

MONDAY, 22 SEPTEMBER 2008

IN THE CHAIR: MR PÖTTERING

President

1. Resumption of the session

President. – I declare resumed the session of the European Parliament adjourned on Thursday, 4 September 2008.

(The sitting was opened at 5 p.m.)

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

3. Composition of Parliament : see Minutes

4. Verification of credentials : see Minutes

5. Composition of committees and delegations : see Minutes

6. Proclamation of 23 August as European Day of Remembrance for Victims of Stalinism and Nazism - Combating the trafficking of children (written declarations): see Minutes

7. Signature of acts adopted under codecision : see Minutes

8. Communication of Council common positions: see Minutes

9. Documents received: see Minutes

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

11. Lapsed written declarations: see Minutes

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

13. Petitions: see Minutes

14. Transfers of appropriations: see Minutes

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

16. Statement by the President

President. – Yesterday another murder was committed by the terrorist organisation ETA. A 46-year-old army sergeant-major, Luis Conde de la Cruz, was killed by a car bomb in northern Spain. This was the third car bomb to explode in Spain within 24 hours. Several people were injured in the three blasts, one of them seriously. The European Parliament strongly condemns this act of terrorism and wishes to express its deep concern.

On behalf of the European Parliament, may I express my sincere condolences to the family and relatives of Sergeant-Major Conde and our solidarity with Spain, its authorities and especially the Spanish security forces.

I would also like to express our support and deep sympathy to those who were injured in the bomb blasts and to their families.

We must reiterate time and again in no uncertain terms that terrorism is a direct attack on freedom, human rights and democracy. We cannot repeat often enough that there is no justification whatsoever for terrorism. For this reason we must act together in our fight against terrorism, always respecting the rule of law and applying the full force of the law. The European Union is a community based on solidarity. An act of terrorism in a member country of the European Union is an attack on the entire European Union, on every single one of us.

I now ask you all to rise for a minute's silence.

(The House rose and observed a minute's silence.)

17. Order of business

President. - The final version of the draft agenda for this part-session as drawn up by the Conference of Presidents at its meeting of Thursday, 18 September 2008, pursuant to Rules 130 and 131 of the Rules of Procedure has been distributed.

Monday, Tuesday and Thursday:

No amendments

Wednesday:

The Liberal Group has requested an extension of the deadline for the tabling of joint motions for resolutions and amendments on the priorities of the European Parliament for the legislative and work programme of the Commission until 10 a.m. tomorrow – Tuesday, 23 September 2008.

The vote is scheduled for Wednesday, 24 September 2008.

Daniel Cohn-Bendit (Verts/ALE). - *(DE)* Mr President, last weekend the Irish press revealed that there may be a link between those who funded the 'no' campaign in Ireland and the Washington Pentagon and the CIA. That was a very interesting story, the reason given being a desire to stop Europe becoming too strong. I wish to ask the President to investigate the matter. We should also ask the Council – the Council and the Commission – to provide us with information about this at the next opportunity, for it would certainly be interesting to find out the truth behind this whole shady 'no' campaign in Ireland that received EUR 1.2 million in funding. I therefore ask the President to pursue this matter so that we obtain information and uncover the background to this story.

President. – Thank you, Mr Cohn-Bendit. Let me say to you that I have already been following this whole development very attentively for some time now. We must maintain absolute transparency, because, as you know, these people who attack us demand that we act transparently – and they themselves, of course, should practise what they preach. We need absolute transparency about the amount of money paid to Libertas, the organisation represented by Declan Ganley, and where the money came from.

We learned from the Irish media – and I am repeating here what was reported last week in Ireland – that Mr Ganley had claimed in the past that the donations came from quite ordinary people and that they were small donations. Now he has admitted that he himself made EUR 200 000 of his own money available to the organisation, and it has subsequently been confirmed that Mr Ganley had concluded military procurement contracts with the Pentagon to fulfil orders worth about 200 million dollars, I believe. Some reports quote a far higher figure.

We must continue to keep close tabs on these things, and the facts must be put on the table. We cannot allow Europe to be damaged by people who demand transparency but are not prepared to play by the same rules themselves.

(Applause)

Let me say most emphatically that I greatly admire the way in which Dick Roche, the Irish Minister for European Affairs, has made it his personal responsibility to investigate these matters, and I warmly encourage him to continue his systematic pursuit of the truth.

Ladies and gentlemen, I gather from the applause you gave me that we are on the side of those who want transparency in all of these matters in order to ensure that no harm comes to Europe.

(Applause)

Philip Bushill-Matthews (PPE-DE). - Mr President, on a point of order, this concerns the agenda on Thursday where we made a late request – I am sorry it was late – it is a proposal to change slightly the agenda for Thursday where currently there is a vote proposed for the social package resolution.

At the moment, individual groups have tabled their own separate resolutions. With the best will in the world and good faith on all parts we tried to negotiate collectively a compromise resolution. We have not managed to do that, so at the moment what is likely is individual resolutions will be voted and each resolution would be voted down, which would not give a very good message. Therefore, collectively the majority of political groups thought it was a good idea if I just stood up and made the case that perhaps it would be tactful not to have a vote at all on the resolution.

This is not because it is not important: it is because it is important. We did not want to give the wrong message and it was better to give *no* message following the debate that we had, very fully covering the various points, last time. So the proposal, supported by a majority of groups, is that we do not have a vote this Thursday.

President. – We shall give some more thought to this matter. May I ask the groups to get together again and see whether a solution can be found. In the meantime, we shall take note of what Philip Bushill-Matthews has said.

(The order of business was thus established..)⁽¹⁾

18. One-minute speeches on matters of political importance

President. – The next item is one-minute speeches on matters of political importance.

Rareș-Lucian Niculescu (PPE-DE). - (RO) The first European Summit on Roma integration took place last week right here in Brussels. The inclusion of this complex issue, that of the Roma, on the EU agenda is an idea which Romania has constantly supported, and I believe it should be welcomed. The Council of Europe, which has been concerned with this issue since 1990, remarked that the Roma constitute a genuine European minority. Therefore, the Roma issue is a European, not a national one, and I believe that the European Commission should have the Parliament's full support for its initiative.

I believe that the European Parliament should speak in favour of placing education at the very core of the European policy concerning the Roma, because the experience of recent years has proven education to be the surest way towards integration and towards the successful overcoming of obstacles both by the Roma and by their neighbours.

Csaba Sándor Tabajdi (PSE). - (HU) Mr President, today we are witness to a gross infringement of the ban on market discrimination on the part of German and Austrian supermarket chains that are boycotting the Hungarian poultry farming and processing industry.

This involves the REWE, SPAR, METRO and Kaufland supermarkets, which are not taking delivery of Hungarian products in the wake of a boycott by an Austrian animal rights organisation. Consequently, this has caused a loss of 2 billion forints to the Hungarian poultry sector. They are using racial discrimination against Hungarian products, and thus violating the European Union's competition laws.

Those affected will therefore turn to the European Court of Justice, since two of the Union's fundamental principles are being violated: the ban on racial discrimination, and equality and freedom of competition. Thank you for your attention.

Filiz Hakaeva Hyusmenova (ALDE). – (BG) Mr President, esteemed colleagues, a National Emergency Call 112 System will go into operation in Bulgaria as from 30 September 2008 in implementation of Directive 2002/22/EC of the European Parliament and of the Council. The system will be dialable from any point of the national territory and will guarantee fast and free access to this service. The technical solution of the Bulgarian 112 system uses state-of-the-art technologies and allows calling line identification. Detailed

⁽¹⁾ Further amendments to the order of business: see Minutes

information on the setting up and functioning of the system has been provided by the Bulgarian Ministry of Emergency Situations to all Members of the European Parliament.

I would like to express gratitude for the postponement of the infringement procedure and for the assessment given to the Bulgarian Government by the European Commission for the setting up of the emergency call system. I view this assessment as an expression of the care that the Community takes of the safety and health of European citizens.

Monica Frassoni (Verts/ALE). - (IT) Mr President, ladies and gentlemen, events over the last week have made it a particularly sad and difficult week for those for whom liberty and racism are important issues: six migrants from various African countries were killed by the Camorra in Italy, last Thursday; originally they were accused of being pushers and criminals, but that was then discovered to be completely untrue. A black youth was also beaten to death in Milan.

At the same time, there was an incredible response in the city of Cologne to the same issues, to the issues of racism and discrimination.

I feel that Europe currently has two very different faces. I also feel that this Parliament should start to take a much more active stance on the issue of racism than it has in recent times, since in many countries – including mine – racism is making an extremely tragic comeback!

President. – Thank you. Every human being has equal dignity.

Eoin Ryan (UEN). - Mr President, I would like to raise the issue of the 4.6 million people in Ethiopia who are facing starvation because of acute food shortages. This has come about because of drought. The Ethiopian Government is saying that it is not a famine, but UNICEF is saying that there is famine in certain parts of the country and people are at acute risk of famine. It is only happening in certain areas, and I believe that the international community and the EU must act quickly and try to supply about half a million tonnes of food if we are to avoid a complete famine. I think this is a priority and, as the European Union is one of the biggest contributors to overseas development aid, I think it is absolutely essential that we do this immediately.

Mr President, let me just say that, as an Irish Member, I agree with the comments you have made about Libertas and the Irish referendum. We fought for a 'yes' campaign; we were open and transparent about our funding. Libertas told us one thing, and now we have discovered it is very different. I want to encourage you and everybody to ensure that Libertas is far more open and transparent in terms of where exactly the money came from, because people want to know.

Mary Lou McDonald (GUE/NGL). - Mr President, while European Central Bank President, Jean Claude Trichet, has repeatedly expressed concern about inflation indexation of wages, he has failed to take into account the plight of workers, particularly the low-paid, struggling as the cost of living escalates. And, while ensuring that interventions have a minimal inflationary impact, wage increases are needed for low-paid workers, who are now under severe pressure. Curbing inflation across Europe cannot be boiled down to curbing legitimate wage demands. While, of course, those on higher wages can afford to exercise wage moderation, the lower-paid are a different matter. Domestic government and national central banks are best placed to respond to changing economic circumstances, and that is why I have always opposed measures that have undermined economic sovereignty. Indeed, as a small state, Ireland is well aware that our economic situation is peripheral to the policy-making concerns of the ECB and that, therefore, the positions often adopted by the Bank are not always in the best needs or interests of the Irish economy.

I too favour transparency in funding. I also favour respect for democratic outcomes, and this body should note that all of the campaigns that fought and won the argument for a 'no' vote, with the exception of one, have published full and frank accounts, and there is no question as regards the mechanisms of spending or the funds that those groups, including my own party, received.

