articles 7 and 8 of the Charter of Fundamental Rights and Article 16 of the Treaty on the Functioning of the European Union. For this reason, we must welcome the communication from the Commission on the global approach to transfers of PNR data to third countries and its recommendations that the Council authorises the opening of negotiations in this area with Australia, Canada and the United States, as both instruments take up Parliament's concerns regarding security, defending fundamental rights and protecting personal data.

However, it should be pointed out that PNR data cannot be used for profiling, which is why the Commission sought to clarify – in my view, successfully – the differences between the expressions 'risk assessment' and the aforementioned profiling.

Moreover, the Commissioner said that checking will be done by humans rather than being automated. Well, we will see what happens.

Madam President, we need a single, general, legally binding agreement to protect personal data. This top-level agreement must be implemented through sectoral agreements in order to combat terror and organised crime.

As regards the need, Madam President, it is obvious. As regards proportionality, it must, in all cases, be an inalienable requirement.

Juan Fernando López Aguilar (S&D). – (ES) Madam President, I would like to join with those in Parliament who have supported the usefulness and timeliness of this recommendation by the Commission to the Council to negotiate to establish a framework agreement for data transfer and the protection of personal data between the United States and the European Union. I would also like to express my support for an accommodating approach, so that this framework agreement covers not only all future agreements on transfers of data between the European Union and the United States, but also bilateral agreements between the United States and each of the Member States in the context of judicial and police cooperation.

Secondly, I would like to join those in Parliament who have expressed regret and rejection regarding the measures adopted by the United States authorities to introduce administrative fees under the Travel Promotion Act which therefore increase the costs of travel and, consequently, the movement of people, through the Electronic System for Travel Authorisation.

In practice, this amounts to a tax and to reintroducing visas, on top of the exclusion of the visa waiver for Romania, Poland, Bulgaria and Cyprus, and therefore means a two-tier system and double standards in the treatment of the Member States. We therefore call on the Commission to make it a priority to express its rejection of these measures and to also consider the option of reciprocating.

Thirdly, however, I would like to say that the importance of the Passenger Name Record and the legal agreement between the European Union and the United States lies precisely in the fact that they have to combine data protection with data exchange, and therefore guarantee the principles that are in Parliament's resolutions and which will be in the resolution that we adopt tomorrow: the need to strengthen the proportionality principle and the necessity principle, the minimisation of unnecessary data and, of course, purpose limitation. These principles ensure that there is a balance between freedom and security, because freedom is one of Parliament's commitments. Security is, however, now one of the European Union's objectives, as the Commissioner herself acknowledged.

We therefore call on you to incorporate this commitment to strengthen the guarantee of privacy and fundamental human rights into future air security actions, into data protection for the Passenger Names Record, into the review of security checks, and into the current debate on the introduction of security scanners in airports.

Judith Sargentini (Verts/ALE). – (NL) Madam President, we are well aware that we are always running behind society somewhat. Developments happen, and policy and legislation follow later. The fact that the format now includes civil rights requirements to be observed by a Passenger Name Record (PNR) agreement is very sensible, but it does show that we keep running behind developments. The previous debate, regarding the framework agreement on data protection, was another illustration of this.

My fear is not that this list, which looks good, now exists and is being used; my fear concerns the preservation of the various bilateral agreements between Member States and other countries. I have a question for Mrs Turtelboom of the Council, therefore, and that is whether she can guarantee that these are definitively at an end? I wish to advise the negotiators to take the European Convention for the Protection of Human Rights and Fundamental Freedoms along in book form, place these fundamental rights beside them on the table when they are about to start negotiating, and make regular reference to them.

Marie-Christine Vergiat (GUE/NGL). – (FR) Madam President, once again, we are being asked for an agreement concerning the protection of European citizens' data when it is transferred to the United States and which is also applicable in Canada and Australia. In this House, we are all very committed to the safety of our fellow citizens. The debate is not about that.

Yes, our fellow citizens have a right to security, but they have a right to it in all areas, including legal certainty. We know that in the name of combating terrorism in particular, many safeguards to which all citizens are entitled have been jeopardised and that quantity has all too often taken precedence over quality.

I would like to congratulate our rapporteur on the work she has done, which is along the right lines, particularly when she emphasises the issues of necessity and proportionality. I would willingly add to that the issue of reciprocity. When it comes to defending human rights, however, the United States is far from being a model, and we know that European citizens do not enjoy the same protection there as in Europe and that a number of them

are regularly subjected to what I would call administrative harassment – and what is worse – on the grounds that they are suspected of being terrorists. What does this mean? Worse still, what will happen to these guarantees when the data is transferred to third countries, especially with a view to prevention?

We know that 80% of this data has already reached the United States. The statements I have just heard are, regrettably, far from reassuring.

Monika Flašíková Beňová (S&D). – (SK) The European strategy on the provision of personal data on travellers is an important step towards the harmonisation of legislation in this area. The existence of a number of parallel legislative initiatives shows the need for consistency. It must be said, however, that this strategy has a number of shortcomings, particularly in the area of personal data protection, as has been mentioned here several times.

The Commission document recently published in September also criticised the European Data Protection Supervisor. I agree with the part of the criticism which relates to levels of necessity and authorisation concerning requests for a particular type of data. In my opinion, we need to place strict limits on the possibility of data being used to create profiles and estimate risk.

Such data handling requires greater justification than is contained in the actual text and, at the time, we must better specify how to prevent data being misused.

I would now like to mention a couple of examples from other agreements, including an agreement between the EU and the US concerning the provision of passenger data to the American Department of Homeland Security. The agreement includes a controversial comparison between this data and data from databases on immigrants. I do not know, but in my opinion, this condition does not correspond to the aim of the agreement, which is to combat terrorism and serious crime.

It will therefore be essential for us to avoid such controversial errors when formulating these agreements in the future, and I hope that the Commission will manage that, as we definitely cannot consider the current document to be satisfactory, particularly in the area of personal data protection.

Salvatore Iacolino (PPE). – (IT) Madam President, Minister, Commissioner, ladies and gentlemen, listening to the significant contributions that have so far been offered by my fellow Members, there is no doubt that the need to reach a reasonably quick understanding on defining this framework agreement on the Passenger Name Record constitutes a strong stimulus from Parliament.

Starting from the premise that there is currently no homogenous legislative framework in force – and this certainly contrasts strongly with the real and perceived need to fight terrorism with aggressive, robust measures, balancing privacy and security – one must consider that actions to guarantee security can be effectively realised through international cooperation. At the same time, as was seen some time ago in Parliament when we approved the SWIFT project, we definitely need to bear in mind the Council's negotiating mandate, but also the significant contributions that Parliament will also be able to offer in a context where the fight against illegal immigration can be assured through the framework agreement.

Petru Constantin Luhan (PPE). – (RO) At a time of great mobility, we cannot enjoy security without an efficient exchange of data. It is our duty to protect our citizens against terrorist attacks and organised crime. However, a balance needs to be found between security and privacy. I welcome the fact that the European Parliament's resolution emphasises that PNR data cannot be used for profiling. I believe that the partnership between the US, Canada and Australia, on the one hand, and the European Union, on the other, can offer the ideal solution for combating terrorism and organised crime.

I think that both sides need, first of all, to find common ground on understanding what is involved in achieving this objective. We must bear in mind that Europeans, by their very mentality, attach particular importance to respect for their privacy. The EU cannot give its consent to this until every detail pertaining to the security of the data being transferred between the parties involved is clarified.

Ioan Enciu (S&D). – (RO) The strategy being proposed marks a step forward in terms of how to approach future agreements in this area. It is important that a balance is struck between protecting privacy and fundamental rights and the need to combat terrorism. If the strategy is applied in the way it is presented, it will provide firm, enforceable guarantees concerning respect for the rights which European citizens enjoy within the European Union. As Commissioner Malmström has assured us, profiling will not be possible through automatic processing of the data supplied. We hope that this is the case, because this was one of our concerns, as was also the data storage period.

Although we are not talking about personal data, I basically believe that it is ultimately a matter of citizens' right to privacy. This is why a process for making administrative and legal appeals also needs to be provided for citizens affected by the misuse of this data input. Transfers of PNR data to third countries must be carried out on a case-by-case basis and only with the European Union's explicit consent.

Angelika Werthmann (NI). – (DE) Madam President, the way that the Commission has put its global approach to transfers of passenger name record data to third countries up for discussion is to be welcomed, particularly before negotiations with third countries get under way. That shows that it has learnt from past methods. As has already been said many times with regard to ACTA and SWIFT, here, too, I have huge concerns with regard to data protection standards. However, in this case, it is essentially about the handling of data with which the authorities, for example, intend to identify possible accomplices of suspects. At first sight, this is something entirely beneficial, but on further consideration, it is a very serious assumption to place European citizens under general suspicion on the basis of meagre circumstantial evidence. Would we actually supply the names and data for this purpose?

Andrew Henry William Brons (NI). – Madam President, I am not, of course, in favour of the European Union assuming the right to conclude treaties at all. However, I will endeavour to look objectively at the principles governing treaties about PNR. The approach taken to weigh the two sometimes contradictory needs of privacy and security is essentially sound. People have a right to keep details of their lives confidential, but authorities have not only a right, but a duty, to safeguard the lives of their peoples. If only terrorists and serious criminals wore black hats and displayed sinister sneers, those two needs could be satisfied simultaneously.

However, the Union does allow its own ideological inhibitions to get in the way of achieving the right balance. I can understand its reluctance to reveal unnecessarily information about

people's origins or opinions. Where this has no connection or even correlation with terrorism, that inhibition is a healthy one. However, in an era in which a particular section of the population is disproportionately involved in terrorism – and that section might change – I see no objection against profiling of that population.

Cecilia Malmström, *Member of the Commission*. – Madam President, the terrorist threat is still there and we need to address it. We have lots of tools to do so, but changing and sharing of information is key to doing this. We have PNR agreements. I already have seen strong evidence that PNR is essential to identify and to prevent terrorist attacks. We will make sure that this evidence is provided to the European Parliament with concrete examples, both from the three countries we are discussing and from the subsequent EU PNR. This is essential to enable you to assess this properly and to discuss it with your voters.

We should exchange PNR, but that should not be done without rules. We need to have the relevant information, to be able to join the dots and to have clear rules. We need to define the scope, the retention times, to have a high level of data protection and the possibility of redress for the individual. We need to have clear rules on third-country transfer and we need to be proportionate. All this is in the communication from the Commission and I am very happy to see that, although the details might vary, your communication is very much in line with this.

These are the issues that will be subject to negotiations with our three partners; they will be difficult, yet ambitious on our part. My goal is to do this together with the Council and with the EU's other three institutions, so that the institutions can speak with one voice and be a clear partner in this.

From the beginning, I have tried to involve Parliament and to engage in an open and transparent way with it, with its relevant committees, the rapporteurs, the shadow rapporteurs, the coordinators and so on, and will continue to do so. I undertake that, at all stages of the negotiations, once they have begun, I will keep you fully and immediately informed, to have an open discussion and to listen to your views. Although the Commission will lead the negotiations, I am willing to discuss with you and to inform you and have good cooperation with you on this.

IN THE CHAIR: EDWARD McMILLAN-SCOTT

Vice-President

Annemie Turtelboom, *President-in-Office of the Council*. – (NL) Mr President, at all events, I should like to start by saying that, as Minister for Home Affairs, I know that we have managed to prevent potential attacks all too often through the exchange and interpretation of information. This is precisely what makes this debate and the conclusion of a sound Passenger Name Record (PNR) agreement so important, of course.

I know that the Commission faces a very difficult task as soon as the mandates have been adopted by the Council; it will have to open the actual negotiations and strike a balance between what everyone here wants – that on which there is a broad consensus – namely, the protection of personal data, on the one hand, and, on the other, the clear tenor here in this assembly that says: we need these PNR data, we have a frequent need for information, precisely in order to protect us against terrorist attacks, for example.

However, I am pleased that the European Parliament, the Council and the Commission are on the same wavelength and have the same balance at the back of their minds: a balance

between data protection and security for which we all bear responsibility. I think we have now reached the point at which we can adopt the mandates. Afterwards, there comes the difficult job of the actual negotiations; we must ensure that we do not deviate too far from our mandate and that we continue to define that balance ourselves at all times.

I should like to address a number of specific questions, such as the comment on the sunset clause. It is indeed important to point out that this mandate is valid for seven years, that it will be assessed after four years and that, if the agreement should be concluded and also adopted here, an extension will only be possible following a debate here in Parliament; which I think is logical. This is not a real sunset clause, but it does very strongly resemble one in terms of the deadline and of the assessment after four years.

In addition, the Council's conclusions rightly state that we set very great store by Articles 7 and 8 of the Charter of Fundamental Rights of the European Union – indeed, comments have been made on the subject – and we must continue to guarantee these. Of course, it is important to all of us – and this is also in the mandate – that an independent body be established to which individuals can make a complaint if they notice that their data have been used wrongfully or for other purposes.

Finally – and this will be a very difficult point – the question of profiling, and of course we all want risk assessments. After all, risk assessments can be carried out on the basis of the data gathered to enable the right decisions to be made. On the other hand, of course, it is imperative to prevent the stigmatisation of certain ethnic groups, even though one group may have been advocating it here. I believe we want absolute freedom from ethnic stigmatisation. I believe that this, too, is one of the fundamental rights we all enjoy as European citizens, and particularly in my role as President-in-Office of the Council, I wish to make sure that we do not end up in such a situation.

President. – The debate is closed.

The vote will take place tomorrow, Thursday, 11 November 2010, at 12:00.

Written statements (Rule 149)

Vilija Blinkevičiūtė (S&D), in writing. – (LT) Parliament aims to strengthen the procedures for the transfer of passenger name record (PNR) data to third countries. Special attention should be paid to the protection of passengers' personal data. Law enforcement agencies can use the data provided by passengers to investigate crimes committed and assess risk. In the resolution, Parliament therefore emphasises that people's right to access information and their right to privacy must be safeguarded. Furthermore, Parliament wants the transfer of data to comply with European data protection standards. It is very important to introduce enforceable standards on the protection of personal data, which would guarantee the protection of fundamental human rights and freedoms. Independent government institutions on both sides of the Atlantic must be responsible for the application of these standards. Parliament agrees with the Commission's recommendation to open negotiations for an agreement between the European Union and the United States of America on protection of personal data when transferred and processed for the purpose of preventing, investigating, detecting or prosecuting criminal offences, including terrorism. To ensure effective cooperation between the institutions, the Commission should update the European Parliament at every stage of the negotiations on personal data protection.

Ágnes Hankiss (PPE), in writing. – (HU) Is the EU truly able to receive the intelligence data arriving from the United States? The motion for a resolution on the Passenger Name

Record (PNR) is welcome, since it seeks to promote an agreement between the United States and the European Union based on a balance between security and data protection. There is one point on which I feel it is inadequate. In agreement with Mrs Reding in her emphasis on a culture of reciprocity, I would like to raise the question: if we really consider it important that data exchange be reciprocal – that is, that we should not only give but also receive from the United States information relevant to the prevention of terrorism – then it is not enough simply to submit a wish list to the USA but, in practice, we need to create or name the EU body that is capable of receiving and processing the intelligence data received from the USA while, at the same time, ensuring uniform access to the information by the Member States. This problem has already come to the fore in relation to the SWIFT agreement enshrining the transfer of data on bank transactions, but it has not been resolved since that time. It would have been fortunate if the motion had emphatically drawn attention to this imminent task as well.

Andreas Mölzer (NI), *in writing.* – (DE) In recent years, more and more fundamental rights have been curtailed in the name of combating terror. The rationality of this is often dubious. While passengers are searched almost down to their underwear and are not allowed to carry nail files or deodorant in their luggage, checks on freight are often left to the shippers themselves. If this changes in future, the balance between freedom and security must be preserved because, in the case of passenger checks, this has already been lost, and thus, as the hysteria surrounding terrorism subsides, the requirements are relaxed once again.

Just as questionable is the issue of whether, in the case of travel to the US, the FBI needs to know someone's name, address, email address, credit card number and baggage number and be permitted to store this data for up to 15 years. In future, if someone arouses slight suspicion in the United Kingdom, for example – not on account of religious affiliation, where there is a proven terrorism connection – but is suspicious because they fly at short notice, possibly without luggage, and pay in cash, then, for the transfer of passenger name record data, and not only to the US, at the very least there should be a general right to complain and to take legal action and the data should not simply be stored in perpetuity. Of course, the data must only be stored for a specific purpose. If fundamental rights are infringed in order to provide a sense of security, the infringement must be as small as possible and the rights of those affected must be reinforced.

Nuno Teixeira (PPE), *in writing.* – (PT) The Commission has presented a range of proposals on the exchange of Passenger Name Record (PNR) data with third countries and on the opening of negotiations on the agreements with Australia, Canada and the US. The establishment of general principles on PNR is one of the tools for preventing transnational crime and terrorism. However, it raises concerns about the protection of civil liberties and fundamental rights. The PNR database is provided by passengers during the reservation and check-in process, allowing the authorities in charge to investigate crimes committed in the past, prevent new crimes and carry out risk analyses. This security instrument is now used with third countries, leading to the need to establish the legal security of the data. These proposals focus especially on the modes of PNR data transfer, on standards for monitoring the correct implementation of the PNR agreement, and on its reciprocity. Parliament supports the Commission's recommendations and the opinion of the European Data Protection Supervisor, while stressing that passengers' privacy must not be violated and that these data should be used solely for their intended purposes.

Georgios Toussas (GUE/NGL), in writing. – (EL) The joint motion for a resolution proves once again that the European Parliament, like all the EU institutions, represents a serious danger to grassroots freedoms and democratic rights. The resolution uses the pretext of terrorism and the ‘need for anti-terrorist cooperation’ between the EU and the United States to justify keeping general records on all passengers travelling from the EU to the United States, Canada and Australia. Empty talk about so-called personal data protection guarantees is the European Parliament’s excuse for approving the execution of an agreement between the EU and the United States on passenger records, which it has hypocritically presented as unacceptable to date. In this joint motion for a resolution, the political spokesmen of capital, cheek by jowl with the opportunists, are insultingly deceiving the public with talk of an agreement that will, apparently, contain personal data protection guarantees. No agreement and no guarantee can safeguard the protection of personal data, when they are being handed over to and are at the mercy of the secret services and the repressive mechanisms of the United States and other countries. The Greek Communist Party voted against this unacceptable resolution and calls on the public to step up their fight against the EU and its anti-grassroots and repressive policy, which is striking at social, democratic and fundamental human rights.

Zbigniew Ziobro (ECR), in writing. – (PL) One of the greatest threats the world has faced in recent years is the asymmetric war against terrorism, along with the threats arising from the growth in international organised crime. It will be impossible to create an effective protective umbrella against this hazard unless Europe and the US cooperate to this end. Exchanging information is a key aspect of this cooperation, and this is why PNR is an absolutely essential element of joint security. It is important to bear in mind, however, that its effectiveness depends solely on the exchange of data with the US being entirely reciprocal. I hope, too, that adoption of the agreement will speed up ratification of the agreements between the US and the European Union on the visa waiver programme, which will make it possible for US visas to be abolished, *inter alia* for Polish citizens.

16. Alternative investment fund managers (debate)

President. – The next item is the report by Jean-Paul Gauzès, on behalf of the Committee on Economic and Monetary Affairs, on the proposal for a directive of the European Parliament and of the Council on Alternative investment fund managers and amending Directives 2004/39/EC and 2009/.../EC (COM(2009)0207 – C7-0040/2009 – 2009/0064(COD)) (A7-0171/2010).

Jean-Paul Gauzès, rapporteur. – (FR) Mr President, Mr Reynders, Commissioner, the text we are debating this evening, and which will be put to the vote in Parliament tomorrow, is the result of a long period of work. On 30 April 2009, the European Commission published its proposal for a directive on alternative investment fund managers. It aims to establish a safe, harmonised framework at European Union level to monitor and supervise the risks presented by managers for their investors, their counterparties, other actors in the financial markets and financial stability, while making it possible for managers, subject to observing strict requirements, to provide services and market their funds throughout the internal market.

Mr President, may I just pause a moment, I wanted to know whether, given the length of our work, I had no time limit, because I see that the clock has not started. It does not bother me but, for honesty’s sake, I wanted to draw it to your attention.

Parliament received the text about 14 months ago. It has aroused obvious interest among Members of the European Parliament, as a record number of 1 690 amendments have been tabled. Professionals have been involved very extensively and the rapporteur has had nearly 200 discussions on this text, not counting the discussions with national authorities.

Finalising the compromise text that is being debated today has been particularly hard work. Half a dozen informal trialogues took place under the Spanish Presidency during the first half of 2010 in order to facilitate the exchange of information on the progress of the work. No agreement was reached in the Council during this period.

On 17 May 2010, the Committee on Economic and Monetary Affairs, by a large majority, voted in favour of the report, which was the result of collective deliberation by Members of the European Parliament. Parliament introduced proportionality, differing rules for different categories of funds, regulation to protect the private equity of target companies and jobs and a passport system for funds and alternative investment fund managers based outside of the European Union.

There then followed a dozen trialogues. A working party was also set up between the three institutions specifically to deal with the technical aspects of the proposal in a number of meetings with the Belgian Presidency and the Commission.

On 26 October 2010, the dialogue, which was to become conclusive, was held, with the active participation of the President of ECOFIN, Mr Reynders, and of Commissioner Barnier, and an agreement was reached on a compromise text which the rapporteur felt could be put to the vote in Parliament.

I shall not go into the detail of this lengthy technical document but will highlight the essential points. The directive will make it obligatory for alternative investment fund managers located in the European Union to be authorised or registered, and to comply with operational and organisational requirements, codes of conduct and transparency rules, and will make them subject to the power of the competent authorities of the Member States and of the European Securities and Markets Authority (ESMA) to supervise and to impose sanctions.

It will give them access to the Union's internal market by means of an intra-European passport to manage and market their products. Eventually, managers based outside of the European Union will be able to qualify for a passport provided they meet the same requirements as managers whose head office is in the European Union. The number of meetings and the intensity of exchanges and negotiations between the rapporteur, the shadow rapporteurs, the Presidency at the time and the Commission have very significantly enriched the initial proposal in a number of areas.

In this respect, I need to make it clear that the progress sought by Parliament was achieved gradually in the course of negotiations and not, of course, only in the last dialogue during which some adjustments were made, but at the political level, it was decisive.

I would now like to emphasise the areas in which Parliament's intervention has been decisive. First of all, on two highly political issues, with regard to relations with third countries, the existence and implementation of a passport – well, now I really do not understand because normally I have four minutes – for managers residing outside of the European Union have been approved. Specific conditions for the granting of a passport have been laid down. With regard to private equity, Parliament has succeeded in ensuring that the directive includes provisions to avoid potential asset stripping of the target company

and also specific rules concerning reporting obligations in relation to target companies, their employees or their representatives.

Given the erratic behaviour of the clock, I shall not go back over some of the provisions that were achieved in accordance with Parliament's wishes. I shall simply say that Parliament would have liked to have gone further, but it was able to influence negotiations so as to give more recognition to the ESMA's role. The solutions that were upheld nonetheless constitute significant progress towards improving monitoring at European level. Parliament has been careful to strengthen the powers of the Council and of Parliament in the process of adopting acts delegated by the Commission.

A majority in Parliament would have liked very strict control over passive marketing, or even its prohibition. The inclusion in a recital of the principle whereby professional investors have to carry out due diligence when they invest in funds located outside of the European Union constitutes a significant first step.

That, Mr President, Mr Reynders, Commissioner, is what I wanted to say in opening the debate. In closing, I shall take this opportunity of two minutes to thank all those who have contributed to this success.

(Applause)

President. – Mr Gauzès, you can have as long as you like if you protect the interests of the City of London.

Didier Reynders, *President-in-Office of the Council.* – (FR) Mr President, Mr Gauzès, ladies and gentlemen, it is again a pleasure for me to come before you once more as you debate an additional part of the reform package that we want to introduce in the financial sector. The report that has been submitted to you forms part of the supervision package which, as you know, had already been adopted unanimously in the Council.

Once again, with regard to investment funds, we have gone forward with the same unanimity in the Council, and you adopted the supervision package by a very large majority. I hope that we will be able to see just as large a majority come out for the section on investment funds.

For the first time, this directive introduces European regulation affecting managers of alternative investment funds, above all, hedge funds and private equity companies, which we have discussed many times. These companies, which benefit the European economy, have, until now, not been subject to any supervision or specific regulations at European level. The present proposal fully meets the wish of Commissioner Barnier – which is also my wish – to extend effective, appropriate regulation and supervision to all actors and financial activities which present significant risks.

With this directive, Europe is taking one more step towards the full implementation of the decisions taken at the G20. On the eve of the G20 summit, this is a strong signal from Europe to the rest of the world. As I said, this text is fully integrated into the new European supervision framework, strengthening the role that ESMA will play in regulating alternative fund managers.

Thanks to what I hope will be your vote in favour, the managers of these funds will be subject to consistent and largely new rules with a view to increasing transparency as regards supervisors, investors, companies and workers of the companies acquired by some of these funds. Private equity companies will have to give notification of their presence in the

companies acquired and provide information to employees, in particular, concerning their future strategy for the business and the potential repercussions for jobs. The directive also aims to increase protection for investors. For example, the function of depositary will be strengthened considerably, and so will risk management. Leverage, the remuneration method and delegation will now be monitored.

The directive also aims to enhance the internal market in this sector, in particular, by introducing an intra-European passport which will facilitate cross-border transactions, benefiting the economy as a whole. A passport for third countries will also be introduced in order to maintain a level playing field internationally, respecting the principle of 'same rights, same obligations'. I am pleased at the truly European character of this directive, which guarantees a high level of protection and transparency while continuing to encourage investment in Europe. The passport system, which is based on strict controls and gives European supervision authorities a central role, constitutes a reliable and effective regulatory basis for a sector whose anticipated role in the recovery of growth cannot be underestimated.

Like the other elements of the reform programme for the financial sector, the directive also aims, on a more global level, to prevent, or at least limit, the scale of further financial crises. I want to make it clear that the agreement between Parliament and the Council, which I hope is as broad as possible, owes much to the determination of the European Parliament, and particularly that of its rapporteur, Mr Gauzès, and to the in-depth work that they have accomplished.

Mr Gauzès, I want to thank you for your resolve, your commitment and your determination, without which the European Parliament's adoption of the directive probably would not have been possible.

Mr President, I would also like to thank Ms Sharon Bowles, Chair of the Committee on Economic and Monetary Affairs. We had many discussions in trialogue meetings and other fora about this directive, and also about other texts. It was useful as it proved that it is possible to have a codecision process on one condition, namely, that it is possible to start negotiations at the same time, with the Council on one side and Parliament on the other. Thank you very much for your ability to organise that in Parliament. It is not easy in the Council, and I am sure it is not always easy either with all the Members of Parliament.

(FR) Finally, Mr President, I would like to thank the Swedish and Spanish Presidencies, as well as Commissioner Barnier, who has just joined us, and all of the shadow rapporteurs, Mr Goebbels, Mr Klinz, Mr Canfin, Mr Kamall and finally Mr Lehne, for the fruitful and clearly constructive exchanges that we have had on the amended report, which will be put to your vote.

From now on, Mr President, there will be a reliable and harmonised framework at European Union level for controlling and supervising the risks that alternative investment fund managers pose to their investors and to financial stability. I am convinced that the will to achieve results which has inspired us will continue to stimulate negotiations on future texts. Every time I come to your House, Mr President, I thank you for the work that we have just accomplished, but I would like to thank you now already for the work that we are going to accomplish in the coming weeks.

Mr Gauzès, I hope that we will be able to work together at this same pace towards an agreement on the subject of credit rating agencies. On behalf of my successors to the Presidency of the Council, and in view of recent negotiations, I am furthermore confident

that we will make progress on this subject, but perhaps also on others in the future. The date has already been set. In any case, thank you for the work that has been done on this report.

(Applause)

Michel Barnier, *Member of the Commission*. – (FR) Mr President, the first thing I will do is ask you to excuse me, ladies and gentlemen, for joining you a few minutes late.

The Belgian Presidency is so dynamic that, at the same time that this important debate is taking place here, the debate on this directive on alternative investment fund managers, we are having a debate in the Competitiveness Council on another important subject, the European patent, and so I have only just left the Council to come back here – I do not yet know in what condition, but I will do what I can. I cannot split myself in two.

Mr Gauzès, whose convictions I know but whom I was not able to listen to, will certainly excuse me. I would like to thank and congratulate him, as well as all the coordinators and shadow rapporteurs, and of course, as Mr Reynders has just said, the Belgian Presidency and the whole team, for the very important and very tenacious work that has been accomplished over these last few weeks, and before it, by the other Presidencies.

We have now been debating this subject for almost 15 or 18 months, and, with Parliament's vote, we are very close to putting this reasonable agreement into effect. Parliament is meeting today to debate it and will meet tomorrow to make a decision on it. This vote in plenary, ladies and gentlemen, will take place on the eve of the G20 summit in Seoul, and this represents a great opportunity to demonstrate our ability to act together, to implement common objectives and also to implement the decisions taken just after the crisis – and that crisis is not yet over with regard to its financial, economic, human and social consequences – decisions which were taken at the highest international level, at the G20.

Following the agreement on the supervision package, which we also owe to the commitment of Parliament and the tenacity of the Belgian Presidency, the agreement on this directive on alternative investment fund managers needs to demonstrate this ability to learn the lessons of the crisis, to establish intelligent regulations and effective supervision where they need to be established, such that all financial actors are subject to these regulations and this supervision, which are both robust and effective.

The Member States have agreed unanimously to this last proposal, as Mr Reynders has said. Ladies and gentlemen, I want to say what I think: this agreement would not have been possible without the contribution of Parliament, which has significantly improved the proposals that we are debating.

Thanks to the determination of Mr Gauzès and the shadow rapporteurs, today, the report contains many new elements relating to the report adopted initially in May by the ECOFIN Council, and these contributions from Parliament improve the quality of this proposal for a directive in a very real sense. I would like to mention, one by one, some elements that we believe to be positive and of a high quality.

The first element is the strengthening of the rules on private equity, which will increase the transparency of these activities in relation to employees of the companies targeted, and will introduce robust safeguards against asset stripping, as many of you wished, although I know that some of you think that this does not go far enough.

The second element is a truly European solution for third countries. This solution, based on the 'same rights, same obligations' approach, has always been supported by the Commission, and it will eventually guarantee that all managers active in Europe will be made to respect European rules.

The third element is the key role for ESMA envisaged in this provision, which will make the supervision of managers more consistent and will enhance the functioning of European and third-country passports.

The fourth element is strong supplementary rules which will protect investors and the markets. In this regard, I would like to mention the limits on leverage, additional capital, professional insurance for managers and the rules on the role and responsibility of depositaries.

Ladies and gentlemen, the Commission shares your concern about the lack of rules concerning passive marketing. This lacuna could end up being a way of bypassing our rules, and that is why we have the same concern.

However, the Member States are almost unanimously opposed to any rules in this area, and we are ready, in a spirit of compromise, to accept the current report, on condition that this matter is reviewed, and eventually within the context of the directive, and we will ensure that this happens.

