



## Plenary Session 14-17 June

### Focus

- Economic issues prominent in European issues
- Gaza, North Korea top foreign affairs part

**How Europe's economy is governed and the recent Israeli boarding of the Gaza flotilla are just two things on the agenda when MEPs meet hold their sitting from 14-17 June. Members also took a closer look at the role of credit rating agencies and the financial derivatives market in the economic crisis. Progress on the Millennium Development Goals to slash poverty and financial for jobless construction workers in Ireland and Spain were also on the agenda. Daily updates can be found [here](#).**

Throughout the week we brought you the latest news from the debates and votes being held at the European Parliament in the city of Strasbourg, eastern France.

## Plenary Session 14-17 June

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- Live web streaming all week
  - Session opens at 1700 Monday
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### **No limits on working hours of self-employed lorry drivers?**

Should self-employed bus and lorry drivers be subject to the same rules on working hours as drivers employed by companies? The Employment and Social Affairs Committee says they should, but it will up to the full Parliament to decide when it votes in Strasbourg next week.

### **Clearer food labels for consumers**

With health problems such as obesity and diabetes on the rise in Europe, Parliament will vote on substantial changes to EU food labelling rules to enable consumers to make better-informed choices.

### **Gaza flotilla: MEPs to debate attack with Catherine Ashton**

MEPs will discuss Israel's "Tzahal" commando operation on the humanitarian aid convoy that was heading for Gaza, as well as the general humanitarian situation in Gaza, with EU High Representative Catherine Ashton on Wednesday. The debate will be followed up with a vote on a resolution on Thursday.

### **Inter-Korean tensions: debate with Ashton**

High Representative Catherine Ashton will hold a debate on Wednesday with EPs on the tensions between the two Koreas. On 20 May, following publication of a report on the sinking of the South Korean ship Chenoan, Baroness Ashton said "the findings of the investigation were extremely disturbing, in particular the evidence presented of North Korean involvement". The EP Korea delegation chair Christian Ehler said he "strongly condemned this tragic incident".

### **Translation rights for suspects in criminal trials**

A British football fan arrested in Portugal would have the right to interpretation during police questioning, court proceedings and communications with his lawyer, if Parliament approves a new law to guarantee EU citizens access to translation and interpreting services when facing a criminal trial in another Member State.

### **Half of EU states to move forward on international divorce legislation**

Divorce between international couples is set to become the very first issue on which only a limited group of EU countries will legislate, thereby taking the lead over the rest of the EU. Parliament is being asked to authorise 14 Member States to go ahead with plans to allow international couples to choose which national law applies to their divorce.

### **Tougher rules as well as transparency for derivatives market**

The trade in derivatives - the often complex financial instruments widely criticised in the wake of the Greek debt crisis - must not only be made less opaque, it must also be regulated more strictly, says a draft resolution by the Economic Affairs Committee.

### **New EU satellites to help response to disasters**

A swifter, more effective response to earthquakes, floods, oil spills and other major disasters should be possible by 2014 thanks to a planned EU earth observation satellite system, once it gets the green light from Parliament.

### **Millennium Development Goals need new funding**

Innovative development funding mechanisms such as a financial transaction tax need to be backed by the EU - the world's leading aid donor - if the Millennium Development Goals are to be met by the 2015 deadline, says a draft resolution by the Development Committee to be put to a plenary vote on Tuesday.

## **Economic governance and EU2020 strategy: steep road ahead to growth and jobs**

MEPs will vote on a resolution on economic governance in the EU which will provide an insight into the main arguments the EP will be making over the coming months as work on reforming economic decision-making picks up speed. In a separate resolution on the EU2020 strategy, Parliament will aim to set its stamp on the strategy to be followed on economic growth and employment in the next ten years.

## **Updating EU trade ban on torture implements**

EU states should ban all trade in torture implements such as spiked batons, thumb-cuffs and body-worn electric-shock devices, believe MEPs. The EP foreign affairs and international trade committees will raise this issue in plenary, asking the Commission to update current EU law to add these objects to the list of banned or strictly regulated torture equipment.

## **MEPs call for better oversight of credit rating agencies and deficit data**

MEPs will raise their concerns about the way credit rating agencies (CRAs) underestimated risks and even compounded the Greek crisis, in a debate with the Commission in Strasbourg. Separately, the plenary will debate the problem of poor deficit data submitted by Member States and the Commission will be questioned about its plans and views on this matter and the idea of giving Eurostat more investigative powers.

## **Globalisation fund: aid to unemployed in Ireland and Spain**

Over 2000 former construction workers in Spain and nearly 600 ex-employees of Irish glass company Waterford Crystal and its suppliers could receive a total of €11 million in aid from the EU Globalisation Adjustment Fund to help with training, business start-ups and job guidance if Parliament backs the measures in Strasbourg.

## More transparency on derivatives?

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- Derivatives explained
  - Role in economy under scrutiny
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A famous investor once likened derivatives to financial weapons of mass destruction. These complex financial instruments have been blamed for exacerbating the financial crisis and putting many an indebted government in a tight spot. However, as German MEP Werner Langen (EPP) says, derivatives also help reduce a plethora of risks faced by financial and non-financial companies. In his report on the issue, he emphasises that transparency is the key to making the derivatives market safer.

### How derivatives work in real life

A derivative is a contract that allows one to reduce risk. For example, if you are an airline executive worrying that because of the instability in the Middle East the price of oil and thus of jet fuel will rise steeply in the next six months, that would significantly dent profits or even push the airline into loss-making territory.

Now take a look at the derivatives market. There is something called an oil future, a contract allowing you to buy today, at a specified price, a certain amount of oil for delivery in six months. Let's say that you buy today 10,000 barrels of oil for €50 a barrel, to be delivered in six months. If in six months time the price of oil is €75 a barrel, you save €250,000 on your 10,000 barrels.

Of course, you paid for the privilege of being able to hedge risk in such a way. An oil future contract costs money. But if you're right about the oil price, your contract will be worth much more in six months time - who would not want to buy a contract, i.e. a derivative, that gives one the right to buy oil at €50 when the price is €75?

### Shedding more light on the market

"Derivatives play a largely useful role in the economy as they help to disperse risk. To allow companies to continue to use derivatives, one must make a distinction between derivatives that are used to hedge risk and those that are of a purely speculative nature," says Mr Langen, explaining the thrust of his report.