Gerard Batten (IND/DEM). - Mr President, we vote tomorrow on a report that appears to limit the immunity of Europol officials, but is a smokescreen for future legislation that will actually extend this until after 2010. There is no debate. The vote is merely a consultative exercise. The decision will be made by the European Council.

Europol officials will be able to operate in Member States in a wide variety of capacities that will give them immunity for anything that they do and anything that they say in the course of their duties – a privilege not even enjoyed by the NKVD under Stalin's 'Great Terror'.

This will be an innovation in England, where no public official has immunity from prosecution. Under the Lisbon Treaty, Member States' parliaments will not be able to block the further extension of Europol's powers, amended by Council decisions. These are the first steps in the creation of a European Union police state.

Philip Claeys (NI). - (NL) Mr President, I urge you to enter a formal protest to the Mayor of Cologne about his refusal last weekend to allow MEPs and other elected persons to express their views peacefully and attend a congress on an important social and political issue, namely the islamisation of Europe.

Leftist extremists physically attacked people, set fire to items of street furniture and brought the entire city centre to a standstill in their determination to prevent people from attending a peaceful congress. Mayor Schramme not only declined to condemn this violence and intimidation, he applauded it and went as far as to imply that it was the people of Cologne who had spontaneously opposed the holding of a congress.

There were plenty of witnesses to this, and it is disgraceful that such things can still happen today in a country that calls itself a democracy, that people are forcibly prevented from speaking out.

Colm Burke (PPE-DE). - Mr President, I would like to raise the issue of the travel ban imposed by Belarus, which prevents children affected by the Chernobyl nuclear disaster from travelling abroad.

Over 1 000 Irish families host these Belarusian children in their homes every summer and Christmas for rest and recuperation, which often includes medical assessment and, in some cases, treatment. There is a bilateral agreement between Italy and Belarus, which means that Italy is not affected by the ban. I know that the Irish Minister for Foreign Affairs is seeking an agreement with Belarus and I welcome the discussions that are taking place.

I would also underline the need for an EU-Belarus agreement. Under the European neighbourhood policy, the EU will provide Belarus with financial aid to the tune of EUR 20 million for the period 2007-2010. The EU should make a reversal of the travel ban a condition for receipt of that funding.

An EU-Belarus agreement should also be created to allow Belarusian children to continue to travel to EU countries for rest and recuperation. This would secure the rights of children to travel in the long term.

Maria Badia i Cutchet (PSE). - (ES) Mr President, the United Nations regards trafficking in persons as incompatible with the dignity and worth of the human being; nonetheless, every year over half a million people are victims of trafficking, of whom 80% are women and girls, half are minors and the majority are prisoners of sexual exploitation.

Furthermore, a significant number of women who are victims of trafficking enter the European Union every year, according to the International Organization for Migration.

Tomorrow, 23 September, is the International Day Against the Sexual Exploitation and Trafficking of Women. I believe it is a good opportunity for us in this Chamber to commit to enhancing all measures to combat this scourge which infringes the rights of so many people and in particular to combat the traffickers, and poverty, by providing improvements to increase educational and employment opportunities and by implementing awareness-raising strategies in the countries of destination with the aim of making the issue the topic of public debate.

Harald Ettl (PSE). - (DE) Mr President, as a trade unionist, I want to speak today about the tragic events at the shipyards in the Tuzla district of Istanbul. In the last three years alone, more than 90 workers have lost their lives in Tuzla, victims of lethally harsh working conditions. The most recent occurrence was a tragic accident on 11 August that I would describe as criminal. Three temporary workers died while testing a lifeboat, and 16 workers were injured. As the dinghy was being lowered from its ship, the lines snapped, and the workers were sent plummeting into the water.

The particularly tragic thing about this accident is that these tests are normally conducted with sandbags. The workers were used as human sandbags, so to speak. Workers who wanted to strike in protest at the calamitous safety arrangements were threatened by subcontracting companies with instant dismissal.

The Commission has already pointed out, in its progress report in 2006, that the rights of workers and trade unions are inadequate in Turkey. I therefore ask you to urge the Turkish authorities to treat trade unions as equal partners of industry and to act at long last to create humane working conditions and stricter safety guidelines for the Tuzla workforce in order to put an end to this appalling state of affairs.

Magor Imre Csibi (ALDE). - Mr President, the foundation of the EU rests on the principle of representative democracy. We as members of the European Parliament have a duty to make sure that Europe's policies reflect the will of citizens. Therefore I wish to express the wariness caused by the ever-increasing number of GMO authorisations, and when I do this I speak on behalf of the majority of the citizens of the European Union. A Eurobarometer published in March of this year indicates that 58% of Europeans are against GMOs. Over a third of them consider that they are not being properly informed of the benefits and risk of GMO usage in agriculture.

These figures should worry us. Instead, the Commission continues authorising an ever-increasing number of GMOs to enter the EU agricultural market. The 8 September authorisation of another genetically-modified soya bean is but the latest example.

Esteemed colleagues, in consideration of these facts I suggest we ask the Commission to start an EU-wide information campaign on the risks and benefits that GMO represent to people and the environment. A new assessment should follow. Until the citizens of Europe are properly informed and express their position on this very sensitive subject, I am asking the Commission to stop authorising any new GMOs.

Milan Horáček (Verts/ALE). - (DE) Mr President, the main pillars of the EU – democracy, human rights, freedom and the rule of law – must be the basis of the new partnership agreement with Russia. Russia's conduct in Georgia has shown us again that it is not prepared to respect the rule of law and international agreements under Dmitry Medvedev either. The six-point plan for Georgia calls for the restoration of the situation that obtained on 7 August. This entails the withdrawal of the Russian forces to the lines they held prior to the outbreak of hostilities in South Ossetia, and not the deployment of an additional contingent of 3 800 troops.

Moreover, human rights are being trodden underfoot. The situation of political prisoners is intolerable, as the case of Mikhail Khodorkovski demonstrates. The same applies to non-compliance with the Energy Charter, by which Russia, as one of the signatories, should be bound.

Ewa Tomaszewska (UEN). - (PL) Mr President, pogroms of Christians, incited by Hindu fundamentalists, are taking place in India. This is connected with the murder of a Hindu leader, a crime that the police blame on Maoists. Christian settlements and schools are being set on fire. The fundamentalist Hindus are blaming Christians for this murder, without just cause. In Orissa over 40 000 Christians have taken refuge in the jungle. About 15 000 are living in refugee camps under police protection. More than 20 people have been murdered. In the villages of Tangia and Rupagaon Christians were burnt to death in their houses. At least 8 people were killed in the Kandhamal area. At least 10 churches have been burnt down. Archbishop Vincent Concessao of the Delhi diocese believes that more effective measures need to be taken to quell the violence. The local authorities are not taking the steps required. Hatred of Christianity should be countered in the same way as other extreme forms of intolerance.

Pedro Guerreiro (GUE/NGL). - (PT) Mr President, António Guerreiro, Fernando González, Gerardo Hernández, Ramón Labañino and René González, five Cuban nationals who merely defended their homeland and their fellow countrymen to ensure that they ceased to be victims of terrorist acts promoted and organised by Miami-based groups, have been unjustly imprisoned in the United States since 12 September 1998, almost 10 years ago. During those ten years these five Cuban nationals have been subjected to countless unlawful situations, unacceptable and inhuman punishments, pressure, blackmail and violations of the most basic human rights, such as the US administration's imposition of cruel obstacles and restrictions on visits by their families. Elizabeth Palmeiros, Ramón Labañino's wife, has been waiting over two years for a visa. António Guerreiro has had no visits from his family for over a year and a half, and Fernando González has been in the same position for over a year. The US authorities have prevented Adriana Perez from visiting her husband, Gerardo Hernández, since 12 September 1998, while Olga Salanueva has been unable to visit her husband, René González, since August 2000. We demand justice, we demand the release of these five Cuban patriots.

Kathy Sinnott (IND/DEM). - Mr President, despite our wet Irish climate, major flooding was a relatively uncommon occurrence in the past. Recently, destructive flooding has become a yearly, seasonal phenomenon.

A number of factors are implicated: building on flood plains, poor maintenance of drains etc. But one important contributing factor – inappropriate plantation forestry – was encouraged by EU funding over the last couple of decades and for this reason deserves your close scrutiny.

These spruce tree plantations, especially when planted on upland areas, have significantly changed the drainage pattern of Irish river systems. At the same time, the planting of native Irish trees and forests was largely neglected, because of the way the funds were organised in the past.

It is unfortunate that in the new Rural Development Programme, Ireland has chosen to exclude forestry from the scheme. To starve native Irish forestry of funds at this critical time, when it needs to make a comeback, is a recipe for disaster, with increased flooding, water contamination, CO₂ build-up and a continued loss of soil fertility.

There are token projects in the programme involving native species. However, it cannot be denied that an opportunity to use the funds for native trees to mitigate against future flooding has been lost.

Kinga Gál (PPE-DE). - (HU) Mr President, ladies and gentlemen, we should not only advertise intercultural dialogue, but also protect it if it is attacked, especially if ethnic co-existence is corroded day by day within one of our neighbouring countries, a Member State of the Union.

There have already been and unfortunately may yet be sad consequences of the inflammatory, coarse statements by Ján Slota, president of one of the governing parties in Slovakia, and his games on the YouTube video website, calling on people to kill politicians in the Hungarian minority party in Slovakia, as well as, most recently, the statement by the Slovak education minister that he would ban the public use of Hungarian in Slovakia, and that the reason he supports the minority Hungarian Members of Parliament is that they participated in a forum in Budapest that upset members of the Hungarian Parliament.

The consequences of tolerating extreme statements and of incitement are already very much felt. According to recent opinion polls, more than 60% of 15-year-olds hate Hungarians most of all and agree with the astounding, inflammatory accusations coming from leading Slovak politicians over the years. Hungarians, however, are starting to feel scared. This is all happening now, while we open our arms wide, and think that the consequences will not happen, Parliament, the Commission and the Council are busy, and we celebrate the year of intercultural dialogue. Thank you for your attention.

Silvia-Adriana Țicău (PSE). - (RO) An approximate 60 million European citizens, amounting to 15% of the EU's population, are at risk of poverty. The following priorities have been identified for eliminating poverty: a higher rate of employment, preventing school drop-out, eliminating child poverty, modernising social security, and eliminating discrimination. Investment in education should be a priority. Ensuring modern infrastructure for education and improving the professional training, payment and status of teaching staff are prerequisites for quality education.

Today, the average rate of school drop-out in the EU is over 16%. Many of the young people dropping out of school come from rural areas and are forced to stop attending school by their precarious financial state. I urge the Member States to treat as a priority the development of educational infrastructure and the creation of employment, particularly in rural areas. Better education guarantees a decent standard of living for the younger generation, thus improving the social and economic cohesion of the European Union. The future of the EU depends on the strength, value and quality of present and future generations.