On behalf of the Commission, I would once again like to thank Parliament for its crucial cooperation and its contribution to this report, and I hope, like Mr Reynders, that we will be able to reach an agreement which is as broad as possible on this compromise, which, in our view, remains a dynamic compromise, and which enables us to maintain one of the commitments made at the G20: to learn the lessons of the financial crisis.

Evelyn Regner, *rapporteur for the opinion of the Committee on Legal Affairs.* – (DE) Mr President, Mr Reynders, Commissioner Barnier, we have already carried out a great deal of work – as Mr Gauzès said: 21 trialogues and numerous meetings between the rapporteurs and shadow rapporteurs from the Committee on Economic and Monetary Affairs and the Committee on Legal Affairs. Above all, however, we have been working to convince others for years. Like a Tibetan prayer wheel, the Group of the Progressive Alliance of Socialists and Democrats in the European Parliament has been trying very hard for years to make hedge funds, private equity funds and all of the other financial vehicles subject to European regulation. On 26 October, Austria's National Day, of all days, we were finally able to find a compromise with the Member States. We do not live in an ideal world and therefore, the compromise is not perfect either. However, this piece of European legislation is the most important element so far in terms of financial market regulation. There is now an alternative to the old neoliberal pre-crisis killer argument that 'there is no alternative' when it comes to bringing the financial market back into line and restructuring it.

As far as I am concerned, the following two points are particularly important. Firstly, there are rules to prevent asset stripping to the effect that the reserves of companies that have been taken over may not be touched for two years. There are also rules regarding the liability of depositaries which prevent the creation of long, obscure chains of liability. These provisions represent minimum standards, which means that anyone who wants to can, and should, improve upon them. However, the regulation of alternative investment fund managers also provides a new opportunity to establish a new hedge fund culture. Small volume funds, in particular, have, hitherto, conducted extremely risky transactions, but

must now change the way they do business. They now have the chance to establish themselves using a sustainable business model.

In order to ensure that this directive works – it should be noted that I am under no illusions when I say this – the Commission must keep a strict, watchful eye on the implementation and functioning of the directive and, if necessary, present the revision earlier than scheduled.

I would like to express my sincere thanks to Mr Gauzès. We worked together in a thoroughly constructive manner. I would also like to thank Mr Bullmann and Mr Goebbels. In particular, I would like to mention the strong spirit, indeed the will, that prevailed, including on the part of the Commission and the Council in the end, to arrive at a really constructive solution.

Burkhard Balz, *on behalf of the PPE Group.* – (DE) Mr President, with the directive on alternative investment fund managers, we are now laying yet another important foundation stone on the way to establishing a new, stable financial market architecture in Europe. Our call for comprehensive and more effective crisis prevention will only reveal its full effect when we extend it to the whole of the financial sector and hence, also to the alternative investment funds that were previously regulated at national level only. This is a very heterogeneous sector having various different types of funds, risk profiles and also investment strategies.

The Commission's proposal for a directive was not easy to work with, but we have now found a common compromise that does not lump all funds and all fund managers together and that, at least in its approach, takes a differentiated view according to the systemic risk. We are today setting uniform standards throughout Europe for the approval of fund managers. In so doing, we will also give professional investors and custodians a share of the responsibility. With the additional regulations relating to private equity, we are preventing the asset stripping of portfolio companies. Admittedly, there is no justification in shaming the private equity industry *per se*, as it plays an important and also a constructive role – for example, in the financing of small and medium-sized enterprises. However, we will now prevent negative cases as a result of the fact that the substance of a company must be retained in the critical first years following the acquisition in particular.

Parliament's greatest success is surely the introduction of the common European passport, not only for European fund managers, but also for fund managers outside the EU. The latter only receive access to the European market if a cooperation agreement is in place to ensure information exchange between the supervisory authorities. In future, the European Securities Markets Authority will also be able to intervene in serious cases, and that means that the new legislation will be something of a first for us. We cannot draw on past experience, particularly with regard to arrangements relating to third countries, but I think that we have made a good start towards providing an effective supervisory framework.

Robert Goebbels, *on behalf of the S&D Group.* – (FR) Mr President, ladies and gentlemen, after the outbreak of the crisis, the European summit and then the G20 launched an appeal to regulate all segments of the financial market in hedge funds. The Commission quickly made proposals, but lobbying of a rare intensity made some political decision makers reluctant to proceed with regulation. The United Kingdom stood up to protect hedge funds located in nearby or remote islands. France, the self-proclaimed champion of international regulation, has fallen back into its usual protectionism.

In Parliament, it was, primarily, the liberals who tried to oppose this legislation. Mr Verhofstadt's group, which is normally so pro-European, suggested rejecting the

Commission's proposal completely. Thanks to the rapporteur, Mr Gauzès, and thanks to the coalition in the Committee on Economic and Monetary Affairs consisting of the Group of the European People's Party (Christian Democrats), the Group of the Progressive Alliance of Socialists and Democrats in the European Parliament and the Group of the Greens/European Free Alliance, which was even supported by the Confederal Group of the European United Left – Nordic Green Left, a substantial majority position was put together. Twenty-one dialogues later, and thanks to the personal commitment of Mr Reynders and Commissioner Barnier, Parliament's negotiators arrived at a proposal for a directive, which is a notable step forward, especially in the medium term.

This is because we will have to wait until 2018 to have an internal market which imposes the same duties and obligations and also confers the same rights on all funds. The European regulation will be implemented from 2013. There will be an increase in the powers of the European regulator ESMA, to which the directive will grant no fewer than 72 intervention and supervision powers. It must be stressed that this directive is the first European legislative act to regulate hedge funds and private equity. It will ensure considerable protection for investors – not just professional investors, but also citizens investing their savings in financial products.

There will be very specific rules on risk management and cash management. There will be more transparency and more information for investors on the strategies followed by managers. Leverage will be monitored, with managers having to announce in advance their own limits for employing debt leverage. The regulators will be able to intervene if too risky a strategy is employed. The gold plated remuneration and bonuses of managers will be limited and will not be able to be cashed in full immediately. The directive will impose more transparency on private equity funds. These funds will be welcome to finance the real economy. However, the directive will seriously limit the scope for vulture-like funds to divide up companies. There will be a period of two years in which the capital and some of the reserves of the company acquired will not be able to be distributed to new proprietors.

In addition to this 'lock-in', the company's staff will be consulted, and the country in which the fund is registered will be informed about the business strategy of the buyers. In summary, the directive can be improved, Mr President, but the socialists and the democrats will give it their support, because it will bring a lot of light into the dark hole of international finance that alternative funds have represented up to now.

(Applause)

Wolf Klinz, *on behalf of the ALDE Group.* – (DE) Mr President, after lengthy rounds of negotiations, Parliament, the Council and the Commission have finally agreed on a joint text for regulating alternative investment fund managers. I welcome this, and I have to correct Mr Goebbels: We wished to send the original proposal back because we believed that the alternative investment funds were so different – hedge funds, private equity funds and property funds – that they each need to be regulated separately. Nevertheless, we now have a text that we can fully accept and support. The all-embracing approach that we found disturbing at first has been amended in respect of key elements. As a result, we no longer have a problem with it.

The goal of the directive was to create greater transparency for the supervisory bodies but, above all, for the investors, in order to be able to identify systemic risks in due time and at an early stage and so to be able to deal with them accordingly. Personally, I am in favour

of rules that all fund managers operating in the EU have to abide by. At the same time, however, I do not like the idea of us turning Europe into a fortress or even a prison or of European institutions seeking to invest not being able to do so outside Europe. We were therefore initially unable to support the proposal as presented in committee. The compromise that has now been found solves this problem. It promises to keep the markets open.

Another reason for our initial rejection was the regulations relating to the area of private equity, which would, in fact, have led to distortions of competition in this area. The requirements for private equity, as they were initially formulated, would have placed even listed companies under a definite disadvantage. The compromise that we now have before us eliminates this shortcoming and it prevents asset stripping, which is something that we expressly welcome.

Overall, therefore, we are very pleased with the proposal. It creates clear framework conditions and rules for alternative investment fund managers. It will ensure greater transparency for identifying systemic risks. It will therefore ensure greater stability. It will strengthen the internal market because it introduces the EU passport, which, following a transitional period, will also be introduced for managers outside Europe. It will ensure clear, undistorted competition. Finally, it will establish a clear, new task for the European Securities and Markets Authority (ESMA).

To conclude, I would like to thank not only my fellow Members but, above all, the Belgian Presidency, which has brought this matter to a successful conclusion with its untiring efforts.

Sven Giegold, *on behalf of the Verts/ALE Group*. – (DE) Mr President, this regulation of alternative investment fund managers provides, firstly, a little more in the way of transparency and rules in this impenetrable jungle of hedge funds and alternative investment funds. Unfortunately, these rules remain incomplete. It is still possible to place unregulated products on the internal market by using passive distribution. Essentially, market access for these products is not restricted effectively. Europe has thus missed an opportunity to extend its rules worldwide and to achieve uniform regulation.

Secondly, contrary to Parliament's wishes, there was, unfortunately, no effective balanced budget rule at European level for the funds. It is still left up to national rules to limit how far the funds can go into debt, and that also means that we are not learning the lessons from the crisis. As a result, there will be a national downhill race in respect of this regulation.

What is crucial for us once again is the fact that the asset stripping of companies by private equity funds is not prevented effectively. Of course, there are private equity investments that make sense for companies. However, the rules that are now being laid down are, unfortunately, a long way from being adequate. The rights of workers to information, which they quite rightly expect, are not effective, either, and neither is the protection of small and medium-sized enterprises against this type of asset stripping. In this case, therefore, this is very difficult to justify to the electorate. Unfortunately, the responsibility for this does not lie with Parliament. It lies, in particular, with the intensive lobbying by the sector concerned, which has had particular success with the UK Government, the French Government and, sadly, I have to say, to a certain extent with the German Government. This lobby was also represented here in Parliament by the Group of the Alliance of Liberals and Democrats for Europe.

We cannot support this proposal, because it would set a precedent for the failure of Parliament to implement effective rules. It is not possible for us to stand before our electorate with our heads held high and say that we have succeeded in regulating this netherworld effectively. We hope that we will make some progress in the revision of the directive. I would like to say a big thank you once again, particularly for the cooperation with my fellow Members in Parliament.

Syed Kamall, *on behalf of the ECR Group*. – Mr President, may I start by praising the hard efforts of Commissioner Michel Barnier? Thank you very much for coming to London to meet with hedge funds and private equity managers and hear their concerns. I would also like to thank the Belgian Presidency for their work, as some of my previous colleagues have said, and also Mr Gauzès and the other shadow rapporteurs. I shall not thank any more people because I will run out of time, given that I have only got one minute.

I think it is very important that we look at the issues and see how far we have come in eighteen months. I was one of the most critical people when it came to the original draft. Especially when it came to issues such as the scope, it seemed to be a one-size-fits-all directive, with the same rules for all sorts of funds – not just hedge funds and private equity but also investment trusts in the UK, which have existed for 150 years with no systemic risk. We are in a better place there.

I am very happy with where we have come on third country access: we have managed to keep markets open and to allow EU investors to continue to invest in non-EU funds. We have a level of transparency that does not put private equity at a significant disadvantage compared to sovereign wealth funds, and we have come to a better place on depository liability, where we are not concentrating systemic risk.

All in all, no one would say it is a perfect directive, but I think we have achieved a workable compromise. I hope that the majority of Parliament will support Mr Gauzès, the rapporteur, and the other shadow rapporteurs in the work we have done.

Jürgen Klute, *on behalf of the GUE/NGL Group*. – (DE) Mr President, I would like to make two comments. The first is addressed to Mr Gauzès. I would like to thank him specifically for his excellent work and cooperation. However, I also found the cooperation with the other shadow rapporteurs to be exceptionally good and constructive. I wanted to say that right at the start before I come to my points of criticism.

I can, in principle, accept and reinforce what Mr Giegold has just said. I could have supported the first compromise that we agreed on in the Committee on Economic and Monetary Affairs in May of this year. Indeed, I was able to go along with the decision. However, what has now been produced as a result of further negotiations is, also in the opinion of my group, no longer acceptable and we can no longer support it. As I see it, everyone is entitled to his own opinion on the matter, but in my view, the Council has played an unfortunate role here. I will express this a bit clearer than one or two others have done. In my view, the Council has missed an opportunity here. It gave in to a considerable extent to the financial market lobby and used everything in its power to prevent an effective regulation at European level.

One morning, I received a call from a lobbyist, who said that if we really wanted to regulate private equities in this way, we would prevent development aid getting to Africa. A more absurd and obscure argument could not be found in this regard. These things have nothing

to do with one another. Anyone who comes up with this sort of argument merely demonstrates the fact that he has no interest in meaningful and effective regulation.

However, this is not the concern of Parliament. On behalf of Parliament – and I would like to emphasise this once again – Mr Gauzès and other fellow Members fought for an effective regulation. That was undermined by the Council. I want to say this once again; this is passive marketing. This is a point that Mr Giegold has already mentioned. It is like someone being prohibited from selling rotten eggs at the weekly market if he advertises them, but if he does not advertise the rotten eggs and just stands there and sells them, then it is evidently legitimate. However, it is no different to what has been laid down here in the section relating to passive marketing. It provides an opening. We have a European regulation – that has already been said and I think it is a good thing. However, when the door is wide open for it to be circumvented through loopholes, then the question arises as to how effective this European regulation really is.

Private equities were originally regulated better. They are now relatively weakly regulated. A very important point – and here, too, I can only reinforce what Mr Giegold said – is the question of the information provided to the workforce. The original compromise stated that managers were obliged to inform their workforce of what they intended to do with the companies in which they had invested. What remains of this is the strained requirement for owners to inform their workforce and the works councils. You can imagine what will come of this – not very much. The Council has missed an opportunity here, and I hope that we will perhaps still be able to improve on it at a later date.

Marta Andreasen, *on behalf of the EFD Group*. – Mr President, I am less grateful than the previous speakers. From the very beginning, the AIFM Directive targeted the City of London, an industry that was already sufficiently regulated by the British authorities.

As usual, the EU misses the point: it is the banks' reckless lending that caused an almighty credit bubble and the financial crisis, not alternative investment funds. Will this regulation prevent a further crisis? Absolutely not. But it will certainly succeed in driving managers away from London. Sadly, they will not go to Paris or Frankfurt, but instead further afield: to New York and Singapore.

Are we in a position to afford such loss of business? Of course not, but the EU does not care. This directive will significantly add to the cost of these funds and reduce returns, driving smaller funds out of business. Its capital requirements will make it difficult for private equity funds, and it is venture capital start-ups that will suffer the consequences.

Funnily enough, the Commission claims it wants to encourage research, development and entrepreneurship, in order to restore growth to the European economy. Instead of encouraging venture capital, they are putting their trust in public funding which is too cumbersome and useless for this purpose.

It is also incredible to see how the EU has designed this directive from its ivory tower, turning deaf ears to regulatory developments in the rest of the world and adopting a protectionist and arrogant method, whereby the European Securities and Markets Authority will have the last word on who does business in Europe and where European funds invest.

But where is Mr Cameron in all this? He has betrayed the City of London – the most important British industry. He has allowed yet another transfer of power to Brussels without giving the British people a referendum. On behalf of British alternative fund managers, I

can only say thank you very much, Mr Cameron. Don't come to us to help reactivate the British economy!

Hans-Peter Martin (NI). – (DE) Mr President, how I would like to stand before the electorate and say 'Yes, we have achieved great things. Yes, we have finally made a breakthrough where – in complete contrast to what the previous speaker said – in the opinion of the overwhelming majority of Europeans, we need clear rules'.

Unfortunately, however, a major opportunity has been missed once again. If, Commissioner, even as you are presenting this, you are already saying that the directive needs to be revised sooner than planned, and if various speakers are now saying 'It is all to do with the Council, but we, the European Parliament, are on the right side', then I have to ask: Why do we not just say 'no' tomorrow? Why are we allowing the European AIFM structure to continue to remain full of holes precisely because of this passive commercialisation? Why do we not hold on to that much applauded saying of the German Federal Chancellor: 'No product, no actor, no institution must remain unregulated'? Why is it that, precisely as a reaction to what will now go through on the nod tomorrow, here in this Parliament, we had to witness it being said for the first time from many different quarters – many Members from many different groups – that we need independent expertise, we need 'financewatch.org'? We have been made helpless in the face of the lobbyists. Why do we not have the nerve to indicate what we believe we are able to succeed with by saying 'no'? Why are we once again leaving precisely those who we should be representing in the lurch – in other words, with regard to private equity and the undermining of companies? I find that extremely disgraceful, and it will do more harm than good to Europe and the European idea, of which I am a great supporter.

Gunnar Hökmark (PPE). – Mr President, let me first of all congratulate Mr Gauzès for a responsible and listening leadership in this difficult process. I would like to reiterate, not least for the benefit of colleagues who are saying that they will vote against this report tomorrow – this might seem so obvious that it should not be said, but sometimes the obvious things need to be said – that private equity and dynamic financial markets are not only important for a competitive economy, they are crucial.

We need them and they are good for a strong economy. That is why I think the report we are going to vote on tomorrow is worth our support. When we discuss private equity, we are talking about the opportunities for SMEs to grow and to develop. We have achieved a solution for private equity which will not give any disadvantage to private equity funds. It will provide us with openness for third countries and for investments in other parts of the world; that was not always the situation. We have, in that sense, bettered the legislation.

I think it is important that we have reduced the scope, so that we are not dealing with what were industrial companies now that we have made an exemption for holding companies. Had we accepted the original proposal, it would have meant that normal industrial companies and structures in a number of our countries would have been seen as financial institutions. That would have created new problems, not only for investments, but also for industrial development. All in all, as always, things could have been better, but the important thing is that now we have the preconditions for dynamic, financial markets which are good for the European economy.

Udo Bullmann (S&D). – (DE) Mr President, ladies and gentlemen, as I listen to this debate, I have to admit that it reminds me very much of the debate on the Services Directive. I will tell you why. In that case, too, my fellow Members from the Group of the Greens/European

Free Alliance and the Confederal Group of the European United Left – Nordic Green Left declared that there was a regulation on the table in this House that was not perfect, not complete, and yet for years now, they have been grateful for the fact that the Group of the Progressive Alliance of Socialists and Democrats in the European Parliament managed to push it through in this House. That is the truth about this regulation that we will vote on tomorrow. In fact, the improvement made on what the Council and Commission proposed can essentially be attributed to Mr Goebbels and Mrs Regner, who fought for improvements here against the opposition, with the support and excellent cooperation of Mr Gauzès, for which I would like to thank him.

In my country, Germany, what we have agreed here for the private equity industry will bring about real improvements for workers and for small and medium-sized enterprises, which no longer need to be afraid of simply being eaten up by the black sheep of the equity industry that do not abide by any standards. These days, when we read and listen to the press telling us that the funds industry is moving its focus away from the Caribbean and towards Europe because it is important to long-term investors that there are good products in which to invest, that supports the work of this Parliament rather than running counter to it.

However, before we talk too much about dynamism here, I have to say that my group has been calling for a regulation since 2002. Perhaps there has been evidence of dynamism, but only in the last few weeks. I would like to thank the President-in-Office of the Council and the Commissioner, as you have personally supplied this dynamism. Please tell your colleagues in the Council that, with this method of sluggishness, of ‘yes, but’ and the refusal to put through better regulations in Europe, we will not succeed in getting the next pieces of legislation on derivatives or short selling through. This situation has to change. That is an appeal from this Parliament.

Sharon Bowles (ALDE). – Mr President, there have been long and difficult discussions on this directive in committee, in trialogues and variously in Member States, with the media, with venture capitalists and with fund managers of all types. Interestingly, the Member States that were most concerned about hedge fund activity were also those that did not have any regulation of hedge fund managers nor conduct-of-business rules to stop the selling to retail investors of some products only appropriate for professional investors. Similarly, the Member States most worried about asset stripping and hidden takeovers were ones without lower disclosure thresholds on shareholding and without disclosure of contracts for difference.

Now, wherever you are in the EU, there will be protection – and that is right. In the supervisory architecture, we have taken a big step towards a common rule book. The lesson of AIFM is that we must also take steps to early sharing of best practice.

So I say to the City, to my own Member State, the UK: be vigilant when promoting the export to Europe of a full range of market regulation with which you already comply. The end-product may not be exactly the same and therefore you will have to adjust, and I am afraid that does entail some cost. But sharing this best practice, exporting ideas early, is the way to avoid the trauma of legislation at a late stage.

That said, the end result that we have is an open and reasonably balanced one. It is not divergent from company law norms. It is not perfect, and it is certainly not as succinct as I would like but, given all the circumstances, I endorse it as a good result. I should like to

thank personally Minister Reynders and Commissioner Barnier for their very important and active engagement in the dialogues.

Kay Swinburne (ECR). – Mr President, the AIFM Directive was the very first piece of legislation that passed my desk after I was elected for the first time eighteen months ago, so to see it finally go through plenary this week, now that we have finally reached an agreement, is actually a relief. The putting in place of a passport regime for alternative investment funds, to operate across the entire EU alongside a single rule book governing their operations, should be another valuable piece in the creation of a true single market in financial services for Europe and should be welcomed by the industry in its current modified form.

As a former UK regulated fund manager, I now hope that this will soon become the mark of high quality in regulation for investors worldwide, as UCITS has been in the past and continues to be across the globe.

However, I hope that everyone who has been involved in this process has learnt some lessons along the way concerning the principles of better regulation. It is clear that this should not be held up as an example of better regulation and, given the extensive agenda of financial legislation over the coming months, I hope we can avoid a repetition of this inefficient process.

Astrid Lulling (PPE). – (FR) Mr President, throughout the birthing pains of the directive on alternative investment fund managers, I have constantly argued in favour of equal treatment for all fund managers, irrespective of whether they come from the European Union. This may sound obvious, but in practice, there have been innumerable difficulties.

The text presented today is satisfactory. I would like to thank the negotiators, particularly our rapporteur, Mr Gauzès, who, having been through such a difficult birthing process, surely ought to be entitled to some well-earned parental leave.

I would like to stress that the treatment of third countries can be viewed in two different ways, depending on whether one is inside or outside the European Union. Largely as a result of the European Parliament's efforts, all funds that are sold in the European Union will effectively be subject to similar rules. Thus, we can now say that there is more or less a level playing field.

Nevertheless, during the transitional period, non-EU entities will be able to apply national investment rules, whereas EU funds and managers will be subject to the directive, which tends to be stricter. The situation is different for markets outside the European Union: European funds and their managers will still be subject to the directive, but third-country funds will not. Consequently, it will be much harder to market European products in the rest of the world because they will be less flexible and more expensive. We need to be aware of this disparity, although it was inevitable in this particular instance.

As for depositaries, given that we are imposing more restrictions on them too, specifically in the form of new responsibilities, the higher costs are bound to lead to far-reaching sectoral changes. Mr President, I am not saying this to express my opposition, but rather to emphasise that this new legislation is not the cure to all ills. It needs to be implemented but it will also create problems, and we need to recognise that.

Ivo Strejček (ECR). – (CS) The emergence of hedge funds and private equity funds was the result of the strict regulation of the financial markets even before the outbreak of the

financial crisis. Financial institutions therefore chose these instruments as ways of avoiding the regulations of the capital market. It is therefore not alternative investment funds which are the main reason for this, but the variety of regulations in existence, a situation which we are resolving with today's even stricter regulations. Capital has the ability to respond flexibly and is very mobile. Government intervention will not stop it, and if regulations are too tough, it will either force this segment of financial services to move outside the European Union or to find new, as yet unregulated forms. One can say with certainty that the material we are discussing is possibly a reaction to the past, but does not decrease the risk of future crises. However, I think that Mr Gauzès and his friends have done a good job.

Alfredo Pallone (PPE). – (IT) Mr President, ladies and gentlemen, firstly, it seems obvious that I should thank the negotiators and, in particular, Mr Gauzès, together with the shadow rapporteurs, for the excellent work that has been achieved with regard to the directive on alternative investment fund managers, ensuring that the funds finally have a uniform set of rules within the entire European Union.

These funds are responsible for the management of a significant volume of assets invested in Europe and can exert a notable influence on the markets. Their impact is largely beneficial, but their activities can also contribute to spreading risk throughout the financial system.

The new common measures contribute to replacing the 27 different national systems of today and to strengthening the opportunities for the single market. Alternative funds therefore benefit from a European passport, independent of their place of registration. Furthermore, the single European system will prevent funds from profiting from legislation in states that offer more favourable regulatory regimes. In the past, this practice has entailed serious speculative risks for the entire European Union. I also agree with the introduction of rules relating to so-called 'asset-stripping' and to the ban on short selling – two points that were missing from the initial proposal from the European Commission.

Finally, in order to avoid distortions of competition, it is essential that a fund from a third country operating within the European Union benefits from the passport and may carry on business if it respects the same conditions as EU funds.

Theodor Dumitru Stolojan (PPE) . – (RO) I would first of all like to congratulate the rapporteur, Mr Gauzès. We would not have had this draft resolution tabled for debate today had it not been for the skill and tenacity of this gentleman and of those who cooperated with him, and for the Commission's and Council's involvement. I am going to vote for this report because of the benefit it will provide by making the activity of these funds transparent in terms of costs, investment policy and the risks which they also run. We are too well aware that without transparency, we cannot talk about the managers of these funds having responsibility.

In addition, by introducing supervision and monitoring of these funds, we can be sure that this will plug one of the gaps which still exist in Europe's financial supervision structure, thereby responding directly to the justified demands of European citizens who have been hit very hard by this financial crisis which has been triggered worldwide.

Diogo Feio (PPE). – (PT) I would like to begin by congratulating the Commissioner, the representatives of the Council, the shadow rapporteurs and, in particular, Parliament's rapporteur. I am well aware of the effort that he put into this subject and the difficulties he underwent so that it would be possible to reach a consensus. Congratulations are therefore due to Mr Gauzès.

Getting down to business, I would like to point out three major aspects in the solution that was presented: firstly, there is a concern to connect with the real situation, which can be seen in the tendency to allow things that are different to be treated in different ways. The funds have different sums, different characteristics and different associated risks. Secondly, there is the aspect of concern for financial stability, which can be seen in the definition given for levels of capital. Thirdly, there is the concern with combating protectionist tendencies, which is amply demonstrated by the agreement relating to third countries. In short, this is a more transparent solution that offers greater security for the market and greater protection for the consumer. This is a more European solution, and one that is better for the internal market. Better regulation will certainly mean that we will have a better market.

Miroslav Mikolášik (PPE). – (SK) I firmly believe that it is important to create a systematic framework for monitoring and supervising alternative investment funds. The regulation of these funds forms part of a broader regulation of the financial sector, aimed at preventing a repeat of the financial crisis.

I support the submitted proposal, and I would like to emphasise that we do not thereby wish to restrict the entry of alternative investment funds from third countries into the countries of the European Union, but to set out unified conditions which must be met, not only by the alternative investment funds, but also by the third countries in which they are based.

As publication of information and supervision are key elements in fulfilling the aims of the directive, it is important to introduce absolute transparency in respect of the supervisory bodies. I would like to end by congratulating Mr Gauzes for an excellent piece of work.

Zigmantas Balčytis (S&D). – (LT) Thank you, Mr President. Firstly, I would like to thank the representatives of the European Commission and the rapporteurs for a very important document. The financial and economic crisis has exposed shortcomings in the operation and monitoring of our financial system. Today, legislation is already being adopted in Europe establishing a strict system at EU level which will allow the activities of financial institutions to be monitored and assessed and appropriate recommendations and action to be taken if necessary. As for alternative funds, the supervision system should also apply to them. If we want to achieve greater and improved stability in the financial system, and increase the protection of investors, i.e. our citizens, then the activities of such funds must also be controlled and subject to supervision at EU level. The rules must be the same for everyone operating in this field and we must not leave gaps for uncontrolled activity. We must learn from previous mistakes and not repeat them. I believe that it is not just Europe that is learning from them, but all the countries of the world.

IN THE CHAIR: RODI KRATSA-TSAGAROPOULOU

Vice-President

Ilda Figueiredo (GUE/NGL). – (PT) We are talking about a very important matter, especially bearing in mind the problems that occurred in the financial sector with this type of alternative investment funds. However, the truth is that these solutions do not solve the fundamental issues. The regulations are clearly insufficient and significant factors for speculative risk remain, as will be seen in the future. It is not enough to talk about supervision and regulation. What was needed was a clear position, putting an end to financial derivatives and to hedge funds, while also ensuring effective public and political

control over the whole financial sector, especially over financial transactions, including an end to tax havens at a global level. The European Union must lead by example.

Seán Kelly (PPE). – (GA) Madam President, like the other speakers I would like to congratulate Commissioner Barnier, the Belgian Presidency and Jean-Paul Gauzès on the good work they have done. Jean-Paul has given examples of that good work.

He said that there had been 1 170 amendments, 200 interviews and half a dozen triologue meetings. That certainly is hard work and hopefully it will pay off.

After World War II the leaders – Schuman and others – said that this must never happen again. Now, 60 years on, we are saying the same arising out of the economic crisis and the failure of supervision and regulation. Thankfully, the new supervisory architecture will go a long way to ensuring that is the case, and today we will hopefully complete the picture through the AIMF.

However, I have one question and that is: are they satisfied that the reciprocity of market access which has been spoken about will establish a level playing field for the European Union?

Elena Băsescu (PPE). – (RO) I would like to begin by thanking Mr Barnier and Mr Gauzès for the excellent results they achieved during the recent negotiations. One of the benefits of adopting this directive will be the monitoring of systemic risk. This will be carried out specifically based on cooperation between the national authorities and the European Systemic Risk Board. Another important form of cooperation will take place between the national agencies and the European Securities and Markets Authority. The latter will be able to make recommendations and be involved in monitoring national systems.

I also think it is important to include additional provisions relating to the transparency of the operations carried out by fund managers. At the same time, I welcome the introduction of a simpler regulation scheme for SME administrators in order to boost access to alternative investment sources.

Othmar Karas (PPE). – (DE) Madam President, the hedge fund regulation is not a consequence of the crisis. It fills a legislative gap. It will take us a step further towards the Europeanisation of the internal market for financial products. What is it all about? We will register and authorise all funds. We will establish a minimum capital requirement of EUR 125 000. The European Securities and Markets Authority will be the supervisory body. Our principle of transparency will be applied to the investment strategy, investment policy, payment methods and the delegations. The concept of the single market will be put into practice by means of the passport. There will be no EU passport for funds having more than 30% of investments outside the EU. The bonus regulation that we have introduced for bank managers will also be extended to hedge fund managers in order to ensure sustainability here and to minimise the risk. This is a good result.

Michel Barnier, Member of the Commission. – (FR) Thank you, Madam President. I imagine that Mr Reynders will also be thanking you when his turn comes. I would like to thank Parliament for its incredibly constructive approach during these rather lengthy negotiations, as evidenced by the debate that we have just had.

Mr Klinz spoke earlier about ‘more transparency’. I have always believed that transparency is an essential feature of responsibility within the entire financial services sector. Which is

why, in that very sector, we are now working together to create transparency, putting people under the spotlight who are probably unaccustomed to the glare.

Unlike Mrs Andreasen, I do not think that this transparency will hamper the finance industry's competitiveness. I think it will have quite the opposite effect. Back on 13 January, I explained to you that Europe is attractive to the financial industry: that is where we have the competitive edge over other regions of the world. The financial sector has an interest in gradually, piece by piece – because, ladies and gentlemen, we have not yet finished – creating healthier, more transparent and more trustworthy foundations. In fact, in my view, those foundations will often be a little more ethical.