"What is problematic is that these financial instruments have not been sufficiently transparent and regulated," explains the MEP. Most derivatives involve two parties, a seller and a buyer of a contract, with other market participants and regulators usually kept out of the loop.

"In the future, derivatives transactions will have to be reported to trade repositories (i.e. data warehouses) by both financial and non-financial firms, so that regulators can access the information. This will help us differentiate between different types of derivatives," says Mr Langen.

### Greece - victim of speculators?

Having as much data as possible on whether derivatives are used for speculation rather than hedging is especially important in the case of credit default swaps (CDS), a derivative that allows one to buy protection against the default of a bond. They have been blamed for exacerbating the crisis on European bond markets, especially in Greece.

"It has been claimed that speculators using naked CDS have massively raised the cost of borrowing for the Greek government, but I have yet to see a proof for these claims," says Mr Langen. Still, in the opinion of many experts, naked CDS, i.e. CDS whose owner doesn't own the underlying bond, but would still collect money in the event of default, are a clear case of speculation.

### Clear the decks

"The report explicitly demands that CDS be centrally cleared by an independent clearing house. In addition, the report says that some types of highly risky derivatives should only be allowed under certain conditions or, on a case-by-case basis, forbidden," says Mr Langen, outlining another central plank of his report.

This means that sellers and buyers of CDS and other derivatives would not be able to deal just between themselves, over-the-counter, but would have to go through a clearing house. The latter would stand at the centre of all trades, making sure that all parties live up to their obligations and that money changes hands.

## **No exodus of financial services**

Mr Langen says stricter regulation of the derivatives market will not lead to financial services providers leaving the EU. "After all, the US and the G20 governments have all unequivocally expressed their support for better regulation of this market and are already drafting legislation to this effect." The rules that the Commission will eventually propose, should be such as not to isolate the EU internationally when it comes to derivatives trading, warns Mr Langen. Developments in the US and other G20 markets should therefore be followed.

The own-initiative report will be presented to the plenary on Monday, 14 June.

## **Sarah Ludford MEP on why justice shouldn't be lost in translation**

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- Proposed steps to make justice clearer
  - Case of Gary Mann could have been avoided
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On trial in another European country and you don't speak the language? How can justice be done if defendants cannot follow proceedings? MEPs are expected to endorse this week a new law to guarantee minimum standards on language rights for EU citizens. "Better justice is swifter justice; it catches more criminals while respecting human rights. It is a win-win situation", says rapporteur and British Liberal MEP Sarah Ludford about providing suspects and defendants with interpretation and translation.

### **Sarah Ludford, why is this piece of EU legislation needed?**

It's needed to strengthen the rights of suspects and defendants and to give safeguards necessary to ensure fair trials. It's been recognised for 10 years that we need these measures and they complement the European Arrest Warrant (EAW).

All EU Member States are parties to the European Convention on Human Rights so in theory they should be delivering adequate fair trial standards. But in practice, unfortunately, there has not been adequate or consistent implementation.

We're putting flesh on the bones to really strengthen and raise the quality of criminal justice across the EU, so that there are no miscarriages of justice. It will also ensure that when people are surrendered or extradited under the EAW or simply arrested in another State where they happen to be - they will be dealt with fairly.

### **How will the directive ensure fairer trials?**

The directive says that if you become a suspect, you are arrested, questioned, or put on trial, and you don't understand the language of the country you are arrested or tried in, you have a right for interpretation and translation both for hearings, questioning and meetings with your lawyer - under certain conditions. Broadly, you got to be put in the same position as somebody who is a local and understands the local language.

This is not just about being nice to alleged criminals, but you actually get more efficient justice if you get high quality decisions in the first place. If you get all of us having confidence in all of our justice systems, then you will increase cooperation and you will catch more criminals. Better justice is swifter justice; catches more criminals while respecting human rights. It is a win-win situation.

### **Could you give an example of a case (where this would concern an EU citizen)?**

The case of Gary Mann: In the early 2000s he was arrested and tried as an alleged football hooligan. He was dealt with in 24 hours under the fast track procedure. He had no qualified interpretation or translation. It was someone in the local cafe who attempted to assist him. After 24 hours he was told: we are giving you a sentence but if you agree to be deported and we never see you again, there will be no further consequences. That is what he understood.

Years later, Portugal issued an Arrest Warrant to summon him back to Portugal, and the UK Court sort of says that there has been a travesty of justice but we're powerless to stop it. This is simply a case of serious injustice: he did not understand what the proceedings were all about! Misunderstandings due to language were a major, probably a determining part of this travesty of justice. At the end of the day I believe in the European Arrest Warrant but we need a whole programme to strengthen citizens' rights.

### **Will interpretation/translation be restricted to official EU languages? What about smaller minority languages?**

That is up to the Member States. It would be impossible to draw up a list of languages that must be covered. They shall insure that anyone who is prosecuted who does not understand or speak the language of the criminal proceeding is provided without delay with interpretation. You have to put them in a situation where they understand, it's a matter of individual assessment.

## **Who will pay for the interpretation/translation costs?**

Member States will pay and this is why we had a lively debate about the strength of the requirements, the criteria and the situation in which this must be applied. They say this is going to be costly and we live in a period of fiscal stringency, but my answer to that is yes, but we've got to make better use of the criminal justice budgets we have.

If you get it right first time, you can actually save money; appeals are very costly. Getting wrong justice, in the end, is costly in money and in one's reputation. Good justice is efficient justice. You want best value justice rather than cheap justice. Cheap justice is bad justice, cheap justice is no justice.

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MEPs will debate the new measure on Monday evening (14 June) and will hold a vote on Wednesday 16 June in their monthly sitting in Strasbourg, France.

### **Legislation watch**

- Original idea by Belgium, Germany, Estonia, Spain, France, Italy, Luxembourg, Hungary, Austria, Portugal, Romania, Finland and Sweden
- EU governments agree on directive on 4 June. Parliament's Civil Liberties Committee backed it 10 June
- MEPs debate issue Monday evening - vote 16 June
- If approved, 3 years to become part of national laws

## Opening of Strasbourg session

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- Iranian election toll marked
  - Anniversaries commemorated
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The 70th anniversary of the invasions of Lithuania, Latvia and Estonia by the USSR, the first anniversary of the Iranian presidential elections and last week's killing of Archbishop Padovese in Turkey were among subjects mentioned by European Parliament President Jerzy Buzek at the opening of this week's plenary session of the EP in Strasbourg.