Pál Schmitt (PPE-DE). - (HU) Thank you, Mr President. On 15 September the founding meeting of the European Institute of Innovation and Technology was held in Budapest. Hungary and Budapest, the city selected as the centre of the institution, have a great tradition in the field of scientific research. Just think of the fact that 12 Nobel Prize winners were Hungarian scientists who participated actively in crucial inventions of the 20th century.

The most important tasks of the new institution are to promote and coordinate cooperation between European science centres and to create a network of universities, research institutions and private-sector players in innovation. These goals coincide with the fundamental principle of the Lisbon Strategy, the concept of creating a knowledge-based society with the improvement of competitiveness, economic growth and the creation of jobs at the centre.

Mr President, please allow me to thank the decision makers for selecting Budapest in Hungary as the location for this important institution. I am convinced that we will be good hosts to this institution. I would like to draw your attention to the unprecedented political consensus reached on this matter in Hungary. I honestly hope that the institution will promote success next year, which the European Union has declared as the year of creativity and innovation. Thank you for the floor.

Marian Harkin (ALDE). - Mr President, less than two weeks ago the European Court of Justice found that Ireland was in contravention of the Water Framework Directive in regard to some of its waste water treatment systems. I must say that, personally, I am very pleased that the Commission is actively involved in trying to ensure clean drinking water in Ireland. However, the EU Commission now has an opportunity to build on that good work. It can do this by granting an extension to the Farm Waste Management Scheme. The deadline for completion of works is December 2008, but, because of exceptional circumstances, work will not be completed. If the deadline is not extended, as I said, work will be incomplete and nobody will benefit.

Extending the scheme would be a win-win situation for water quality in Ireland, for the environment, for farmers and for Commission policy. It would be a reasonable and sensible move by the Commission to extend the deadline in order to ensure compliance with the Nitrates Directive, and it would show joined-up thinking with regard to the implementation of EU policy.

Árpád Duka-Zólyomi (PPE-DE). - (SK) Slovakia, a Member State of the Union, has adopted the European Union's value system, which means that it should also respect the principles of the cultural and linguistic diversity of the Community.

However, the recent survey by the Open Society Fund points to a dangerous increase in Slovak pupils' hatred of the Hungarian minority and shows that more than 63% are of the opinion that, in public, Hungarians should speak only Slovak, with use of the Hungarian language being limited to their homes. The outrageous thing is that even the Minister for Education gave his full support to this view in parliament.

This is a startling situation. The Minister's position is unconstitutional and contradictory to Slovak legislation and the principles on which democratic Europe is based. Since the coalition government of Mr Róbert Fico came to power, something has been wrong in Slovakia. Anti-Hungarian, racist and xenophobic displays have been getting more numerous, chiefly due to Mr Ján Slota, the chairman of the ruling party. The perplexing thing is that neither the prime minister nor the representatives of the coalition parties are protesting about this, nor are they condemning this damaging and dangerous trend.

Slavi Binev (NI). - (BG) Mr President, esteemed colleagues, I would like to turn your attention to the latest in a series of scandals that have erupted in Bulgaria in connection with the EUR 49 million spent by the Ministry of Interior on the use of special surveillance means. The expenditure would be justified if there was even a single criminal detected and convicted thanks to the use of listening and watching devices. At the same time, Interior Ministry officials have always argued that they lack even rudimentary equipment to successfully prosecute criminals in Bulgaria.

It turns out that after enough money to pay for 15 reconnaissance planes has been spent, the only thing that Bulgarian policemen can say is to report that they were unable to see who planted a bomb in a clandestine brothel in the centre of the capital city. The facts invite just one possible conclusion. The Ministry of Interior, together with certain private companies, are ripping off Bulgarian taxpayers, they are robbing them systematically, and then on a huge scale. The services that are supposed to prevent crime are used only for political and economic racketeering, and for squaring accounts with the opposition.

Iuliu Winkler (PPE-DE). - (HU) Thank you very much, Mr President. In the years to come, the sustainable development of the European Union's economies can only be realised if we strengthen the 23 million small and medium-sized enterprises in the Union, since they safeguard roughly 4 out of 5 jobs that have been created in the Union recently.

The European package of measures for small businesses, the 'Small Business Act', published by the Commission in June, acknowledges the central role played by small businesses in European economies and provides a general framework for the policy of the Union and the Member States. This document proposes the adoption of new regulations in key areas such as simplified regulation of state aid and an increase in financial discipline.

However, European small businesses need more than merely the political will of the Commission, Parliament or even the Member States. Small businesses need the new regulations to be drawn up quickly and applied effectively. The European Parliament must assume a key role in accelerating this process. Thank you.

Katalin Lévai (PSE). - (HU) Mr President, we are finding that extreme ideas and violent manifestations are spreading among people, social groups, ethnicities and not infrequently among peoples and nations. There are political instruments for stopping them, and administrative and police instruments may be put into action.

However, politicians who think in the long term prefer to call for dialogue, not only political dialogue, which often leads to conflict, but also cultural dialogue. In order for us to sustain dialogue with someone about culture, we must first know our own culture.

The essence of the year of intercultural dialogue is that we should get to know the different layers of society and the life and past of minorities, ethnic groups and nationalities, which may seem strange at first glance, not only among countries but also within a country. The unity of a nation and good relations between peoples, ethnic groups and nations are assisted by this kind of familiarity, but a lack of it prevents this.

In the year of intercultural dialogue, I feel it is especially important for all European societies to maintain truly valuable dialogue between the majority and the minority, because it is only in this way that true relations can develop between the cultures of European countries. It's a European phenomenon that we have to handle at European level. Thank you very much.

Dragoş Florin David (PPE-DE). - (RO) Together we decided that the European energy policy would aim at decreasing the EU's energy dependence, guaranteeing the security of supply and the transparency of prices. What we notice today is that the European gas market is characterised by considerable dynamism in all regards: energy policy, technical equipment, the gas business itself, and the transparency of prices, as pricing is a key component in the protection of European consumers.

In this context, the metering and billing of gas in relation to end consumers requires the development of appropriate standards allowing for a uniform calculation method, recognised throughout the EU, so that measuring will be transparent, i.e. fair, unbiased and accurate.

I call on the European Parliament today to take all the necessary measures to promote verification of the way in which gas is metered and billed, because we have found that in Romania gas transporters and distributors fail to meet these requirements: gas is metered in cubic meters and billed in kw/h, and citizens are unable to check their actual consumption, which is the result of a mathematical formula that are based on debatable parameters.

Proinsias De Rossa (PSE). - Mr President, there is widespread anger and fear amongst our citizens concerning the collapsing financial institutions globally and their potential impact on pensions, savings and jobs.

I am pleased that Commissioner McCreevy is here for the debate that is about to take place. However, I believe that he must act swiftly with regard to what this Parliament is proposing – to rein in 'casino capitalism', which has driven us to the edge of the economic abyss.

Commissioner, if your commitment to neo-liberal ideology will not allow you to do so, then you should resign and allow someone else to be appointed who is prepared to face down the market buccaneers. Strict, new regulation of the financial and banking sector is urgently needed and your championing so far of so-called 'light regulation', which in some cases has meant zero regulation, must be brought rapidly to an end.

Before I sit down, I would like to refer to the comments made by Miss McDonald of Sinn Féin, where she sought to justify their campaign against Lisbon and is now proclaiming that she wants economic sovereignty for Ireland in the midst of a global financial crisis. I think it demonstrates the light-headed attitude of the 'no' campaigners.

Marek Aleksander Czarnecki (ALDE). - (PL) The financial crisis means that the transparency of funds involved in alternative investments should also be an important issue for the European Parliament. Increasing the transparency of companies with the use of legal instruments, especially as regards the relationship between hedge funds and private equity funds on the one hand and the companies in which these funds hold shares on the other, has become a priority.

The so-called codes of good practice could possibly serve as a model, but they cannot replace legislative measures in instances of bad behaviour. It is essential to create a code of best practice as regards methods for re-establishing balance in the present management structure of companies.

The new legislation should also oblige hedge funds and private equity funds to declare and explain their investment policy and the related risks to both individual and institutional investors, as well as to insurance brokers and supervisory bodies.

Milan Gaľa (PPE-DE). – (SK) Allow me to express my grief and say a few words in remembrance of the recent tragic crash involving a Slovak bus that took place near the Croatian town of Gospić.

Fourteen human lives were extinguished and other persons were injured on their way to their holidays. I should like to express my sympathy to the bereaved and, at the same time, to thank the Croatian side for its exemplary behaviour that softened the impact of the accident, and for looking after our citizens so well. Croatia is repeatedly showing, by its ability to respond to problems and to solve them, that its future lies in the European Union.

Emmanouil Angelakas (PPE-DE). – (EL) Mr President, in recent weeks we have been watching developments in the US financial sector with particular interest and concern.

The US Government's decision to bail out the largest insurance company with a loan of USD 85 billion, the nationalisation of two of the leading mortgage groups, and the bankruptcy of the fourth largest investment bank have created a climate of panic in the United States and considerable anxiety among European citizens.

This is because in a globalised economic environment, it is very likely that the crisis will reach Europe – if it has not already done so – and will hit the banking system and the incomes of European citizens.

The debate to be held on Wednesday in the European Parliament, in the presence of the Council and the Commission, has got to give concrete answers to the following questions:

- how well-prepared is the European economy to withstand the likely repercussions of the crisis that has begun?
- what is the plan of action and what specific measures have been taken to safeguard the financial situation of European citizens?
- lastly, what policy does the European Central Bank intend to follow in order to support European financial institutions?

Marie Panayotopoulos-Cassiotou (PPE-DE). – (EL) Mr President, on 26 September the EU celebrates its linguistic diversity. The events focus on the idea that languages are bridges for culture, and that the learning of foreign languages and the ability to communicate across the language barrier should be encouraged.

These events and the Commission's communications entirely neglect the need to maintain the teaching of Ancient Greek and Latin throughout Europe. These classical languages are the source of many words and expressions in all the languages of Europe and beyond.

At the same time, the Green Paper on 'Migration and Mobility: challenges and opportunities for EU education systems' is open for consultation. The Green Paper refers to the role of Council Directive 77/486/EEC on the education of the children of migrant workers, and takes a critical view of the piecemeal actions that have been taken over the past 30 years on the basis of that directive.

This is an opportunity to strengthen the teaching of the languages of European migrant workers.

Zita Pleštinšká (PPE-DE). – (SK) The third consecutive political crisis in Ukraine was probably the reason why the historic second EU-Ukraine Summit that took place in Paris at the beginning of September did not reach more ambitious conclusions concerning the Russia-Georgia conflict.