As Mr Balz reminded us, this is the first time that we have introduced European rules for this key sector. These rules will play a vital role in achieving a range of ambitious objectives and making real progress – the word used by Mr Bullmann earlier to describe the work done by this Parliament in conjunction with the Council and Commission.

Progress means improving the supervision of systemic risk; it means greater protection for investors, as Mrs Bowles pointed out. It means a great deal more transparency in the private equity industry. Mr Hökmark has stressed the importance of that industry. And lastly, it means creating a real single market for alternative investment funds for institutional investors. Mr Kamall has reiterated his concern, which I share, that there should be no discrimination. Instead of discrimination, we now have a set of simple requirements. I think that is the right solution.

I would like to remind all those who hoped to go further, that this is a compromise, a dynamic compromise. We do not live in a perfect world, as Mrs Regner reminded us just now. That is true. We might have wanted to see a lot more progress than is found in the compromise text on which you will be voting, but it is a dynamic compromise and the review clauses mean that legislation will be able to evolve in the years to come. I can tell Mr Giegold and Mr Klute that there will be further discussions and that we will be returning in particular to the question of passive marketing and the role of the European Securities and Markets Authority (ESMA). The latter was a point raised just now by Mr Karas, while Mr Goebbels rightly reminded us earlier of the importance of the ESMA. Mr Goebbels, you mentioned 72 specific powers, within 11 different categories. This means that the ESMA will have real powers, and we owe this largely to Parliament's efforts.

So let me thank each and every one of you. Earlier, almost all of the speakers, from across all the groups, even those who are unlikely to vote in favour of this text, paid tribute to the rapporteur, Mr Gauzès, for being so receptive, for his expertise and for the quality of the relationships he has built. I do not think that he will have time to take parental leave, because there is a lot more work to be done in the coming weeks. Nevertheless, I would like to express my thanks to the whole Commission team who worked with me and are here this evening, and I would also like to add my voice, both personally and on behalf of the European Commission, to the chorus of thanks and gratitude addressed to the rapporteur, Mr Gauzès, in honour of his excellent work.

(Applause)

Didier Reynders, *President-in-office of the Council*. – (FR) Madam President, I am not going to repeat everything that Mr Barnier has just said – I had my say earlier – but I would like to thank everybody who has spoken in support of the proposed text, and also those who have made comments which show, all the same, that this text has real substance, which

will enable us to make progress at European level in the regulation of all these alternative investment funds.

This is the first truly European legislation on this subject, as I said earlier. I think that we need to recognise that strengthening ESMA's role is a step in the right direction. Several speakers have also mentioned passive marketing. We are taking a number of practical measures on this matter and on private equity funds, based on the need for ever more information and ever more transparency, including with regard to the staff in undertakings that are sometimes targeted by these funds' actions.

To conclude, I would like to make two points. Firstly, I have heard from some who feel that we have not gone far enough and others who feel that we should not have gone down the regulatory route at all. This leads me to the very Belgian conclusion that we have probably reached a good compromise. If both sides are critical of the compromise, then the reasoning underpinning our actions is probably sound.

To Mr Bullmann, I would just say that we have made some headway on the supervisory structure. We are now working on financial investments and will also be looking at investment funds and financial groups.

Let me congratulate Mr Gauzès once again. I said to him earlier that we would try to make progress with regard to rating agencies also, and I can tell him that both the Belgian Presidency and the Commission are willing to try to speed up the discussions on derivatives. I have double checked and can confirm that the report is scheduled for adoption by the Parliamentary committee in March next year.

If it proves possible to bring that date forward, we are willing to try to up the pace. Please do let us know if that seems feasible. I am delighted that we have reached an agreement on this kind of text. We will work towards adopting others in the coming weeks. Once again, my thanks. They are all the more sincere, Mr Gauzès, because we will go on working together over the next few days.

(Applause)

Jean-Paul Gauzès, rapporteur. – (FR) Madam President, earlier, I spoke about the technical details. Allow me to use my last two minutes to express some richly deserved thanks: thank you first of all to all the fellow Members who have spoken today. My especial thanks to those who have said that they will be supporting the text, but to those who will not be voting in favour, I do not believe that putting me in the same bracket as Mr Cameron is really an insult either.

I would like to thank the shadow rapporteurs from the groups: Mr Goebbels, Mr Bullmann, Mr Canfin, Mr Klute, and Mrs Regner, the rapporteur for the opinion of the Committee on Legal Affairs. I wanted to name them all in recognition of the incredible support that they gave me during the first phase of this process. We were able to work together productively, each putting forward his or her own points of view, and I would like to thank them for that. I am delighted that the Group of the Alliance of Liberals and Democrats for Europe and the European Conservatives and Reformists have joined us now that a compromise has been reached and hence, I am delighted that Mr Klinz and Mr Kamall have co-signed with me the amendment that replaces the initial report.

Particular thanks go to Mr Barnier for his considerable involvement in this dossier: he knows how much I appreciate him. I know that he knows that Parliament is relying on

him and will support him in putting in place these building blocks that are so dear both to him and to us. I know it is unusual, but I would also like to thank Ugo Bassi, with whom I have had a very fruitful working relationship during this time, and so the text is also the result of work done within the Commission.

As for you, Minister, earlier I felt that you contributed something when, in your thanks, you asked whether we would continue to make progress. So let me begin by thanking you, because without you we would never have achieved anything on the Member States' side. These are genuine thanks, not simply a polite gesture – I believe that your personal commitment has been key to the progress made in the Council and to the fact that we have reached an agreement. You have also succeeded in ensuring that all the main groups can identify with parts of the text and in obtaining the majority that we both wanted for this directive.

My thanks also for the contributions from our fellow Members on the left, without whose support the directive would not have the credibility that I am confident it will have tomorrow after a very broad vote. As you pointed out, this was vital for supervision, and vital for this directive too. I am also very grateful to your teams, Minister; please pass on my thanks. Some of the debates were pretty lively, but although I now live in Normandy, I come from the south, and sometimes my southern temperament wins out over the more balanced Norman approach.

I also wanted to say, Minister, President-in-Office of the ECOFIN Council, that I really hope that we will complete our work on rating agencies before the end of the year. For our part, we have the committee vote on 22 November, the vote in Strasbourg in December, and then, if the Council is ready, we will be ready.

(Applause)

President . – The debate is closed.

The vote will take place tomorrow.

Written statements (Rule 149)

Dominique Baudis (PPE), *in writing*. – (FR) The financial crisis that the world has gone through has shown that international financial exchanges need to be subject to minimum rules. Having stated in September that it was determined to supervise the markets, the European Parliament has today, 11 November, sent another powerful message to the rest of the world. From now on, alternative investment funds (hedge funds) entering Europe will be more strictly monitored and regulated by Europe. What is more, they will have to be declared to the authorities and managed within the European Union. The non-regulation of these resources caused many bankruptcies, stock exchange crashes and social crises. France is about to take over the G20 Presidency for a year. Its main priority will be to reform the international financial system. With this vote, Europe is blazing a trail.

Sebastian Valentin Bodu (PPE), *in writing*. – (RO) This report about investment fund managers has triggered a huge amount of discussion both between the various groups in the European Parliament and between Parliament and the Council. I maintain the view, which was also expressed during the discussions prior to the vote in the Committee on Legal Affairs, that the Commission's proposal is a serious mistake and conveys a glaring lack of understanding about the role of investment funds (private equity and hedge), as

well as confusion between banks as the institutions guilty of triggering the financial crisis, these closed-ended investment funds and the open-ended investment funds (mutual funds).

Behind the well-meaning principles, which have unfortunately been adopted by fellow Members who do not understand what financial management and macro-economics mean, lie hidden regulations which not only have nothing to do with preventing a new crisis, but will actually do nothing more than increase the costs of operating an alternative investment fund in an unjustified and absurd manner, which will be reflected in lower capital, smaller returns and fewer investments. I frankly admit that I am completely astounded that this steamroller attitude is prevalent in the EU, which is reminiscent of the 1950s when institutions were destroyed in Eastern Europe on the back of grand slogans.

George Sabin Cutaş (S&D), *in writing.* – (RO) The economic and financial crisis has highlighted to us that we need to exercise tighter control over economic operators. They have exposed themselves to excessive risks which have caused upheaval in the global financial system. According to the European Central Bank's analysis, the business handled by alternative investment fund administrators amounts to approximately EUR 700 billion in assets in the European Union, which plays a major role in the financing of the latter's economy.

Consequently, I welcome the Commission's proposal on authorising and supervising these funds and on introducing a European passport in this area. Creating a European internal market for alternative fund administrators will help limit systemic risks and provide better protection for investors, in keeping with the new European economic supervisory structure. At the same time, the Commission will have to present an assessment of the results from this harmonisation process in good time, in order to ensure that this has not caused any distortion of the market.

Proinsias De Rossa (S&D), *in writing.* – I support this piece of legislation regulating hedge funds and private equity. While much more remains to be done in the field, this is an important step towards better regulation of the activities of alternative investment fund managers, which was met with opposition even after the 2008 financial crisis hit hard, most notably by Charlie McCreevy, the Internal Market commissioner in charge at the time. Once the new European supervisory authority becomes fully functional, fund managers will not be able to market their products in the European Union unless they hold a European passport certifying full compliance with this directive. Strict depositary liability will ensure that investors can always claim damages and will be informed of the reasons for potential delegation of liability. Critical new clauses, which we have insisted on and which were met with resistance in the Council, are the provisions combating asset stripping. Employees will be protected from predatory funds bent on short-term profiteering through the destruction of viable companies. Distributions to investors and capital reductions will be limited in the first two years after takeover, and employees will have access to information on the plans envisioned for their companies.

Jiří Havel (S&D), *in writing.* – (CS) Alternative funds, such as hedge funds or private equity funds, probably contributed through their actions to the ongoing global crisis, and the question of their regulation is currently being discussed not only in the EU, but also in the US. The present report relates to the Rasmussen and Lehne reports, both from 2008, and deals with the proposal for a directive on alternative investment fund managers. The report gives a summary analysis of the problem of alternative funds, including a description of the key points: regulating the activity of alternative fund managers, including the creation

of a single European passport; the obligation of alternative fund managers to appoint an independent asset valuator for each alternative fund they manage; a requirement to enhance the transparency of alternative funds and market disciplines and the regulation of short selling. The directive also enables the Member States to allow managers to offer alternative funds to non-professional investors as well. On the other hand, there are objections to the proposed regulation, such as the Larosière report, the Turner Review and the reaction of the Alternative Investment Management Association. The adoption of this directive should not entail significant changes for alternative funds in the Czech Republic because of the high level of current Czech regulations in this area. Overall, I think that the report submitted by my fellow Member, Mr Gauzès, contains an accurate analysis of this issue, as well as relevant recommendations regarding alternative funds, and I therefore recommend approving it in its proposed form.

Sirpa Pietikäinen (PPE), *in writing.* – (FI) Ladies and gentlemen, I would first like to congratulate the rapporteur, Mr Gauzès, for his excellent work on this complex, technical and controversial report. When it appeared, the Commission's proposal on alternative investment fund managers provoked passion, criticism and praise in various quarters. It was criticised heavily and for having been drafted in secret. I myself thought that its biggest weakness was that it mixed two product clusters – different in terms of their nature and therefore their risks – in the same directive. These were private equity funds and hedge funds. One focuses on a speedy return, while with the other, the investment matures over a longer period. The risks are associated specifically with the first. The debate on the directive by Parliament and the Council resulted in a compromise – not a perfect one, but an acceptable one all the same. The directive on alternative investment fund managers constitutes an important part of the new system for financial regulation and supervision. We nevertheless have to remember that financial supervision will need to improve even after this directive has been adopted.

Marianne Thyssen (PPE), *in writing.* – (NL) With tomorrow's vote, the EU will be putting into practice what was agreed at the G20 in London. Following on from the agreement on financial supervision, the European Parliament and the Belgian Presidency have shown that they are serious about reforming the financial system. The agreement reached is balanced in that it meets three concerns: containing systemic risk, protecting investors and guaranteeing a level playing field. Also important is that the EU does not close off its market to non-EU capital, which is a prerequisite to enable our European economy to breathe. The new harmonised rules will ensure transparency, legal certainty and a reinforced internal market.

The European passport, in particular, will authorise managers to operate throughout the European Union without having to be registered separately in each Member State. I should also like to emphasise that I am pleased with the solution that has been found regarding private equity. The lighter regime applicable to the managers of small funds will promote the creation and financing of new companies – often SMEs – in innovative sectors. Therefore, we must support with conviction the political agreement that has come about following 14 months of negotiations.

17. Single Market Act (debate)

President. – The next item is the Commission statement on the Single Market Act.

Michel Barnier, *Member of the Commission.* – (FR) Madam President, ladies and gentlemen, I am delighted to officially present to the Members of this House the Communication on the Single Market Act, which was adopted by the Commission on 27 October, and to debate it here with you. We actually began our discussions yesterday at the instigation of Mr Harbour and Mr Grech, in another place but with several hundred political, economic and social stakeholders active at European, national and regional level.

This is an important document. It is important, ladies and gentlemen, because we believe that Europe is being called to account on many fronts. The outside world has questions about the reasons for the crises. We have experienced an incredibly harsh financial crisis over the past two years, and its many economic, social and human repercussions are still being felt in all our countries. There is the economic crisis, in general, and then there are other crises that we cannot afford to ignore, such as the food crisis, even though less is said about them. Approximately one billion people are in danger of dying from starvation or lack of water. Then there is the environmental crisis, which is probably the worst.

We need to respond to these questions, but in addition to these external questions, there are internal questions, the most important of which is undoubtedly that being asked by the European citizens, who do not understand, who are often concerned, and sometimes angry, who remain unconvinced and have questions about this large single market that is the cornerstone and has been since the inception of the European Coal and Steel Community in 1950 – this large European market that we are patiently building together.

The question being asked by our citizens, by small and medium-sized enterprises, is: what does this single market have to offer us? What is Europe doing for us? We need to give a positive answer to that question, which we do not always do.

This is what Mario Monti concluded in the report commissioned by President Barroso, a report which you have debated on many occasions and which contains many useful findings. For example, Mario Monti states that the single market is increasingly necessary and yet becoming ever less popular. Ladies and gentlemen, we are politicians, each with our own mandate, and when we hear conclusions of this ilk, we need to strive to ensure that what is necessary becomes popular and, in any case, that it gains support and is better understood.

This is why, in view of all these crises and questions and in accordance with our mandate, we wanted to produce a practical follow-up to Mario Monti's findings, and indeed to the consistent findings that this Parliament, under the guidance of Mr Grech, whom I thank, has also come up with concerning the imperfect, incomplete, and occasionally disappointing, functioning of this large single market.

Hence, the document that we are presenting to you today, Madam President, ladies and gentlemen, is an original one. It is not something you can take or leave. It contains an action plan rather than a legislative proposal, an action plan that currently contains 50 proposals that we are putting forward for discussion, all of which are designed to improve the way the single market works in order to benefit small and medium-sized enterprises, growth and citizens. This market is a vehicle for promoting growth and social progress, not the other way around, as I have often said before.

We have just been discussing the directive on hedge funds and private equity. Let me say that I have a very clear strategy which I intend to pursue doggedly for five years. As I told you on 13 January, we want to and we will ensure that financial services and the financial

markets, which are vital, once again serve the real economy, not the other way round. In doing so, we will ensure that the real economy and the single market underpinning it serve growth and social progress.

Our growth strategy, which is consistent with the 2020 strategy, is designed to make the single market work better. This market needs to be seen as the platform on which the European economy is built. We are convinced that if this platform can be made to work better than it does today – which is the aim of the action plan – then everything built on it – private and public initiatives, local, regional, national and European initiatives, the activities of associations and the whole range of other bodies within the market – will also work better.

We want to respond to these questions and challenges by working with businesses to return to strong, sustainable and equitable growth. We are proposing a number of measures specifically focused on innovation and small and medium-sized enterprises.

The Single Market Act includes the major issue of the patent, which we are discussing right now – hence, the complications with my schedule, Madam President – in the Competition Council under the Belgian Presidency. More generally, we want to make the whole regulatory and tax environment more flexible for businesses and to facilitate access to the funding they need to support their investments.

Lastly, in terms of boosting European competitiveness, we want to strengthen our external strategy in a spirit of reciprocity and mutual benefit.

In order to ensure that European citizens are at the heart of the single market, the Commission wants to demonstrate that the market does not constitute a barrier to the development of services of general interest and major infrastructure. We will produce a communication, which will undoubtedly be supported, enhanced and improved by Parliament's contributions: a communication on services of general interest and public services. We want to make it clear that the single market upholds the social rights enshrined in the Charter of Fundamental Rights, that it can offer new development opportunities to socially innovative businesses that serve European workers and consumers alike.

We now come to the third chapter of the Single Market Act. This comprehensive approach only makes sense when it is situated in the context of improved governance, through increased dialogue and partnership with our businesses and our fellow citizens, but also between the European institutions, the Member States, regional and local authorities, and through better social dialogue. In all our work together, we are convinced that meeting the challenge of competitiveness, the challenge of generating the growth that European citizens expect, requires the help of every single citizen and every single business. It requires the help of every single community.

This is the aim, therefore, of the four months of European public debate that we want to launch together with you. Many commissioners, 13 of us, worked on the Single Market Act – for which I thank them – which has been approved by the Commission after lengthy in-house discussions. This issue is one of our top priorities, and we are debating these 50 proposals. We will listen carefully to what the various institutions and our various partners have to say, and at the end of our consultations, probably in February, we will finalise the list of commitments on which the relevant Commissioners will undertake to deliver proposals, within a maximum of two years. As a result, in 2012, when we come to commemorate the 20th anniversary of the single market, 20 years on from the

commitments and proposals made by Jacques Delors, that anniversary will not be marked by nostalgia or melancholy – there is no place for nostalgia at present – but rather, it will be a proactive and dynamic occasion.

This is why we are setting the ball rolling today, as we did yesterday. For four months, my colleagues and I will be on hand to coordinate the European public debate that has begun today in the European Parliament. We will be seeking to play a constructive and very attentive role in it.

Andreas Schwab, *on behalf of the PPE Group.* – (DE) Madam President, Commissioner, ladies and gentlemen, this week, in the so-called Single Market Forum, we discussed the European Commission's proposal that is intended to lead to a highly competitive social market economy in Europe. All three concepts – competitiveness, social and market economy – are important to us in this regard, and we expressly welcome the fact that the Commissioner responsible for the internal market, Michel Barnier, has succeeded in reviving the horizontal, or as Mr Grech described it in his report, holistic approach that we wanted for the single market. We believe that this is a major step, but we also believe that further small steps are needed in order to really make the horizontal approach of this legislative project complete. This is where the European Parliament comes in.

This involvement of the European Parliament will only succeed if we are put into a position to be able to overcome the technical, institutional and political differences that this sort of legislative project brings with it, because only then will we be able to fully exploit the legislative potential inherent in this proposal. That is what we want to do.

I am certain that the public hearing involving citizens and interested stakeholders can help to get everyone involved in this legislative proposal and to give them a sense of being able to play their part in deciding what will ultimately come of this legislative proposal. Commissioner Barnier, Parliament will play its part in achieving this goal. We want to revise the programme of 50 proposals, we want to set priorities, we want to help to ensure that all European Parliament committees are involved and that we achieve the institutional consensus that such legislation requires.

Ultimately, ladies and gentlemen, we must succeed in ensuring that everyone has his or her place in this single market and that we will all be able to benefit jointly from cooperation within this single market. We want to demonstrate this by 2012 – for the 20th anniversary of the single market – and we will work hard to achieve it.

Evelyne Gebhardt, *on behalf of the S&D Group.* – (DE) Madam President, thank you Commissioner Barnier for the work you have done. It was no easy task that you had and you have included something of what Professor Monti set out in his report and what Mr Grech drew up for the European Parliament. We can also see something of that in there, as well as the attempt to take the holistic approach, which has not succeeded in quite the way we imagined it would, but is nevertheless on the right track. It is also very important that you make it absolutely clear that you are attempting to make the social rights of citizens, which should, of course, be at the heart of the European Union's legislation, a reality. However, on behalf of my group, I have to say that we feel some things in this text are too vague, too simple or too insignificant, or are missing altogether, because one of the crucial demands that we had, and which you also agreed to, was for a social clause to be included in all important areas of European policy. We cannot find this social clause. A commitment to carrying out social impact assessments could satisfy us. However, a social clause is significantly more than what we find here in this text. We will endeavour

to help you so that we make progress in the right direction, because this is very important to us.

There is another point that I find quite problematic and that was also very important to our group. We are calling for collective redress. We want collective redress for citizens so that they are also genuinely able to assert their consumer protection rights. On behalf of the European Commission, you announced that more studies are to be carried out. Studies have been carried out in this area for three years. I think it is time for us to get on with it and for us to actually receive a legislative proposal from you, not merely another proposal for a study to be carried out, so that we can see how we can move forward from here.

As you see, there are some things that we are satisfied with, but other things that we are not so happy about and we will work hard with you, the Council and our fellow Members from the other groups to ensure that we ultimately have a genuinely good text.

Jürgen Creutzmann, *on behalf of the ALDE Group*. – (DE) Madam President, Commissioner Barnier, ladies and gentlemen, the largest single market in the world in terms of economic power has developed in the globalised era into a crucial location advantage for the European Union. That is why it is so important to oppose protectionist tendencies and to expand the single market further. In view of the excessively indebted national budgets, there is nothing left for Europe to do but to strengthen the economy by means of structural reforms. Since its establishment in 1992, the single market has already generated additional growth of 1.85%. Implementation of the measures that have been announced is intended to bring about further growth of 2 to 4%.

We can divide the Commission's 50 proposals for single market initiatives into three categories: firstly, into the many specific proposals that will, in any case, enhance the single market for enterprises and citizens. These include the creation of a fully operational internal energy market which, for Europe as an economic and industrial centre, is particularly important. Then there is a European professional card and a European Skills Passport to facilitate mobility within the European Union, which will become more and more important in future in order to maintain Europe's competitiveness in a globalised world, and the strengthening of electronic commerce by means of better management of copyrights and new guidelines for the effective implementation of the Services Directive in order to create new jobs.

Secondly, there are, however, also many proposals which are worded in too vague a manner for us to be able to assess them yet. Therefore, we still need to wait for the Commission's specific proposals. I include here the revision of the EU rules for public procurement, measures for services of general interest and also – Mrs Gebhardt – the deliberations on a European approach to collective redress. I do not know whether we ought to go down the same erroneous path as the United States.

Thirdly, the communication also contains proposals which, in my view, are counterproductive in terms of strengthening the single market, because they burden enterprises with additional bureaucracy. We therefore need to discuss these proposals, and we are ready to do so.

Emilie Turunen, *on behalf of the Verts/ALE Group*. – Madam President, we are debating tonight what I believe might be the most important act for the EU in the years to come. It is within the context of reforming the single market that we have the real opportunity to

transform Europe into a more social and sustainable Union, so the question is: does this communication manage to point towards a more green and socially just internal market?

I believe we are not quite there yet. Let me give you two examples; firstly proposal 29. Here I have to ask you, Mr Barnier, where is the guarantee for the right to strike? Where is the guarantee that fundamental social rights will not be overthrown by the freedoms of the market? I am aware that there are different positions within the Commission on this question and I would like to ask you very directly: is it true that among others, the Danish, Swedish, German and British Commissioners have fought against your proposal to introduce a social clause? If this is so, Commissioner, you should know that you have the backing of this House, because achieving such guarantees would be true reconciliation.

A second example of something that needs to be improved is proposal 19, the introduction of a Common Consolidated Corporate Tax Base. We Greens have been asking for this for a long time and should therefore be happy. But the problem for us arises when we read the text. It says that the CCCTB should aim at removing fragmentation for business. Listen. I believe that the major problem with company taxes in Europe is not fragmentation, but unhealthy ongoing downward competition between Member States. This has been going on for 15 years now. No wonder that we have problems financing our welfare at this time.

I believe the aim of a CCCTB should be to put an end to unhealthy competition in Europe. That is the real problem. Furthermore, I think we need to go beyond the proposal right now on greening the internal market, for example, by using green procurement. I believe we can achieve much more there. So, Mr Barnier, I believe we have work to do. I am looking forward to that and thank you for inviting us to join in this very broad discussion. We appreciate that.

Malcolm Harbour, *on behalf of the ECR Group.* – Madam President, I think it is important to reflect that the idea of having an ambitious programme to deal with the completion of the single market – or our moves towards completion, because I think that it is a job which will never ever be complete – was not in the EU 2020 strategy. Nor, indeed, was it in your programme when you came here for your hearing last year. I think it is a reflection of the political impetus behind the need to complete the single market and to raise its profile which was generated by President Barroso's decision to ask Mario Monti to look at it, and to ask our committee, under the leadership of Louis Grech, to look at it at the same time.

We are really pleased that you have taken the initiative to move it forward. You got a flavour of some of the debates to come. I think we should reflect on this as an apt opportunity to deal with what Europe desperately needs: economic growth, jobs, a dynamic small enterprise sector, more innovation, more efficient public procurement – those are the things that our citizens will judge us by. If we get more of them back to work and more companies started, that is the biggest single social achievement that we will make with this act.

Kyriacos Triantaphyllides, *on behalf of the GUE/NGL Group.* – (EL) Madam President, we believe that the new European Commission document on the single market is in keeping with the philosophy of the Lisbon strategy which, everyone admits, is a failure. The way we see it, competition should be subject to strict rules and, as the crisis has proven, to state intervention. Consumers must be protected from the speculation which allows markets to be controlled by the oligopoly and efficient public services must compensate for market shortcomings.

The Commission proposal chooses to ignore the lack of fundamental social protection and to overlook the actual situation in many countries of Europe today. While the European Commission is prepared to endorse a series of measures in order to help companies, no progress is being made in the consumer protection sector, for which previous proposals for impact assessments to be carried out have been repeated. Thus, no progress has been made for consumers. So how can we convince the citizens that this directive concerns them? What has changed compared with the past?

Protection for consumers and workers must be the key point in all EU legislative initiatives. Services of general economic interest, in particular, must not be subject to competition law, the law of the internal market or rules regulating subsidies or the liberalisation of public contracts. Universal access to quality public services must be the basic political criterion.

Matteo Salvini, *on behalf of the EFD Group*. – (IT) Madam President, ladies and gentlemen, I should like to thank the Commissioner and I hope that he bears in mind the fact that the people of Europe are not at the service of the market, but that the market is at the service of the people – notwithstanding what those before me have said – and therefore, the market must respond to the needs of the people.

I am speaking on behalf of one of the four motors of the European economy, Lombardy. Where we are, small and medium-sized enterprises account for several million jobs. I hope that the ambitious plan signed by Mr Barnier that we have read does not clash with the proposals of some of his fellow Commissioners. I am thinking of the abolition of duties on textile products arriving from Pakistan, which would cause the loss of hundreds of thousands of jobs, in Lombardy and across the rest of Europe.

We are standing by to help publicise this but I do not know if four months are enough. I am thinking of the businesses in the Veneto which are underwater right now. I do not know if they will be able to be sufficiently involved from now until February in what is, in any case, an ambitious plan that I hope we, as the European Freedom and Democracy Group and *Lega Nord*, will be able to help improve, as well as help with.

Lara Comi (PPE). – (IT) Madam President, Commissioner, ladies and gentlemen, the single market represents a fundamental strategic objective for Europe, to be pursued with renewed political determination. The targets reached over the years represent exceptional results, but today we must definitely look to the future. Europe is no longer the Europe of 1985. Indeed, the new realities being established absolutely require new responses.

The current European and international context, characterised by the globalisation of trade, technological evolution and the emergence of new actors on the world scene, surely requires a serious re-launch of the single market, striking the right balance between the protection of all those parties involved: businesses, consumers and workers. The tabled document represents a good start, but it must now be promoted and publicised as much as possible.

Among the many objectives that the document sets, I should like to emphasise the importance of three aspects in particular. First of all, I fully agree on the need to strengthen the regulatory framework through standardisation to be achieved via future revisions. Indeed, the full realisation of the European single market needs standardisation, which, over recent years, has been seen to be decisive for the free movement of goods and has contributed to the elimination of barriers to free trade.

Coordination of national fiscal policies is just as important, with the identification of a taxable base. My work over the coming months will be to spread awareness of this important document as much as possible and to talk with all the parties affected so that a strategy capable of responding to the needs and expectations of businesses and our citizens is adopted.

Louis Grech (S&D). – Madam President, the re-launching of the single market has to be politically supported, economically viable and socially acceptable to European citizens. No revival of the single market will be successful unless we convince citizens that the single market truly represents their interests. In this respect, I am highly appreciative of Commissioner Barnier's strong commitment to take into account citizens' concerns and aspirations. In fact, Commissioner Barnier went the extra mile to reconcile conflicting views and tensions and to incorporate different priorities of the various stakeholders.

However, in its present form, the Single Market Act does not sufficiently address the social dimension which would ensure the right balance of an open economy, stimulating growth and job creation, but safeguarding in the process consumer protection and citizens' rights. We must not lose sight of the holistic vision of the single market, nor should we approach this act in a defeatist manner, and there I agree with Commissioner Barnier that we should counter 'single market fatigue', especially when that fatigue emanates from within the institutions.

In my opinion, the single market is not getting the political support urgently needed to ensure that it does not become yesterday's business. More political leadership on the single market from the Presidents of the Commission and Council would go a long way towards achieving a viable single market to serve as a catalyst for economic recovery. We trust that Commissioner Barnier will acknowledge our concerns during the coming months of serious discussions. We must not lose this political momentum and this unique opportunity to revitalise the single market. I repeat that market integration is not an irreversible process and must not be taken for granted; a weak and fragile single market would lead to more disintegration than integration for the European project.

Olle Schmidt (ALDE). – (SV) Madam President, the EU's internal market is perhaps the most important instrument for giving Europe a new impetus. Those who are trying to make globalisation out to be a threat are quite wrong. Globalisation represents an opportunity for Europe. If we do not want Europe to be an isolated continent, we must continue to tear down barriers and borders. In this work, you have my full support and that of the Group of the Alliance of Liberals and Democrats for Europe. We must do more to tear down barriers. That is the joint responsibility of all of us.

I would have liked to have seen you go further and for the work to have been closer to what Mr Monti presented the other day. He gave a very detailed analysis of what Europe could do. The Commission must become bolder, but so too must we in the European Parliament. We have to be clear-sighted. Europe can overcome the crisis, but not by standing still and remaining where we are today.

Edvard Kožušník (ECR). – (CS) Mr Harbour talked about ambition; I would like to talk about courage. When Mr Monti drew up a wonderful report – at least that is what I called it – I asked him if he thought that politicians would have the courage to enforce his recommendations at European level as well as in the Member States. He answered very cleverly, because he is a clever politician: that is up to you – you are a politician. I would also like to talk about the courage to promote things which I think are important for Europe,

because the internal market is one of the most important instruments for creating competitiveness, but also for preserving jobs, in the context of a global Europe. As such, I would simply like to appeal to the Commissioner to be courageous in dealing with the Member States, the national parliaments and ourselves, because this discussion will certainly not be easy. There are certainly issues here where we will see eye to eye on where we can agree, but there will be issues on which we will have very intense discussions.