### **70 years since Baltic invasions**

Reminding the House that this weekend had seen the 70th anniversary of the invasions of Lithuania, Latvia and Estonia, Mr Buzek added that in 1983 the EU had condemned the annexation of these countries, which had never been recognised by the majority of states in the world.

Regarding the anniversary of the Iranian elections, Mr Buzek pointed out that 488 executions had taken place in the last 12 months and that thousands were still in jail, some facing the death penalty. The EP condemned the lack of freedom in Iran and was utterly opposed to the death penalty.

The murder in Turkey of Archbishop Luigi Padovese, whose funeral was taking place today in Milan, was a new link in a chain of murders in that part of the world, said Mr Buzek.

### **25 years of Spain and Portugal in Europe**

Turning to other matters, the President hailed the accession of Spain and Portugal to the European Union 25 years ago as a great success, and mentioned his own visit to Schengen last weekend to mark the anniversary of the Schengen agreement. He had also made official visits to Greece and Romania, where he had expressed support for these countries in the situation they faced.

Mr Buzek also voiced the hope that, following elections in Belgium, Slovakia and the Netherlands, these countries would be able to form governments swiftly.

Lastly, he welcomed to the European Parliament the new British Green MEP, Keith Taylor, who replaces Caroline Lucas.

## Rein in the rating agencies, says Jürgen Klute

- MEPs put questions to Commission
- "Rating business is...creating risk"

As financial crisis takes its toll on the European Union economies, MEPs are turning their eyes to credit rating agencies. With their ratings closely watched by investors, the agencies' verdict on the soundness of governments' finances can raise the costs of borrowing for a country to unsustainable levels, as the Greek case has shown. We contacted German MEP Jürgen Klute of the leftist GUE/NGL bloc who is one of the five MEPs that will be putting questions on the role of rating agencies to the European Commission on Tuesday.

**What is your view on the role credit rating agencies played in the run-up to the financial crisis, especially when rating financial instruments linked to mortgages and real estate market? Has there been a conflict of interest, with agencies being paid by the firms that sold these financial products to investors?**

Credit rating agencies failed in the crises of the 1990s, they failed again in the Enron case at the start of the new millennium, they provided incorrect assessments of financial products based on US mortgages in 2007 and they kept on giving Lehman Brothers high ratings, although the investment bank was already teetering.

The big three rating agencies, Standard & Poor's, Moody's and Fitch, are private listed companies. They are granted the role of a referee when, at the same time, they are also players in the financial playing field, aiming for the highest possible returns. Currently, companies that issue securities pay for the rating of stocks, bonds and other financial products they want to sell to investors. Making investors, not issuers, pay for several, more objective ratings would bring a minimum of fairness into the match.

**In recent weeks we have seen how rating agencies can make the costs of borrowing rise for whole economies when they downgrade particular countries. Given their track record, do you think that credit rating agencies should wield such influence?**

States must not be mistaken for companies. They organize and decide about the way societies live together. In the current Eurozone crisis, however, it is not about agencies mixing up states and companies; it seems to me that they are creating false panic based on their views about an otherwise implausible default of the Southern EU States and encouraging speculation. Very high interest rates for Greece might serve the recapitalization of international banks, but agencies are finally gambling their credibility away. Today, the rating business is far away from assessing risk, it is rather *creating* risk.

**What should in your opinion be done to make rating business in Europe more in line with what the economy really needs?**

Even European Commission finally agrees that we urgently need public oversight, making rating agencies stand to new, firm rules. The power that private rating agencies exercise over public life has been abused, now we must limit this power.

Yet, I doubt that this will be enough. After the privatization of formerly public banks, the constitutive problem for most European countries is their dependence on financial markets. European Central Bank (ECB) needs to re-assess its policies and learn from its neighbours. Making a rating of a particular quality a condition for purchasing Eurozone government bonds has conferred to agencies an official role they do not deserve. Second, and equally important, we need euro bonds which would create an environment where speculation against Eurozone members would be less feasible.

## Globalisation fund: Parliament backs aid to Ireland and Spain

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- Ex-Waterford Crystal workers benefit
  - Former Spanish construction workers also helped
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Over 2000 former construction workers in Spain and nearly 600 ex-employees of Irish glass company Waterford Crystal and its suppliers will receive a total of €11 million in aid from the EU Globalisation Adjustment Fund to help with training, business start-ups and job guidance under plans agreed by MEPs and the Council of Ministers.

Parliament's reports on the plans were drafted by Italian MEP Barbara Matera (EPP). To release the funds, both Parliament's and the Council of Ministers' approval were necessary. The Council gave its backing to these two cases last week, on Monday 7 June. Speaking after the vote Ms Matera told us that "in the current context of economical crisis, one of the most challenging problems that advanced economies have to face is unemployment: a threat that has reached alarming levels of 10% in the Eurozone and doesn't seem to be likely to diminish for all 2011."

She went on to say that I believe that in these times of economic difficulties we need to slim down the procedures for the mobilization of this Fund, in order to deliver on workers of the companies struck by the crisis and business outsourcing."

### **Ireland: Waterford Crystal**

The Irish application relates to a total of 653 people who lost their jobs at the crystal glass manufacturer Waterford Crystal and three of its suppliers, Thomas Fennell Engineering Ltd, RPS Engineering Services and Abbey Electric in South-East Ireland, between January and May 2009. Of these, 598 will be eligible for help from the European Globalisation Adjustment Fund (EGF).

The package, approved today by MEPs by 573 votes to 48 with 25 abstentions, will help the 598 most disadvantaged of these dismissed workers by offering them occupational guidance, help for business start-up and various training courses with the relevant allowances and grants. These measures are expected to cost € 3,955,159, of which Ireland has applied for €2,570,853 from the EU fund.

Employees at Waterford Crystal in other EU countries also lost their jobs during the crisis but they will not be covered by the measures since no other Member State has applied for EGF support.