I appreciate that the European Union again declared its support for building civil society and for pro-democratic changes in Ukraine. I also have a positive opinion on the agreement to begin a 'visa dialogue' that should, in the long run, result in a visa-free regime between both sides, as well as on the fact that, in spite of the new political crisis, Ukraine's road towards EU membership stays open.

Today no one has any doubt that the Orange Revolution changed the historical direction in which Ukraine was going. Now Ukraine must show that it is stable and united. This is its only chance to achieve a European perspective.

I am convinced that we can strengthen freedom at home only if we protect it outside the EU borders as well. This is the reason why I will take part in the 11th session of the European Parliament's delegation to Ukraine on 2/3 October 2008 in Kiev and Jalta.

I believe that the presence of representatives of the European Parliament in Ukraine will contribute towards calming the situation and towards political stability in Ukraine.

Mikel Irujo Amezaga (Verts/ALE). – (ES) Mr President, I wished only to add my voice to the condemnation of the terrorist attack or attacks, including a murder, that we have experienced in our country. The Basque

people have the misfortune of being the only country in the European Union which continues to experience terrorism, and that terrorism has been on-going for decades. I personally come from a family which endured 40 years of exile – the same as the duration of Francoism – and if we learned anything at all it was that no political objective was worth the life of a single human being. Finally I would like to say that all of us who believe in the Basque people's right to decide are clear in our minds that the right to life is the most basic right of all.

James Nicholson (PPE-DE). - Mr President, we are all very well aware that rising oil prices and gas prices are having a hugely negative effect on many sectors of our economy and on consumers.

I would like to draw attention to the impact this crisis is having on the farming sector, the fishing sector and small businesses. High fuel costs have been passed on to the farmer at the present time: costs are escalating and farmers are not receiving an increase to cover that cost of high energy and gas prices.

The fuel crisis is undermining the growth of competitiveness in our small and medium-sized enterprises; reducing the consumer purchasing power aggravates the situation and, Mr President, I dread to think what is going to happen this winter – many millions of people will be unable to afford to keep themselves warm.

We all saw what happened at the petrol stations when the price of oil was going up; every day you went past a petrol station the price went up. But, now that the price has come down, they have not been bringing it down nearly as far as it went up. I think that they need to respond to that: they have made all their profits and it is time to pass on and bring in decent prices to the consumer.

Csaba Sógor (PPE-DE). - (HU) Mr President, Hungary has borders with itself, and lost 2/3 of her territory after the First World War. The political representation of the Hungarians living in these areas, totalling more than 3 million in seven countries, has allowed their rights to be fought for over the last century using only peaceful means.

For six years, nearly 20 political organisations, within the framework of the forum for representatives from the Carpathian Basin, have debated peaceful opportunities for the enforcement of interests, and they continue to do so: identity, mother tongue, economic relations and autonomy. I am also a member of this forum. This year, we decided that we would open a joint lobbying office in Brussels in the interests of using the opportunities provided by the EU.

It is incomprehensible and unacceptable that the peaceful endeavours of the Hungarian communities are insulted with extreme epithets by politicians from some Member States of the EU, while they accuse the Hungarian minority living in their country of collective criminality and want to restrict the use of their mother tongue.

I would like to draw the attention of the European Parliament to these attacks, and to remind it again that community rights must be ensured for national minorities, and not for them to be accused of collective criminality. The EU must assume a proactive, preventive role in this. Thank you.

Ioannis Gklavakis (PPE-DE). – (EL) Mr President, the Commission wishes to help combat the problem of rising food prices in developing countries and intends to fund those countries to the tune of EUR 1 billion.

This will finance the purchase of seeds and other supplies to increase agricultural production, feed the population, cut inflation and reduce food prices.

It is politically and morally right that we should help developing countries, but we should be well advised to take a corresponding initiative to assist European farmers. They have been hit just as hard by the increase in food prices and much else, because this money should be seen as savings from the reduction in costs under the common agricultural policy (CAP).

I therefore propose that a large part of the EUR 1 billion should be used to assist European farmers who are facing a great many problems.

To conclude, let me express my serious concern over the proper use of money to be given to these countries; the African, Caribbean and Pacific (ACP) countries have no model for rural development, and no inspection system. I fear that the money will be lost in the bureaucracy of international organisations without ultimately bringing any benefit.

IN THE CHAIR: Edward McMILLAN-SCOTT

Vice-President

President. – That concludes the item.

19. Hedge funds and private equity - Transparency of institutional investors (debate)

President. – Now we move to a debate that was organised last month by the European Parliament with extraordinary prescience, anticipating the events of last week, perhaps – unlike others.

The next item is the joint debate on

– the report by Poul Nyrup Rasmussen, on behalf of the Committee on Economic and Monetary Affairs, including recommendations to the Commission on hedge funds and private equity (2007/2238(INI)) (A6-0338/2008), and

– the report by Klaus-Heiner Lehne, on behalf of the Committee on Legal Affairs, including recommendations to the Commission on transparency of institutional investors (2007/2239(INI)) (A6-0296/2008).

Poul Nyrup Rasmussen, rapporteur. – Mr President, long before this crisis, the European Socialist Group and the European Socialist Party raised concerns over the tendencies on the financial markets for excessive debt, lack of transparency, taking high risks and paying too low prices, and making packages on leveraging which nobody could really understand or act on. We therefore raised our concerns as if looking into a new financial bubble. Nobody could tell when this would be, but we are now at the centre of the storm – the ‘perfect storm’, as somebody called it.

I feel very strongly that the debate this evening and tomorrow will be the most relevant debate in any parliament on financial markets anywhere in Europe or in the United States – debate and decisions in the sense that we are looking forward, trying to make better regulation than we have now and trying to take on a broad responsibility for doing the job as well as we can.

Now is the time to act. We have seen what happened in the US, and, while someone said that it is not as bad in Europe as in the US, I can only say that HBOS, Northern Rock and many other such cases is enough to convince me to act. We have seen the new prognoses for our economies, for our jobs, for our competition and for our investment capability: that is enough for me to act.

That is why I am proud to be telling Parliament today and tomorrow that the PSE Group has made a compromise, following tough negotiations – which is as it should be on such an important matter – with the ALDE and PPE-DE Groups. We now have in front of us a balanced report which demands that the Commission present proposals on legislation and regulation for all financial actors, including hedge funds and private equity. It is high time we did this, and I would remind Parliament that we are now asking for mandatory capital requirements for all financial institutions. We are asking for an aligning of reward packages with longer-term outcomes in order to reflect losses as well as profits. We are asking for full transparency for high-level executives’ and senior managers’ remuneration systems. We are asking for disclosure of leverage/debt exposure, the source and amount of funds raised and identification of shareholders for all investment projects. We are asking for an extension of the directive requiring that employees be informed and consulted during take-overs to include leveraged buy-outs by private equity, and we are asking for measures to ‘avoid unreasonable asset stripping in target companies’. We are asking for actions to avoid excessive debt caused by leveraged buy-out, so that level of leverage is sustainable both for the private equity fund/firm and for the target company.

I would like to ask Mr McCreevy, the Commissioner responsible for this area, to respond very concretely to these proposals. I know that they are new to him, but I insist on a timetable. We have asked for a response before the end of the year, which is three months from now. There may be details to discuss but, Commissioner, you also owe this Parliament a response, because we are not talking about a small minority, but a very broad majority within this Parliament.

I shall end by informing you that, as of four to five days ago, close to 90 000 people had signed a petition addressed to the European Parliament, the United States and world leaders, organised by the global internet movement Avaaz. I am delivering that petition on its behalf to those recipients. It reads: ‘We urge you to take a lead in fixing the fundamental flaws and loopholes which made this global financial crisis possible,

including basic problems of debt and risk, incentives and transparency. We need you to work together to protect the public good by framing stronger rules for all parts of the global financial system. Be bold, and we will support you.'

Commissioner, will you be bold, together with us, support us and deliver preliminary answers before the end of the year? I must insist, on behalf of all of us, on a positive response.

Klaus-Heiner Lehne, *rapporteur*. – (DE) Mr President, ladies and gentlemen, the debate is indeed taking place, if somewhat by chance, at exactly the right time. My report to all intents and purposes addresses the other side of the coin.

Mr Rasmussen has had to deal in particular with the effects on the financial markets and the Committee on Legal Affairs with its expertise naturally concerned itself in particular with the aspects of company law and, where necessary, with the need to change European company law.

We are all shaken by the events of recent days. The public, politicians and – I say this very clearly – the honest economy as well. The problem we see in practice at the moment is that profits are being privatised, but losses are being nationalised. It has almost become a joke in this saga that Mr Paulson, the US Finance Minister, who was himself once head of Goldman Sachs, now finds himself in the situation of having to take USD 700 billion in taxpayers' money in order to eliminate and smooth out the havoc his own sector of industry has wreaked. It is really sad.

There are more and more examples of the fact that in the public perception, the image of the conventional family enterprise taking care of its employees with its own liability, which it itself guarantees, is on the decline, while on the other hand, the impression continues to grow of us being partly governed at least in the economic sector by ineffectual top managers, by employees who are highly paid but who no longer bear any responsibility.

I think that the emerging impression of our system of market economy is appalling and that it is politically necessary for us to take the appropriate steps to restore order and thus actually remove this appalling impression.

The fact is that it affects not only the major investors, but now also small investors. It affects every taxpayer and all those who are dependent on government funds because more and more billions in public money have to be used to repair the damage.

I admit – and the debate has clearly shown this, and it is also indisputable – that one aspect we initially had to address in particular – namely the hedge funds and private equity sector – is not a cause of the problems we are currently having to tackle. Here too, however – and the debate in the House has clearly shown this, as have the hearings on both committees – there are obviously definite shortcomings in the areas of harmonisation and regulation.

It has rightly been stated that these sectors are also regulated by national regulations, some stronger, some weaker, according to the nations' different traditions and according to which financial market regulations prevail there. At the same time, however, it has also become clear that we need further harmonisation and adjustment at European level in order to ensure that these sectors, which have now reached absolutely critical dimensions, also do not represent any risk for the financial markets.

I would like to respond to just a few key words, which have already been addressed in the draft report – which incidentally had already been resolved in the Committee on Legal Affairs in June when nobody was talking about this crisis in which we currently find ourselves. I am thinking of the terms 'stock lending' and 'short selling'. We now hear that a range of important financial market regulators have banned this, and for good reason. We did ask at the time, and are asking now, as well, that this at least be examined. Consequences have to be drawn from this and legislative proposals must also be made if need be. One of these is the issue of better identification of shareholders, issues of transparency, of the tightening of the regulations on transparency in view of the fact that enterprises as well as the managers of these enterprises ought to know to whom they actually belong in order that they, too, are able to act responsibly towards those who own them.