IN THE CHAIR: LÁSZLÓ TŐKÉS

Vice-President

Anna Maria Corazza Bildt (PPE). – Mr President, ‘the greatest danger that threatens us is protectionism’, German Chancellor Angela Merkel told the Financial Times yesterday. In this context, the Commission’s initiative comes at the right time, a time when we need to refocus on the real economy to get out of the crisis.

The Single Market Act is an historic initiative. In my view, it should be given the same status that the Delors White Paper was given 20 years ago. I truly hope that it will attract the highest political attention in the Commission, in the Council and in the Member States.

I am grateful to the Belgian Presidency which yesterday took up my pledge on behalf of the EPP to convene the Competitiveness Council at ministerial level and take up the Single Market Act. I also congratulate the Commissioner, Mr Barnier, on his vision of developing a citizen-centred market. This will require partnership and shared responsibility. You can count on us in the EPP, in the Committee on the Internal Market and Consumer Protection, for that. It will require partnership on the part of all the EU institutions.

The commitment of the business community is equally important, with self-regulation a key to success. The four months ahead must be used in the public debate to build political support and to develop with citizens and stakeholders the 50-proposal outline in the Single Market Act.

It is time for action. Today, I would very much like to impress on us all a sense of urgency. Unemployed people cannot wait any longer for jobs, citizens for better choice and lower costs, business for better competition. As the rapporteur on a more efficient and fairer retail market, I wish to stress that retail is a pillar of the single market and of improving our citizens’ lives.

There are still national rules that impede free movement; unfair commercial practices and restrictions to market access still exist; there are toys that still have to be tested again when they have already been certified in another Member State. In this respect, I would like to thank the Belgian Presidency for their commitment to transposition. The light at the end of the tunnel is not protectionism, it is free movement, and the new Single Market Act has the potential to equip Europe to play its global role.

Stephen Hughes (S&D). – Mr President, last year’s mission letter from President Barroso to Professor Monti asked him to take ‘a fresh look at how the market and social dimensions of an integrated European economy can be mutually strengthened’. In his turn, in the report, Professor Monti launched a strong appeal for political consensus, saying that ‘consensus building [...] will thus be a crucial component of a new strategy for the single market. The effort to generate consensus will have to show full awareness of the main concerns surrounding the single market today’.

For us, achieving that consensus requires a new balance between the social and economic pillars of the internal market strategy. Now I know, Commissioner Barnier, that you indeed realise that and I commend you for your personal efforts to bring about that balanced consensus. But sadly, others in the College did not share that realisation and so, while there are good elements in this communication, as my colleagues have said, we do not think that at the moment, it forms the basis for that consensus. I hope our groups in this House can work together effectively to try to strike the correct balance and achieve that consensus and I hope that, at the end of the consultation period, the College of the Commission will take note of that and produce a balanced consensual package.

I would dearly like, Commissioner, to see the track-changes text in relation to proposals 29 and 30; it would be intriguing, I think, to see who is responsible for the changes and the very special language used there. Some Members have referred to the social clause, proposal 29, and I think that proposal 30 is very important. I note there the reference to the need for 'a legislative proposal which is likely to include or be supplemented by a clarification of the exercise of fundamental rights in the context of the economic freedoms of the internal market'. One way of reading that, Commissioner, is that it is referring to what has come to be termed the Monti II regulation. I hope that this is the case because it would directly address our concern about the social clause. We will work with you in the coming months on this.

Kay Swinburne (ECR). – Mr President, of the Commission's 50 targets in the Single Market Act communication, I counted 13 which concern my work in the Parliament's ECON committee, but all 50 concern my constituency and the people I was elected to represent. Fundamentally, many of these EU projects, if done well, will be hugely positive for all of my constituents in Wales. Specifically, SMEs are crucial to the Welsh economy and to Europe as a whole. Therefore, I welcome the proposals with regard both to accessing finance via the capital markets and to ensuring that the venture capital funds set up in any Member State can operate and invest freely in the companies in the EU.

Mario Monti was clear in his recent work that the single market had stalled. We need to reenergise the process and, in that way, remind our constituents that the EU does not just bring regulation and red tape at a huge cost, but should, and can actually bring tangible benefits for businesses and trade as well as consumers and individuals. This is where the real added value of the EU lies.

Sandra Kalniete (PPE). – Mr President, the EPP Group has always been a strong supporter of the single market and I can affirm that we will do our utmost to see this initiative come to life, so that in 2012, we can celebrate the anniversary of the single market with pride, not with regret.

I would like to repeat what Professor Monti said yesterday during the first Single Market Forum. He stated that the single market is not a flagship initiative because it is neither a flag nor a ship. It is a sea and the wind that enables any ship to sail. I am sure that Parliament, in its report on the Single Market Act, will seek the right balance between its social dimension and promotion of business and growth.

The EPP Group will pay particular attention to the business environment for small and medium-sized enterprises and will contribute to developing precise ideas on the governance of the single market. I thank Commissioner Barnier for this very timely initiative and for his vision. He has all our support.

Małgorzata Handzlik (PPE). – (PL) The Single Market Act is good news for the internal market, and so also for businesses, consumers and citizens. I am pleased that the Commission has presented such an ambitious programme for completing construction of the common market. During yesterday's Internal Market Forum, at which the Commissioner made the first presentation of a programme of 50 proposals, a variety of opinions were expressed about the act. Among them, the prevailing opinion concerned the need for an holistic vision of building the common market to help finish this project, which was begun over 20 years ago. It is important to create a truly single, citizen-friendly market, where people will not experience problems with opening bank accounts, registering cars, having their qualifications recognised, transferring pension rights or ordering goods and services from other Member States using the Internet.

For me, however, achieving free movement of services remains a priority, and this, in turn, requires further work on implementation of the Services Directive. I must, however, agree with the statement made yesterday by Professor Mario Monti. He said we have known for a long time about many of the initiatives contained in the Single Market Act, so they are neither new problems nor new solutions. Therefore, I appeal to the European Commission, the Member States and fellow Members of the European Parliament to speed up the process and implement legislation which is essential for citizens, consumers and businesses.

Regina Bastos (PPE). – (PT) I would like to begin by congratulating Commissioner Barnier on the presentation of this important document. As it diagnosed, the impact of the crisis that we are currently experiencing is making itself felt in all sectors of our society and economy, causing dismay and distrust of the single market among the public.

However, this very single market is one of Europe's greatest weapons for combating the current crisis. We therefore warmly welcome this communication, which shows new ambition for single market policies, allowing us to restore confidence in our social market economy model. In the current situation, the European Union should pay particular attention to its 20 million small and medium-sized enterprises. Given this, one of the EU's priorities should be to create mechanisms that solve the problem of access to credit for these companies.

We would also like to highlight the Commission's proposal to evaluate the Small Business Act by the end of 2010, so as to make life easier for these companies, especially by simplifying bureaucratic and tax matters, and placing greater emphasis on social responsibility. We hope that the 50 measures tabled here can contribute to further developing the internal market and taking full advantage of it, as it may prove a source of extra growth for the European economy.

Sophie Auconie (PPE). – (FR) Mr President, Commissioner, ladies and gentlemen, at a time when European citizens need, more than ever, a Europe showing solidarity and ambition, a social yet dynamic Europe, I would like to pay tribute here to Mr Barnier's approach. This approach, the Single Market Act, is a comprehensive, overall approach to the single market, a collective approach. You have been able, Mr Barnier, to bring around a discussion table a number of European Commissioners interested in this whole document and in an open approach, since you are coming here today to open the debate on the document, so that each and every one of us can enhance it with our own thoughts; a 'citizen' approach, since you wish to put the citizen back at the heart of the internal market, likewise businesses, and I think that this will actually be the major challenge in the months and years to come.

What is more, this approach is policy based, and I think that Europe, above anything else, needs more policy, and this is certainly also one of our Parliament's responsibilities. Regarding the content, Mr Barnier, I would like to focus on the point about services of general interest. Like you, I think that we need legal certainty more than we need a legislative framework. In the Committee on Economic and Monetary Affairs' opinion, which I am due to present, I talk about a road map for the organising authorities; you talk about a toolbox. We are already coming together, even though, on a semantic level, we will both have to take one step. I think we will need to work specifically on this toolbox, which will be a real challenge, and also on transparency for all those using and seeking to provide services of general interest.

Damien Abad (PPE). – (FR) Mr President, Europe is at a turning point and has a duty to deal ambitiously and proactively with an economic and financial crisis which is, of course, greatly affecting European citizens. I would like to welcome Commissioner Barnier's initiative; he deserves to be congratulated for the method he has used and which he intends to roll out during the years to come. I also welcome the change in the Commission's approach regarding the internal market. One feels a sense of purpose, a will to work together for the success of this fine project that is the internal market.

Concerning the content, I am glad to see that the external dimension of our internal market is at last being considered, both in terms of promoting our industries and in terms of defending our citizens. It is only by being strong internally that we will be able to influence matters externally. You see, I, like you, am a firm believer in the internal market, but not any old one, and that is why I will end with this quote by Jacques Delors, who said: 'I reject a Europe that would be just a market, a free-trade area, without a soul, without a conscience, without political will and without a social dimension.' With this Single Market Act, we have this political will and this soul.

Marc Tarabella (S&D). – (FR) Mr President, Commissioner, allow me to welcome this Single Market Act, and particularly the inclusion of social and social economy concepts. I imagine that this was not without difficulties for those within the current Commission. Allow me nonetheless to cite three examples with regard to which I remain full of expectation but am, at this stage, left feeling rather unsatisfied.

Firstly, and Mrs Gebhardt mentioned it: collective redress. We have been consulting for 20 years. Ever since Commissioner Van Miert's initiative, the Commission has been consulting. Obviously, I hope that one day we will see this issue resolved.

Another example relates to passengers. You cite the eruption of the Icelandic volcano in order to amend at last the regulation on air passengers, but for 10 years, we have been calling for a comprehensive regulation on the rights of all passengers. When will we have it? I think that in this respect, legitimate impatience is starting to show.

Let us not even mention the issue of services of general interest. We are waiting for a framework directive. What are we going to get? You say that there will be a communication and actions.

Commissioner, I am relying on the pragmatic man that you are to turn this Single Market Act into something more than a catalogue of good intentions.

Róża Gräfin von Thun und Hohenstein (PPE). – (PL) I would like to share with you my experience from a meeting I had with a young journalist today about yesterday's hearing on the Single Market Act. The journalist was greatly impressed, and spoke with great

surprise about the document. He said it is a sensational and revolutionary document and asked why it is not being spoken about more widely and why it is not at the centre of European debate.

It is we, in fact, who must bring the 50 points of the document on the common market presented by the Commissioner to the centre of European debate in our Parliament, the other institutions, the Member States and the media. The document is very important and very specific. We all know that the most important issues are peace, democracy and human rights, but for every one of us, what is of more direct relevance is something which makes our everyday lives easier – the common market. It is being said that this is our flagship programme. However, as Professor Monti said, it is neither a flag nor a ship, but sea and wind. It is we who must help our citizens by making those winds and waters favourable to them.

Bernadette Vergnaud (S&D). – (FR) Mr President, Commissioner, ladies and gentlemen, a few months after Professor Monti's report, which called for a necessary recovery of the citizen-oriented internal market, I welcome the Commission's response. What particularly stands out in my mind is the improved recognition of professional qualifications, aid for SMEs, the new legislation on public contracts and service concessions, and legal certainty for the social economy. I therefore welcome this ambition.

However, I regret that, in the 50 proposals, there is no clear definition of priorities. I am worried about the piecemeal strategy of the various Directorates-General and Commissioners and call on Mr Barroso to become more involved in order to avoid contradictory proposals.

Finally, I deplore the absence of any real commitment on services of general interest given that, for years, we have been asking for protective legislation, which is now possible under the Treaty of Lisbon. For that reason, Mr Barnier, I am waiting to see the final texts before making my mind up and possibly supporting you in this major challenge for the future of Europe and of all its citizens.

Pablo Arias Echeverría (PPE). – (ES) Commissioner, I would like to take this opportunity to welcome the communication that you have presented to us. I think it is a good initiative in order to continue working to improve the single European market. I consider it vital that the 50 proposals that you referred to in your speech be debated. I hope that in Parliament, I will be able to play an active role in helping to overcome barriers to e-commerce in Europe.

Many of the current barriers to e-commerce have already been detected, and there are even specific proposals for overcoming them. We could say that we are reliant on political will to resolve those barriers. I think that this communication is a good start, and I therefore think we should support it by playing an active role.

Michel Barnier, *Member of the Commission.* – (FR) Mr President, thank you for your message. I am going to try, without claiming to respond in detail to each one of you. I am sure we will have the chance to meet up again. I will start my answer with what the first of your speakers, Mr Schwab, said when he pointed out the initial ambition that we should revive and remain faithful to, namely, the social market economy. He added, and I agree with him, that we appreciate each of these three words: social market economy. This is important, and naturally, the Treaty of Lisbon includes these three words and adds to them the ambition of very strong competitiveness.

Honourable Members, it is, in fact, ambition that underpins this Single Market Act, a highly competitive social market economy, and to achieve that, our conviction, and my conviction in particular, is that – I repeat – achieving competitiveness and growth requires the help of every citizen, every business and every community.

This will not just fall into our laps; even though we have laws to make and frameworks to create, it is up to citizens, businesses and communities to seize the chances and opportunities of this internal market. That is the ambition. Of course, I would say to Mr Schwab and to many others of you that, at the end of this debate, we will definitely have to decide on more important or more specific priorities than the ones that we ourselves have been able to establish, even though we have already identified 29 or 30 main priorities out of 50. I would add that there were still many more ideas in Mario Monti's report.

However, I would also like to state my agreement with what Mr Creutzmann and Mrs Corazza Bildt said earlier on. Somewhat echoing the analysis I made earlier on in my speech, they said that we should look at what is happening in many of our countries because of the crisis, because of a lack of understanding, because of this question, 'What does the market offer us?', which is met with the response, 'Not a great deal'. This is creating a sense of fear and incomprehension and, behind all this, we are seeing a rise in populism and protectionism.

Indeed, the first victim of protectionism would be the single market. That is why we must, through action, through dynamism, through initiatives, oppose these protectionist attempts and temptations.

Mr Harbour indicated that this was a new commitment. Mr President, in my hearing on 13 January, I remember specifically saying that, for the five years that we were going to spend together, I would undertake to reconcile, along with some of my colleagues – because I am not the only Commissioner, there are probably 15 or 16 Commissioners who inherited a rather large proportion of the legislation – 1 500 texts which need to be applied and applied intelligently to the market.

One thousand five hundred texts! However, Mr Harbour, I did mention that I intended to work to reconcile citizens and businesses with this internal market, and you are right to stress the opportunity we can give ourselves with this debate and with the Commission's proposals on a comprehensive and holistic action plan, to repeat Mr Grech's encouraging words.

Mr Harbour mentioned the growth of competitiveness. You will find in this Single Market Act many practical proposals that we will be working on in the legal and tax environment for businesses and, in particular, for small businesses, the review of the accounting directives in 2011, a common consolidated tax base for corporate tax – my colleague, Mr Šemeta, is working on that – new strategies for VAT, and the interconnection of business registers.

Those are a number of practical proposals to simplify the regulatory, fiscal and financial environment of small and medium-sized enterprises. In addition to that, there is the digital agenda, on which I am working with my colleague, Neelie Kroes, who is working with great determination. There is also the retail sector and many other ideas that Mrs Handzlik touched upon earlier.

I would like to say something more specific about the issues relating to the social dimension, to which I am also committed. Mr Triantaphyllides and Mr Hughes mentioned them at the very start of your discussion, as did Mrs Gebhardt and Mrs Turunen. Mrs Turunen, we have

had debates on this subject and adopted positions that, I might add, are not necessarily the ones reported in the newspapers. In my opinion, such a debate within the College is normal, absolutely normal. In fact, the opposite would be abnormal.

For there are 27 of us with different views, traditions and nationalities, and by working all together, we are united in these proposals. We are working to find the centre of gravity of the European general interest for proposals that will subsequently be debated by you here in Parliament and in the Council of Ministers, so that they can be supplemented or improved.

We have therefore had debates, which is normal, in order to strike the right balance between the economic freedoms laid down by the treaty, freedom of movement and the legitimate freedoms and rights of the social partners, particularly with respect to collective actions.

I think it is only right that employees, just like businesses, have a clear and reliable framework in which to work.

This will therefore be the spirit in which the Commission's measures are coordinated. We will ensure, on the basis of the new strategy for implementing the Charter of Fundamental Rights, that the rights guaranteed by the Charter, including the right to bring collective actions, are taken into account. The Commission will implement to the letter the horizontal social clause laid down in Article 9 of the treaty by carrying out a prior in-depth analysis of the social impact of all these legislative proposals on the single market. In any case, I remain in favour of inserting, where necessary, a provision specifying how collective rights will be guaranteed in the context of the new legislation.

In other words, this will involve assessing, for each individual case, the need for such a clause. This is a subject which we are going to debate with you over the next few months in order to, if possible, further improve the Commission's proposals. This will also be the case, Mrs Vergnaud and Mrs Auconie, for the quality framework which President Barroso has committed himself to regarding services of general interest.

I would also like to tell Mr Grech that the proposals on consumers are yet to be completed; we are working on this with Mr Dalli. You are right, Mr Grech, to warn against the fragility of the internal market: nothing is set in stone. That is why we need this ownership, this support from citizens, to consolidate this internal market in a lasting way, because it is an opportunity; it should be an area of opportunity much more than an area of constraint.

Mrs Gebhardt and Mr Tarabella, you touched on collective redress. We will not abandon this issue. It deserves to be genuinely explored, as a number of debates, here in Parliament and also in the Commission, have shown. My three colleagues Mr Dalli, Mrs Reding and Mr Almunia, are working on this, and they will draw conclusions from the consultation that we have just launched on the introduction of collective redress when the time is right, and as soon as possible.

I would also like to say to Mrs Comi that I agree with her on the link that we must establish between the Single Market Act and Mr Tajani's communication on industrial policy. We are working on this together, particularly in the area of standardisation.

Mr Salvini mentioned the regions and his own region in particular. However, I should like to express my firm belief that you should take the debate that we are starting here, as normal, to the regions. I am going to send this document in the 23 languages of the Union to every national elected representative, in every single one of your countries. We are going to send it to the regions, to the unions, and to the professional and business organisations,

so that this debate is as decentralised as possible. Whilst listening to Mr Salvini, I also cast my mind back to a major commitment made by the then President Delors, at the very time when the single market was being created. It was a commitment to cohesion policy, of which I remain a long-term advocate, in order to prevent any regional disparities in this internal market. These things therefore go together.

Mrs Thun Und Hohenstein mentioned this debate; she is attached to it, and particularly to the forum idea, which we owe to her. Every year, we will organise this forum on the internal market and update the top 20, that is to say, the twenty areas in which real progress has been made. I hope that we will not have the same ones again and again for five years, that they will change, and that we will be able to eliminate some and make progress, but in any event, we will organise this forum.

I would also like to echo what Mr Abad said about the external dimension. Without a doubt, we have to be strong within and strong to set out to conquer other markets, to meet other needs in the rest of the world, without being naive, and with a desire for openness and reciprocity. My colleague, Mr De Gucht, also said some very powerful things yesterday, which I agree with, in relation to this requirement for reciprocity that we should have in our dealings with the European Union's major partner regions and countries.

Finally, a word to echo what Mr Kožušník said earlier on, when he asked us to be brave. Yes, Mr Kožušník, I will lead this debate with all the strength I have, but I cannot lead it on my own, everywhere, in every single country. I will lead it tomorrow in your country, since we will be in Prague together, and I will lead it to the best of my abilities in all the countries. We cannot succeed on our own; this is about working together. The 13 Commissioners who will commit themselves in February to delivering these proposals, will also take part with us, as will all the others. Parliament, the regions, the economic and social partners, and national elected representatives must get involved in this debate.

This document is not something you can take or leave, ladies and gentlemen. It can still be improved. We are of the mind that we can improve it, prioritise it and, above all, deliver it with you, because we urgently need to restore growth and competitiveness along with citizens and businesses.

President. – The debate is closed.

António Fernando Correia De Campos (S&D), in writing. – (PT) 1. There has been an impressive effort at bringing together 1 500 pieces of scattered legislation. 2. The communication gives an overview of the 50 instruments to build the single market, which have, up to now, been used in an unfocused and fragmented way. This is the first time that we are aware of all the means at our disposal. 3. Acquired experience should determine the future. Some measures have been very successful, while others are still halfway through or even at the very beginning. Others can be seen to have failed when they are compared with their objectives. More than ever, we can now use what in science is called a 'natural experiment'. 4. We cannot complain of a lack of technological resources; e-commerce, e-procurement and everything regarding the Digital Agenda for Europe and the Digital Single Market are tools that are being increasingly used. The technology exists, and so does the need for it. Only the initiative is missing. 5. This case is unique: the Europe 2020 strategy, with indicators and targets. It must be used well. The crisis is becoming more severe, and the strengthening of the internal market can help towards the solution. 6. This is a very ambitious project. Is the Commission prepared to make the most of this momentum? Is

it prepared to acknowledge that this project should go ahead as it is, without straggling appendages?

João Ferreira (GUE/NGL), *in writing.* – (PT) The terms in which Commissioner Barnier launched this debate are illuminating and enlightening, from various points of view. At the end of the day, the market is, in fact, the principal reason and the ultimate goal for the process of European integration, as he made a point of reminding us. This vision, which was expressed here in such a forthright and clear way, is quite revealing of the capitalist nature of this process of integration, which the Treaty of Lisbon has institutionalised and strengthened. At a time when Europeans are really suffering the effects of the capitalist crisis, which the EU and its policies helped to create, the Commission comes here to present a continuation along the same path that brought us into this predicament as a solution to the crisis. The strengthening of the internal market, ensuring larger profits for the big economic and financial groups of the European powers, is at the root of the growing inequalities within the EU, between states and within each state. It is leading to the continued weakening of the most vulnerable economies, to the privatisation of key sectors of the economy, to the commodification of ever more areas of social life, and to the attack on public services. ‘Business as usual’ is the prevailing watchword in the EU. ‘Cohesion’ is increasingly becoming a mere slogan, without any practical meaning.

Lidia Joanna Geringer de Oedenberg (S&D), *in writing.* – (PL) The European Commission communication ‘Towards a Single Market Act’, drafted on the basis of Professor Monti’s report, is an extremely important document which sets out the measures to be taken by the EU in the field of the internal market for the next dozen or so years. Among the initiatives presented by the Commission, I wish to draw particular attention to those related to the creation of a ‘digital’ internal market, since I believe that this is the future of the European economy. Without wishing to belittle the Commission’s good intentions, I have the impression that it has concentrated more on the ‘protection’ of creativity than on removing barriers to the development of commercial services on the Internet. An example of this is the number of planned legal projects. The communication contains no fewer than 50 initiatives involving the internal market in its broadest sense, yet I failed to find any mention of a subject upon which I have been working for several years, and which is related to the creation of uniform conditions for access to media services in the common market. I am talking about the EU-wide promotion of subtitles for television programmes, which make it significantly easier for deaf people to access the media, as well as making it easier for people to learn foreign languages. I hope that the European Commission will turn its attention to this subject in the near future.

Othmar Karas (PPE), *in writing.* – (DE) The fact is, the Single Market Act is a revolution. It is this Commission’s most tangible work programme. It is our third large project after the introduction of the euro and the enlargement of the EU. We need dynamism, decisiveness, courage and European-mindedness in order to be able to implement the 50 proposals. The single market must become the domestic market of 500 million people, because it represents our potential for growth, employment and competitiveness. Many treasures are yet to be unearthed. The single market will also make the so-called net contributors, such as Austria and Germany, into large net receivers. Utilising the potential means freeing the single market from its chains, overcoming protectionism and nationalism and choosing to perceive the EU as a continent. Whether this will succeed is primarily up to us politicians. So, let us get on with the work!

Alajos Mészáros (PPE), *in writing.* – (HU) We can all agree with the intention of the European Commission to achieve a competitive social market economy. The Commission's reports contain specific proposals on strengthening the single market. We trust that they will be implemented. According to Commissioner Barnier, we need to take advantage of single market opportunities that have not been exploited so far. Indeed, many achievements can be listed which have simplified our life within the EU. However, the changes taking place in the world demand further measures. The single market can be made even more unified. I value the notion that the markets must serve both the economy and the citizens of the EU at one and the same time. The rights of citizens and economic issues are dealt with in separate documents. Hopefully, the reason for this is to balance these two poles of the market. The EU's role as initiator and coordinator in strengthening the single market is indisputable. However, without the Member States' commitment to implementation, we will have to wait for a long time for a good social system, high education standards and competitive jobs. Although some question the importance of open consultation, I believe that all stakeholders should have an opportunity to express their opinion. Similarly, I believe that the initiative to debate matters concerning the single market in the framework of an annual forum is a positive one. The participants of this debate are logically the institutions, Member States, enterprises and citizens, in other words, all those involved in the single market. The forum will also help raise awareness of the single market being part of our everyday lives.

Alfredo Pallone (PPE), *in writing.* – (IT) I fully support the content and timescales of the Small Business Act. The single market is the most integrated form of the common market, since it is focused more on removing barriers – physical barriers (borders), technical barriers (standards) and fiscal barriers – between Member States. This is the key to integration and sustainable growth in Europe. The current economic crisis has once again underlined the importance of the single market when it comes to making a success of the European project. We also call for a renewed political will to resist the temptations of economic nationalism and to exploit everyone's full potential. The crisis has increased the risk of misuse of State aid that is designed to help the most important national firms. The solution to the problem of reviving the entire European economy instead entails (and this is the single market solution) removing the persistent obstacles to the free movement of goods, persons and services, and to equal treatment of economic operators and citizens throughout the EU.

Olga Sehnalová (S&D), *in writing.* – (CS) The Single Market Act is an initiative which I strongly welcome and support. However, I would like to mention a problem that I sense here, and not a marginal one. It is about the long-term communications strategy not only for this document, but for the single market in general. In point 48 of the report, the Commission states that it has enhanced consultation and dialogue with civil society, while particular attention will be given to ensuring that the views of consumers are taken into account. If the Commission does indeed stand for the views of ordinary consumers, it must do much more than before to promote this report in the media. For example, in the Czech Republic and Slovakia, the introduction of this fundamental document is unfortunately completely absent from the media. It seems that here, it is not a topic worthy of attention. The information campaign on the benefits of the single internal market should therefore not take place only at the level of the European institutions, but should be more decentralised at both national and regional levels. The focus should mainly be on the benefits offered by the single market and on the resolution of the everyday problems of consumers in the internal market, such as, for example, bank charges, comparison of the prices of goods, and so on. I would therefore call on the Commission to improve its

communications strategy towards end users so that citizens will be better informed about the benefits of the single market.

18. Innovation partnerships (debate)

President. – The next item is the debate on the oral question to the Council by Judith A. Merkies, on behalf of the S&D Group, Paul Rübig, on behalf of the PPE Group, Jorgo Chatzimarkakis, on behalf of the ALDE Group, Philippe Lamberts and Reinhard Bütikofer, on behalf of the Verts/ALE Group, Evžen Tošenovský, on behalf of the ECR Group, and Marisa Matias, on behalf of the GUE/NGL Group, on innovation partnerships (O-0158/2010 – B7-0560/2010).

Judith A. Merkies, *author.* – (NL) Mr President, 90% of people think that innovation will give us a green, more competitive economy, and we agree. However, evidently, the urgency of the matter is not yet quite clear, as the European Council has decided not to discuss the Innovation Union until February and March of next year.

Why is this? Have the urgent, major societal challenges perhaps all been solved already? Have the energy problem, the raw material problem and the ageing problem been solved already? No, they have not, and that is why we need to deal with and discuss this innovation strategy as a matter of urgency. There are plenty of questions. What exactly are these Innovation Partnerships? The Commission's innovation strategy is clear, but this question remains open.

What is clear is that there should be no new – or at least completely new – instruments, but rather better ones. Long-term security is important, but we would ideally like a well-functioning instrument with a vision until 2020. What is important is that Innovation Partnerships be as tangible and clear as possible, have a real impact, be technologically neutral and close to the market, and have a clear deadline; and that there be involvement by all the important partners and also industry, the government, the research institutes and, above all, citizens, who are the driving force behind innovation and its success.

It is very good that existing strengths are being built on by means of 'Active and Healthy Ageing' – actually, healthy living rather than healthy ageing – and it would seem that, in fact, healthy ageing begins at conception. All the partnerships must be characterised by an efficient and intelligent approach to natural resources, and must start with the most urgent problems: energy and the depletion of raw materials. More innovation is needed in this regard.

This requires the full commitment of the Council and it requires enthusiasm; both are needed to make the innovation strategy work. Retreating behind the borders is not an option. Economics is really not just about the euro, the banking sector or the Stability and Growth Pact. It is about jobs in Europe and a better position for Europe in the world, and how should this be carried out if not by means of innovation?

Amalia Sartori , *author.* – (IT) Mr President, ladies and gentlemen, the Commission's proposal in the 'Innovation Union' policy document, adopted on 6 October 2009, is an integral part of the Europe 2020 strategy. The initiative aims to provide a robust, effective and sustainable response to the main problems in our society.

Among the many actions proposed and the various objectives the Commission has set itself in the attempt to bring about a real Innovation Union, one of the most innovative

elements is represented by the so-called 'Innovation Partnerships'. In order to reach the stated objectives, the right partnerships must be chosen. To this end, the Commission has identified a series of priority challenges that our society will have to confront in the coming years and decades. With regard to this new development, Parliament has chosen to express its position in the resolution for which I am the rapporteur for the Group of the European People's Party (Christian Democrats). Following brief negotiations, all the rapporteurs of the various political groups signed a resolution, so there are no problems to note.

I feel it important to emphasise how much our contribution was fundamental in ensuring that the two partnerships to be launched after the pilot initiative on healthy ageing will both address 'smart cities', so that a number of futuristic experiments can be held in various European cities in order to reach the 20/20/20 objectives and for the purpose of realising the non-energy raw materials strategy, since we need to provide a concrete response to the great and difficult problems that affect society in this field.

Over the coming months, an internal workgroup at the Commission will decide on the details regarding governance, funding, selection criteria and the budget for the initiatives that will be launched through the first partnership.

Jorgo Chatzimarkakis, *author.* – (DE) Mr President, what exactly does European innovation policy do? What does European research policy do? If we ask ourselves this question and if we were to ask the citizens on the street, we would just get a blank look. This is because it is not clear what added value European research and European innovation brings. For that reason, we welcome the fact that Commissioner Geoghegan-Quinn's proposal begins by providing a definition of innovation. What is innovation? Innovation involves making money, a product or a licence from knowledge. That is something new. I am pleased that the Commission is going down this path. However, we also now need 'man on the moon' or 'woman on the moon' projects which are understood by the man on the street, so that EU taxpayers understand what we are doing here with their money. In this regard, I see great potential in the issue of increasing the number of healthy life years by two. That would be a project that everyone out there would understand. I am therefore pleased that the first innovation partnership proposed is being devoted precisely to achieving this goal. Two additional healthy years of life – that will be understood by everyone and it is something we should do. In this regard, you have our support.