### **Spain: ceramics industry**

Between September 2008 and June 2009, 2425 people lost their jobs at 181 small and medium-sized firms in the ceramics industry in the Spanish region of Valencia. Of these, 1600 will be eligible for help from the EGF. The assistance, approved by the EP today by 575 votes to 51 with 25 abstentions, will include occupational guidance, training, workshops, apprenticeships and advice on setting up a business. The total cost is estimated at €10,151,900 of which EU aid will cover €6,598,735.

### **Spain: door manufacturers**

A total of 585 people lost their jobs at 36 firms producing doors and door-frames in the Spanish region of Castilla-La Mancha between November 2008 and July 2009. Of these, 557 will be eligible for EU funded assistance. The aid, approved by MEPs today by 580 votes to 50 with 24 abstentions, will help cover the costs of intensive job-search assistance, occupational guidance, training, workshops, apprenticeships and business start-up advice. The total cost is expected to be €3 million, of which the EGF will cover €1.95 million.

### **Mid-term evaluation of the EGF**

# Focus

In addition to the three cases of direct support to unemployed workers, Parliament also approved, by 562 votes to 55 with 40 abstentions, the granting to the Commission of €1.11 million to cover the cost of activities relating to a mid-term evaluation of the EGF, including studies, creation of a knowledge base, meetings between experts and further development of the EGF website.

## **Strong EU commitment needed to get MDGs back on track**

Innovative development funding mechanisms need to be backed by the EU, as the world's leading aid donor, if the Millennium Development Goals (MDGs) are to be met by the 2015 deadline, say MEPs in a resolution adopted on Tuesday.

With only five years to go to the 2015 deadline for achieving the MDGs, MEPs expect the June 2010 European Council "to agree on an ambitious and united EU position", ahead of the UN MDG meeting in New York on 20-22 September 2010, which must "lead to new, results-oriented, additional, transparent and measurable commitments". Ten years ago, world leaders agreed to act to eradicate world poverty by 2015, setting targets in eight priority MDG fields, such as reducing poverty and hunger by 50%, full primary education and eliminating gender disparity and health-related issues.

### **Keep promises made**

The EU is off track even for its 2010 interim 0.56% target and there is a real risk of not meeting the MDGs on time. "What I want to see is leadership from the EU. Not the minimum set that they can agree on, but a commitment to that 0.7% of gross national income, a commitment to additional financing", said rapporteur Michael Cashman (S&D, UK), in the plenary debate on Monday 14 June.

### **Additional funding for development**

Even without additional money to combat climate change and the effects of economic crises, innovative funding mechanisms are needed to finance MDGs. MEPS advocate:

- renewed efforts to ease the debt burden of least developed countries (LDCs) with a track record of accountability, transparency and good governance,

- cracking down on tax havens and tax evasion and illicit financial flows as well as systematically disclosing profits made and taxes paid by companies, and

- reducing transfer costs of remittances sent by migrant workers to their home countries.

### **More funding for health and education**

Member States and the Commission should allocate at least 20% of all development spending to basic health and education and should prioritise maternal health and combating infant mortality as progress on these MDGs is still insufficient.

"Policies on voluntary family planning, safe abortion, treatment of sexual transmitted infections and provision of reproductive health supplies made up of life-saving drugs and contraceptives, including condoms should be supported" by Member States and Commission. 13% of all maternal deaths in developing countries are due to unsafe abortions, and this figure is much higher in Africa, says the resolution.

The resolution was approved with 353 votes in favour, 206 against and 75 abstentions.

### **Next steps**

On Thursday the European Council will set out the EU's position and political messages for the UN MDG Review High Level Plenary Meeting in New York on 20-22 September, based on the Foreign Affairs Council conclusions of Monday 14 June.

## More daylight and stricter rules for the derivatives market

Proposed EU rules on derivatives trading must be made clearer and tougher, so as to reduce speculative trading and ensure that as many derivatives as possible are traded through open channels that are subject to rules, the European Parliament said in a resolution adopted on Tuesday. The resolution also suggests ways to regulate the trade in credit default swaps and reduce the regulatory burden on corporate end-users of derivatives.

Caught in the eye of the storm of the Greek debt crisis and widely criticised for the opaque way in which they are traded, derivative products are currently being scrutinised at national level, EU level and also by the G20. This resolution comes a few weeks before the European Commission publishes its legislative proposals to regulate derivative trading.

### More transparency and also strict rules

The resolution, which was adopted by show of hands, advocates "abandoning the prevailing view that derivatives need no further regulation because they are only used by experts and specialists" Instead, it calls for strict rules to prevent inexperienced users and speculators from building up dangerous levels of risk.

The proposed legislation should include rules banning purely speculative trading in commodities and agricultural products, adds the resolution. Upper risk limits should be considered for trade in agricultural products and in each specific commodity, including greenhouse gas emission allowances so as to reduce speculation and help these markets to function transparently.

### Lowering the risk factor

A central tenet of the resolution is that many more derivative contracts need to be dealt with through a process (central clearing) which prevents higher levels of risk building up. To allow this, the resolution says that central counterparty clearing facilities (CCPs) need to be strengthened. It proposes establishing regulatory standards to ensure that they remain resilient even under significant stress, and calls for compulsory standards for their establishment and decision-making and management structures.

The resolution stresses that CCPs must not be organised wholly by users and that their risk management systems must not be in competition with each other. Neither should market players have a controlling influence on CCP governance and risk management.

### Corporate end-users

The resolution calls for lighter regulation of over-the-counter trading in derivatives when carried out by corporate end-users, recognising that companies may at times need tailor-made derivatives to better cover the particular risks to which they are exposed. Although more tolerant of such bilateral derivatives contracts, it is suggested that the European Securities and Markets Authority (ESMA) should decide on thresholds beyond which central clearing will always be required.

### Credit default swaps

The resolution calls for a ban on speculative credit default swap (CDS) trading demands that financial compensation payout rights resulting from owning CDS are granted only if the bearer also owns the related bonds, and insists that CDS should be centrally cleared through a European CCP.

Finally, the resolution highlights the serious lack of information on the role that sovereign credit default swaps played in some Eurozone countries and calls for very strong guarantees on access to comprehensive information and the empowerment of supervisors.