It also entails reasonable checks being made on certain risks when credit is granted to ensure that sensible, necessary consequences can also be drawn in order that giant levers cannot be moved by relatively small means, which ultimately create an impact that gets completely out of control and brings adversity in its wake for the general public and for others.

Incidentally, one piece of advice: in the meantime numerous proposals have been developed in the industry for practical codes, for voluntary regulation on how one should behave. The mere fact that these regulations have been developed, even if they are still only voluntary at present, thus accounts for the fact that the industry itself evidently accepts the need for some regulation. Hence it is entirely reasonable to take a look at, and think about, whether we are able to take action here as well.

Asset flipping is another matter to which we must attend. Company law must tackle this issue because I am convinced that enterprises should not be able to be plundered. We are expecting a concrete proposal from the Commission. This is a report in accordance with Article 192, to which the Commission must respond. We hope it will do so soon.

Charlie McCreevy, *Member of the Commission*. – Mr President, I would like to thank the Committee on Economic and Monetary Affairs and the Committee on Legal Affairs and in particular their rapporteurs, Mr Rasmussen and Mr Lehne, for the work done in the preparation of these two reports.

Few would have predicted one year ago that the situation in financial markets would be as serious as it is today. And the effects of the crisis will continue to be felt for some time. It started with reckless selling of mortgages in the United States, promoted by banks and others who did not care about lending standards because they could offload the loans to others through securitisation.

Credit-rating agencies then gave respectability to these high-risk products by assigning low credit-default risk to them. Financial institutions around the world bought up these products without, it seems, doing any serious risk assessment of their own.

In the light of events over the past year, it has been incredible to see how little understanding senior managers of financial institutions had of the risk they were taking on board. No doubt the size of the profits that were rolling in blunted serious risk analysis. Supervisors seemed to have no better idea of the risk in these hugely complex products. Things were so sliced up, diced up and repackaged that no one knew where the real risk was. One observer referred some months ago to this unfolding crisis as like watching a train crash in slow motion. Last week the crisis went into hyper speed.

The concerted actions of the world's major central banks and the announcement of the support measures by the United States authorities have restored some calm to the markets. We must welcome this given the extreme situation faced by regulators. I also welcome that the United States authorities have shown recognition of the need to address in their proposals similar assets held by some non-US financial institutions.

One thing we can be thankful for in Europe is that we have not seen the same scale of destruction as has happened in the United States. Although banks in the EU have been suffering from a similar lack of confidence in lending to each other, there has not been anything on the same scale as experienced in the United States. But no one is out of the woods yet. There are difficult trading conditions ahead. The downturn in economies will have its effects. Vigilance and transparency are key if confidence is to be restored in markets. At EU level we must continue to improve our supervisory arrangements for cross-border supervisory financial institutions. There is a window of opportunity that must not be missed.

All of this leads me to believe we are going to have a different financial services sector when this is all over and we will have a different regulatory framework as well. If moral hazard cannot be shown to work then the taxpayer cannot be expected to pick up the bill for the excess and irresponsible risk-taking of private institutions.

The ultimate shape of whatever new regulatory approach will be adopted will be designed over the coming period as the lessons from this crisis and the appropriate responses become clearer. We need to continue to work closely with other regulatory authorities and to the extent possible dovetail our responses.

As many of you will be aware, we have already been taking action. For a year now the Commission has been working on a detailed road map agreed by the Council of Finance Ministers and endorsed by the European Council. We have been refining our response as the turmoil unfolds.

We have already taken measures to improve convergence and cooperation between supervisors. A new memorandum of understanding was agreed by EU supervisory authorities, finance ministers and central banks setting out common principles including the establishment of cross-border stability groups. This is now being implemented. We have been reviewing enhancements of deposit guarantee schemes. A special group which will report by the end of this year has been set up to look at the pro-cyclicality effects of current instruments including Basel 2 and IFRS. In close cooperation with the Financial Stability Forum, the IASB

has set up an advisory panel on fair valuation. Work on off-balance-sheet items is also under way in the IASB. Industry has come forward with valuable data which improves transparency for regulators of the securitisation market. The Commission is pressing industry to refine this information so that transparency for regulators is improved.

In the light of these activities, and others I will refer to, it should come as no surprise to Members when I say that I can welcome many of the points set out in Mr Rasmussen's report. What is important is that we are able to identify the key measures we should take now and get them implemented.

As I said earlier, the market turmoil exposed failings in the risk management of large financial institutions. It also highlighted a number of areas of regulatory weakness. It is on these areas that regulatory attention must now be focused. Mr Rasmussen has flagged in his report many of the most pressing areas: conflicts of interest in credit-rating agencies, the need for improvement in the valuation of illiquid assets and the misalignment of incentives in the 'originate and distribute' model.

Over the past year I have kept Members informed, both in plenary and particularly the Committee on Economic and Monetary Affairs, of the work we have been doing on improving capital requirements in banks, as well as my ideas for regulating credit-rating agencies. We all agree, I believe, on the need for a strengthening of capital requirements and an obligation for transparency and due diligence in regards to structured products. We have been working on changes to the Capital Requirements Directive, which will improve the management of large exposures, improve quality of capital through harmonising treatment of hybrid capital. We have also been looking at strengthening the supervision of cross-banking groups.

In the next few weeks I will be proposing to the Commission two separate regulatory measures to deal with these and other issues: firstly, an amendment to the Capital Requirements Directive and, secondly, a regulation on credit-rating agencies. I look forward to the support of the European Parliament for these proposals which are very much in line with what you call for in this report.

Hedge funds and private equity feature in both reports. We have had some interesting exchanges over the years about the roles of hedge funds and private equity. One thing I believe we can agree on is that they were not the cause of the current turmoil. It has turned out that it was the regulated sector that had been allowed to run amok with little understood securitisation vehicles.

I do not believe it is necessary at this stage to tar hedge funds and private equity with the same brush as we use for the regulated sector. The issues relating to the current turmoil are different. Let us not forget that these funds are regulated in Member States. Hedge funds and private equity managers are authorised and supervised entities throughout Europe. They are subject to the same market-abuse disciplines as other participants in financial markets. They are bound by similar transparency and consultation obligations when investing in public companies. Exposure of the banking sector to hedge funds and private equity is subject to the Capital Requirements Directive.

But this does not mean that we are turning a blind eye to hedge funds and private equity. As these business models evolve and their role in financial markets changes, regulators around the world need to remain vigilant. The industries themselves must assume all the responsibilities that accompany a prominent role in European and global financial markets. Several recent market initiatives indicate that this message is understood. Our role should be to monitor closely these and other developments in the market and be ready to respond if and when necessary.

I welcome the constructive suggestions for supporting the functioning of the single market. I would just like to mention at this stage that there is considerable work under way in the Commission on private placement and venture capital.

I agree with Mr Lehne that a sufficient degree of transparency is an essential condition for investor confidence. It is, therefore, indispensable if we want financial markets to function effectively.

The report sets out a list of transparency rules that apply today to the different players in the financial markets in the EU. To my mind, what is important is that the market is provided with a sufficient degree of clear information that is useful. We need to find the balance between the need for confidentiality of the proprietary information of investment vehicles against the legitimate needs of investors, counterparties, regulators and investee firms.

I am, therefore, pleased that the report puts an emphasis on the need to analyse the impact of the existing EU provisions and of additional Member States' rules in this field before one embarks on introducing any new legislation.

The Commission has already been very active in this field. We have held extensive consultations in the context of our shareholders' rights initiative, where we looked at a number of issues that are touched upon in the report – stock lending, for example, and the question of the identification of shareholders.

Furthermore, we have recently published a call for tender for an outside study that will look at the implementation, in Member States, of the Transparency Directive. This study should be available next year and will form the basis for a general evaluation of the Directive, including the notification thresholds.

As Members will recall, the Commission adopted, in spring of this year, a communication setting out its policy approach to sovereign wealth funds. We had come to the conclusion that these measures were appropriate but also sufficient to address the issues that currently are being discussed. This approach was endorsed by the European Council; I see, though, that the Committee on Legal Affairs does not entirely share this assessment.

I shall make some brief remarks in this area. Firstly, we should acknowledge that hedge funds and private equity in many senses are not unique – other institutional investors have similar objectives and nowadays use similar techniques. If in that situation we imposed special obligations on hedge funds and private equity, this would result in discrimination of these categories of investors.

Secondly, we should not make the mistake to perceive all activities of hedge funds as a threat to the market but we should also be aware of the positive effects that their activities have. Let me be clear, the EU economy is going to need massive investment in the time ahead: without sovereign wealth funds, private equity and the like, Europe's recovery from today's turmoil will be all the slower.

Thirdly, I agree that certain techniques, such as stock lending and the use of derivatives, do pose challenges to established models of governance. This is an area we, in conjunction with national supervisors, will be giving close attention to in the time ahead.

In conclusion, these two reports will be significant contributions to our ongoing reflection. I commend Members for these reports. The Commission will examine your recommendations and report back to you as envisaged in the framework agreement. We remain fully committed to responding to this crisis with the measures necessary to restore confidence and stability.

Sharon Bowles, *rapporteur for the opinion of the Committee on Economic and Monetary Affairs*. – Mr President, I would say to the Commissioner that, in the current turmoil, the interconnection between all institutions is plain to see. It is equally plain and logical that regulation has to be targeted at function and not at entities. It would be wrong if one private company had to abide by different rules from others just because it was owned by private equity.

There are two sides to everything. Amid the frequent criticism again this week of short selling, let us not forget the stock lenders. Attention by investors – even supervisors – to the lending policies of pension funds and others is relevant, and not just the activities of share borrowers. We have visited this matter before in the context of voting borrowed shares. 'Two sides' also means that enhancing transparency will only be effective if it is accompanied by due diligence, and not undone again by excessive disclaimers. Finally, voluntary codes do have a role, and reach parts which we cannot regulate. However, they are not just a private matter for the industries concerned, and need exposure, easy access and active review and monitoring.

Harald Ettl, *draftsman of the opinion of the Committee on Employment and Social Affairs*. – (DE) Mr President, 2007 has continued to be brandished as a possible continuation of the mortgage crisis. We have been trying to lay this to rest. In June 2007 we should have been hearing even more alarm bells ringing, at least when two hedge funds managed by the New York investment bank Bear Stearns went astray because they were involved on a grand scale in bonds secured by real estate. This was only the beginning of the whole affair! It has become clearer and clearer how these kinds of financial service businesses have been developing with such a low level of transparency. On the one hand a few have been making large profits – in high-risk sectors, of course – while on the other hand we are dealing today with a classic nationalisation of losses. It is not just US economic journalists and economists who are describing this situation in precisely this way. We in the EU as well, in the European Parliament, are changing our perspective willy-nilly, but rather late in the day. It would also be preferable for the Commission to stand out on this.