However, I would like to point out, and Mrs Merkies has already mentioned this, too, that if we simply look at the instruments that already exist, there is the European Institute of Innovation and Technology (EIT), the Knowledge and Innovation Communities (KICs), the Joint Technology Initiatives (JTIs), the so-called Competitiveness and Innovation Programme (CIP) – these are all programmes that already exist. If we add yet another programme, then we will make the whole area difficult to get to grips with. This is something we must not do. The innovation partnerships are intended to make a real contribution to bringing order to this situation and combining everything in a single system. That is why we will only accept this if it is all made clearer for taxpayers. We must always know the answer to the question: what brings more European added value? If that is the case, we will give it our full support.

Evžen Tošenovský, *author.* – (CS) The Commission's initiative to create a pilot programme in the context of the Innovation Partnership on the subject of 'Active and Healthy Ageing' is certainly an interesting step by the Commission. For me, the fact that the Commission has chosen this pilot project shows how significant the problem of ageing

is for the entire European Union. As a pilot project, this is a very difficult task, because the methods of providing security for older citizens are very different across the European Union. The reasons for this can be found in the different historical developments of individual countries, and the different ways in which they approach this issue. It will therefore be interesting for us to see how the Commission can find a truly innovative approach to resolving such a complex problem. I hope that the solution will not just remain in the form of a general description, but will be of real help in this area.

Two further issues concerning Innovation Partnerships emerged from our discussions with colleagues: smart cities and raw materials. From the point of view of current perspectives and anticipated problems, there was a lot of justification for such an approach in the area of raw materials. Already today, and most likely in the coming years, the Member States will be under great pressure to ensure the supply of raw materials. This relates both to energy and to industrial production. There is a whole range of problems regarding raw materials, and many Parliamentary committees regularly deal with them. Ensuring continuity of supply and finding new sources of raw materials are fundamental conditions for economic growth and for preserving the competitiveness of European countries in the future. Of course, this has associated effects on many areas, including the social conditions of citizens living in individual European countries. Regulations adjusted in a sensible manner, with an emphasis on economising when it comes to the availability of raw materials, will certainly be very fundamental things in the future.

Marisa Matias, *author.* – (PT) We are here today to discuss what has been presented as one of the major priorities for the Commission, namely, innovation policy, which is starting to take shape at last through innovation partnerships and this pilot project on active and healthy ageing, to be discussed here today. There are, however, many aspects that remain to be determined, particularly when it comes to clarifying and defining future projects and setting priorities. Who will ultimately define the priorities, and on the basis of which criteria? I think that we are due some answers.

However, I would like to make some specific observations, particularly with regard to this first project on active and healthy ageing, which was the one presented to us. These notes, therefore, strike a positive note, as I think it is a positive thing to focus on a sector of the population that is especially vulnerable in a Europe that is increasingly ageing and increasingly disadvantaged.

I would, however, like to add some more questions to these, as it seems contradictory to me that a project is being presented on this topic when, at the same time, we cannot support this innovation. How are we going to support it? What will be the basis for it? Is any innovation feasible in a situation like the one that we have experienced, where there is a persistent and systematic attack on the social state, a reduction in access to healthcare, systematic cuts in services, and continuous disinvestment in this area?

The title of the communication that was presented, the 'Innovation Union' for more jobs, better quality of life and a better society, is ambitious. I would even say that I would have no problem with subscribing to it personally, but we must admit that it goes against recent practice in the Member States, with their cuts and austerity measures. I believe that there can only be sustainable innovation if there are rigorous, sustainable and demanding public policies. Otherwise, it will just be a flash in the pan, with little to show for it and little for us to offer the public.

Benoît Cerexhe, *President-in-Office of the Council.* – (FR) Mr President, honourable Members, I welcome the opportunity we have been given to have a debate with you on this Innovation Union flagship initiative, and particularly on this new concept of European Innovation Partnerships, which is certainly a key element of the communication that the Commission presented at the beginning of October.

Of course, at this stage, the Council is still busy examining the issue, and conclusions are being prepared for our Competitiveness Council on 26 November.

As you will remember, on 17 June, the European Council finalised the Europe 2020 strategy and one of the main targets defined in this context consists, I quote, ‘in improving the conditions for research and development’, in particular, with the aim of raising combined public and private investment levels in this sector to 3% of GDP. On a personal level, I think it would have been difficult to imagine doing less than the 3% that is already part of the Lisbon strategy and that it is now a case of giving ourselves the means to meet this target.

The Innovation Union flagship initiative presented by the Commission follows on from this headline target, and the Belgian Presidency has sought to address this major issue in a timely manner. Our Council had a first informal debate on the matter in July, then a formal debate on 12 October, and that debate enabled the Presidency to submit some draft Council conclusions, which are currently being examined and which, as I have already said, are on the agenda of our Competitiveness Council on 25 and 26 November. I would emphasise that the Presidency has ensured that the ‘research’ and ‘industry’ sectors are working closely together on this subject, and this is producing excellent results – indeed, we held a joint Council in July, which should result in joint conclusions at the end of November.

Furthermore, the Commission’s communication as well as the Competitiveness Council’s work will provide material for preparing the debate on research and innovation, which is set to take place at the European Council before the end of the year.

You will therefore understand that, while awaiting strategic impetus from our Heads of State or Government, as President of the Competitiveness Council, I must exercise some caution in what I say. Nevertheless, allow me to point out that the topic of innovation, or rather the knowledge triangle in a wider sense (education–research–innovation), is obviously not entirely new, either for the Council or for Parliament.

In the Council, this topic regularly appears on the Competitiveness Council’s agenda under the general heading of the European Research Area. I refer, in particular, to the 2020 Vision for the European Research Area of the December 2008 Council, and to the Council’s more recent conclusions entitled ‘Creating an innovative Europe’, adopted in May under the Spanish Presidency. I will also mention, although this is not an exhaustive list, some major lines of action from the Council’s point of view.

First of all, the initiatives should concern all types of innovation in the public and private sectors.

Secondly, we need to lay the foundations for more effective budget headings for research, development and innovation.

Thirdly, public procurement has the potential, although this remains largely untapped, to support innovation in the form of innovative products, processes and services.

Fourthly, non-technological innovations, including in terms of design, services and cultural creativity, are also important factors.

Fifthly, making use of research efforts requires effective management and protection of intellectual property, as well as effective dissemination of scientific and technological innovations.

Finally, research and development policies and programmes, and any associated instruments, should be simplified and rationalised, as has been pointed out again today. I am pleased to see a very broad convergence of views here with the position of the Committee on Industry, Research and Energy as presented in Mrs Carvalho's report. Innovation partnerships should not result in additional complexity, but should instead be part of a simplification process.

The regional dimension is also essential to innovation. In this respect, European innovation policy should ensure that those who innovate, including small and medium-sized enterprises, receive appropriate support at regional level too.

The human factor is at the heart of research and innovation. Europe must become better able to retain its researchers and to attract talent from third countries.

After these general considerations, I would now like to answer the four more specific questions that you have asked.

With regard to the number of topics for innovation partnerships, although it has not yet reached a decision, our Council appears to be more or less agreed on the fact that we need to start with a pilot scheme. Indeed, the Commission has proposed launching this pilot scheme on ageing at the beginning of 2011. In addition, the Commission's communication mentions a series of other topics for which it would be prepared to submit proposals in 2011, and some of you have referred to a number of these topics. By definition, a pilot scheme can start on an experimental basis and without necessarily waiting for all the conditions to be predefined.

The selection of topics for future partnerships is one of the main issues that we are discussing within the Council, and in this context, I would mention the initiative, launched by the Council in 2008, for the joint programming of research in Europe in response to major social challenges. At the time, criteria that will certainly also be useful in the context of the innovation partnerships had already been laid down: the scale of the challenge at European level, a real commitment from stakeholders, European added value, and the possibility of turning the results of research into benefits for European citizens and for European competitiveness. I therefore see a broad convergence between the Council's previous guidelines and the general conditions proposed by the Commission in its communication.

Furthermore, in the discussions that we have had at this stage, my colleagues have often stressed the need for a bottom-up approach, particularly in order to identify topics, to promote simple and straightforward systems, to meet the need to work with the private sector, especially small and medium-sized enterprises, and to optimise existing financial instruments.

I now come to the timetable and to the principles of governance that are likely to be the most important and most sensitive issues. The keywords will no doubt be 'added value', 'consistency', 'flexibility' and 'straightforwardness'. Nowhere should there be mention of a pre-established single model. Several initiatives have been taken to hone the concepts,

including a seminar organised a few days ago, on 27 October, by the Belgian Presidency in cooperation with Finland and the Commission, and as for the timetable, the notion of urgency is well and truly present in the Europe 2020 strategy. Consequently, this urgency is also present in the initiatives that derive from it. To this end, the Commission has made some ambitious proposals, but our resources are limited, and while remaining ambitious, we must ensure that we can get the process under control and learn lessons in good time.

I will finish, Mr President, ladies and gentlemen, with this notion of better governance of partnerships at national level. This issue is one of many considerations pertaining to the governance of partnerships, for which there is no pre-established model, even less a single model. Objectively different situations from one Member State to the other need to be taken into account. All stakeholders from the various Member States also need to be involved: the stakeholders at European, national and regional levels, including the public sector and the private sector.

Mr President, honourable Members, my conviction is that research and innovation are not an option for Europe, but a necessity if we want a long-term solution that protects our social model and the sustainability of our environment. I therefore welcome this Parliament's unfailing concern for these matters and, more particularly, the first speech in this debate on the plan for innovation. In my view, your contribution is all the more crucial since the current context is forcing Member States to make difficult choices where I believe it is essential to protect research and innovation as an investment for the future, and I can assure you that I will inform the Council of the content of this debate, and I will remain at your disposal.

Reinhard Bütikofer (Verts/ALE). – (DE) Mr President, I wanted to ask whether the Council's speaking time is longer later in the evening. I think it is rather impolite of the President-in-Office of the Council to speak for twice as long as Mr Barroso and Mr Van Rompuy combined, even though we know that we still have other important points to discuss. He could perhaps be a little more concise.

Ioannis A. Tsoukalas, *on behalf of the PPE Group.* – (EL) Mr President, I should like to draw your attention to the huge opportunity afforded by innovation partnerships for the sorely needed economic and social development of the European Union, and to the serious risk which exists, in that incorrect use of this tool could increase the innovation and research divide between the Member States of the European Union still further.

I refer in particular to the difficult economic conditions prevailing in various Member States of the EU, starting with my country, and I would make the same comment as my honourable friend, Mrs Matias. Numerous countries in southern Europe and elsewhere are in dire economic straits, with the International Monetary Fund, the European Central Bank and the European Commission demanding huge cuts across the board in all state spending, more or less wiping out public investment in research. Under such circumstances, there will obviously be massive cutbacks in technological development and innovation, given that they appear to be the last priority in national governments' rescue plans.

The across-the-board cuts being imposed on these countries, coupled with the brain drain, with specialised workers emigrating, and the under-funding for universities and research centres, mean that the triangle of knowledge we referred to earlier is anything but an isosceles triangle.

This is being exacerbated by actual circumstances, by the actual performance of European universities. For example, according to the Times Higher Education supplement published the other day, 82 of the 200 leading universities in the world are European universities, of which 80 are in the northern countries and just 2 universities are in the south, in Spain.

I should like to ask the European Commission, the European Union and the European Parliament how they intend to address the emerging divide between the innovative north of Europe and the south of Europe.

Teresa Riera Madurell, *on behalf of the S&D Group*. – (ES) Mr President, it is true that the Commission launched its proposal for an Innovation Union at the same time as its industrial policy proposal, because in order to ensure intelligent and sustainable growth that generates employment and competitiveness, the European Union must certainly improve its capacity to innovate.

Based on this conviction, our group has taken responsibility for both initiatives. As coordinator, I am convinced that, with everyone's cooperation, Parliament will help to find solutions to these new challenges: solutions that maintain a balance between economic, social and environmental issues in order to move towards a greener, more intelligent Europe with greater social cohesion.

That contribution begins today with this resolution, which indicates, before the Council decides, which subjects should be tackled as a priority, such as innovation cooperation, and also emphasising the fact that its success will depend on our capacity to involve innovating businesses as well as universities and research centres.

Zbigniew Ziobro, *on behalf of the ECR Group*. – (PL) Mr President, Europe has to develop, and innovation is the best route to overcoming the current crisis. A significant factor for initiating constructive change is the announcement of an increase in the financing of investment in research and development by 3% of the Union's GDP. Besides flexible legal rules for starting businesses, tax incentives and simpler procedures for registering patents, it is financial factors in particular which are going to be the main drivers of development.

Without external assistance, businesses would not themselves be able to finance expensive research which would take many years to complete. There is, however, a certain problem – the money provided from the European Union budget is often not enough on its own, and businesses are forced to invest huge amounts of their own resources. This being the case, businesses from Central and Eastern Europe are in a no-win situation. Without resources of their own, they cannot obtain money from the state budget, nor are they able to apply for EU money. This situation, which can be observed, too, in other areas, is causing an accumulation of resources in the wealthy regions of the European Union and is increasing disproportions in the area of research and development.

The President of the European Commission has said that 'without solidarity, the European Union would not exist'. This, then, explains my question: how does the Commission plan to strengthen innovation in the Union's new Member States? Can they count on greater financial resources, which will allow them to catch up with the Member States of the old Union more quickly?

Hermann Winkler (PPE). – (DE) Mr President, ladies and gentlemen, with the Innovation Union, the European Commission is moving in the right direction. I was very pleased to read that the European Commission has agreed to the many demands made in the innovation report of September 2010 which was adopted by the Committee on Industry,

Research and Energy. We are in agreement that the European Union must utilise its potential for innovation much better in future, not least in order to keep pace with countries that are strong in terms of innovation like the United States and Japan, and also with emerging economies like China. However, the Innovation Union will only be a success if it is implemented jointly with the Member States and the regions. For this purpose, the Commission is planning to use, among other things, the Innovation Partnerships, which we are currently debating and which are the subject of our cross-group question.

However, in this connection, I would like to warn against creating yet more duplicate structures. The idea of the Innovation Partnerships has not yet been completely clearly outlined. The statements by the Council have also not helped to provide definitive clarification. However, the idea of the Innovation Partnerships has certain similarities to instruments that already exist, such as the technology platforms of the Seventh Research Framework Programme and the Knowledge and Innovation Communities (KICs) within the framework of the European Institute of Innovation and Technology. I would like to point out that, in this regard, we absolutely must ensure that synergies are created and utilised and that we take a uniform approach.

António Fernando Correia De Campos (S&D). – (PT) We welcome the Commission's efforts to put research and innovation at the top of the political agenda. We are looking at an integrated strategy to make the European innovation ecosystem more effective and productive in the service of a sustainable economy. European innovation partnerships have emerged as an instrument and the major challenges around which they are organised are sufficiently broad not to be controversial. However, it remains unclear how the subsidiary priorities will be defined, and also how the preponderance of each discipline within them will be determined. How much transparency can be expected in order for stakeholders to participate? How will conflicting interests be arbitrated? What role will the Commission, the Member States and the regions play? How can accountability be ensured within a complex structure? What financial dimension will these partnerships have? Mr President, the Commission and the Council have to ensure excellence in implementation, which is not guaranteed given the mere months of pilot testing scheduled for the first partnership.

Cristina Gutiérrez-Cortines (PPE). – (ES) Mr President, I would like to celebrate the fact that there is innovation, attention to innovation, and also partnership, but I would also like to say that we do not know what this thing is that we are talking about. We are talking about an initiative, but no one has told us about its content, its formula or its model.

I would suggest that, first of all, if we want to be efficient, as some fellow Members in this House have said, we review the results of what has happened with the Institutes for European Training and Information (IETIs), the partnerships and the platforms. Now that we have had experience with the Seventh Framework Programme for Research and Technological Development, we need to evaluate these things objectively, with external evaluation, looking at the results.

In the cases of some IETIs, for example, we have seen that they have ended up being dominated by large companies, and once again, small businesses have been left out.

I would suggest that there be policies and formulas for innovation to see how we can help small businesses to get involved, perhaps sometimes through intermediary bodies that help them to pay for the projects or to carry them out. We cannot, however, carry on this way, leaving small businesses out.

Secondly, we need to consider the need for innovation in administration, in other words, innovation in the management of innovation. This is because the market guides innovation, and administration is not used to following the market, which works much faster.

We therefore need to do much more capacity building, innovate in capacity building and innovate in administration for research, in order to manage research and help businesses to get to work on this very difficult and complex undertaking for the future. Of course, we also need to incorporate the banking system in terms of the risks involved, which should not only be undertaken by the European people.

Silvia-Adriana Țicău (S&D). – (RO) Article 27 of the Universal Declaration of Human Rights stipulates that everyone has the right freely to participate in the cultural life of the community, to enjoy the arts and to share in scientific advancement and its benefits. European research must find solutions to the major challenges facing society: an ageing population, climate change, energy supply and energy efficiency, the shortage of raw materials and the sustainability of economic and social development.

To enable the European Union to develop its innovative capacity, which is vital to its competitiveness, we must develop and correlate innovation policy with the EU's industrial policy. It is only by developing production capacity and, by extension, creating jobs across the EU that we will be able to maintain and develop the EU's innovative capacity in the long term. At the same time, the impact of innovation on society is dependent on the extent to which the benefit of scientific achievements is spread. I believe that, to have a European Union of innovation, we need a new partnership which will support education and citizens' access to the benefits of scientific progress.

Danuta Maria Hübner (PPE). – Mr President, a lot has been said about innovation over the last years. It has become a symbol of a policy instrument that can fix all our problems, so there are huge expectations and we must deliver. However, the time has now come for us to be more pragmatic.

Without doubt, innovation can play a fundamental role in reinvigorating growth in the European economy, but for this to happen, we need a concrete, strong and joint public-private effort. This effort should aim to improve framework conditions and access to funding and to refocus innovation policy. But what matters most now is time, and we must move quickly and decisively from ambition to action by identifying and eliminating factors that still hinder innovation in Europe but, first and foremost, by designing effective new policy instruments.

European innovation partnerships can be such an instrument, and a potentially excellent one. We should act urgently to put the first European innovation partnerships into action, and our approach should be 'learning by doing' and using the good practice that exists in Europe.

Today, innovation is usually born within a well functioning innovation system in which regions play a key role. This means that we can accelerate the move towards an innovation-based economy by fully exploiting the potential of current cohesion policy investment in innovation, which is EUR 85 billion, as well as its future post-2013 commitment to smart growth. Cohesion policy can make innovation work across all Member States and regions.

Zigmantas Balčytis (S&D). – (LT) Innovation policy and the realisation of technological achievements should become a decisive factor not only in implementing the EU 2020

strategy, but also for the future growth and competitiveness of the Union itself. The implementation of practically all European Union policy areas, such as increasing energy efficiency, establishing an economy that is less polluting, reducing the negative impact of climate change, and guaranteeing social welfare and job creation, is directly dependent on how effectively innovation policy is implemented. Europe needs an integrated innovation policy which will only be successful if effective coordinated cooperation can be ensured at regional, national and European level. I believe that the European Innovation Partnership is a major step towards a better coordinated innovation policy that would allow much better results to be achieved in the area of competitiveness, and would contribute to more rapid progress for the whole Community in the future.

Mario Pirillo (S&D). – (IT) Mr President, ladies and gentlemen, at a time of squeezed public finances, investing in innovation could be Europe's keystone to get out of the crisis.

In the past, Europe has had a leading role in innovation. In fact, many innovations that have changed the world were launched on our continent, such as the mobile telephone. Europe's great technological potential and human capital should be exploited to the full through strong coordination between the European Union and the Member States in order to avoid duplication and optimise investments. We need to adopt a more strategic and coordinated approach to innovation, for which the technological partnerships are a superb tool.

I should like to ask the Council what actions it intends to take to make the partnerships more dynamic and how they can become launch pads for the real economy.

Seán Kelly (PPE). – (GA) Mr President, we are undoubtedly facing a great challenge at present and we urgently need to look at new ways of solving all those problems.

A few weeks ago, I had the privilege of chairing the launch here of the GE Innovation Barometer, within which there was a survey of various stakeholders. Two key points emerged: 90% of respondents believe innovation is the main lever to a greater, more competitive and greener economy; 83% of respondents believe that public-private partnerships are essential to develop a more innovative Europe.

Most people would agree with that, which is why we welcome this discussion. On this very day, I hosted a lunch involving Members of the Council, the Commission and MEPs on this very topic of Innovation Partnerships. As has been said, they are the key to the future if we want to meet our targets under the 2020 strategy – 3% of GDP and, above all, venture capital, which is vital also.

Ioan Enciu (S&D). – (RO) I wish to welcome the Commission's proposal on launching the first European innovation partnership. To be able to get all Member States involved in innovation, the EU should take a more active role in directing the flow of investments required to combat the imbalances between Member States in terms of resources supporting infrastructure and management. I believe that particular attention must be focused on regional development projects. Innovation partnerships should focus on this objective as well. Attention must be paid to ensuring a high level of cohesion between EU Structural Funds, public finances in Member States and private contributions.

Anneli Jäätteenmäki (ALDE). – (FI) Mr President, innovation has become today's buzzword, as it were: a kind of magic wand. We need to remember, however, that it does not provide instant relief for the situation as it is now. Getting new inventions to market

takes ten years on average and the costs of inventing new products and seeing them through to their final stages have grown considerably.

This means that we in Europe really need to invest in joint research and the internal market, and not expect results that are too easily come by. There will be innovations in time. If research is provided with adequate funding and researchers are left alone to get on with it, it will produce results, but it is not a magic wand.

Ilda Figueiredo (GUE/NGL). – (PT) The challenge here is that this initiative, the ‘Innovation Union’, which the Commission says is a flagship initiative, must be more than this; it should not be a flimsy flag for voters to see, but should rather be integrated into a genuine policy of development and social progress, where innovation is an important instrument if it is properly supported, including financially and in essential public policies.

From the start, the pilot project in the field of active and healthy ageing is a good example of what I mean. It will only have a significant effect if it is accompanied by public policies that guarantee access to good quality public healthcare accessible to everyone, decent pensions, social protection, and equipment and support services for the elderly to ensure they have a decent life. Without this, the project will be nothing more than a flash in the pan, amidst the neoliberal policies, dubbed austerity measures, which are hindering research and the quality of life for our people, particularly the elderly. The question is: what is the Commission going to do to ensure that this initiative is more than a mere flash in the pan?

Iosif Matula (PPE). – (RO) With the aim of meeting the EU 2020 strategy objectives, a sustainable, intelligent, inclusive economy is achieved through encouraging the field of research and innovation. Initiatives in this area must be forthcoming from every level, including as part of cross-border cooperation with other EU regions.

I wish to stress the importance of a bottom-up approach in innovation. It is difficult to turn the innovative solutions produced by educational institutions or companies into a reality due to the lack of information or financial constraints. Regional authorities can raise the profile of these ‘sleeping innovators’, as they have been called, and support them using assistance and partnership programmes, with the help of the cohesion policy. Partnerships can be aimed at improving the performance of innovation, strengthening relations between initiators and beneficiaries, as well as at promoting good practice in this area.

During the visit made by the Committee on Regional Development to Romania last week, we were presented with research and innovation projects devised by educational institutions in the Western Region, which I represent. The success of these initiatives is achieved precisely through establishing viable partnerships.

Benoît Cerexhe, *President-in-Office of the Council.* – (FR) Mr President, I would like to thank Parliament sincerely for its interest in this issue of innovation. Your support is absolutely vital in order to implement this plan for innovation urgently and without delay, so as to better meet internal challenges and to improve our external competitiveness.

I think the Presidency has been working under strict time constraints, since the Commission’s proposal was submitted on 6 October 2010 and we are now preparing our conclusions for the Council meeting of 26 November. Everyone is aware that research and innovation are critical, particularly if we are to emerge from the crisis.

Regarding the choice of partnerships, I have stressed the importance of the first topic as a pilot project aimed at determining the feasibility of the model, and I think that this first pilot project is truly capable of generating public support in Europe, as was said earlier.

As regards other possible areas, the Commission mentioned a dozen or so others, and the approach within the Council is really one of emphasising the need for an inclusive, bottom-up approach with very clear and very definite assurances from the Council that no duplication, layers of difficulty or additional programmes will be created. Certainly not. That would run counter to our goal of simplification.

As far as the budget problem is concerned, we know that research budgets are under pressure; in my opinion, our common priorities should be the North-South gap, which was highlighted earlier, as well as excellence. These should be reflected in the synergies between European instruments, particularly between the framework programme and the Structural Funds.

Finally, we in the Council are, of course, very mindful of the fact that small and medium-sized enterprises are in need of greater support. They did not have sufficient access to the previous framework programme and therefore we are doing all we can to simplify matters and provide easier access to financing and framework conditions for small and medium-sized enterprises.

President. – I have received seven motions for resolutions ⁽²⁾ tabled in accordance with Rule 115(5) of the Rules of Procedure.

The debate is closed.

The vote will take place on Thursday, 11 November 2010.

19. Strengthening the OSCE: a role for the EU (debate)

President. – The next item is the Council statement on strengthening the OSCE and on the role of the European Union.

Olivier Chastel, *on behalf of the VPT/HR.* – (FR) Mr President, Commissioner, ladies and gentlemen, I have the honour of speaking before you on behalf of the High Representative of the Union for Foreign Affairs and Security Policy, Baroness Ashton.

As you know, in three weeks' time, the Heads of State or Government of the 56 participating States of the Organisation for Security and Cooperation in Europe (OSCE) will convene at a summit in Astana. That date – 35 years after the Helsinki Final Act, 20 years after the Charter of Paris, and 11 years after the Istanbul summit – and the chosen location of Kazakhstan testify to the importance of the event.

The OSCE is seeking a new impetus. Some have doubted the organisation's relevance. Disputes between participating States, its inability to overcome the last vestiges of the post-Cold War period, and the frozen conflicts have gradually paralysed it, undermining its credibility. The appeal launched in June 2008 by President Medvedev, calling for the European security architecture to be reviewed and based on a treaty, not only received a positive response, but also revitalised the dialogue within the OSCE and initiated the Corfu Process. The debates that are rooted in the OSCE, without excluding other relevant security

(2) See Minutes

forums, have helped restore confidence. The European Union and its Member States have played a central role in this regard, and that role has also been highlighted and supported by Mr Rouček's motion for a resolution. The review conference, the last phase of which will take place in Astana, has served as a basis on which to structure the next summit.

Our representatives in Vienna are currently negotiating the final document, which they will submit to the various Heads of State or Government. This document will consist of three parts: firstly, a reaffirmation of the OSCE's principles, rules and commitments; secondly, the shared challenges we face, and our priorities; and finally, a vital aspect for the European Union: an action plan. The final document must be clear enough to be understood by all our fellow citizens.

The European Union's aim, in which it is joined by other participating states, is to re-establish the OSCE as a security community encompassing the vast Euro-Atlantic and Eurasian region; a community that is united, with no dividing lines, whose citizens live in freedom and peace, where disputes are resolved peacefully and where the shared principles, standards and commitments that form the OSCE *acquis* are respected. This is the goal that the summit must set, the mandate it must deliver – and the Action Plan is the road map by which to achieve this.

As this motion for a resolution highlights, in order to safeguard the global, cooperative concept of security that characterises the OSCE and also makes it unique, the Action Plan must strike a balance between the three dimensions. The EU will ensure that the Action Plan reflects the priorities outlined by the Foreign Affairs Ministers at their June 2010 meeting in all three dimensions.

As regards the political-military dimension, encouraging progress has been made in the discussions regarding the Vienna Document on confidence and security building measures. Some progress can be attributed to the summit. As regards the Treaty on Conventional Armed Forces in Europe (CFE), it is imperative for its viability to be restored. Negotiations are well under way, and it is up to the Heads of State or Government to provide the impetus needed for them to continue.

The OSCE's capabilities in all three dimensions must be strengthened so as to enable it to better fulfil its early warning, conflict prevention, crisis resolution and reconstruction role.

The concrete proposals put forward by the Union and its partners are on the table. Creating a security community means resolving the problematic issue of the conflicts in Transnistria, Nagorno-Karabakh and Georgia, which are still threatening to flare up, as the events of 2008 demonstrated. The lack of progress is undermining confidence, and the summit must provide an opportunity to make a common political commitment to resolve these conflicts, intensify efforts in that direction, and consolidate that commitment with a road map.

Once that issue has been resolved, the OSCE must look to the future and combine its efforts with the other relevant international organisations in order to counter new transnational threats. Those threats are familiar enough for me not to have to list them here, and the European Union also hopes that the issue of energy security will be addressed within the sphere of conflict resolution.

Within the OSCE, fresh impetus must be given to the economic and environmental dimension; there must be a greater commitment to good governance and transparency; and the response to the security challenge posed by energy supply in the context of climate change must be more certain.

Human rights, fundamental freedoms, democracy and the rule of law are the bedrock of the values and principles on which the security community will be based. Restating their validity is not enough. It is vital to strengthen them and consolidate their implementation. The Heads of State or Government will be presented with possible ways forward in this area: more effective review and implementation of commitments, and better monitoring of recommendations by OSCE institutions. For the European Union, the human dimension is of particular importance: it is the basis of 'coexistence' for citizens and Member States alike. The Union's focus is on increasing the freedom of the press and on the importance of free and democratic elections in the OSCE area. The role of the Office for Democratic Institutions and Human Rights should be strengthened in this regard, and its autonomy preserved. The resources needed to strengthen the High Representative's work to promote freedom of the media must also be guaranteed.

Andrzej Grzyb, *on behalf of the PPE Group.* – (PL) Mr President, we have information from the High Representative for Foreign Affairs and Security Policy, and, on the other hand, we also have the resolution drafted by Mr Rouček, in which it says that the Corfu Process has brought new energy into the Organisation for Security and Cooperation in Europe, which Mr Chastel, speaking on behalf of the High Representative, has also confirmed in his statement.

I would like to say that the OSCE is, and can continue to be, a very important institution in terms of solving regional conflicts, addressing issues related to national minorities and supporting the process of democratisation in Member States. We should also maintain a balance across the OSCE's three dimensions – the political-military dimension, the economic and environmental dimension and the human dimension. The traditional understanding of security in terms of what is called 'hard power', which concerns ensuring security by the presence of military forces or stabilising forces, is just as important as security in economic, social, food or ecological terms. The OSCE should place greater emphasis on action in these areas.

I would like, here, to stress the role being played in the field of democratisation by the Office for Democratic Institutions and Human Rights, to which reference has, indeed, been made, for example, its role in observing elections and making recommendations in reports. The OSCE will play a greater role precisely when we strengthen it, for example, by giving greater support to the ODIHR.

I would also like to stress that the positive role of the OSCE does not end with its work as a mediator, but is also to be seen where it directs its own activities. The OSCE also brings us closer to the states which hold the rotating chairmanship. I will mention, for example, the current chairmanship, which is held by Kazakhstan and which has led, among others, to a resolution of the crisis in Kyrgyzstan and also to mediation between Turkmenistan and Uzbekistan. We do, however, realise there is a deficit regarding respect for human rights in Kazakhstan, something which is being reported, among others, by organisations which monitor human rights.

The summit due to take place in Astana in December should adopt an action plan which will lead to the finalising of a charter for a security community in the OSCE area. Such a plan is also in the interests of the Member States of the European Union. I would like to express strong support, both for the position which has been presented, and for the resolution submitted by Mr Rouček.