### Next steps

In September the Commission will publish the new EU draft legislation on derivatives. Work will then start in earnest in the European Parliament and the Council, the two institutions that share decision-making power.

## New EU satellite system to improve management of natural disasters

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- MEPs vote Wednesday 16 June
  - Could detect potential flooding risk in Europe
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Earthquakes, floods, oil spills and other major disasters should be better managed in future thanks to a new earth observation satellite system to be developed in the EU by 2014. On Wednesday, Parliament gave its green light for the system's initial phase (2011-13) and approved €107 million in extra funding to make it fully operational.

Setting up this new Global Monitoring for Environment and Security (GMES) satellite system would enable the EU to collect its own data - most of which currently comes from American satellites. Thanks to MEPs' efforts, Parliament's deal with Council will provide for open and free of charge access to this data, so all local, regional and national players can use the data to help manage any natural disaster. This should also boost a "downstream market" for which small and medium-sized software companies can develop new applications.

Satellites could serve to monitor climate change and help policy makers to take better decisions on agriculture, forestry, energy, urban development, infrastructure or transport.

The EU funding foreseen for the 3-year initial operations phase is €107 million, supplemented by €209 million from the EU seventh research framework programme's "space" theme for accompanying research actions.

Parliament approved the regulation with 624 votes in favour, 33 against and 12 abstentions.

### What is GMES?

The primary purpose of the GMES system is to provide detailed environment and security data, tailored to user needs. The programme should boost innovation, research and technological development, and also become a key tool for supporting biodiversity, ecosystem management, and climate change mitigation and adaptation.

In the so-called "pre-operational validation phase", GMES services were developed through EU seventh research framework programme projects. To enter the operational phase, the programme needed a new legal basis and additional funding, which the new regulation will provide, to start initial operations in 2011-2013. The GMES programme should be fully operational by 2014

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A few weeks ago we spoke to German Socialist Norbert Glante who Drafted Parliament's report.

### Why do we need a European Earth Observation Programme?

The GMES is an earth monitoring initiative, managed by the EU, in collaboration with member states. Currently, data is collected by nations, research institutes, private companies and military observation. But there is a lack of compatibility. GMES is about collecting and preparing reliable data using satellites and terrestrial facilities.

The EU is building satellites in partnership with the European Space Agency, while member states will use air, ground and sea-based facilities to record and process data and make it available to users. The project will soon move into the operational phase.

## **How will it help citizens?**

The aim is to guarantee better management of the environment through information about the earth's surface, biodiversity, condition of oceans and composition of the atmosphere. This should provide greater security for the population, for example in connection with natural disasters.

In concrete terms, if an earthquake occurs accurate maps can be produced using satellites allowing improved management of rescue teams. Sea levels can also be accurately measured in order to observe the consequences of climate change and GMES can track the spread of an oil slick if there is a tanker disaster and warn people on the coast.

## **Had GMES been fully operational could disasters like the one in Haiti have been prevented?**

Of course natural catastrophes cannot be prevented by systems like GMES. But they can limit the negative effects.

Once a disaster has happened, GMES can help organise the rescue teams faster. Images can help identify the problem regions. You can see broken infrastructure -streets, trains, you can see if the airport is damaged or not. The population can be evacuated or helped more efficiently.

## **Unemployment is at its highest in 10 years. How can you justify the heavy costs of the project for the European taxpayers?**

The total costs are not clearly defined yet. In any case, we are talking about a few hundred millions - that is really not much for an infrastructure project. Nobody would argue against building a motorway during a period of high unemployment because it is too costly.

## Estonia's Euro currency bid gets Parliament's green light

- 1 January membership possible
- Could send signal to other Baltic States

Despite the current economic crisis and tensions in the euro, Estonia is set to adopt the single currency in January.

Estonia's bid to join the Euro was backed by the European Parliament on Wednesday (16 June) with 589 votes in favour, 40 against and 52 abstentions.

"It is very significant that such a small country knocks at the Eurozone's door at the time of the worst financial, economic and social crisis. It says a lot about the prospective member. It also says a lot about the Eurozone itself", said rapporteur and Maltese Socialist MEP Edward Scicluna in the debate preceding the vote.

"This new accession to the Euro shows that the Economic and Monetary Union is fully functional. In parallel to expanding we must also strengthen economic governance however. It is the only way to continue building a strong EMU", said Economic and Monetary Affairs Commissioner Olli Rehn, also in Monday's debate.

"Estonia's interest in the Euro in these difficult times is the Eurozone's light at the end of the tunnel", said Estonian MEP Ivari Padar (S&D). "Small countries would be lost without the European Central Bank and the fellowship of other countries", added Irish MEP Gay Mitchel (EPP). "Estonia symbolises the ever-present interest in what the EU has built", said German Liberal Wolf Klinz.

The resolution notes that Estonia has fulfilled the criteria as a result of the hard work of its government and people. It also notes the Commission's statement that Eurostat has verified the validity of all relevant statistics supplied by the Estonian authorities.

The Estonian authorities should speed up practical preparations for a smooth changeover and ensure that the Euro's introduction is not used as a pretext for "hidden" price increases, adds the resolution, which also reminds the government not to rest on its laurels, since price stability risks and macroeconomic imbalances always need to be addressed.

Finally, the resolution notes the differences between the Commission and ECB reports with regard to the issue of the sustainability of price stability.

Like all the countries that joined the EU in 2004 and 2007, Estonia must join the single European currency once it meets the criteria for membership.

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During an economics committee hearing in Strasbourg on 20 May, Edward Scicluna, the Maltese Socialist Member who drafted the report on Tallinn's euro ambitions said, "it is very significant that such a small country knocks at the eurozone's door at the time of the worst financial, economic and social crisis". His report will be put to the vote by all MEPs in June.

### **Pre-requisite stable prices and low budget deficit**

As well as low inflation Estonia's "Kroon" has been stable and the country is strongly integrated into the wider European economy with most of its trade being with fellow European Union countries.

Irish MEP **Gay Mitchell** of the centre right European People's Party welcomed the fact "that such a small country becomes part of the euro at such a time of wild speculation". Praising the country's "impressive performance", he said that Estonia could be a "flagship for the region", showing other Baltic countries that if "you do meet the criteria, you can join".