Both reports – the Rasmussen report and the Lehne report – demonstrate the urgent need for action. By now at least it must be clear to all the political players that the market is not able to regulate itself entirely. The Commission should now also be aware of this. Hedge funds and private equities are already some of the largest employers, but according to many judicial systems, they no longer appear so and are therefore, of course, relieved of their obligations as employers. This is not acceptable; the lack of transparency is too great! In the meantime, thousands of jobs have been put at risk by the financial crisis.

Regulation, supervision, transparency, employee participation and information in the pension funds sector, which are heavily involved in hedge funds and private equities, are vital.

It is important to the Committee on Employment and Social Affairs that employees are not asked to pay out twice, Commissioner: once due to the financial crisis *per se* and once due to risk-sharing by pension funds. In order for this not to happen, Directive 2003/41/EC should at least ensure that employees must be kept informed directly or indirectly by trustees about the type and risk of the investment of their pensions and they must be given a voice in decisions. This is just one of many facets that we have highlighted in our reports and opinions.

Commissioner, you are now being asked to do something. I know we can talk about a lot of things, but you are duty-bound to assist. The legislative period is not yet over. I should like to draw your attention to this.

Kurt Joachim Lauk, *on behalf of the PPE-DE Group.* – (DE) Mr President, ladies and gentlemen, this report was originally aimed at hedge funds and private equity, but now covers the entire financial system, which has completely collapsed.

The present crisis is the hideous aftermath of a credit mania, specifically of the excessive expansion of debt. The Federal Reserve kept interest rates too low for too long and thereby essentially provided a credit subsidy.

We have drawn up the report on the basis of the current situation and together with our fellow Members from the Group of the Alliance of Liberals and Democrats for Europe, we have reached an agreement with Mr Rasmussen, which encompasses the entire financial system. We are grateful that this has gone through virtually unanimously in the Committee on Economic Affairs.

We can no longer rely on US standards and the setting of standards in the international financial system. We must create our own new, European options and we have proposed adopting a whole range of items and ending discussions on them.

As a start we must include all the financial institutions working with leverage in the particular risk assessment. We then say that in the global financial system, risk-adjusted capital requirement must have the same status for all players. We should also be stipulating requirements for promoters of packages and syndicating packages, whereby they retain a chunk beyond these packages. The rating agencies – Mr Rasmussen and Mr Lehne have already pointed this out – must close the gaps in information and disclose conflicts of interest.

We should consider whether or not we get the rating agencies to assume liability for their rating along the lines of the financial auditors. We must then also consider whether or not derivatives should be traded compulsorily on the Stock Exchange – possibly with the exception of interest rate swaps. We are also asking that the banks' governing boards ensure that bankers' bonuses take account not only of good performances, but also of any losses that may eventually occur. This therefore means that incentives for bankers apply in the good and the bad times and not just in the good times.

Greed was and is a bad advisor on financial strategies. In recent years we in the ECB have had a reliable partner, who all in all has reacted *grosso modo* in a rather more reasonable and balanced manner than the Federal Reserve. This we can say with hindsight. In the euro area we are also in urgent need of European banking supervision for the euro area because we cannot carry on living with national supervision alone. This means that all in all we are assuming that institutions, or even voluntary associations, are being set up in Europe so that the subjects we are addressing can be better understood in order to prevent the next crisis of this magnitude.

Ieke van den Burg, *on behalf of the PSE Group.* – Mr President, I would say to Mr Lauk that he may support the report that Mr Dăianu and I drafted on European supervision, but there was a lack of support for it from the EPP.

Allow me also to say something in response to the Commissioner, which is that I find it unbelievable that he has not reacted to the core issues of the report. He merely told us that the Commission is closely monitoring

and closely following developments, and then said that hedge funds and private equity also have much positive influence, and that we should reflect on that.

It is like hearing that a hurricane or tsunami is coming and being told that we should reflect on the positive aspects of water and wind! It is ridiculous.

(NL) I shall continue in Dutch, as I wish to focus on two issues with particular relevance to Mr Lehne's report. One of these – which Mr Lehne himself has already mentioned – is stock lending and short selling. This is of course a classic example of the Commission's recent failure to keep abreast of things. We raised the issue of the need to take action regarding stock lending, the lending and borrowing of shares, long ago, as this was being misused in hedge fund campaigns against companies. Now, at long last, financial market supervisors – a number of individual supervisors in individual countries – have done so. This is not a coordinated European action; initiatives such as this have once more had to come from the national level. We could have been one step ahead of this and perhaps also have prevented some defaults, some bank or insurance company collapses, had we had adequate measures in place for this.

This is also a further illustration of the fact that such things transcend sectors and that sectoral supervision of banks, insurance companies or securities alone is insufficient. We really do need to combine such supervision and ensure that these securities are anticipated on both sides and that such occurrences are prevented.

The other issue is remuneration systems. We have stated in the report that it is very important that these be curbed and that voting on remuneration policy be possible at shareholders' meetings. I was pleased to note that, during this week's discussion on the forthcoming emergency fund in the United States, my Democrat counterparts in Congress expressed their desire to make borrowing from this fund conditional on, among other things, the curbing of exorbitant managerial salaries and bonuses.

After all, it would beggar belief if Goldman Sachs and Morgan Stanley, who are now submitting themselves to that supervision and also wish to make use of those public funds, were to continue handing out bonuses running into millions. It is also appropriate that we in Europe go beyond the recommendation from a couple of years ago. I should like to ask the Commissioner what he intends to do about this, as it is high time we took action.

Sharon Bowles, on behalf of the ALDE Group. – Mr President, sorry, this is part two. As Mr Rasmussen said, these reports are balanced, though some may be more inclined to quote from the press from one side of the scales than the other. We have had rumblings about hedge funds and private equity for years but, caught up in the present financial turmoil, it is no longer a rarity to be concerned about debt and leverage. However, this does present us with an opportunity to clear the air and establish a comprehensive review that addresses the exposure issues underlying the present turmoil as well as other risk and debt issues, including those within hedge funds and private equity.

The reports do accept that this must be done on a non-discriminatory and principled basis, paying due regard to proportionality. It also needs to be done in the context of international developments and, above all, it must be smart. Now, whilst debt and its proper management is one issue that appears everywhere at the moment, another is that of compensation packages and conflict of interest. Clearly, for market stability, steps have to be taken to ensure that rewards match longer-term horizons. I agree that that principle should extend to all areas. This is not to endorse the notion that all private equity and venture capital has asset stripping as its motivation: that is certainly not the best way to turn around a failing company into a profitable, saleable one. Indeed, national laws to prevent asset stripping already exist, but they have rarely been used. So I am not convinced that a European measure would in fact be any progress.

Coming again to the matter of regulation versus voluntary codes, many of the voluntary codes are only just getting under way, and for the main part these should be given time to operate. They are also easier to update, but as I said earlier, they are not a private matter, and public confidence does come into the equation. So I am pleased that my suggestion of a one-stop website as a register of voluntary codes with relevant links to compliance postings has been accepted by colleagues as a potentially useful tool, and I hope the Commissioner will follow that up.

When it comes to transparency, it is also important to recognise that the public investors and supervisors need different levels of information, and that information has to be fit for purpose. Even within the context of professional investors, burying information in what I would call 'legal spam' is unacceptable. Supervisors

should have all the information that they need, but care has to be taken in those areas where the information should not get into the public domain.

Finally, we have gone into those sensitive areas of securitisation and credit rating agencies. On securitisation, I know the Commissioner likes the retention idea, but that is clearly just one available tool, and I would urge that he be prepared to swap tools and that he should not close the tool box too soon. On rating agencies, there is a need to get a better handle on many matters, but I do warn against fragmentation from a system of internationally accepted ratings. Again, both these areas are an example of where, as I said, we must be smart: we must be smart ahead of trying to be vindictive.

Eoin Ryan, *on behalf of the UEN Group*. – Mr President, certainly this report has come at a very interesting time, as we are experiencing a time of unprecedented economic upheavals, and recent events have made us sadly aware of some of the shortcomings, weaknesses and abuses in many sectors of the financial market.

There is no sector or grouping that has emerged unscathed or unblemished. There can be no case of 'let's go back to the same old rules'. Indeed, in the United States we are witnessing radical alterations in the landscape of high finance. Changes must also be made here in Europe, but also globally.

In such a tense financial climate, it can be tempting to make scapegoats of certain financial actors or bodies. The lack of understanding that can surround hedge funds and their operation often makes them good targets for this kind of scapegoating.

However, we must remember that neither hedge funds nor private equity led to the current financial crisis and, instead, at times provided much needed injections of liquidity into the market.

We should also remember that the crisis which started in America resulted from bad banking practices, and the European banking sector, while badly affected, seems to be in a better position to deal with this problem than those banks in the United States.

Nonetheless, we must not deny that there are problems and faults in the structure and operation of many investment vehicles, alternative investments included. It is not good enough to tinker with a small rule here or there. Real reform is needed, and it is needed on a global level.

I believe that the report that has emerged from the Committee on Economic and Monetary Affairs, under the stewardship of Mr Rasmussen, reflects these concerns. For longer-term financial health and competitiveness, we must not and cannot regulate away constructive risk. Despite its name, this text does not seek to vilify hedge funds and private equity but instead notes the need for general market reform, greater transparency and calls for principle-based regulation.

I welcome the comments made by the Commissioner here this evening, and I have absolutely no doubt that he will respond to the situation that we now find ourselves in.

The financial system is international by nature, and we need international supervision of these markets in a global context. To secure global economic stability we must work together to find the best way forward, to put credibility and confidence back into the financial institutions and market for citizens globally, but also for the citizens of Europe, for their pension funds and also for their savings.

Pierre Jonckheer, *on behalf of the Verts/ALE Group*. – (FR) Mr President, Commissioners, rapporteurs, I believe that this report as adopted by the Committee on Economic and Monetary Affairs is a good one, and we should be grateful to Mr Rasmussen, in particular, for having insisted over so many months on the need for wider-ranging EU intervention in the areas that are the subject of tonight's debate.

Nevertheless, my group has re-tabled a number of amendments which – strange as it may seem – were drafted not by us but by Mr Rasmussen himself. In other words, these are important proposals – notably on the establishment of an EU-level supervisory body and a European system of registration and approval for asset management and fund management companies (Amendments 6 and 7) and the introduction of a debt limit for capital investment funds (Amendment 9) – which Mr Rasmussen put forward but which he felt compelled to withdraw, understandably in certain respects, in order to secure a majority in the House: that is to say, a majority with the PPE Group and the Liberals.