Libor Rouček, *on behalf of the S&D Group.* – (CS) This year marks the 35th anniversary of the Helsinki conference's final act. The Helsinki Process has contributed to important historical changes in Europe. A continent which was formerly divided by the Second World War and the Cold War now lives in peace and cooperation. Citizens of most countries behind the former Iron Curtain fully enjoy their human, civil and democratic rights and freedoms.

Despite this, however, not all the objectives of the Helsinki Process have been fully achieved. In many regions, there are still conflicts between neighbours and ethnic groups. Many countries have problems with the introduction of civil rights and democracy. Furthermore, all the Member States of the OSCE are exposed to new challenges and security threats, such as terrorism, organised crime, human trafficking, drug trafficking and energy, environmental and Internet security.

Thirty-five years after Helsinki, and eleven years after the last summit in Istanbul, the Organisation for Security and Cooperation in Europe needs a new impetus, regeneration and reforms. An appropriate framework for discussing these reforms is provided by the Corfu Process and its culmination in the forthcoming December summit in Astana.

In its resolution, which we will be voting on tomorrow, the European Parliament has put together a series of proposals and suggestions for this summit. We propose, for example, that a specific plan should be discussed and adopted at the summit concerning conflict prevention, crisis management and post-conflict reconstruction, as well as an action plan which would outline ways to approach the creation of a Charter for the Security Sector within the OSCE.

The Organisation for Security and Cooperation in Europe, as has already been said, is a unique and integral part of the Euro-Atlantic and Euro-Asian security structure with a broad membership base uniting countries from Vancouver to Vladivostok. The uniqueness of this organisation lies in the fact that it links the political and military, economic and environmental, and human rights dimensions of cooperation. The European Union and its common foreign and security policy, strengthened by the Treaty of Lisbon, should expand cooperation between the two organisations, because only through such cooperation can common objectives be achieved.

Anneli Jäätteenmäki, *on behalf of the ALDE Group.* – (FI) Mr President, the Conference for Security and Cooperation in Europe was historically significant, and the Organisation for Security and Cooperation in Europe today is a necessary and acknowledged organisation for cooperation. Nowadays, the OSCE is frequently the organisation permitted to enter regions in crisis, where others are not allowed in. The OSCE is therefore absolutely important, for example, in central Asia, whether it has to do with supporting the work of the police, drug prevention or improved border security.

The OSCE's humanitarian basket, in particular, is unique. Within its scope, the organisation has developed models for human rights work, action to combat people smuggling, and capacity building in fragile states. The EU, for its part, has focused more and more on police operations and the use of paramilitary carabinieri in them. The EU certainly has a very robust development aid policy. The OSCE has also been able to establish a recognised link between the environment and security in development policy.

The EU needs to learn from this but, above all, the EU's own operations could learn from those of the OSCE. In general, the OSCE is there a lot earlier on, because it has more

experience, skill and very experienced experts. It is just as strong as the Member States want it to be. Cooperation between the OSCE and the EU, mutual respect for one another and mutual recognition are all very important.

IN THE CHAIR: LIBOR ROUČEK

Vice-President

Reinhard Bütikofer, *on behalf of the Verts/ALE Group.* – (DE) Mr President, Mr Chastel once said that the Organisation for Security and Cooperation in Europe (OSCE) is looking for a new dynamism. This Parliament would like to help it to find this dynamism. This motion for a resolution, which was drawn up under the guidance of the Vice-President, takes – and was indeed carried by a broad majority in Parliament – a very progressive position on the role of the OSCE.

New momentum has been provided for the OSCE from various sides. For example, proposals put forward by the Vice-President of the United States have made a very positive contribution. However, we now need a clear definition of the goals of the Corfu Process. That is important for the forthcoming summit. All three dimensions of the OSCE should be enhanced, particularly the Office for Democratic Institutions and Human Rights.

However, we also want to take new measures. That is what is valuable about this motion for a resolution. For example, it raises the question of whether it should be possible for the European Union to take on OSCE-mandated missions in future within the framework of the common security and defence policy. For example, in the case of Kyrgyzstan, it would have been very beneficial if we had had this kind of option and had been able to do something like this there, together with our Russian partners for example.

It has also been proposed, for example – and Mr Rouček has already mentioned this – that a goal be set for the Corfu Process to draw up a charter for a security community in the OSCE area. That is the right response to moves made by Russia, which considers it necessary to renew discussions on common security in the Euro-Atlantic area.

I am certain that the OSCE will remain essential for the common Euro-Atlantic security architecture, and I hope that we will also play our part in helping to make it successful.

Charles Tannock, *on behalf of the ECR Group.* – Mr President, the OSCE plays an important and growing role in promoting peace and stability on our continent of Europe. The fact that America, Canada, Russia and many Central Asian countries are also full members gives the organisation great credibility and breadth – ‘from Vancouver to Vladivostok’, as the OSCE itself boasts.

The OSCE is rapidly usurping the Council of Europe as the principal and most relevant forum for discussing democracy – with its ODIHR branch supporting election monitoring – human rights and the rule of law in Europe. The OSCE’s field missions in countries like Georgia and Moldova are contributing significantly to stabilising societies traumatised by recent disputes and frozen conflicts.

Kazakhstan’s current chairmanship of the OSCE has helped to enhance the organisation’s profile and refocus our attention on Central Asia and, in particular, on the issue of security and the fight against international terrorism.

Undoubtedly, there are many possibilities for developing the EU’s relationship with the OSCE. However, in fashioning this partnership, I hope the High Representative will give

due weight to avoiding duplication of effort and thereby the wasting of taxpayers' money at a time of austerity. She should also consider coordinating the OSCE, the EU and particularly the CSDP and NATO within the partnership for peace.

Lastly, I would suggest that perhaps the two organisations – the Council of Europe and the OSCE – consider amalgamation. That might save a lot of money.

Helmut Scholz, *on behalf of the GUE/NGL Group*. – (DE) Mr President, my group welcomes the fact that, after several years, the European Parliament is now substantially engaging with the subject of the OSCE and in so doing, is essentially providing a positive response to the question of the relationship of the EU to the OSCE, to the goals, values and mechanisms agreed in Helsinki but, above all, to its current tasks. Your report, Mr Vice-President, makes it clear that the European Union and the OSCE are not secret competitors, but partners that can, and must, bring their individual skills and experience to bear in order to solve the complex problems in Europe.

There are two aspects that I would like to highlight in particular with regard to Astana. In Europe, we need a renewed pan-European dialogue on the future of our continent from the point of view of security policy, this continent being larger than the EU and still characterised by major security policy imbalances. The Corfu Process brings the prospect of structured debate and should be arranged by the Member States in such a way as to ultimately achieve specific results in the area of disarmament and defence conversion. Just as the EU and OSCE need each other in this area, the issues of climate protection and energy supply also require enhanced structured cooperation.

Mariya Nedelcheva (PPE). – (FR) Mr President, Mr Chastel, ladies and gentlemen, in my speech, I would like to emphasise the key role played by the election observation missions in strengthening our relations with the Organisation for Security and Cooperation in Europe (OSCE) and also, more generally, in strengthening our external action.

Guaranteeing respect for civil and political rights is one of the European Union's fundamental values. By extension, ensuring the integrity of the electoral process is central to the credibility of the Union's external action. Since the OSCE and the European Union both deploy observation missions, they have every interest in cooperating in this area.

It therefore seems to me that the establishment of the European External Action Service (EEAS) calls for the development of procedures that will allow for close cooperation between the OSCE Office for Democratic Institutions and Human Rights and the EEAS department for election observation missions, thereby avoiding the risk of duplication and strengthening the EU's external action in the OSCE area.

This cooperation should take place before, during and after the deployment of observers, because a high quality mission is one that is well prepared, operates effectively on the ground and is properly monitored. In saying that, I would like to reiterate the importance of the European Parliament in this matter: the fact that directly and democratically elected representatives of the European public are able to observe elections outside EU borders to ensure that they are being held properly is a considerable asset for the Union, and one that we must preserve at all costs.

Finally, the Charter for European Security recognises the important role of the economic and environmental dimensions. Stability and security often depend on them. Therefore, it is crucial to highlight the expertise of the OSCE and the European Parliament more

effectively in these areas; regular use and development of economic and environmental data are a further guarantee of the success of our shared missions.

Strengthening election observation missions through greater cooperation between the EU and the OSCE, and by sending us MEPs to the areas in question, will lead to a strengthening of the Union's foreign policy. That is how we will really fulfil the objectives laid down in the Treaty of Lisbon.

Csaba Sándor Tabajdi (S&D). – (HU) Mr President, I wish to congratulate you on your initiative as we all know that the European Union is the most important and most influential organisation in Europe. At the same time, the OSCE and the Council of Europe have such great experience in many fields that if we were to add, for example, the weight of the European Union to the OSCE's experience in handling interethnic conflicts, humanitarian security could be strengthened powerfully in the European Union. Where does the OSCE bring an added value? As I have just mentioned, in interethnic conflicts, as it has a High Commissioner on National Minorities, who mediates between the majority and the minority, and who has been involved in the resolution of numerous interethnic conflicts, whereas we know that the European Union has no minority protection system. The term 'minority' has only just been included in the preamble of the Treaty of Lisbon, and, as my fellow Members have mentioned frozen conflicts, it should be noted that 90% of these are interethnic conflicts. In other words, the Union must build on this experience. For instance, it needs to build on the OSCE's very numerous programmes for the Roma minority. I should like to recommend these to the Commission and suggest that the OSCE's experience in this field be taken into account when the Commission draws up the comprehensive framework document on Roma strategy.

Likewise, the OSCE's Copenhagen Document of 1992, which stated a rule for minority autonomies that remains valid to this day, must be taken into account. Finally, a word about media freedom. Listening to the OSCE official, I notice that when media freedom is restricted, the OSCE official criticises EU Member States far more boldly than the representatives of the Commission. This is one of the reasons why I support the institutionalisation of the relations between the EU and the OSCE, as this will further strengthen the European Union, the peace of the EU and its humanitarian security. Thank you for your attention.

Heidi Hautala (Verts/ALE). – Mr President, I very much support what Mr Bütikofer said about the need to ensure balance between the three dimensions, or baskets, of the OSCE. I would like especially to mention that we have to defend the human dimension.

I am very happy that the report takes into account the fact that the Presidency-in-office, Kazakhstan, must be asked to respect the fundamental values and human rights of the OSCE in advance of the Astana summit. We know that the situation there is far from satisfactory. There are many serious human rights violations, terrible prison conditions, etc.

I am also very pleased to see that the report includes the notion that the European Parliament must become more active in the human dimension. It is indeed a remarkable achievement that civil society can fully participate, and we must support the parallel event that civil society will organise prior to the Astana summit. That summit should not become a mere PR exercise for Kazakhstan.

Marek Henryk Migalski (ECR). – (PL) I would like to say that we, as the European Union, should be strengthening cooperation with the OSCE, especially where our interests are involved, such as in Transnistria or in Georgia under the six-point Sarkozy plan. This cooperation should also be strengthened, as Mrs Hautala has said, on human rights issues.

However, it should also be remembered that the European Union is a separate entity, and cooperation with the OSCE should not make us subject to decisions made by the OSCE, whose membership, as you know, is not restricted to European countries. Acceptance of full cooperation with the OSCE would be counterproductive for the European Union. The cooperation should be close, but we should, nevertheless, maintain the separate nature of these two entities.

Csaba Sógor (PPE). – (HU) Since its foundation, the Organisation for Security and Cooperation in Europe has considered warning and prevention of potential conflicts as its primary task. The High Commissioner on National Minorities and the High Commissioner's Office perform special tasks in the organisation's institutional system, aiming to prevent the development of strained majority-minority relations. This is what the British call early warning diplomacy. Although, within the territory of the European Union, the solution of disputed matters is, first and foremost, guaranteed by EU institutions, in certain cases, an important role devolves to the OSCE. One example of this is the Slovakian language law, when the High Commissioner on National Minorities tried to mediate between the parties. Sadly, in view of the outcome, this mediation cannot be described as successful. The law remains a source of tension as it is discriminatory and contrary to the spirit of numerous international agreements. The European Commission for Democracy through Law, better known as the Venice Commission, clearly established this. Perhaps we would be closer to a solution today in this matter if the extremely important institution of the OSCE had given early warning of the conflict and had worked more effectively to relieve the tension.

Joe Higgins (GUE/NGL). – Mr President, the OSCE, we are told, is about advancing political and media freedom and human rights. Mr Chastel, can I ask you then how you reconcile this with giving Kazakhstan the chairmanship of the OSCE this year and the prestige of a major summit in its capital, Astana, in December? Are you aware that political rights in Kazakhstan are cynically repressed, media freedom is obstructed and human rights are routinely crushed?

Trade union and social activists are routinely thrown in jail on trumped-up charges. On a delegation visit to Kazakhstan in September, I received conclusive evidence of the most brutal treatment in prisons. Yet two weeks ago, Commission President Barroso rolled out the red carpet for the man responsible for those atrocities – President Nazarbayev – with not a single word of criticism. Why, Mr Chastel? Is it about iron and steel deals? The OSCE summit in Kazakhstan should be cancelled forthwith if you are serious about standing up with the brave fighters for human, democratic, political, workers' and social rights in Kazakhstan.

Olivier Chastel, *on behalf of the VPT/HR.* – (FR) Mr President, I would first like to thank you and all the speakers for the quality of this debate. I will, of course, pass on your suggestions to Baroness Ashton, particularly those concerning the rationalisation of resources, the use of her new service – the European External Action Service – and cooperation. Furthermore, I will not repeat what I said initially in this debate. Many have already raised a number of common issues.

One point in particular was mentioned: the human rights situation in Kazakhstan. You are right to highlight this aspect, and several of you have done so this evening. This is a very important issue for the EU and we raise it in every single one of our meetings with the Kazakh leaders. The need to continue efforts in the areas of political rights, social rights and democratisation was mentioned – contrary to what you seem to be saying – during President Nazarbayev's last visit here.

I would therefore simply like to conclude by saying that the Astana summit, under Kazakhstan's leadership, offers our highest officials an important opportunity to free Europe from the burdens of the past, to engage in building a security community stretching from Vancouver to Vladivostok – as you pointed out, Mr Rouček – and to reflect on the new missions that we must carry out in the 21st century political and security environment.

We are pleased that Parliament can lend its support to the priorities of the European Union and its representatives. We need that clear support in order to emphasise the importance of the dignity of the individual, of organising free and fair elections, of coordinating the efforts against transnational threats, and of achieving harmonious economic and social development within a sustainable environment. I hope the political will to write a new chapter in the rich history of the OSCE can materialise in Astana. Rest assured that the European Union will assume its responsibilities there.

President. – The debate is closed.

The vote will take place tomorrow, Thursday, 11 November 2010, at 12:00.

Written statements (Rule 149)

Krzysztof Lisek (PPE), *in writing.* – (PL) Mr President, ladies and gentlemen, today, Europe must face up to a new dimension of problems such as terrorism, cyber threats and trafficking in human beings and drugs. In order to meet such challenges, we must develop an effective threat detection and conflict resolution system. The OSCE is the right place to conduct a wide-ranging debate on the subject of European security. It is one of the largest fora for exchanging ideas on international security, which, in the past, has proven that it is capable of taking effective action. At the same time, unfortunately, it has been the case recently that OSCE structures have not been commensurate with the needs of the modern world, an example of which is the unresolved conflict in the Caucasus and the inadequate reaction to the Georgian conflict of 2008. It is in our common interest to modernise these structures, so that in future, they become a tool for responding rapidly to threats that have arisen. The OSCE's capabilities in this field should be strengthened by modifying its old mechanisms of action and creating new ones. This is the only way in which the OSCE will be in a position to work effectively towards security in Europe and Eurasia. In the interest of security in Europe, we should continue the process we began in 2008 in Corfu. With our support, the OSCE can become a significant and effective force for law and order in Europe and Eurasia. I welcome the initiative to strengthen cooperation between the EU and the OSCE.

Cristian Dan Preda (PPE), *in writing.* – (RO) I welcome the debate on the Rouček report with the prospect of the Astana summit in December, on which we have pinned our hopes of strengthening the OSCE. The EU must adopt a clear position with regard to an organisation which can play an important role in regional security and in promoting democratic values and human rights.

In this context, I feel that two key questions need to be asked. The first one concerns strengthening the human aspect of the OSCE. Human rights and democracy are of fundamental importance in the post-Lisbon period, with the creation of the European External Action Service offering the chance to devise a comprehensive security concept. Secondly, I wish to emphasise that the Corfu Process must focus increased attention on settling unresolved conflicts, an area where the OSCE can provide real added value, compared with other regional organisations of this kind.

I wish to highlight paragraph 8 of the Rouček report, which enjoyed broad consensus within the Committee on Foreign Affairs. Indeed, the need for a lasting solution to the conflict in Transnistria must be reiterated, with respect for the territorial integrity and sovereignty of the Republic of Moldova. To achieve this, we need to resume quickly, and without any preconditions, the negotiations in the 5 + 2 format.

20. Amendment of Regulation (EC) No 539/2001 listing the third countries whose nationals must be in possession of visas when crossing the external borders of Member States and those whose nationals are exempt from that requirement (debate)

President. – The next item is the report by Agustín Díaz de Mera García Consuegra, on behalf of the Committee on Civil Liberties, Justice and Home Affairs, on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EC) No 539/2001 listing the third countries whose nationals must be in possession of visas when crossing the external borders of Member States and those whose nationals are exempt from that requirement (COM(2010)0358 – C7-0162/2010 – 2010/0192(COD)) (A7-0294/2010).

Agustín Díaz de Mera García Consuegra, rapporteur. – (ES) Commissioner, I would also like to send my regards to your excellent team. Ladies and gentlemen, Regulation (EC) No 539/2001 lists the third countries whose nationals must be in possession of visas when crossing the Union's external borders and those whose nationals are exempt from that requirement.

The proposal to amend Regulation (EC) No 539/2001 that we are discussing today has three objectives: transferring Taiwan to the positive list, transferring other third countries or territories – Trinidad and Tobago, Saint Lucia, Saint Vincent and the Grenadines, Belize, Dominica, Grenada, the Marshall Islands, Micronesia and Palau – to the positive list and the situation of the Northern Mariana Islands.

The situation of the Northern Mariana Islands does not pose any problems, as its inhabitants are, as you are aware, US citizens.

With regard to the requests to transfer the third countries that I listed, the Commission finds no justification for removing the visa requirement, and neither do we.

In the case of Taiwan, this Asian island has experienced commendable democratic, social and economic development. Democratic institutions have been firmly established since 1996, when the first direct presidential elections were held. The President is the Head of the Government, and is elected by the people of Taiwan via universal suffrage for a four-year term. Legislative power currently lies with the Legislative Yuan, which has 113 members.

Economically, Taiwan's income per head of population is one of the highest in the world at USD 30 100, in July 2010, unemployment stood at 5.2%, way below the European

average, which was 10.1% in the same month. During the first quarter of 2010, economic growth hit 13.27%, whilst during the first half of 2010, the balance of trade surplus stood at USD 12.1 billion. Figures published by the International Monetary Fund in 2009 placed Taiwan's economy 25th in the world, with a gross national product of USD 379 billion. It should be pointed out that in 1950, Taiwan was poorer than Ghana, Uganda and the Democratic Republic of Congo. Until 1960, it was more reliant on commodities exports than countries like Kenya, South Africa and Lebanon. Today, however, products manufactured in Taiwan account for more than 97% of the country's exports.

All this has meant that Taiwan's net migration rate stands at just 0.15%. For this reason, it is very unlikely that we will have to deal with any illegal immigrants from Taiwan. According to data supplied by the Commission, in 2006-2008, only 45 illegal immigrants throughout the entire European Union were found to have come from Taiwan.

As far as the security of travel documents is concerned, I would like to point out that Taiwanese electronic passports meet all the anti-counterfeiting standards set by the International Civil Aviation Organisation.

The situation of dispersed Taiwanese should be looked at closely, as even if they have passports issued by the authorities, they need prior authorisation to enter Taiwan. For this reason, it would seem logical for the European Union to maintain a similar approach regarding those people, as my report proposes.

Currently, Taiwan does not require visas from the majority of the Member States, except for Cyprus, Romania and Bulgaria. The Taiwanese authorities have nevertheless undertaken to ensure that a visa waiver is in place for nationals of those countries by 11 November, in other words, tomorrow. This is a formal commitment of which the Presidency of the Council, the European Commission and Parliament have been notified, along with the permanent representations of the countries concerned.

For this reason, Mr President, and for other reasons which I shall mention in my second speech, it is worth us granting the visa exemption to Taiwan, as the United Kingdom and Ireland did last year.

Andrey Kovatchev, *rapporteur for the opinion of the Committee on Foreign Affairs*. – Mr President, I welcome Mr Díaz de Mera's report. After decades of tension, the political climate between the present Taiwanese Government and the People's Republic of China is positive. There are direct flights between the two and an economic cooperation framework agreement is already in force.

Relations between Taiwan and the European Union are also experiencing a positive trend: trade turnover and academic and business exchanges are high. Education, democratic governance and income in Taiwan are at the level of Japan and South Korea. Based on this and other positive trends, the AFET Committee supports Mr Díaz de Mera's report in favour of lifting the visa requirement for Taiwan. As the report says, we expect that, before the measures enter into force, Taiwan will lift the visa requirement for all 27 Member States as well. It should be recalled that visa regimes – and any consular or private law regimes – do not prejudice any position on the status of territories under public international law.

Cecilia Malmström, *Member of the Commission*. – Mr President, the proposal to transfer Taiwan to the positive visa list was adopted by the Commission on 5 July this year. Taiwan is, as we all know, a well-developed and stable democracy. It meets all the necessary technical requirements.

The proposal is a result of a periodic review of the visa list and based on suggestions coming from Member States. The Commission assesses a variety of conditions: irregular migration, public policy, public security, reciprocity, regional coherence and the external relations of the European Union.

We need to reinforce regional coherence in south-eastern Asia. Other similar developed third countries, such as Hong Kong, Macao, Japan, South Korea and Singapore, are already visa-free. In addition, a process has unarguably been set in motion regarding relations between Taiwan and mainland China, which is also proven by the establishment of direct flights and the conclusion of an economic cooperation framework agreement between them.

As was said by the rapporteur and Mr Kovatchev, the United Kingdom, Ireland, New Zealand and South Korea have already granted visa-free travel to Taiwanese citizens, and Canada is currently in the process of exempting Taiwan from the visa obligation.

Any visa waiver granted to the citizens of Taiwan should, of course, be reciprocated. Taiwan has progressively eliminated visa requirements for nationals of a large majority of EU Member States, and has committed itself to granting a full visa regime for all EU citizens. Romanian, Bulgarian and Cypriot citizens will be free to travel to Taiwan without a visa as from 11 November – which is tomorrow, so you can book your tickets!

Furthermore, Taiwan will extend the allowed period for EU citizens to remain in Taiwan to 90 days on the entry into force of the EU visa waiver. The proposal also covers the deletion of the Northern Mariana Islands from the negative list, since the territory forms part of the US.

Visa freedom and visa liberalisation is a great way of bringing people together, closer to each other: students, researchers, ordinary people, the business community, researchers and others. This is a very important decision that we are about to take. Procedurally, this is codecision – as you know – but I am glad to inform you that the Council members have already expressed their very broad support for this. As I understand, and thanks to the work of the rapporteur, Mr Díaz de Mera, and the shadow rapporteurs, there is also very strong support in this Parliament so I hope there will be a good vote tomorrow.

There was only one amendment to the Commission proposal, proposed both in the Council and in the European Parliament, aiming to exclude the 60 000 so-called Overseas Taiwanese nationals. The rapporteur and Member States in the Council were of the view that these people need prior authorisation from Taiwan to enter their own country. Therefore, it would be a logical and reasonable step for the EU to exclude this category from the visa waiver. The Commission accepts this amendment.

I would like to thank the rapporteur and the shadow rapporteurs for their excellent support and cooperation on this file. I am sure that the full reciprocal visa waiver will give a boost to the very good relations between the EU and Taiwan in various sectors, such as tourism and trade, and benefit all parties.

Georgios Papanikolaou, *on behalf of the PPE Group.* – (EL) Mr President, firstly, I, too, must take my turn in congratulating the rapporteur and all my fellow Members who worked on this report. They really did a magnificent job.

The exemption from visa requirements for Taiwan nationals is, of course, a move in the right direction. Firstly, that we have overcome the legal obstacle, in terms of the fact that

not all the Member States recognise Taiwan, is a positive result. Secondly, there is the fact that, on the basis of – one aspect of – mutual recognition, citizens of the Member States of the European Union will not be subject in future to visa requirements on entering Taiwan, in other words, this is like what we do for the 27 Member States and, thirdly, any negative impact on relations between the European Union and China has been avoided.

At this point, I should like, if I may, to make a more general comment: we all recently witnessed terrorist action, with parcel bombs being sent from Greece to embassies in various cities in the European Union and from Yemen to various Member States. Of course, we all felt that our safety was being threatened everywhere in every way.

So when our fellow citizens in Europe learn that the European Union is making it easier for citizens from third countries, such as Taiwan and other countries we recently approved, to enter the European Union, they logically wonder if that is putting their safety at greater risk.

Therefore, our response to this needs to be that, whenever we take a decision like this, we have already assessed all these parameters. We know full well that we have the mechanisms to deal with any problem and to safeguard our fellow citizens. That is precisely why we have taken this decision. We have information exchange systems and the facilities to deal with any problems.

I should like to conclude, therefore, by saying that we are fortunate to have taken this decision and that, under no circumstances, have we compromised the safety of our fellow citizens throughout Europe.

Tanja Fajon, *on behalf of the S&D Group.* – (SL) I would, first of all, like to thank the rapporteur for the excellent job he has done. Taiwan can be considered a success story. I have just returned from a visit to this island which has already entered into several cooperation agreements with the European Union. The EU-27 is the largest investor in Taiwan's rapidly growing economy – this year, economic growth is projected to reach nearly nine per cent and unemployment is less than six per cent.

Waiving the visa requirement for Taiwan will strengthen economic and political relations with the Union, increase investment and allow mobility for young people and students, in particular. As we have heard, China remains the biggest threat to Taiwan, but in recent years, its relations with China have warmed, especially in the economic field. Internationally, Taiwan is not generally recognised as a country. It has not even been recognised by the EU, although citizens of 24 EU Member States are today already able to travel to this island without a visa, and in the near future, Taiwan will waive visas for Bulgaria, Romania and Cyprus, too.

The Taiwanese Government has taken a series of important passport security measures, which we were able to see for ourselves whilst visiting the office that issues documents. The authorities have no problems with illegal immigration or illegal trade in human beings or goods. There is no organised crime in the cities and people are generally happy with their lives.

During the last year, the European Union has waived visas for five countries of the Western Balkans. On Monday this week, ministers adopted an important decision for Albania and Bosnia and Herzegovina. This is a very important message, especially for the countries knocking on the EU's door, that they have a clear European future. Freedom to travel is a fundamental human right and I firmly believe that is the only right course of action, as

Taiwan does not pose a threat to the EU. I therefore call on you, ladies and gentlemen, to strongly support the visa waiver tomorrow and enable the people of Taiwan to travel freely.

Cecilia Wikström, *on behalf of the ALDE Group*. – (SV) Mr President, today we have a list of the third countries whose nationals must be in possession of visas when crossing our external borders. There is another list containing those nationals who are exempt from that requirement. These lists must, of course, be reviewed regularly and amended depending on the situation in the respective countries. Earlier in the autumn, we abolished the visa requirement for the people of Albania and Bosnia and Herzegovina. We will soon be voting on the abolition of the visa requirement for Taiwan, too – a country that has gone through a comprehensive process of democratisation. Institutional reforms, a dynamic civil society and greater respect for civil liberties and citizens' rights have resulted in increased stability, including political stability, in Taiwan. Moreover, we do not, of course, have a visa requirement for other countries in the region, so this is also an element in the establishment of greater regional consistency. Taiwan does not pose a threat to the EU in any way and the abolition of the visa requirement will benefit trade relations with the EU and will also promote closer cooperation with regard to culture and research – important areas for all of us.

For many years, politicians from Taiwan have had problems travelling to Europe, even as private individuals, because in the countries of Europe, people were afraid to get on the wrong side of China or to end up in a political conflict. Things are different now, and I hope that the agreement we are about to conclude will facilitate and improve political relations between the politicians here in the EU and in Taiwan, and will also lead to Taiwan's deeper involvement in the international community, on various levels. However, we also stand to gain from an ideological point of view.

Europe stands for openness, a welcoming spirit and inclusivity. Mutual trust involves keeping the doors between our countries open and this will be beneficial and lead to cooperation and, above all, to more pleasant relations between our countries. This is something that I welcome with all my heart ahead of this important vote that we are to hold very soon here in the European Parliament.

Charles Tannock, *on behalf of the ECR Group*. – Mr President, Commissioner Malmström was, of course, herself a good friend of Taiwan in her MEP days. I am now the President of the Taiwanese Friendship Group in this Parliament. I am, of course, delighted on behalf of our group to welcome the fact that Taiwanese citizens will soon be able to enter the Schengen zone without needing a visa – also known in EU jargon terms as a visa liberalisation for Taiwan.

My country, the UK, and Ireland – both of which are of course outside Schengen – gave Taiwanese citizens visa-free privileges a year and a half ago. I can safely say that our experience in Britain, particularly in terms of boosting tourism and bone fide business travel since then, fully indicates that this decision was a good one.

Taiwan is a thriving, wealthy and modern democracy that shares our values of supporting human rights, peace, security and prosperity in the region. We can only benefit from facilitating closer business ties with Taiwan, whose economy is growing again and going from strength to strength, and is increasingly a springboard for European investments into China. Europe, of course, is also rapidly catching up with America as a destination of choice for Taiwanese university students and graduates wanting to do research. Again, the benefits of these exchanges are substantial in every possible sense. This is an important sign of our

support and solidarity with Taiwan which, under President Ma's inspired leadership, has sought pragmatic solutions to the international isolation imposed on it by the People's Republic of China.

Mario Borghezio, *on behalf of the EFD Group*. – (IT) Mr President, ladies and gentlemen, firstly, I should like to express my sincere and earnest thanks to the rapporteur, whose skills and rigour have been put to good use in guaranteeing Member States that granting free passage to Taiwanese nationals and abolishing visas will not cause problems for the European Union.

I am not so convinced about the latest work regarding Bosnia and Herzegovina and Albania. Now there is even talk of abolishing visas for Turkey. In those situations, I am not convinced that the Commission and Parliament have done their job well, namely: ensuring the safety of European citizens. Therefore, I applaud the report and the vote in the European Parliament – which will surely be positive – all the more.

History is not impermanent. People of a certain age remember what it was that what was once called Nationalist China represented for decades: it was a banner of freedom. The West must not forget who defended the principles of liberty when they were under threat elsewhere. Still now, in terms of human rights, I think a basic distinction must be made.

The Chinese of Taiwan are therefore also welcome in my home region of Padania. The presence of such important and skilled individuals in the region already provides ample illustration of the ability of Taiwanese people to integrate into our society. Unlike other countries, Taiwan also has the merit of not exporting socio-political messages against the principles of liberty, the protection of human rights and respect for ethnic and religious minorities to the European Union together with its goods. The citizens of Taiwan are therefore welcome in the European Union and in Padania.