For some MEPs, the knock-on effect for Estonia's neighbours Latvia and Lithuania was the most striking aspect. Latvian MEP **Artūrs Krišjānis Kariņš** said, "Kudos to our Northern neighbour", adding this will be "an important signal for the region".

Swedish Liberal **Olle Schmidt** said "congratulations to Estonia - if it only could have been my own country".

## "High unemployment, low wages"

However, some thought the price of euro membership was too high. Speaking to us after the hearing Greek MEP **Nikolaos Chountis** of the leftist (GUE/ NGL) bloc deplored "the economic policies implemented by the Estonian government, in order to meet these criteria (which) led to high unemployment, low wages and social inequality"

Estonia's former minister of finance, Socialist MEP **Ivari Padar** said Estonia had previously embraced measures which the European Union is now urging on others. "We took control over the budget to be able to join euro zone," he said.

## Translation rights for EU citizens in criminal trials

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New rules guaranteeing that EU citizens facing criminal trials in another Member State can have the proceedings translated into their own language were approved on Wednesday by the European Parliament.

Under the rules, a British football fan arrested in Portugal would have the right to interpretation during police questioning, court hearings and communications with his lawyer. All essential documents would also have to be translated.

### **From suspicion to final decision**

The minimum EU-wide standards on the right to interpretation and translation in criminal cases, which will also apply to the execution of a European Arrest Warrant, are set out in a new EU directive intended to improve the rights of suspects or accused persons who do not speak or understand the language of the proceedings.

These rights would apply from the time the person is made aware that he is suspected or accused of committing a criminal offence until the conclusion of the proceedings, including sentencing and the result of any appeal.

Interpretation and translation must be provided into the accused person's native language or any other language that he understands and that allows him to exercise fully the right to defend himself. All essential documents, including decisions depriving a person of his liberty, the charge/indictment and any judgment, should also be translated.

The new EU law also sets out provisions on the quality of interpretation and translation, the right for the suspect to challenge the decision that there is no need for it, the right to complain of its quality and on training of judges, prosecutors and judicial staff.

"I have recently dealt with the case of Garry Mann, who was returned to Portugal under a European Arrest Warrant. In the original trial both the charge and sentence were delivered orally", was an example given by rapporteur Sarah Ludford (ALDE, UK), whose report on the directive was adopted by Parliament today by 637 votes to 21, with 19 abstentions.

### **Costs to be met by Member States**

The costs of implementing this directive will be covered by the Member States, irrespective of the outcome of the proceedings. "Cutting corners on costs is not best value since if you get a poor court decision or bad police practice, then people are going to appeal", said Ms Ludford.

This directive is the first step in a series of measures designed to lay down common EU standards in criminal law cases. It is also the first EU criminal justice legislation negotiated between EP and Council under co-decision.

Member States will have three years to transpose the directive. The UK and Ireland have opted into this legislation but Denmark has not.

## MEPs want firm targets for EU2020 strategy

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- MEPs want 3% GDP target for R&D spending
  - Call for 50% reduction in EU poverty
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A new form of economic governance for the EU is needed so that Europe is better prepared for future crises and to ensure the success of EU2020, the EU's growth and jobs strategy, said MEPs on Wednesday. They also called for more concrete targets to be inserted into the EU2020 strategy, including a 3% GDP target for R&D spending, binding goals for greenhouse gas emissions and a 50% reduction in EU poverty.

These recommendations were set out in two resolutions adopted by MEPs following debates with the Commission and Council. The resolution on economic governance was adopted by 507 votes to 91 with 29 abstentions, while the resolution on the EU2020 strategy was adopted by 562 votes to 57 with 24 abstentions.

### Reforming economic governance

The new economic governance model must have the Commission at its centre and should be based on a carrot and stick approach, rewarding good performance and penalising recalcitrant Member States, says Parliament. To gain the required legitimacy, this model must be built through a closer involvement of the European Parliament and national parliaments.

MEPs argue that emerging from the financial crisis will require a model of economic coordination based on the Community method and not intergovernmental cooperation. The setting up of a European Monetary Fund is also proposed. Finally, the resolution states that the Eurozone's stability will depend on bold economic governance focused not just on monetary policy but also on the social dimension.

Specifically on the running of the EU2020 strategy, MEPs warn that more binding rules are needed to replace the open method of coordination. They criticise the Member States for their lack of ambition so far and call for more detailed plans to be submitted by the Commission to the Parliament regarding the implementation of the initiatives.

Budgetary coordination is seen as crucial within the wider picture of economic governance.

MEPs insist that greater compatibility and complementarity is needed between Member State budgets and the EU budget. They also argue that Member States should be required to develop economic and spending policies focused around overall EU goals and not only national interests.

### EU2020: more concrete targets

More concrete targets should be inserted into the EU2020 strategy, says Parliament. These should include a 3% GDP target for R&D spending, binding goals for greenhouse gas emissions and a 50% reduction in poverty in the EU. In the field of education, MEPs urge the Council to set a 100% target for secondary education and a school drop-out rate below 10%.

Insisting on the completion of the internal market for the success of the Europe 2020 strategy, MEPs also indicate that high quality employment should be a key priority of any such strategy and call for a new agenda to promote decent work.

On spending, MEPs raised the alarm that the "flagship" programmes of the EU2020 strategy do not have sufficient funding from the draft 2011 budget and suggested options for remedying this.

## **Bus & lorry drivers: Rules on working time must apply to self-employed, confirm MEPs**

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- Self employed drivers brought under rules
  - Exemption of self employed drivers to end
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Self-employed bus and lorry drivers must be brought under the same rules on working hours as drivers who work for companies, decided the European Parliament on Wednesday, confirming a previous vote by the Employment and Social Affairs Committee.

A majority of MEPs voted today to reject the Commission's proposal that self-employed drivers continue to be exempted from the 2002 Working Time Directive on the road transport industry.

With 368 votes in favour, 301 against and 8 abstentions, Parliament's plenary confirmed the Employment Committee's vote of 28 April against any further exemption. The committee had cited health and safety and road safety concerns plus the need for fair competition in the industry. After the Commission told the House it "would study the different options, including withdrawal of the proposal", Parliament confirmed its position with a further vote on a legislative resolution, which was adopted by 383 votes to 263 with 23 abstentions.