As I see it, these amendments – which cover issues raised in the working documents and which we consider to be constructive and worth arguing for – were withdrawn because here in Parliament, as in the Council and most certainly in the Commission, there are two schools of thought: the first is that we have enough

rules already, at both national and European level, and that any outstanding problems can be addressed through self-regulation by the finance industry; the second, to which Mr Rasmussen subscribes (and he is by no means alone), has been saying for years that the current supervisory system for the financial markets generally is inadequate.

The reason why no action was taken, Mr McCreevy, was not, in my view, because we could not predict, or were unaware, of developments. I believe that, over the years, quite a few authoritative voices have been raised, particularly in the Forum for Financial Stability, to alert the public authorities to the nature of the risks we faced.

You and the Barroso Commission have generally tended to argue for a more laissez-faire approach, deeming the current arrangements to be adequate. What Parliament is asking of you now is nothing less than a change of heart. Whether you can manage that I do not know, but I believe it is necessary.

Personally I should like to emphasise three points which other speakers have already touched on but which are of particular concern to environmentalists. We know that the climate and energy package that needs to be adopted will depend on a sustained level of investment, at a relatively modest rate of return with relatively modest gains, to provide the financing we need.

Financial instruments such as equity funds and hedge funds are not appropriate and we are waiting for the European banking and monetary authorities to come forward with ideas for putting some old proposals back on the table: I am thinking here of Jacques Delors' proposals in the early 1990s and of a reinvigorated role for the European Investment Bank so that we can secure long-term investment at a moderate rate of return.

It will be hard to stabilise the financial system – and the Rasmussen report mentions this point – without a determined assault on offshore financial centres and tax havens, and this is another area where the Barroso Commission is failing to take a lead. Lastly, in relation to corporate governance – which other speakers have also mentioned – we ought to take a much harder look at investment funds' managerial pay and reward policies. They are not acceptable and indeed they pose a threat to the economy generally.

Konstantinos Droutsas, *on behalf of the GUE/NGL Group*. – (EL) Mr President, in our opinion, whether to tackle the credit crisis through steadfast compliance with existing Community legislation or through some new, stricter regulations is a false dichotomy. Neither choice can thwart the cyclical course of the capitalist economy towards the crisis, which has its basis in the over-accumulation of capital in production.

The credit crisis is also a reflection of this course. Bourgeois management sought to tackle the problem of over-accumulation by encouraging over-lending and stimulation of popular consumption in hedge funds and private equity as ways of financing businesses. The specific management choices not only could not stave off the course towards deceleration and recession but, on the contrary, constituted a bomb ready to explode, with incalculable consequences for people's income.

At the same time, EU policy accelerated the full liberalisation of capital in the credit system, in line with the principles of the capitalist market. Hedge funds and private equity are the progeny of this course towards liberalisation.

No proposed effort towards greater transparency and stricter legislative regulation in relation to the movement of capital in the credit sector, that is to say, in the sphere of circulation, can tackle all the inconsistencies and contradictions created by capitalist relations of production.

Correspondingly, the imposition of stricter lending terms will lead to a contraction of popular consumption and the very rapid manifestation of crisis. No-one can provide a clear definition or common characteristics, other than rapid profit, for these schemes, which have ever-increasing control within the global economy, schemes created by the plutocracy and exploitable by it alone, with the help of specialist market organisations.

The victims of this policy are the workers, who watch the wealth they produce accumulate in the hands of a small number of plutocrats and see their savings at risk of vanishing and their pensions also at risk.

It is typical that hedge funds and private equity are exempt even from those obligations that employers have towards workers. The same also happens with pension systems – public and private – which transform workers' pension rights into prey for capital, participating ever more widely in these schemes, termed investment schemes, multiplying the risks and dissipating the rights of workers.

There are many recent examples in the United States and the United Kingdom of secure credit institutions collapsing in a single day like a pack of cards and hundreds of thousands of workers losing their savings and pensions.

The economic crisis that currently plagues the markets did not come as a bolt from the blue. It was widely anticipated, in terms of both timing and scale. Perhaps the measures being taken today were also planned. The workers, who, in the capitalist system of exploitation, financed the superprofits of the plutocracy through their labour and their savings, are today being called on in the name of stability – as taxpayers – to fund their losses as well.

Workers and the popular classes are unconvinced by the announced transparency measures, with the possibility of implementation and effectiveness, moreover, being doubtful. They are unconvinced by the measures, which call on them to pay yet again for the rescue of capital profits and the maintenance of the system of exploitation. They are expressing their disobedience and their insubordination towards this system and the centre-right and centre-left alliances that support and preserve it. They are fighting against injustice, inequality and the exploitation of peoples, and for radical changes towards a system of popular power that will serve the interests of the workers.

John Whittaker, *on behalf of the IND/DEM Group*. – Mr President, doesn't this all go to show that this vast exercise of EU financial regulation has singularly missed the mark? In its obsession about money laundering and pursuit of the elusive single market in financial services, the EU has been pursuing the wrong objectives. Let us accept that, despite earlier assurances from Mr Trichet and Mr Almunia and others, there will be further financial failures in the European Union, and real economies in the EU will be affected by the credit crisis.

So there is not much point now in discussing capital requirements and what we will do in the future to stop this sort of thing happening again; we have a problem, and the problem is now. We can blame the Americans, we can blame hedge funds, we can blame investment bankers, we can blame who we like, but what Mr McCreevy's Commission might rather spend its time now doing is discussing with the finance ministers of the different countries how the burden will be shared across countries when we find that we have to bail out financial institutions to the tune of hundreds of millions, as is now happening in the USA.

How are we going to come to the aid of Italy, Spain, Greece and Ireland – Mr McCreevy's own country – when bad situations there are made worse by the crisis, and, stuck in the euro, there is nothing that those countries themselves can do to help themselves?

Jean-Paul Gauzès (PPE-DE). – (FR) Mr President, Commissioner, ladies and gentlemen, if European banks are withstanding the current crisis relatively well, it is simply because banking supervision in Europe – while far from perfect – is at least serious. The ongoing work on the Capital Requirements Directive and on Solvency II affords an opportunity for introducing useful measures to improve financial security. It goes without saying that the job of a banker entails taking risks but those risks must be controlled. The important thing for bankers is to know at all times what security they have on a given risk. Certain unregulated financial operators lost sight of that simple principle, and in their case self-regulation will no longer suffice. Derivatives markets have grown increasingly murky, and traders have bought and sold at levels of risk that could not be contained by the management of those institutions that are now most exposed.

Recovery from this crisis depends on creating a supervisory system capable of inspiring and re-establishing confidence. There are currently whole swathes of the finance industry that lie beyond the reach of supervisory authorities. Who was supervising the mortgage brokers as they lent so generously to households that would never be capable of repaying? Who was supervising the investment banks that took the crisis up a notch by transforming the bad debt into financial products for sale all over the world? There is a regulatory void out there that is also inhabited by credit enhancers, ratings agencies and hedge funds. It is not acceptable that Europe should periodically have to suffer the consequences of America's faulty financial system.

With regard to hedge funds, the financial 'police' in the UK and the USA have just temporarily prohibited speculation on falling asset values, and quite rightly so! The failure of some of these murky operators would accelerate the crisis in the deregulated sector. Not all investment funds are pernicious and some of them are actually necessary, but we cannot permit the continued existence of financial black holes. Reviews are worthwhile and indeed essential but what we need right now is action! That is the thrust of the two reports we are debating.

IN THE CHAIR: MS ROURE*Vice-President*

Manuel Medina Ortega (PSE). - (ES) Madam President, despite the fact that the speaker who preceded me is from a different political group, I am in total agreement with him: we cannot leave the financial markets in the hands of financial managers. It is like leaving cheese to be looked after by mice. Self-regulation and voluntary codes of conduct are no use. As Commissioner Matridis said earlier, the thing that is saving the European financial markets is the existence of regulations, national regulations because each of our countries has regulations which work and are preventing the financial catastrophe in the US markets from spreading to Europe.

What lesson can we draw from this? That Europe cannot copy the United States in financial deregulation. If our goal is to protect our economy and our economic and social system we have to have European-wide regulation but we must not replace national regulation with supranational deregulation as in the United States, where the system allows managers of companies to get rich on the back of poor investors, pensioners and people who depend on that capital.

I believe, therefore, that the lesson we must learn is not to deregulate but the reverse: it is that we need to adopt European regulations on all these aspects. That, to my mind, is the core of both the Rasmussen and the Lehne reports: the need to establish European financial regulation.

There is much talk of the European passport, of giving a passport to undertakings to allow them to move throughout Europe in complete freedom but how can we grant the passport if we cannot be sure that those undertakings are subject to detailed regulation in their country of origin? To do so would be to invite another supranational financial catastrophe.

The regulations in the Lehne report contain a number of indications or recommendations on, for example, the actions of fund managers. We should know how those funds are being managed; and especially, we should know about the profits they earn through, for example, the purchase and sale of shares. I believe this is essential. Transparency must be combined with very strict regulation with the option for intervention at the appropriate time without waiting until the market has collapsed, as is the case in the United States at the moment, only for tax-payers' money to be used to right all the wrongs committed by people who have abused their position.

Therefore, Commissioner, I urge you to use your position to try and establish a genuine Community system for regulation of these sectors so that we do not follow the path of self-regulation or deregulation.

Olle Schmidt (ALDE). - (SV) Madam President, Commissioner, I should like to say a big thank you to Mr Rasmussen and Mr Lehne for their important reports. As many have pointed out, they could not have come at a better time.

Developments on the US mortgage market have had major consequences for the entire global market over the last year. Bad loans have been bundled and passed on. Short-sightedness and the difficulty and complexity of many of the new market instruments have made the market more obscure and fast-moving. Besides, exorbitant remuneration for company directors has seriously shaken confidence – I think we can agree on that. Nor have the world's financial supervisory authorities been able to strengthen their cooperation and competence sufficiently. New instruments have been introduced; openness and transparency have been lacking. The starting point now should be the equal treatment of all financial market players; that is to say, the introduction of stricter capital requirements and regulation, including for hedge funds and private equity.

On the matter of supervision, there has been discussion of the need for new authorities, in which regard many – I saw Gordon Brown only today – have been pressing for a common European, indeed even a global, system of financial supervision. In my opinion, the continuing differences between markets – as illustrated by developments in the United States – give cause for reflection. On the other hand, markets are connected globally. As our committee also said, the existing committees in Europe for cooperation in the financial, banking and insurance fields should be strengthened considerably. A great deal can be done in this regard – including at global level. Transparency and clearer supervision need to be achieved if we are to rebuild confidence in the financial market. I believe that there is a complete consensus on this, too.