Béla Kovács (NI). – (HU) Thank you for the floor, Mr President. Ladies and gentlemen, it can be stated that the visa system is an effective means for the successful prevention of illegal entry to or illegal stay in European Union Member States. When we decide which third country's citizens should be subject to visa requirements, the situation of each country must be examined individually, taking into account illegal immigration, public order and security issues, as well as the EU's external relations, regional consistency and, naturally, the principle of reciprocity.

The assessment mechanism must work in such a way as to ensure that visa requirements are immediately reinstated for all countries which backtrack on the aforementioned criteria or which introduce visa requirements for the nationals of one or more Member States. Unfortunately, practice has shown that the consequences of the removal of visa restrictions in terms of immigration and security always have to be dealt with subsequently by the Member States themselves. In my view, this is a matter of security policy and not some kind of gift to be simply handed over to applicant countries. It is precisely for this reason that I believe that security guarantees should be requested from all countries before they are given the green light for their citizens to enter the territory of the European Union without a visa.

Kinga Göncz (S&D). – (HU) I, too, would like to welcome the fact that the issue of the visa waiver for Taiwan has been placed on Parliament's agenda. I believe that we are paying off our debts. Partners of the European Union of similar importance have already been granted exemption from the visa requirement and now enjoy visa-free travel. Taiwan is

the European Union's fourth most important trading partner in Asia and trade in the other direction is of almost equal importance for Taiwan and the European Union. We expect that lifting visa restrictions will further strengthen these relations which are already very intense. We know that relations are close not only where the economy and trade are concerned, but also in the fields of research, technological development, education and culture, and we can expect visa freedom to strengthen these areas as well.

The condition we stated, that all 27 Member States of the European Union should enjoy visa exemption, will become a reality this year when visa requirements are lifted for Cyprus, Bulgaria and Romania, and I believe this is of great importance. I, too, should like to emphasise that the changes that have occurred in Taiwan over the last 50 to 60 years are very important. Taiwan has built a democratic institutional system and has transformed itself from a poor country into an economically strong country, so there is no need to fear, as many have mentioned, that the visa waiver would mean any kind of migratory pressure. On the contrary, we should have positive expectations in this respect.

Laima Liucija Andrikiienė (PPE). – Mr President, I fully support what has been said by our rapporteurs, Mr Díaz de Mera and Mr Kovatchev. Taiwan is a developed country with high technical and administrative standards. It certainly meets the highest standards of safety and security for control and customs procedures. I would therefore like to urge our colleagues to go ahead with the proposal to grant Taiwan its long overdue visa waiver status.

Taiwan is also a member of the World Trade Organisation as a single customs territory. We should not stop here – we should encourage Taiwan's accession to other international organisations as well, such as the International Civil Aviation Organisation or the United Nations Framework Convention on Climate Change. Taiwan is a country that deserves such recognition, as it is an important partner of the European Union in the East Asian region. Ties are set to grow, to the advantage of both parties.

We need to look forward to the intensification of ties with Taiwan in the future. One of the possible developments that we should consider is the negotiation of a more comprehensive trade regime with Taiwan, especially now that it has signed the milestone Economic Cooperation Framework Agreement. If we move in this direction, the visa-free regime is an essential element in deepening relations between the EU and Taiwan.

Ioan Enciu (S&D). – (RO) First of all, I want to congratulate Mr Díaz de Mera for the report he has compiled. I am sure that it will probably be voted for unanimously tomorrow.

However, I would like to talk about how the Commission understands it is going to support the principle of reciprocity in the European Union's relation with third countries. Taiwan is going to enjoy a visa waiver for the whole of the European Union and lift the visa requirement as well for Romania, Bulgaria and Cyprus. This is a positive move. On the other hand, the United States, which enjoys a complete visa waiver for the whole of the European Union, refuses to grant reciprocity for Romania, Bulgaria, Poland and Cyprus. In addition, an entrance fee has even been introduced for all EU citizens, which is actually a hidden visa.

Based on the principle of reciprocity and solidarity among Member States, the Commission must shift from a passive stance of accepting a *fait accompli* to adopting an active role in this process of establishing full reciprocity regarding the visa waiver for all Member States. As long as the negotiation of visa treaties comes under the exclusive remit of the European

Union and not Member States, the Commission must take every measure possible to resolve these situations.

Marek Henryk Migalski (ECR). – (PL) Mr President, Commissioner, it is clear that there is a consensus in the Chamber and that the report will, in fact, be adopted, probably tomorrow. The vote in favour may not be unanimous, but the report will be adopted by an overwhelming majority of votes and with the support of all the political groups. I do not want to repeat all the arguments which have been advanced by the rapporteur and the Commissioner. Taiwan does, indeed, meet all the conditions, both economic and political, for cooperation to be strengthened and for lifting of the visa requirement to be helpful in this. I think we are obliged to do this, because Taiwan has shown that a liberal democracy is possible everywhere, in every cultural setting, and that the transformation which has taken place there has been successful, and I think we should support it.

Finally, there is another reason, apart from the economic ones. There is the reason to which Mr Borghezio has referred – the political reason – which I am not, now, going to explain, but we all understand, too, that it is an important reason and that on this matter, we should support our friends from Taiwan.

Peter Jahr (PPE). – (DE) Mr President, Taiwan is on the positive list. In other words, the people of Taiwan are permitted to travel to the European Union without a visa. I am pleased for these people. However, politics is a question of give and take. I would have liked Taiwan, in return, to immediately grant visa-free entry to all citizens of the European Union, too. As yet, however, that has not happened. Taiwan has merely declared its intention to implement this by the end of the year. I hope that this declaration of intent will also be followed by action. For the rest, I have confidence in our rapporteur, who has raised the prospect of this, and I will vote in favour of this motion as a whole. As I said, I hope that Taiwan will also resolve the problems and thereby also allow all EU citizens to travel to Taiwan without the need for a visa.

Cecilia Malmström, Member of the Commission. – Mr President, I would like to once again thank the rapporteur and the plenary for their support for putting Taiwan on the positive list. I can reassure Members who still had some questions that the Commission's methodology for examining countries – including Taiwan – is always very thorough, making sure that all the criteria are fulfilled there before we make such a proposal. As always, this has been done very thoroughly.

I would also like to confirm to the last speaker that the visa requirement will be lifted for the last, remaining countries tomorrow. From tomorrow, visa liberalisation will come into effect for the remaining countries, so that there is full reciprocity. I think that, after the vote tomorrow, we will be very strong and will also send a strong message. We can all rejoice and hope for even better relations between the people of Taiwan and the people of the European Union. Thank you very much for a very good debate.

Agustín Díaz de Mera García Consuegra, rapporteur. – (ES) Mr President, *noblesse oblige*, so I would like to start by saying that I am infinitely grateful for the support that all fellow Members representing their political groups have given to the report that I have had the honour to present to the House. I would also like to thank you for supporting my work.

It would not, however, be fair if I did not say that the person mainly responsible is Commissioner Malmström, whose support, energy and excellent team have made it possible to drive forward this action, which I would describe as an act of justice.

There is nothing more to be said, Mr President, except to add that I would also like to congratulate the people of Taiwan, the Taiwanese authorities and, of course, the excellent team of diplomats that Taiwan has in the world, particularly in Brussels.

President. – The debate is closed.

The vote will take place tomorrow, Thursday, 11 November 2010, at 12:00.

Written statements (Rule 149)

21. One-minute speeches on matters of political importance

President. – The next item is the one-minute speeches on matters of political importance (Rule 150).

Nuno Teixeira (PPE). – *(PT)* The Committee on International Trade is currently assessing the global agreement on bananas reached within the World Trade Organisation. Soon, this House will be called on to decide in plenary on the lowering of customs duties on imports of bananas from Latin American countries.

It should be made quite clear that none of the outermost regions, whether it be Madeira, where I come from, or one of the other eight outermost regions, particularly the Canary Islands, which are by far the worst affected, is against the conclusion of these types of agreements. What these regions want, pure and simple, is, on the one hand, that other countries are required to comply with the same hygiene and plant health conditions and respect for workers' rights as they themselves are required to in order to enter the market. That is basic justice. On the other hand, they want to be fully compensated for the damage caused to them. Failing that, they want those in charge to at least have the decency to tell them directly that they will have to change their way of life and look for other work, because it is obvious that they cannot survive in the conditions that lie ahead and will have to abandon their livelihoods. It is clear that in these agreements, there are winners and losers. Let us take care of the losers – the winners do not need our help.

Vilija Blinkevičiūtė (S&D). – *(LT)* In Europe, there has been a rapid increase in the number of elderly people whose only source of livelihood is their pension. People who have worked hard and honestly all their lives, who have brought up children and paid taxes to the state, expect old age to be peaceful and dignified. Unfortunately, not all of these legitimate expectations are destined to come true. The people of Europe in particular have felt this during the economic crisis. While prices have increased, pensions have not, and concern has grown over the security of savings put aside for old age, and there has also been an increase in the number of grandparents who need to support children after they have lost their jobs. In some countries, like my country of Lithuania for example, the government is also hurting pensioners, as pensions and benefits have been cut. Currently, there is much debate about the Commission's new proposal to consider the possibility of raising the pension age. However, I am most concerned by the fact that no solutions are being offered on how to guarantee employment for elderly people. With the possibility of delaying retirement, millions of unemployed people under the pensionable age may land in the poverty trap. Not enough consideration has been given as to whether people's health will allow them to work longer. Furthermore, we must also take into account the fact that women take lower paid work more often than men, and that as a result of childbirth, motherhood and caring for children and disabled family members, they lose insurance guarantees, and ultimately receive smaller pensions. Therefore, once they have evaluated

the rapid ageing of Europe's population, I call on the Commission and the Council to find other means of ensuring normal living conditions for current and future pensioners.

Filiz Hakaeva Hyusmenova (ALDE). – (BG) Mr President, ladies and gentlemen, two events are marked in Bulgaria today, 10 November. Twenty-one years ago, the day after the Berlin Wall came down, the Communist regime fell to the sound of the slogans 'Glasnost, freedom, democracy'. It is no coincidence that the same date is also celebrated as Freedom of Speech Day in Bulgaria. Things have been building up which provide food for thought, both regarding totalitarianism, which I hope has left our country for good, and about another modern scourge – terrorism, which we are seeing ever more frequently.

Does democracy have mechanisms to counter such attacks? Can we fight terrorism without abandoning democratic principles or restricting human rights and media freedom?

The liberal answer is 'yes', but only if we commit regional and national networks to a European system supporting preventive measures, early warning and rapid reaction.

Raül Romeva i Rueda (Verts/ALE). – (ES) Mr President, at the last plenary sitting, I warned that this could happen, and it has happened: the dismantling by force of a Saharan camp in El Aaiun, which has so far left 19 people dead, more than 700 injured and more than 150 missing.

What are the European Commission and the European governments, led by the Spanish Government, saying? They are calling for calm on both sides; they are saying that it is a very complicated issue, that we should not interfere, and that we must protect European interests in Morocco.

My response is no, Baroness Ashton; no, Mrs Jiménez; no, Mr Kouchner: repression and murder are not complicated issues. They are very clear issues, and the response and position that we must adopt in reaction to them are: outright rejection, condemnation and demanding that the Moroccan regime takes responsibility for this.

Until this happens, we must cut off bilateral trade and Morocco's privileges in relation to the European Union. No more haggling over human rights.

Marek Henryk Migalski (ECR). – (PL) Mr President, I am pleased that the Commissioner is still here, and I would like to take advantage of the opportunity because this matter also touches on Mrs Malmström's area of responsibility. I know this is being mentioned for the third time, but it is a very serious matter, so I would like to report that during the night of 5 to 6 November, a journalist working for the Russian newspaper *Kommersant*, Oleg Kashin, was badly beaten outside his home in Moscow – I am sure you know about this, Commissioner. He was taken to hospital with broken legs, a shattered jaw, severed fingers and a fractured skull.

This is not the first case of this kind which has taken place in the countries across our eastern border. I read an interview, today, with one of Poland's most outstanding analysts of Russian affairs, and he says that in the last 10 years, 300 journalists have been killed in the Russian Federation. This is extremely disturbing, because the issue of freedom of speech and civil liberties is one of the most important things which constitute us as the European Union. Therefore, I would ask very strongly that in talks with our Russian friends, we should emphasise, at all times and in every place, that incidents of this kind must not occur, because they make our dialogue together difficult, if not impossible.

João Ferreira (GUE/NGL). – (PT) I would like to draw your attention to the desperate situation in the Western Sahara. Thousands of Sahrawis have set up camps on the outskirts of some of the main cities in the territory as a form of protest against the conditions in which they are forced to live and the various forms of repression to which they are subjected, and to call for a referendum that enshrines their right to self-determination.

The violent action of the Moroccan police and army this week, seeking to dismantle these camps, resulted in an unspecified number of arrests, hundreds injured and missing, and unfortunately also fatalities. Besides this action, there is also the demeaning way in which citizens of EU Member States were prevented from visiting the Western Sahara to show their solidarity. Those expelled by the Moroccan authorities included a Member of this Parliament, the President of the World Federation of Democratic Youth, along with various journalists and members of non-governmental organisations.

The silence or equivocal statements from the EU and some of its leaders with regard to this situation are shameful and regrettable. It is also a silence of complicity with a country that benefits from the advanced status conferred upon it by the EU. This silence and complicity are unacceptable, and we wish to strongly denounce them here.

Mario Borghezio (EFD). – (IT) Mr President, ladies and gentlemen, I simply wanted to call the attention of the President of the European Parliament to a judgment made several days ago. It is a matter that surely falls under the capacities of the Commissioner, to whom I extend my greetings.

In my opinion, it is a very serious judgment, because it relativises the content of a very important European Union directive on terrorism. In fact, I believe that it is not possible to support an extensive attitude to protecting citizens who request the right of asylum and the right to be recognised as a refugee to those who belong to terrorist organisations.

If this principle were to become accepted, as it did in this extremely serious decision of the European Court of Justice, we shall give many terrorists the chance to benefit from protection that they do not deserve. Too many people have died in Europe as a result of acts of terrorism to allow a situation of this type. I therefore urge the Commission to modify the directive so as to avoid extensive and indecent interpretations of the statement that the European Union rightly made in the fight against terrorism.

Nicole Sinclair (NI). – Mr President, last month in Strasbourg, this parliament voted through a 5.9% increase in the EU budget. This included an extra EUR 2 million for entertainment to support the champagne lifestyle to which this place has become accustomed. I found the way in which colleagues applauded themselves to be offensive within the context of an economic crisis.

Today, the victims of this crisis from my constituency in Britain's West Midlands are making a stand. Students and university lecturers have taken their concerns to the streets of London, and whilst I deplore the actions of a few, I applaud the many. Students will be hard hit by the austerity package: tuition fees in universities are set to triple, courses have been scrapped, places have been cut and infrastructure will be put under more and more pressure. Tomorrow's talent, which we rely on for our future, is being stifled and it is the younger generation that will suffer the most. Mr President, let me end with a warning: your arrogance will lead to many more people on the streets, and to many more people protesting against this failed social project. Enjoy your champagne, ladies and gentlemen.

Elena Băsescu (PPE). – (RO) The Danube summit, which took place on 8 November in Bucharest, was attended by the 14 delegations from the countries participating in the Danube strategy, including the Republic of Moldova, presenting it with an opportunity to move even closer to the European Union. The meeting was held at an appropriate time, given that the strategy's instruments of incorporation will be approved by the end of the year and the actual strategy will be implemented in 2011. The main success was the commitment made by the European Commission, represented by President Barroso, to support a specific plan, with the provision of EUR 95 billion in funding. In addition, it will be possible to attract additional resources from the EIB and EBRD.

I should remind you that, as a co-initiator of the idea of a European strategy for the Danube region in 2008, Romania has constantly supported the implementation of this initiative. Implementing it as soon as possible will help revitalise the social and economic situation of the counties in southern Romania which border the Danube.

María Muñoz De Urquiza (S&D). – (ES) Mr President, on behalf of the Spanish delegation of the Group of the Progressive Alliance of Socialists and Democrats in the European Parliament, I would like to express our deep concern regarding the wave of violence that has broken out in Morocco and the Sahara.

We strongly advocate the prevalence of human rights and regret all the deaths that have taken place, both Moroccan and Saharan. The information on the situation is confused. Therefore, we welcome the fact that an investigation is going to be opened by Morocco and, of course, we advocate a policy of information transparency.

The strategic importance of Morocco for Europe requires that the European Union as a body joins the international efforts to facilitate dialogue that several Member States are involved in, including Spain. We welcome the fact that, despite the seriousness of the events, dialogue between the parties has so far been maintained and fresh rounds of negotiations are planned.

Ladies and gentlemen, this conflict is more than 30 years old, and must come to an end as soon as possible with a solution that is mutually acceptable to the parties in the context of the United Nations, which, along with the Moroccan Government, the Saharan people and their representatives, is the only body with the legitimacy to put forward such a solution.

Zbigniew Ziobro (ECR). – (PL) Mr President, the European Parliament has made a stand in defence of fundamental human rights, civil liberties and political freedoms on many occasions. Therefore, it was with great surprise that I noted the fact that at the previous part-session in Strasbourg, the European Parliament, unfortunately, did not adopt a position on the forthcoming local elections in Ukraine, despite the very serious indications and credible information from reliable sources that numerous improprieties were taking place, with harassment of the opposition and restrictions on the rights of journalists to communicate freely with society in Ukraine, which is governed by the Party of the Regions.

I am even more surprised by the fact that this decision has once again been deferred and will not be voted on tomorrow. This situation is very disturbing and requires an explanation. Is it true that some representatives of the European Parliament are talking of the elections, which have now been held, with approval, when both the United States State Department and Mrs Ashton are pointing to numerous improprieties observed during the elections and to the violation of electoral law? This matter needs to be explained.

Eduard Kukan (PPE). – (SK) I am pleased that the European Commission, in its strategy for the years 2010 and 2011, yesterday confirmed that a policy of expansion is the best strategy for the Western Balkan region. It also confirmed that it would continue to fulfil its commitments to the region, on the understanding that the countries of the region would boost their efforts in the integration process.

I would like to applaud some of the positive steps over the previous year, for example, the ending of the visa regime for most of the inhabitants of the region, the progress of Montenegro, which has been awarded with a proposal for candidate country status, and the progress in the talks between the European Union and Serbia, which has been recommended for an avis.

However, challenges remain and they will have to be confronted. Among them are the commencement of dialogue between Serbia and Kosovo – which is expected to bring more stability to the region, and a solution as soon as possible to the issue of the name of Macedonia – a process that has already been in progress for a very long time, the question of agreeing on a vision or a new approach with regard to Bosnia and Herzegovina, and the start of visa liberalisation with Kosovo.

In all of these questions, it is necessary to have a clear strategy and vision that will make it possible for this region to draw closer to the European Union. This is not only in their interest, but in ours as well.

Guido Milana (S&D). – (IT) Mr President, ladies and gentlemen, 30 years ago, Morocco denied for many years that there was a war with the Sahrawi people and today, it is still denying that there is disproportional repression of these same people. Yet, in the Western Sahara, there are dead and wounded people of a population that is only claiming the right to live in freedom in its own land.

Morocco has largely closed its borders to anyone who could witness these events. No information and no members of parliament are allowed in. A member of the French parliament and our fellow Member, Mr Meyer, were denied access. Europe looks on passively. There is no news from the Commission on this matter, which makes us subordinate to United Nations mediation, which continues to fail just as it has done for the past 30 years. Baroness Ashton, who is responsible for foreign policy, has not taken a stand on the subject. We need to react by Parliament making a stand. We need to react against Morocco, curtailing all initiatives on commercial agreements, beginning with the renewal of the fishing agreements.

Petru Constantin Luhan (PPE). – (RO) The spotlight has been turned recently on vitally important elements regarding the European Union of innovation. I believe that the time has come for us to support measures which allow us to carry out, at European level, the actions described by the Commission's initiative.

The development of partnerships is vital. However, we must not overlook the fact that, during the coming programming period, it is time to initiate the discussions at regional level so that partnerships can be established not only at local and regional level, but at national or transnational level as well. Similarly, we can say that the broad debate about the ways to achieve this development in the period ahead must feature on the agenda of every region. I consider the dialogue between all the relevant actors as being crucial to identifying the value added in every region and the types of innovative actions in order to utilise them. I call on local and regional authorities to get involved in creating partnerships

so as to make programming as realistic and close as possible to the regions' needs and aspirations.

Elisabeth Köstinger (PPE). – (DE) Mr President, the G20 summit will begin tomorrow in Seoul. The topics that will be discussed at this summit include one that is of particular importance: the limitation of exports of rare earths by the People's Republic of China. China controls 95% of the extraction of rare earths, which are desperately needed by European industry. The sectors most affected are the knowledge-intensive sectors dealing with the development of new technologies. The fact that small and medium-sized European enterprises are being put at serious risk as a result of artificial supply bottlenecks is a serious problem. The European Economic Area is world renowned for its technological expertise. Putting up with interruptions in this area is not acceptable.

I therefore call on the representatives of the European Union, together with the other states affected, such as the United States and Japan, to speak out against China's trade despotism at the G20 summit. A solution must be found to this as quickly as possible.

Silvia-Adriana Țicău (S&D). – (RO) The EU's population is ageing, with the proportion of working people among the total population falling. The economic crisis has helped increase the unemployment rate to 10%. In this situation, the EU and Member States must adopt measures to ensure the sustainability of their pension systems. Pension system reform must offer solutions for guaranteeing retired people minimum incomes providing a decent living.

In spite of the rise in the population's life expectancy, the solution is not to raise the compulsory age of retirement. Elderly people who can and wish to remain active on the labour market can still make a contribution to the development of society without, however, feeling obliged to do so. At the same time, due to the economic crisis and the relocation of European industry to third countries, the number of jobs has fallen and people who are able to work, but cannot find a steady job, have problems achieving the minimum period for contributing to public pension systems. I wish to point out that raising the retirement age will result in a rise in youth unemployment.

Miroslav Mikolášik (PPE). – (SK) Food labelling is a topic which shows that citizens are following what Europe is doing, what it is debating and to what extent it affects them. I have a good report that citizens in Slovakia, in the week from 25 to 27 October, not only took an interest in the fact that we adopted the report of my colleague, Renate Sommer, at the first reading, but also created such a powerful synergetic effect that students of Nitra University, the agri-food industry and the media and the wider public got hugely involved in these debates, organising workshops and competitions, while young people got involved in a discussion which was, I must say, given a further boost through the participation of rapporteur Renate Sommer herself, while the three Slovak MEPs also took an active part in the process.

I only want to show through this that the European Parliament and MEPs can also become involved in interesting topics which affect democracy directly, and that we cannot always criticise what we are talking about here, and that we do not solve problems that are unconnected with the real world. In this context, I would also like to applaud the activities of the Office of the European Parliament in Slovakia, which did a great job of organising the event.

Seán Kelly (PPE). – Mr President, I once again wish to draw attention to the case of Sakineh Mohammadi-Ashtiani. As you may know, she was due to be executed by stoning by the Iranian authorities in July for alleged adultery, but following a resolution here in Parliament, where many people wore 'Free Sakineh' t-shirts, and an international outcry, that sentence was commuted.

It was commuted but not cancelled. Instead, it was changed to execution by hanging for alleged murder. This was due to take place on 3 November, but was again postponed, following international petitions for which there were 270 000 online signatures, and interventions from various authorities around the world, especially from the French President, Mr Sarkozy, who made a personal intervention. However, the Iranian authorities still intend to continue, and eventually to execute Sakineh.

I call again on the European authorities to redouble their efforts so that she is freed and that she can gain asylum or freedom in her own country, and to ensure that the state-sponsored murder of women and other human rights violations are ended in Iran.

President. – That concludes the item.

22. Demographic challenge and solidarity between generations (short presentation)

President. – The next item is the report by Thomas Mann, on behalf of the Committee on Employment and Social Affairs, on the demographic challenge and solidarity between generations (2010/2027(INI)) (A7-0268/2010).

Thomas Mann, rapporteur. – (DE) Mr President, Commissioner, ladies and gentlemen, the Committee on Employment and Social Affairs has sent out an important signal with regard to the issue of demographic change. Firstly, a combined package for young and old has been put together. It takes a new innovative approach based on justice between the generations. We are not thinking in terms of the generations existing alongside each other, but in terms of them coming together. In order to give the debate a stable foundation, the Member States should produce generational accounting. This will enable reliable models and forecasts of payment flows between the generations to be produced. For the statistical offices, it will be easy to calculate how high the tax revenue, social insurance contributions and pension payments are. The 'generation check' is intended, firstly, to introduce a statutory impact assessment of the desired effects and the undesired side-effects in connection with the burdening of the generations. It is intended to be compulsory in all of our Member States and at EU level.

We are sending a clear signal to the European Commission and the Council with regard to pensions, too. We do not need a uniform European retirement age. Instead, the national pensionable ages should be observed. Older workers must not be forced to stop working against their will because of an arbitrarily concluded compulsory retirement age. The European Court of Justice also clearly rejected enforced retirement as of retirement age in its ruling in October. Pensioners are most definitely permitted to apply for vacant positions and must not be placed at a disadvantage on account of their age. For older citizens, we are calling for a European fifty-plus employment pact initiative. Three aims are to be achieved by 2020. Firstly, the percentage of workers over 50 in work is to increase to more than 55%. Secondly, early retirement and its financial incentives must be eliminated throughout Europe. Thirdly, funds will be made available in the Member States for people over 60 to enable them to remain on the labour market for longer.

At the other end of the age scale are the young people. We are calling for a European Youth Guarantee. After a maximum period of four months' unemployment, all young people are to be offered a job, an apprenticeship or other training opportunities. The principle of 'supporting and challenging' needs to come into play here. However, support is not a one-way street. If the young people do not have sufficient qualifications, they are to have the opportunity to obtain them in order to become employable. I was very pleased to see that the European Commission has already taken up one of the initiatives called for in my report. A few weeks ago, it declared 2012 to be the European Year for Active Ageing. That is the right signal at the right time.

The only fly in the ointment is the decision by a majority in committee to call for additional anti-discrimination regulations. Thus, new criteria are to be laid down for older people in connection with concluding insurance policies, booking holidays and hiring cars. That will only serve to increase bureaucracy and ensure high financial expenditure that does not do justice to the basic idea of protecting people in an effective manner against exclusion. The Group of the European People's Party (Christian Democrats) has therefore tabled an alternative motion for a resolution which does not contain this demand. Otherwise, however, we were in agreement in the Committee on Employment and Social Affairs. By means of the numerous joint motions and 22 compromises, we achieved a broad consensus.

I would like to thank my colleagues and my fellow Members from other groups for their constructive cooperation. We can, and we will, bring young and old together. I hope that, with this report on justice between generations, we have, together, taken an important step forward.

Seán Kelly (PPE). – Mr President, I thank Mr Mann for outlining these very important proposals for us. I think the most important thing in terms of the elderly is that we need to change our attitude to retirement and also to work. There should ideally be gradual retirement and voluntary retirement rather than compulsory retirement. I had a person come to me two weeks ago who said he had retired. I asked if he was 65 and he said 'No, if I waited till next year, I would have to go. I am going now on my own terms'. If he could have gone on to 67 or 70 he would have done so. I think that is a very important point that we should take on board.

Secondly, I think that young people in particular are disadvantaged, and youth in my country, in Ireland, are the most disadvantaged group ever because now they are landed with the big debt resulting from the banking crisis and, despite being highly educated, they have one choice only, to choose their ticket abroad if they want to work; there are no jobs for them at home.

We need innovation in terms of the way we employ young people. I welcome particularly Mr Mann's suggestion that if they are out of work for a number of months, at least some work should be given to them. These are very positive proposals and I welcome them.

Vilija Blinkevičiūtė (S&D). – (LT) I really want to congratulate the rapporteur, because I definitely agree with many of the provisions set out on addressing the demographic challenge and strengthening solidarity between generations. However, as far as elderly people are concerned, I cannot agree with the elimination of the provision on retirement before reaching the normal retirement age. Very often, elderly people are forced to take early retirement because of certain circumstances, and often not of their own will. However, given the consequences of the economic crisis, the opportunity to take early retirement is often the only chance of survival for elderly people who have been made redundant.

Therefore, given the fact that national pension systems differ between the Member States, we must take into account the practice in all Member States and not follow the example of one or just a few countries.

Elizabeth Lynne (ALDE). – Mr President, can I thank Thomas Mann very much for his work and for the good cooperation in committee. I am pleased that so many of my amendments were adopted in committee. We have to face the fact that many older people are still treated badly in many Member States and, of course, the worst example of this is elder abuse.

But there are other ways that older people are treated badly, including age discrimination in the workplace, and that is why I am pleased that in this report, we call for the proper implementation of the 2000 Employment Directive and for older people to be made aware of their rights.

I am also pleased that my amendment calling for an end to the mandatory retirement age, while, of course, maintaining a fixed pension age set at Member State level, was accepted. It is wrong to force older people to stop working if they want to carry on and still have the ability to do that.

We also need to keep up the pressure on the Council to unblock the horizontal directive on access to goods and services, covering, among other things, age discrimination. It is about time older people had the same rights as everyone else. May I ask you, please, to vote for the original report and not for the EPP amendment.

Peter Jahr (PPE). – (DE) Mr President, I would like to congratulate the rapporteur, Mr Mann, on his excellent report. I think that justice between generations is an important characteristic of a developed society. Essentially, this merely means that no generation must, or should, live at the expense of another. What is logical and self-evident in people's private lives and in the family is harder to represent in society. If the state accepts credit that it cannot repay, it is burdening the next generation. Anyone who over-exploits raw materials is harming the next generation. The saying that we have only borrowed the Earth from our grandchildren is perhaps the best way to bring this conflict home. For me, this means that we must examine every act, every regulation and every directive to ensure that they provide for justice between generations. In my opinion, this report is an important step in the right direction.

Olga Sehnalová (S&D). – (CS) The issue of intergenerational solidarity has many different aspects, a situation the rapporteur, Mr Mann, describes well in his document. One of the most important things is the question of security in old age and, in particular, the sustainable and stable financing of old age, guaranteeing a decent level of pensions in the long term. In this report, therefore, I think there are problems with point 99, in which the rapporteur states, among other things, that it is necessary to replace a continually funded pension system with a system based on capital funds.

The current crisis also pointed out the dangers inherent in constricting the solvency of some private pension funds, which have been hit hard by a fall in interest rates and a decline in the value of investments. In 2008, for example, private pension funds lost more than 20% of their value. As a result of the decline in their solvency, they were also forced to sell their assets at a loss. Many of them are still languishing on the edge of solvency. Capital pension funds cannot be a response to demographic trends. They are mainly financial

products with non-negligible risks. I therefore do not think that it is reasonable to expose such a fundamental social task as ensuring dignity in old age to such risks.

Miroslav Mikolášik (PPE). – (SK) Demographic changes gradually and fundamentally alter the structure of the population and the age pyramid. The average fertility rate in the European Union is 1.5 children, which is clearly among the lowest in the world. As a result of this, we can expect serious problems connected with the demographic ageing of European society.