MEPs who took the other side of the argument included Slovak MEP Edit Bauer (EPP), who drafted Parliament's report, and a majority of the EPP, ALDE and ECR Members. They supported the Commission's approach, which is to focus on the problem of 'false' self-employed drivers (those who are not really free to work for more than one client) rather than bringing genuine self-employed drivers within the legislation. They argued that "the self-employed are already covered by the regulation 561/2006 on driving time" and that "self-employed entrepreneurs are not as yet subject to working time restrictions in any other sectors".

### **Background**

Self-employed drivers were temporarily exempted from the rules of the existing EU directive on drivers' working hours but were due to come under those rules by 23 March 2009 unless the European Commission proposed legislation to the contrary. The Commission did just that in October 2008, seeking to exempt them permanently. Parliament has now rejected the Commission's proposal.

Self-employed drivers will also remain subject to the same rules as employed drivers on loading and unloading, assistance to passengers, cleaning and maintenance, and police and customs formalities. Current EU law on employed drivers lays down an average limit of 48 hours a week, which can rise to 60 hours a week provided it does not exceed the average of 48 hours a week over a four-month period.

### **Next steps**

With the rejection of the Commission's proposal, the Directive 2002/15/CE remains into force. This Directive foresees the inclusion of self-employed in the legislation from 23 March 2009.

## Closer cooperation between only certain EU countries makes its debut

The first instance of "enhanced cooperation" between a limited number of member states, has become a reality, more than two decades after the procedure was first introduced into the EU. Overcoming years of blockage in Council, 14 like-minded members states agreed to launch an enhanced cooperation process covering divorce between "international" couples. The EP approved the use of the procedure earlier today by 615-30 votes, following approval at the committee stage.

The divorce issue has been deadlocked since 2006. A total of 14 countries supported the breakthrough on divorce: Austria, Belgium, Bulgaria, France, Germany, Hungary, Italy, Latvia, Luxembourg, Malta (where there is legal separation but no divorce), Portugal, Romania, Slovenia and Spain.

The main provision is that international couples be allowed to choose to divorce in either one of their countries of origin or their common country of residence. Until now divorce courts had to sort out relevant legislation of all States involved.

Polish Rapporteur Tadeusz Zwiefka (EPP) said in his report that the new rules "ensure that these intrinsically painful episodes in their lives are not made even more difficult to bear by the difficulties associated with the courts' having to deal with the problems of applicable law, which are hard to comprehend even for many lawyers".

### Enhanced cooperation

Enhanced cooperation was initially introduced by Amsterdam Treaty of 1999 as an agreement between at least one third of Member States (i.e. 9 now) to submit to EU legislation. Such cooperation will not affect the other States, but will also not discriminate against them or exclude any who wish to join.

It is a measure of last resort that can only be introduced if it is determined that there is zero chance of agreement for or against a measure in the Council.

It cannot go beyond or contravene the EU legal order and must be *approved* by the Commission and the Council by qualified majority (i.e. no veto) and receive the *assent* of EP. The European Commission will oversee its application, like for any other EU legislation.

However, the EP is subsequently only *consulted* on the issue at hand, in this case divorce. Parliament's resolution asks for full powers of co-decision be accorded to EP in this matter.

## MEP just back from Korean peninsula

- MEPs debate tension on 16 June with foreign affairs High Representative Cathy Ashton
- EU one of few to have food programme with North

Eyes worldwide have turned to the Korean peninsula over recent weeks as tensions have risen between North and South following the sinking of a South Korean ship on 26 March.

The European Parliament debates the situation on 16 June with foreign affairs High Representative Cathy Ashton. Before the debate we spoke to Christian Ehler MEP -- leader of the Parliament's delegation for relations with North and South Korea.

### **The EP Delegation visited the Korean Peninsula in early June 2010. What are your main impressions from the talks you held there?**

The most relevant thing is how seriously the South Korean side takes the strategic partnership with the European Union. There are a lot of European companies engaged in huge strategic projects with South Korea for example on the electric batteries, in the aerospace area, even in the automotive industry. It's not just a simple market. For many companies it is the back door to China.

### **How can the EU help to ease the tensions between the two Koreas?**

First of all we shouldn't over exaggerate our position there. We are not a part of the six party talks. A strategic partnership from Korean side is not just about economics. They do want to learn from Europe's past experience in dealing with dictatorship and overcoming economic difficulties. Our main task is to transfer our knowledge from Europe to South Korea.

The EU is one of the few players which have an ongoing food programme in North Korea; the UN and many NGOs are no longer there. Our role is to keep a link with North Korea.

### **What is the right policy for the EU to deal with regime on Pyongyang?**

There is not so much room for manoeuvre. In our experience, when you deal with this kind of dictatorship you cannot use the usual diplomatic stimulus and response model. More important is constantly to repeat the same message: go back to six party talks (see fact box - NDR), denuclearize, and try to step into the UN community again. We have a very strong position on humanitarian rights, but we want to continue the food program in North Korea. Thus we will know that the population will not be in danger of starvation.

### **What was the strongest human experience for you on this trip on a personal level?**

When we went to the border between two countries on the South Korean side we could see a lot of trees and relatively green area. But on the North Korean side we saw only artillery positions and many miles of landmines. There are roughly 2.5 millions landmines in North Korea.

#### **Six party talks**

- The Six-party talks aim to find a resolution to the security concerns as a result of the North Korean nuclear weapons program.
- Those concerned are: People's Republic of China ; Republic of Korea (South Korea) ; Democratic People's Republic of Korea (North Korea) ; United States of America ; Russian Federation and Japan.

## MEPs set out clearer and more consistent food labelling rules

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- MEPs call for mandatory nutritional information
  - "Traffic light" suggestion rejected
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Food labels should feature mandatory nutritional information and guideline daily amounts, according to draft EU legislation as adopted by MEPs on Wednesday. However, they rejected a proposal for 'traffic light' values to highlight the salt, sugar and fat content of processed foods.

Following a lively debate, MEPs voted for labelling rules that will enable consumers to make healthy, well-informed choices, while limiting as far as possible the administrative and financial burden on food businesses.

"Overall I am satisfied with the result of today's important vote on clearer food information rules. Personally, I am pleased that MEPs did not support traffic light labelling, but I also feel that we can continue to improve the current proposal to better inform consumers", commented German MEP Renate Sommer (EPP), who drafted Parliament's report.