One of the causes of this, in my opinion, is that certain structures have seen very limited development, preventing many families from accepting additional members. Policies aimed at harmonising work and family life, as well as providing tax relief and other benefits, are an essential precondition for boosting the fertility rate. On the other hand, we must adopt legal measures for improving the integration of older people in active life, which must be accompanied by the active elimination of unfair, age-based discrimination in practice.

I welcome and I fully support the so-called policy of active ageing, the aim of which is to allow people to stay healthy, even at an advanced age, to participate in social life, and to improve the quality not only of their own lives but also the life of society as a whole in a spirit of inter-generational solidarity.

Elena Băsescu (PPE). – (RO) The current problem is that young and old people are encountering difficulties in finding a job. The task of achieving justice between the generations will therefore be one of the main social challenges facing European and national policy in the coming years. I believe that promoting the concept of flexicurity and the EU 2020 strategy objective of achieving an employment rate of 75% marks a major step in this direction. In my view, both the European Commission and Council should introduce a census of the generations as a means of providing information. It is also necessary to increase the Eurostat sustainable development indicators in absolutely every Member State.

I would like to end by congratulating Mr Mann because he has successfully identified in his report several extremely attractive solutions. These include the European Youth Guarantee initiative and the Fifty-plus employment pact initiative.

Petru Constantin Luhan (PPE). – (RO) In the coming years, in addition to the impact of the crisis, there are numerous other major challenges to be faced. One of the biggest of these is demographic change and the subsequent depopulation of certain regions. Member States will have a vital role to play in providing conditions ensuring that the impact on citizens is kept to a minimum. They will need strong support based on their identified requirements, especially through the use of appropriate EU financing instruments such as the Structural Funds.

To tackle these challenges which are to come, I believe that particular attention must be focused especially on young people by getting them involved in the life of society. We must invest in young people and offer them access to suitable education, followed by the opportunity to acquire a suitable job or encourage them to follow a career path as an entrepreneur. This will enable us to ensure social inclusion for young people and, I believe, to combat one of the principal factors causing the declining birth rate and the socio-economic disparities between the generations.

Cecilia Malmström, Member of the Commission. – Mr President, let me start by thanking and congratulating Mr Mann for his very good report. It presents a very thorough and comprehensive analysis of the challenges that we are facing in this demographic field. The

Commission is very pleased that the report highlights strategies to allow Member States and the European Union to prepare for population ageing and how we can cope with these consequences in a better way.

In your report, you provide a wealth of practical solutions in this respect: the Senior Actions Programme, the European Youth Guarantee, the Fifty-plus employment pack initiative, the Age Management Initiative, the Intergenerational Tandem Initiative, etc. It also makes quite a lot of interesting proposals for defining and applying the concept of intergenerational solidarity, because this is, as you also said, a goal for the European Union following the entry into force of the Lisbon Treaty.

As you know, the Commission has already adopted two major initiatives in this area: our Green Paper on pensions, which will be followed next year by a White Paper outlining future activities, and our proposal – based on your proposal, Mr Mann – to designate 2012 as the European Year for Active Ageing.

The Commission will soon be presenting its third European demography report, which will outline the latest population trends. It will also show how the economic crisis has affected the Member States in terms of their ability to prepare for population ageing.

The next decade will be one of profound demographic change for the European Union. The large cohorts born during the baby boom are approaching retirement, while new cohorts arriving on the labour market are much smaller. The younger generations of Europeans are also much more likely to come from different migration backgrounds, for instance, and this transformation brings challenges for policy makers in the Member States.

It will prove a big hurdle to achieving the Europe 2020 goals if we do not succeed in mobilising our underutilised demographic potential. This calls for an effort to promote active ageing, to improve the labour market situation of young people, to integrate migrants and their descendants better and also to promote labour migration and to facilitate the reconciliation of work and caring responsibilities. In all this gigantic work, we on the Commission side look forward to working actively with the European Parliament.

President. – The debate is closed.

The vote will take place tomorrow, Thursday, 11 November 2010, at 12:00.

Written statements (Rule 149)

Giovanni Collino (PPE), *in writing.* – (IT) Mr President, ladies and gentlemen, in the history of humankind, the great changes within societies have been brought about by the performance of two variables: the demographic factor and the religious factor. In our era, these two factors are coming dangerously together. Whilst there has now long been talk of ‘a clash of civilisations’ and the importance for Europe to represent an example of civil coexistence amongst apparently opposing cultures, the progressive ageing of the European population and the declining birth rate mean we also have to reconsider the productivity factor. As long as our old people have to finance our young people who cannot find work and are increasingly few in number, there will only be two possible roads left open to us: let other, non-European, people drive our growth or surrender ourselves to the flywheel of international finance, which can make our capital productive. Only if the two generations each become a resource for the other and work together for a shared development plan can we finally begin to talk about a European growth process. I urge the rapporteur, you Mr President, and you, my fellow Members, to consider holding a hearing on a new

European policy for economic development based on generational contribution, to maximise the contribution of young and old to the growth of the European Union.

Corina Crețu (S&D), *in writing.* – (RO) I would like to express my support for the concept of the Fifty-plus employment pact initiative, which would supplement the EU 2020 strategy objectives aimed at encouraging elderly people to be active on the labour market. In the coming decade, it is estimated that the labour force will shrink by 3 million just when the EU has one of the lowest birth rates in the world. The proportion of citizens on the labour market over the age of 55 is below the target level of 50% set by the Lisbon strategy. At a time when the age pyramid is increasingly dominated by the older generation, I believe that concrete measures are required to strike the balance between the need for social solidarity and the inefficiency of the social security systems facing the new economic and demographic challenges. I think that we need the experience acquired by elderly workers, which is not utilised enough at the moment due to discriminatory preconceptions which need to be combated more effectively.

Last but not least, I would like to highlight that elderly women are still victims of multiple forms of discrimination, in terms of gender and age. Greater attention must be focused on the situation of elderly, single women who, for reasons including a longer life expectancy, account for an increasingly significant proportion of the population.

Vasîlica Viorica Dăncilă (S&D), *in writing.* – (RO) Europe, which is affected by demographic change, is facing a real challenge in maintaining a balance between respect for social entitlements and services and the principle of ‘society for all’. I think that it is beneficial to society as a whole to make use of the skills of people at the end of their career. This makes it necessary to encourage public authorities, private companies or NGOs which develop innovative programmes to get elderly people involved in various activities. The main instruments for establishing intergenerational solidarity remain social dialogue and debating the issue with the affected groups. Programmes can be devised for this, including within education systems, which will draw the attention of young people to such problems and facilitate dialogue with the elderly. On the other hand, it is beneficial to promote mixed-age work teams and encourage support for companies which take such initiatives because the varying distribution of generations increases competitiveness and helps achieve more harmonious economic growth. The social economy and financial support from the European Social Fund provide means for creating and developing specific programmes aimed at active ageing and boosting intergenerational solidarity.

Robert Dušek (S&D), *in writing.* – (CS) The report on demographic challenges deals with socio-economic problems arising from the fact that there is an increasingly ageing population and the associated high financial burden on future generations. Ensuring intergenerational justice is one of the main objectives of European social policy. The European population is ageing. The birth rate in EU countries remains low. In many countries, although immigration has mitigated the insufficient birth rate, we cannot consider that a success. A large percentage of children from immigrant families only obtain a low level of education, and subsequently struggle with unemployment. The bulk of immigrants create their own social networks without integrating into society. I agree with the rapporteur that the willingness of immigrants to adapt and the willingness of the host to accept them are a condition on migration. Another hidden problem is the social composition of births. Percentage wise, the majority, apart from immigrants, is made up of children from the socially vulnerable and weakest layers of society. Unfortunately, it has already become a rule today that people with qualifications and a responsible approach to life often have

only one child, while the maladaptive and the socially vulnerable have four children on average. They therefore often solve their current financial problems through giving birth. For these reasons, as well as the methods requested by the rapporteur, I would welcome the support programme for increasing the birth rate of qualified people with a responsible approach to life, rather than the maladaptive, as is currently the case.

Edite Estrela (S&D). – (PT) Demographic change is one of the main challenges facing Europe. One hundred years ago, the European population made up 15% of the world population. In 2050, it is only expected to make up 5%. This serious situation is already having a negative effect on the economy, on social security systems, and on the very makeup of society. Therefore, measures to encourage an increase in the birth rate are urgently needed. According to the available studies, there is a significant discrepancy between the number of children that families want and the number that they actually have: 2.3 and 1.5, respectively. In order to respond to the challenge of an ageing society, Europe has to adopt policies that promote the employment of women of all age groups, and to make full use of the employment potential of women and immigrants. There are best practices, specifically in Portugal, as regards crèches and nursery schools, improving maternity, paternity and parental leave systems, as well as policies to balance family and working life.

José Manuel Fernandes (PPE), *in writing.* – (PT) If the current demographic trend persists, in a few years, we will see a profound change in the population structure and the age pyramid. It is estimated that the number of young people aged between 0 and 14 years will go down from 100 million (1975 figure) to 66 million in 2050, and that the working age population will drop from the current 331 million to 268 million in 2050. In addition, the proportion of people aged over 80 will rise from 4.1% in 2005 to 11.4% in 2050. The ageing of the population is one of the biggest challenges that the EU is facing. The EU and the Member States have to act urgently and in a concerted manner, not least because today, we are already seeing a high unemployment rate amongst young people, and there are already difficulties in financing pension schemes. The promotion of the fundamental values of intergenerational justice and solidarity will therefore have to be worked in such a way that it links pension schemes, the budget, debt, healthcare and rehabilitation, promotion of the birth rate and protection for the family and anti-discrimination policies. This should be done by implementing smart, sustainable and inclusive growth, in accordance with the Europe 2020 strategy.

Tunne Kelam (PPE), *in writing.* – Humane society can function only based on the principle of intergenerational justice and solidarity. There can be no justice without solidarity. Europe has to face two problems – the high unemployment rate among the young generation and uncertainty over the capacities to finance retirement funds. The proportion of people aged over 60 years will increase every year by two millions (beginning from 2015). At the same time, the fundamental issue to address is the declining birth rate – the process that has continued for several decades. This will put an increasingly heavy burden on the young generation whose numbers are diminishing and can lead to conflicts over burden sharing. Older people should be seen as an asset. Their experience and readiness to actively participate in society building should be encouraged at every level. Member states should value and recognise the informal activities in strengthening the intergenerational solidarity by millions of elderly family members who take care of both younger and older members of the society. One of the key solutions is better involving civil society that has a long tradition of organising social support. I also support the initiative by the AGE platform to declare 2012 the year of intergenerational solidarity.

Elisabeth Köstinger (PPE), *in writing.* – (DE) The report by Mr Mann clearly reveals problems to which we ought to pay greater attention. Far-reaching changes to the structure of the European population are currently becoming apparent. Thus, the birth rate throughout the EU is currently 1.5 children per woman. This is something that we must pay due attention to in our policies. On the one hand, we need to highlight the importance of traineeships and jobs for young people. The call for a European Youth Guarantee, whereby young people, after a maximum period of four months' unemployment, are to be offered a job, an apprenticeship or other training opportunity, is an interesting proposal that we need to look at in more detail. On the other hand, reference must be made to the importance of 'active ageing' and justice between the generations. We need to bring about change in this area in the future, too. I support Mr Mann's report.

Elżbieta Katarzyna Łukacijewska (PPE), *in writing.* – (PL) Ladies and gentlemen, demographic changes, the falling number of working people and the declining birth rate mean that age is a new cause of division in the world. It seems essential to create an intergenerational initiative aimed at older people and to improve relations between them and the rest of society. Special attention should also be paid to improving the housing conditions and the health of elderly people, particularly in regions in which the population is falling by 20-30%. In Bulgaria, for example, the average retirement pension amounts to around EUR 100, so there is a need to ensure pensioners a better and more dignified life. I would like to call attention to the fact that it is important to create a catalogue of the most serious problems, which will allow specific solutions to be prepared. It is also important to find and make good use of an example of good practice in the regions which are managing well with the problem of the ageing of society and its effects, particularly in the context of the European Year of Active Ageing. Thank you.

Iosif Matula (PPE), *in writing.* – (RO) The demographic problem is a key challenge for Europe's states and regions, against the backdrop of a decreasing and ageing population, a situation faced by the majority of Member States. The demographic risks involved are a priority for EU-level social policies. At a time when the ageing of the population is continuing, the birth rate is getting lower and demographic disparities are prevalent, these policies must identify specific measures for countering the impact caused. During the last twenty years, the rural population has decreased considerably in the convergence regions, especially among young people. Young people have an important role to play in narrowing the disparities between urban and rural areas and balancing the demographic discrepancies, which is a significant objective of the cohesion policy. We must put into practice the benefits of the rural environment, from supporting investors to setting up broadband Internet. According to Eurostat, the average working age will increase by 7% by 2060. Member States need to devise a clear, coherent policy for creating intergenerational solidarity and involving the population in the labour market at much older ages than now.

Rareș-Lucian Niculescu (PPE), *in writing.* – (RO) I would like to welcome Thomas Mann's report. The demographic problems facing the European Union are becoming increasingly apparent, with their impact affecting rural areas in particular. The statistics indicate that just 7% of European farmers are below the age of 35 while, at the same time, 4.5 million farmers are due to retire in the next 10 years. We are in danger of seeing a drop in the working population in rural areas, the effects of which will have an adverse impact in future on agricultural productivity.

New instruments are required to tackle the demographic problems in rural areas. One of the fundamental issues is ensuring access to education in order to provide vocational

training for young people in rural areas and attract them into the agricultural sector. Another important aspect would be for all Member States to implement measures regarding the early retirement of farmers, along with measures for setting up young farmers. Implementing both sets of measures would improve considerably the management of farm holdings through replenishing the generation of farm managers. Last but not least, another key aspect is the provision of support to entrepreneurs in accessing funds for agricultural projects, which must be considered as an incentive, especially for getting young people involved in agriculture.

Kristiina Ojuland (ALDE), *in writing*. – Mr President, I would like to welcome the report of my colleague, Thomas Mann, that addresses several crucial issues that the European Union will be facing in the near future if not already now. Recent protests in France against raising the pension age signify a distinct schism between the expectations of European citizens and general demographic tendencies. The life expectancy in Europe has been steadily increasing, while the population is in decline. Both trends, when combined, will inevitably lead to an increase in the tax burden of future generations, unless pension systems are reformed comprehensively. The dissent that the pension reform caused in France can emotionally be understood, but when considering the demographic situation in Europe, it must be noted that the proposal of the French Government and the ultimate decision of the parliament is the only appropriate response in order to avoid destitute futures for both the working and retired people of France. The governments of the Member States of the European Union must engage in further dialogue with the citizens to create greater awareness of the demographic change and the socio-economic challenges that it brings about. Consensus building is vital to justify necessary, yet unpopular reforms.

Siiri Oviir (ALDE), *in writing*. – (ET) Europe's population is ageing year by year, despite significant immigration and a slightly increased birth rate, and, as a result, we have to face new problems and challenges. Reviewing the European demographic pyramid, it is clear that in future, we have to pay more attention to the labour market for elderly people, and I agree with the report that the ageing of the population also offers great opportunities to improve competitiveness and capacity for innovation, and thereby to increase economic growth and employment. It is certainly very important to increase employment among elderly people but, above all, we have to deal with the causes rather than the consequence, and perhaps we should give priority to raising the birth rate. Europe's experience with integrating immigrants has shown that the solution is not to encourage immigration, but the opposite. A large wave of integration into Europe has made indigenous people frightened that they will be a minority in their own country and that immigrants will not adopt the local language and culture. As a result, worryingly, many Europeans have started to support the far right, whose principles run counter to European values, as a reaction to this. Assessing Europe's ageing demographic situation, it is regrettable and contradictory that young people suffer from quite high unemployment, especially in Eastern Europe, and that we are not able to appreciate young people sufficiently. Ensuring intergenerational justice is certainly an essential issue to address in order to prevent conflicts relating to the sharing of burdens.

Rovana Plumb (S&D), *in writing*. – (RO) Europe is ageing more quickly than the other continents. One worrying fact is that the ratio between the population over the age of 65 and the population of working age (aged between 15 and 64) is due to double by 2060 (from 25.4% to 53.5%). The growth of this ratio in Romania is alarming as it is set to increase from 21.3% in 2008 to 65.3% in 2060.

In view of the magnitude and speed with which the population is ageing, Member States need to bear in mind, as part of their employment policies, the gender factor, new ways of organising work in companies, as well as methods for facilitating flexible formulas progressively leading to retirement, improving working conditions and promoting anti-discriminatory practices with regard to recruitment and vocational training.

At the same time, I urge Member States to:

- promote a culture which provides for the management of ageing in companies and tailor its different aspects, particularly via the option of phased retirement, while taking into account how strenuous the job is and the working, health and safety conditions;
- continue to retain the option of early retirement for certain groups of workers, according to their working conditions, and in special circumstances such as redundancy or restructuring.

Joanna Senyszyn (S&D), in writing. – (PL) This is a very important report, which should be used by the European Commission when identifying its priorities and planning its work for 2012, which is to be declared the European Year of Active Ageing and Solidarity between Generations. I have raised the question of active ageing many times in Parliament, and it should be a priority for the European Union and all Member States in the coming years.

The demography cannot be changed. Faced by the ageing of European society, it is essential to achieve the professional activation of people of retirement age. We must not discard their experience or dismiss their desire to continue working. Therefore, I support the initiatives proposed by the rapporteur and, in particular, the European '50-plus pact' and the 'active ageing' initiative. Also of exceptional importance is the 'guaranteeing a decent pension' initiative. In keeping with the report, I appeal to the Council and the Member States to make swift arrangements to guarantee payment of appropriate pensions to all Europeans which will ensure them a dignified life and not just exceed the poverty level. We must work against all of the many forms of discrimination against older people. Many people wrongly think that older people have fewer needs. Difficulties for senior citizens in gaining access to loans and discrimination against them in the job market are commonplace. A common occurrence is the absurd situation in which a 40-year-old woman is considered too old for work, while at the same time, graduates are expected to have several years of professional experience.

Anna Záborská (PPE), in writing. – (SK) The way out of the demographic crisis is through the family, since it was the weakening of the role of the traditional family that got us into this crisis. Increasing the proportion of older employees and women in active employment is only a short-term solution. It gives us a little time, which we must use in order to motivate young people in particular to start a family and raise children. However, our short-term strategy must not come into direct conflict with what we want to achieve in the long term. In order for mothers of young children to be able to return to work, we must build enough pre-school facilities. However, we are forgetting that children pick up their key social habits in the first three years of life; that in crèches, children learn to assert themselves by screaming rather than respecting other people; that children will use the models of behaviour they pick up during this period throughout their lives. Parental care is not a luxury for a child, but a natural standard. Crèches and nurseries are, and always will be, a compromise. As with any compromise, it is the case that if the bearable limits are overstepped, the consequences will be worse than we can imagine today. Can we be sure that a generation of children which spends more time with strangers than with their own parents will one

day be just as willing to take on responsibility for old, ailing and disabled people as we are today?

23. Implementation of the Research Framework Programmes (short presentation)

President. – The next item is the report by Maria Da Graça Carvalho, on behalf of the Committee on Industry, Research and Energy, on simplifying the implementation of the Research Framework Programmes (2010/2079(INI)) (A7-0274/2010).

Maria Da Graça Carvalho, rapporteur. – (PT) Science, education and innovation are the pillars of economic growth and job creation. Europe needs to invest more in science, open up its scientific systems, promote the free movement of researchers, and increase and promote excellence. In fact, today we are seeing an increasingly multi-polar world in all sectors, including science. A few figures are enough to demonstrate this fact: for example, at a global level, 80% of researchers work outside Europe, and 69% of patents are registered outside Europe.

Europe invests less in science and innovation than Japan, South Korea and the US, and this difference is essentially due to investment from the private sector. Our system of science and innovation has weaknesses that need to be overcome, from underfunding to fragmentation, a lack of conditions for developing innovation, and excessive bureaucracy. The European scientific system needs to be more efficient, starting with the simplification of the rules for funding. In this context, I had the honour of being appointed rapporteur for the simplification of the rules for participation in current and future European programmes for science and innovation.

This report may play a vital role in Europe, and it comes at the right time, given that we are beginning the review of the Seventh Framework Programme and the preparations for the eighth programme. As the rapporteur, I decided to open up the debate on this subject and hold a public consultation. I sent out more than 8 000 invitations to a diverse range of bodies. There was an immense number of contributions, which shows the importance that our institutions and the public attach to this subject.

The report proposes the simplification of financial monitoring and control and the strengthening of technical and scientific evaluation by means of peer review based on excellence. The goal of this report is higher risk tolerance, simplifying the bureaucratic monitoring mechanisms and creating greater confidence in the scientific and business community. However, the report marks only the beginning of a process that is not simple. The Commission will be responsible for implementing the recommendations, and it will need monitoring and political support from Parliament and the Council if it is to carry out this task successfully.

In future, the simplification process may be extended to other European programmes, notably, the structural funds. Programmes which have simpler rules will also be more transparent and efficient. I would also like to thank my colleagues, the Belgian Presidency, the Commission and all those who contributed to the public consultation for their assistance. It is imperative to simplify access to funds for research and develop a culture of evaluation based on a partnership of trust between all those involved so as to strengthen research and innovation in Europe, thus making it an attractive place to live, work and be happy.

Ilda Figueiredo (GUE/NGL). – (PT) I would like to begin by congratulating the rapporteur on the work that she has carried out, as the simplification of the implementation of the research framework programmes is necessary, and, as the rapporteur pointed out, this is only one of the many reforms that are needed to improve the financing of research in the EU so that it is more efficient and useful in promoting development and social progress.

The report proposes extending the scope of the Commission's initial proposal, which we think is correct, especially in important aspects such as the financial regulation and the presentation of concrete proposals to simplify the calculation of average staff costs and to abolish time-recording mechanisms, including timesheets. In the same way, it is also important for the Commission to allow the reimbursement of costs incurred after the submission of a proposal, provided it is successful, with the aim of facilitating the participation of industry partners and, in particular, small and medium-sized enterprises.

If science, innovation and education are to be pillars of economic growth and job creation, it is vital to bear in mind the proposals contained in this report and to focus more on science and research.

Jean-Pierre Audy (PPE). – (FR) Mr President, I would like to thank Mrs Carvalho, who has done a tremendous job, as well as the European Commission. I would also ask you, Commissioner, to convey my thanks to Mrs Geoghegan-Quinn, who has understood this process of simplification and communication. We must simplify the future, but also settle the past. The Commission's auditors should never have applied rules that were stricter than those already approved, and that is why we must settle the past, Commissioner.

We narrowly escaped disaster with research institutes that were suspicious of the European Union. Today, with wisdom and respect for good management, and using tolerable risks of error, but also taking into account independent re-audits, and if that fails – as I proposed, and as was accepted – bringing in an independent mediator, we must regain the confidence of all our research institutes, with proper monitoring and European funding, of course. Then, on the basis of a relationship of trust between Member States and the European Union, we will begin negotiating the next financial perspective in order to better establish the focal point of our research and make it more European.

Marisa Matias (GUE/NGL). – (PT) First of all, I would like to begin by offering my congratulations to Mrs Carvalho for the excellent report that she presented to us here today, and also for the way in which she conducted this process in such a democratic manner, both inside and outside Parliament. I think that this should be recognised, and so I would like to offer her my thanks.

The Seventh Framework Programme is the largest and furthest-reaching programme that we have at a global level in terms of research, and the Commission's proposed simplification is very welcome in that respect. However, the proposal which Parliament is presenting here greatly enhances the Commission's proposal. It does so by recognising that simplification is not enough, by making the clear and crucial distinction between research and innovation, by appreciating the different areas of research, by enhancing its clarity, transparency, participation and democracy, by ensuring equal opportunities in access to available funding, by opting for a model that is less focused on bureaucracy and bureaucratic control and more oriented towards excellence in research, by recognising the importance of the different scientific fields and by advocating that partners are chosen and alliances forged with partners under equal circumstances.

Mr President, I would therefore like to conclude by saying that the implementation of this proposal would result in a clear improvement in working conditions for all researchers in Europe, as well as greater prestige and further improvements for research in Europe. This is why we need to work together.

Seán Kelly (PPE). – Mr President, an awful lot of the undoubtedly good work done by the European Union is ruined by stories of too much complication, and particularly of people trying to get funding and not being able to access it, despite going to huge efforts such as taking on people full-time for a number of months to make an application, and then not being successful. I have heard a number of stories in this regard.

The same applies to applications for funding under cultural and educational programmes. If we can do one thing, it is to meet the target in 2020 of reducing red tape by 25%. In fact, that target should be raised to a 50% reduction if we can because, as has been said, in application and in auditing, a lot of the good work we have done has been obliterated by stories of difficulties that arose owing to over-complication.

Simplification is the way forward.

Cecilia Malmström, *Member of the Commission.* – Mr President, I would like to congratulate Mrs Carvalho for this very comprehensive report. She draws attention to major concerns within the field of European research: the question of the complexity of the rules for the beneficiaries and the very heavy administrative burden.

In April this year, the Commission adopted a communication on this subject, presenting a long list of short- and long-term options for simplification. This triggered a very important interinstitutional debate. The Commission is very grateful that Parliament has dealt with this matter with such priority. The Commission is also very grateful that the report supports the majority of the proposals, and even contains some of Parliament's own, which are very interesting.

Similar support was given by the Council and, on the basis of this very broad interinstitutional consensus, we should now turn to action. We are fully committed to achieving simplification and adhering to the simplification principles as stated in your report: simplicity, transparency, legal certainty, consistency, excellence and, as Mr Audy said, a more trust-based approach towards our research institutions is, of course, an important guideline for managing the activities.

Some of the proposals in your report and in the Council conclusions can be implemented within the current framework. The Commission's services are now reaching out for solutions which can be swiftly implemented. We are considering solutions for broadening the acceptance of average cost methodologies, and for a more flexible approach on interest on pre-financing and a lump sum option for the personnel costs of owner-managers of SMEs.

We also take very seriously the concerns on inconsistent interpretation of rules and procedures by the different services when implementing the FP7. We are working intensely on implementing measures that ensure a more uniform interpretation and application of the rules.

We will also work on further reducing delays in providing grants and payments. We must not forget that the more profound changes do require a revision of the Financial Regulation and its implementing rules. Only then can we really remove some of the big constraints.

The current control strategy for research expenditure has been designed to detect and correct errors so as to bring the residual error level down to below 2%. The Commission agrees that this is costly and puts a great administrative burden both on the beneficiaries and on the Commission. So a higher tolerable risk of errors, as supported in your report, could allow the Commission to modulate the control effort, to optimise cost effectiveness and to balance the need for effective control with establishing a more trust-based relationship with researchers.

Thank you very much for the report and to everybody who has been involved with it. It has cleared the ground for very good and important work in the future.

President. – The debate is closed.

The vote will take place tomorrow, Thursday, 11 November 2010, at 12:00.

Written statements (Rule 149)

Luís Paulo Alves (S&D), *in writing.* – (PT) Innovation and research are now the critical elements of the new development strategy for our continent: the EU 2020 strategy. Commitment to research and development has a concrete impact on economic activity, since only innovation gives guarantees of future production with strong value added and, therefore, of increasing levels of job creation and the European Union's competitiveness at international level. I have always argued that the regional level is the most appropriate for stimulating research and innovation because it favours universities, public research bodies, large companies, small and medium-sized enterprises, and regional and local public authorities working closely together, specifically as clusters. In my region, the Azores, this fact is visible in the dominance of the oceanic and marine research undertaken by the Department of Oceanography and Fisheries of the University of the Azores. Encouraging innovation at regional level also contributes to attenuating social and regional disparities, making it essential for cohesion policy to continue to contribute to financing these activities in the outermost regions, like the Azores.

Roberta Angelilli (PPE), *in writing.* – (IT) In view of the mid-term review of the Seventh Research Framework Programme and of the preparation of the future rules for the forthcoming framework programme, we need to consider and find solutions to enable us to eliminate certain obstacles that are making it difficult for interested parties to access EU funding.

If we are to create a knowledge- and innovation-based European economy, we need to invest in research, thus enabling SMEs, universities, public research bodies and regional and local authorities to benefit from the financial resources made available by the EU.

However, access to funding in the research sector requires a significant technical capacity and in-depth knowledge of administrative and financial procedures. Yet it is also characterised by a tendency to favour 'results-based' projects, meaning that there is low risk tolerance, which discourages the launch of highly innovative projects.

This situation has the effect of discouraging private sector participation and making the research world little more than a collection of uninteresting projects, thus reducing Europe's competitiveness in the global economy.

I support the proposals made in the report, which call on the European Commission to encourage a 'user-centred' approach to improve access to funding and guidance documents,

which should be compiled in a handbook and translated into the EU official languages, and to place more confidence in the scientific and business community.

Ioan Enciu (S&D), *in writing.* – (RO) Research and innovation are two elements forming the basis of the Europe 2020 strategy for boosting competitiveness, promoting sustainable economic growth and creating new jobs. In this context, the implementation of the Seventh Framework Programme for research must be improved, especially by speeding up and simplifying the administrative procedures involved, by shortening waiting times and streamlining application management.

However, I would like to stress that, in respect of the new Member States, the framework programme's shortcomings extend beyond the strictly administrative and management remit. The main problem in these countries is linked to the lack of research infrastructure, making it structurally impossible to access the funds allocated via this programme. Consequently, the Commission should also incorporate in the future proposal on simplification certain specific measures with a view to establishing the development infrastructures in new Member States to provide them with an equal chance of accessing the research programmes.

Edit Herczog (S&D), *in writing.* – (HU) The other day, my fellow Members and I adopted with an overwhelming majority the resolution submitted by Mrs Maria da Graça Carvalho on simplifying the financing rules of the Research Framework Programmes. The resolution takes steps in a very good direction, but even more decisive steps are needed. Our current regulatory system requires such a degree of bureaucratic preparation that it excludes precisely IT initiatives, small and medium-sized companies, and smaller research institutions from among those capable of obtaining funding resources. Thus, financial support does not go to the best researchers but rather to the institutes with the best accountants. Financial oversight appears currently to be unable to handle any risk, and this is intolerable when it comes to research and development, which often involves investments with uncertain outcomes. Risk ought to be managed, not excluded. There are adequate regulatory solutions to this and these must be strictly complied with. However, regulations that are structurally incompatible with the nature of research must be reformed. Another, similarly major deficiency is the geographical asymmetry in the distribution of the research framework programme funds. The opportunity for researchers living in the new Member States to obtain support, as compared to those in the old Member States, is infinitesimal. As long as the aim of the European Union's research framework programme is to provide the opportunity to all European talent to achieve excellence, it cannot allow such differentiation in the programme's implementation.

Richard Seeber (PPE), *in writing.* – (DE) In today's knowledge-based society, expertise has a key role to play, particularly in view of the deepest economic crisis in recent history. Research, development and innovation are extremely important in order to maintain Europe's position as a global economic player as well as its competitiveness. European initiatives for public funding of research programmes are still too bureaucratic and associated with high administrative costs. Simplification of the Seventh Framework Programme (FP7), currently the largest publicly funded programme for research and technological development, is therefore essential in order to create sufficient incentive for scientific research. The research funding should be more trust-based and also more risk-tolerant towards participants in order to allow even projects with a higher risk potential to still seem attractive and to enable the pursuit of cutting edge research.

24. Agenda of the next sitting: see Minutes

25. Closure of the sitting

(The sitting was closed at 23:40)