### Prominent, compulsory nutrition labelling

MEPs backed the European Commission proposal that quantities of fat, saturates, sugar and salt - as well as energy - must be indicated on the front of food packs. These should be accompanied by guideline daily amounts and expressed with per 100g or per 100ml values.

They also voted for details of protein, fibres and transfats to be included elsewhere on the packaging. To ensure the labels are legible, MEPs want a wide range of factors to be taken into account.

### Red light for colour values: simple or simplistic?

A clear majority of MEPs rejected a proposal by the S&D, Greens/EFA and GUE/NGL groups to introduce a traffic light system, which would have required certain processed foods to bear red, amber and green values to indicate high, medium or low levels of salt, sugar and fat. They also opposed such schemes being allowed to run in parallel at national level.

### New country of origin requirements

Country of origin labelling is already compulsory for certain foods, such as beef, honey, olive oil and fresh fruit and vegetables. MEPs supported extending this to all meat, poultry, dairy products and other single-ingredient products. They also voted for the country of origin to be stated for meat, poultry and fish when used as an ingredient in processed food. However, this may be subject to an impact assessment.

Meat labels should indicate where the animal was born, reared and slaughtered, says Parliament. In addition, meat from slaughter without stunning (according to certain religious traditions) should be labelled as such.

### Nutrient profiles reinstated

By a single vote, MEPs rejected an Environment Committee recommendation to delete 'nutrient profiles' from existing EU nutrition and health claims legislation. Considered unscientific by its critics, the system is seen by others as essential to assess health claims.

### Exemptions for non-prepacked food and alcohol

MEPs want food that is not prepacked, such as meat from a butcher, to be exempt from nutrition labelling rules. Microenterprises making handcrafted food products should also be excluded, they say. A majority of MEPs supported an exemption for alcoholic drinks but they demanded strict labelling for mixed alcoholic drinks or 'alcopops', further suggesting that these should be kept separate from soft drinks where they are sold.

## **Entry into force**

The final vote in Parliament today was 559 in favour, 54 against and 32 abstentions. However, no quick agreement is expected with Council, so the draft legislation is likely to return to Parliament for a second reading. Once the legislation is adopted, food business will have three years to adapt to the rules. Smaller operators, with fewer than 100 employees and an annual turnover under €5 million, would have five years to comply.

## Israeli attack on Gaza ships: Parliament calls for international inquiry and end to blockade

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- MEPs demand international inquiry
  - Call for end to Gaza blockade by Israel
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An international and impartial inquiry into Israel's attack on a humanitarian flotilla, the opening of all crossing points to and from Gaza and an immediate end to the blockade are among Parliament's demands in a resolution passed on Thursday. MEPs also advocate reshaping the EU's Middle East policy, to make it more decisive.

Israel should immediately end the Gaza blockade, which has resulted in a humanitarian disaster, paralyzed the Gaza Strip's reconstruction and economy and aggravated political radicalisation, say MEPs. At the same time, they call on EU High Representative Catherine Ashton to submit an EU plan to the Quartet to help end the blockade.

To address Israel's security concerns, MEPs proposes international monitoring of the crossings, including the re-activation of the EU Border Assistance Mission (EU-BAM). Parliament calls on Hamas to stop all attacks against Israel immediately, and also to free Gilad Shalit, the Israeli sergeant kidnapped by Hamas in 2006 and held incommunicado ever since.

The EU-Israel Association Council and the EU-Palestinian Authority Joint Committee should be convened to discuss the current the Middle East crisis, adds the resolution.

Although recent events have damaged relations between Turkey and Israel, Parliament encourages the Turkish government to focus its diplomatic and political effort on easing the plight of the Palestinian people and contributing to the Middle East peace process.

The resolution was approved in a roll-call vote, with 470 votes in favour, 56 against and 56 abstentions.

## MEPs call for strong European aquaculture sector

A stronger aquaculture in Europe could help meet growing the consumer demand by providing alternatives to wild fish species. However, safeguards are needed to prevent environmental and public health risks, says a resolution adopted by the European Parliament on Thursday. MEPs argue that clearer rules, less red tape and research investment are needed for the sector to take off.

The resolution drafted by Italian **Socialist MEP Guido Milana** and adopted by 420 votes to 15 with 7 abstentions, suggests ways of boosting the European aquaculture sector, which is lagging behind the industry in other parts of the world.

Speaking to us ahead of the vote **Mr Milana** told us that: "the European aquaculture sector should not be underestimated. Whereas the demand for farmed products for 2/3 is covered by imported products from third countries, it will be essential to assess the potential of the sector, both in terms of employment, than of environmental sustainability, raising the threshold of farming quality standards and contributing to reduce the pressure on fish stocks."

### Clarity for businesses

The aquaculture sector requires investment, long-term planning and hence clear and stable rules, emphasise MEPs. They therefore call on the Commission to consolidate all EU legislation on this sector.

Future legislation should lay down standard certification criteria for products and basic parameters on environmental impact, use of water resources, feeding of farmed fish, molluscs and crustaceans, product traceability and labelling, fish health and welfare standards. Implementation and checks would be the responsibility of Member States.

### Better information and less red tape

MEPs also stress the need to lay down rigorous quality and traceability criteria and clear labelling principles for high-quality and organic aquaculture products. The Commission is asked to introduce an eco-labelling programme for fishery and aquaculture products that follows the current general EU guidelines in the area.

Arguing that sector's success will largely depend on a more business-friendly environment, the resolution urges Member States to reduce red tape for start-ups, for example by creating one-stop shops for administrative formalities.

### Funding: focus on sustainability

Additional funding via the future European Fisheries Fund is needed, with a focus on innovative farms with lesser environmental impact, says Parliament. However, financing should be available only for sustainable practices. Aquaculture systems which deplete wild fish stocks or pollute coastal waters must be deemed unsustainable, believe MEPs.

The resolution also argues that European aquaculture should give priority to fish species which do not need other fish as part of their feed or which require smaller amounts of fish meals and oils.

Lastly, pointing to the damage caused to aquaculture farms by birds of prey, in particular cormorants, MEPs repeat their call for a European cormorant management plan. They also stress the need to provide compensation for damage caused by animals that are protected by law.