The market economy needs clear rules, including clear rules of play. As a Liberal, I have no difficulty at all in arguing in favour of clearer rules and more effective legislation. On the other hand, we must take care not to introduce laws and rules that do not solve current problems and do not take account of the importance

of a global financial market. Global access to capital increases growth potential and creates new jobs – we should not forget this. Europe needs an open, effective financial market that also leaves scope for self-regulation and internal remedial measures.

The challenge, therefore, is to avoid paralysing our systems by over-regulating, leaving us unable to handle either growth or new crises. This week there was panic among the financial community. We must not let such panic dictate our legislation – at least in this House.

Ilda Figueiredo (GUE/NGL). - (PT) Mr President, Commissioner, ladies and gentlemen, this debate is taking place against a backdrop of widespread financial market crisis caused by the increasing 'financialisation' of the economy, unregulated speculation and the proliferation of financial instruments and products, the aim always being ever higher speculative gains. This is one more facet of the crisis of capitalism. It has been clear for some time that there was another financial bubble, and that one day it would burst, not only in the United States but in the European Union too. It is also a result of the neo-liberal policies that prompted investors to seek increasingly higher gains, that encouraged lack of transparency, and that created tax havens and allowed them to shelter and launder capital from the underground economy, from the profits of war, from people trafficking and from drugs.

Now, the public funds that were not available for social policy, for combating poverty and social exclusion, and for preventing millions of people, including children, from dying of hunger and lack of basic health care, now, I repeat, public funds are being used to avoid bankruptcies and greater losses among financial groups. The profits and gains were in the private hands of just a small group of investors and obscenely well-paid administrators, but those who will suffer the consequences are always the same: workers who lose their jobs, the rank and file who have to pay more interest, including here in the European Union, particularly in countries with weaker economies. Take Portugal for example, where low wages and pitiful old-age and retirement pensions are the rule, and where poverty and unemployment rates are amongst the highest in the EU. Since households have one of the highest debt ratios, amounting to around 120% of GDP, and micro and small and medium-sized companies depend a great deal on credit, they are now experiencing ever greater difficulties due to the resulting increased interest rates, a particularly serious problem in Portugal and other countries with weaker economies.

Some measures are therefore required in the immediate term, beginning with the abolition of tax havens and confidentiality, without which there can be no transparency. From what has been said here, however, by Commissioner McCreevy in particular, it seems that that will not be the way forward, and that is unacceptable. In this critical situation the European Central Bank's false independence must also be abandoned in order to ensure a change in monetary and financial policy objectives, and far-reaching measures must be taken to combat stock market speculation. The priority in public policy must be to support the creation of jobs with rights, production and poverty reduction, thereby raising the purchasing power of workers and pensioners and supporting quality public services.

Nils Lundgren (IND/DEM). - (SV) Madam President, at present the financial crisis is casting hedge funds and private equity in a frightening light – and other financial innovations such as structure investment vehicles, conduits and money market funds are being similarly affected. All of these have been conceived precisely for the purpose of sidestepping the capital adequacy and transparency requirements we impose on banks. There is much profit to be made from borrowing liquid assets short, investing in illiquid assets long and staking minimum own capital, but this is a dangerous activity. As we can see, both liquidity and solvency can soon vanish. That is the reason for the strict international banking rules. We are now seeing the collapse of the international non-banking system. Hedge funds and private equity are next. These have very little own capital; they are highly leveraged. Private equity involves enormous numbers of leveraged buyouts, LBOs, which have been carried out with virtually no own capital. This being the case, should we really be presenting feeble reform proposals such as these in this field at this historic juncture? I for one do not think so.

Karsten Friedrich Hoppenstedt (PPE-DE). - (DE) Madam President, Commissioner, ladies and gentlemen, we have now heard everything from the experts who produced the report – Mr Rasmussen, Mr Lehne, Mr Lauk, thank you very much. It was an excellent piece of work and met with great approval in the Committee on Economic and Monetary Affairs.

In the past three years, Commissioner, we have constantly been asking for rules to be established, for questions to be raised, such as: how can we obtain greater transparency for hedge funds, who is advising the rating agencies, and so on. They now come from Ireland and are therefore racing experts. When the fences are high,

the horses may well shy. Put simply, shying away from an obstacle that is no longer there! We must now – and this you have indeed promised – lay down rules and make proposals. We have to show that we have learned something from all these crises and are striking new paths. You put forward this proposal. I hope that in October we shall be receiving the guidelines from you.

A few days ago I was at a large conference near Rome. The first item discussed there, of course, was that of the banks. On the Thursday the newspaper headlines read: Morgan Stanley offers hope. On Friday, they read: Morgan Stanley seeks protection. How can this happen in a single day? There are deficiencies here in transparency and the like. If, after Bear Stearns, Lehman Brothers and Merrill Lynch, this investment bank is also now sinking in the chaos of the financial markets, corrective action should be taken as a matter of urgency.

A short time ago I was in China. The Chinese were saying: our role model, the United States, has collapsed. Together we – Europe, China and others – must seek out new paths. My hope is that together we shall have the strength to strike these new paths, then not only those who have won, but also those who have lost will be rescued with us.

Pervenche Berès (PSE). – (FR) Madam President, I know that the Commissioner enjoys betting on horses so he will forgive me for using a sporting metaphor when I say that he is not exactly a favourite in today's event. Poul Nyrup Rasmussen, on the other hand, looks like a very good bet, so I think you might do well to consider changing colours, Commissioner. What Mr Rasmussen has just outlined and proposed to us is precisely what the European Union needs. It is right not only for the Union but for the rest of the world too – and the trans-Atlantic relationship that is so dear to your own heart would be enhanced by a European initiative on the basis of the Rasmussen proposals.

You seem to have come to the wrong debate, Commissioner. You gave us a review of how the crisis started last year, but the issues we are discussing now are issues that had engaged our attention long before the crisis surfaced last August, for the rot had clearly set in at that stage and the financial world was ripe for a collapse. We are not fuddy-duddies seeking to condemn or to prohibit alternative funds or investment funds. We simply recognise that when certain financial vehicles or instruments are performing such strategic functions in the international markets and have acquired such a key position, then they must be subject to the general principle of regulation. The operators in question are, in fact, telling us this themselves. They are saying: 'Yes, OK, we can agree to regulation; we just do not want to be stigmatised and we do not want a special system of regulation.'

Well, fair enough! We want them to be registered, we want them to be supervised, we want them to be paid in accordance with normal principles, and we want them to be subject to transparency rules and to the rules on capital adequacy. That is the reality. These structures now occupy such an important place on the financial markets that they cannot continue to be exempt from the general rules. Yet, this is the very point that you, Commissioner – a former Irish Minister for Finance – are refusing to concede. That is the reality! You tell us that hedge funds and private equities 'are not the cause of the current turmoil' and that the blame lies with the regulated sector. I have no wish to deliver an economics lesson, but we know full well that the banks felt able to take the risks they took precisely because of the parallel existence of hedge funds and private equities, processing financial products that accelerated the rot in the banking sector.

In relation to Mr Rasmussen's report, I should like to invite you to respond to it in practical terms, point by point, for it contains a number of legislative proposals that might improve your own end-of-term report when the current Commission steps down. I listened to what you told us and you spoke of a 'window of opportunity' for improving transparency. Well, we agree with you and we expect the Commission to use that opportunity. The key to confidence among ordinary people and among financial-market operators is transparency. It is obvious today that, in the areas of alternative funds and investment funds, there is no transparency. But transparency is what we need.

It goes without saying that I support many of the proposals in Poul Nyrup Rasmussen's report but I should also like to take the argument a little further. If we really want to strike at the heart of the problem, we shall have to examine the concept that you have described as the 'shareholding democracy'. What is meant by a shareholding democracy if it is possible, in a matter of minutes or a matter of days, to put so many people's jobs in jeopardy? There is a very real problem here, which you need to address and on which we expect effective proposals. Securities lending and borrowing jeopardises jobs in Europe and is at odds with the Lisbon Strategy.

My final point is one that previous speakers have also raised, namely the problem posed by offshore centres. You, Commissioner, are an ardent defender of the trans-Atlantic alliance, so allow me to inform you that over on the other side of the Atlantic there are democrats who, like us, are ready to lobby for a full-scale assault on tax havens. What is the use of fighting heroically in Afghanistan or Iraq without attacking evil where it exists on the financial markets – and offshore centres are a source of evil for the finance industry. This is another subject on which we await your proposals, Commissioner.

Andrzej Wielowieyski (ALDE). - Madam President, such failure of financial markets has never happened until now. The main cause was the enormous increase in turnover, and the development of a new system of financial gain beyond the existing banking system without transparency, any effective evaluation or supervision. New investments and vehicles brought big profits, but also caused an increasing threat, even to the IMF.

Although the proposal from Mr Rasmussen and his committee concerning transparency and supervision – particularly of the excessive debt leverage – are right and indispensable, we should also acknowledge as very dangerous the opinion of the Committee on Legal Affairs which demands simply that it be left solely to participants in the market to assess the appropriate level of risk to take. The committee overlooked the fact that last year the average securities firm was leveraged 27 to 1, with no regulation or supervision. What is more, they regulated themselves completely on their own, and even the big lenders ignored the extent of the risk they were taking.

The cost of this failure will be extremely high. The cost to Americans, for example, has been terrible, at around USD 1 000 billion. It will have yet another additional effect: the actors on financial markets may not learn to be more cautious, because they will be accustomed to relying on help from taxpayers. We then have the choice of either protecting the almost full freedom of choice for financial actors in taking risks, or to impose distinct obligations and limitations insuring effectively against excessive shocks and guaranteeing a stabilising development of financial markets.

The opinion of the Commissioner gives some hope for the future, but I am afraid that the tasks facing the Commission are extremely difficult and demand much more courage in finding new methods and new measures.

Othmar Karas (PPE-DE). - (DE) Madam President, ladies and gentlemen, I should first of all like to say that both reports – the Rasmussen report and the Lehne report – as well as the social agenda with its 19 items that we debated last time, and the Council and Parliament resolutions on Georgia show what we are capable of when we are all pulling together, despite our different opinions.

I am saying this, therefore, because I am glad that the socialist election campaign machine, the superficial populism and the mutual recriminations have been dispensed with and the business of democratic parliamentarianism, responsibility for taking the necessary action and a frank and realistic debate will hopefully win through tomorrow. Hence I am also saying this because the Chairman of the Socialist Group in the European Parliament, Mr Schulz, has tried repeatedly in plenary to drive a wedge between the groups on precisely these issues. Good/bad, left/right, state/market thinking does not equate with the reality of people's lives today, but emanates from an old electoral rhetoric based on class war, which I had hoped had been conquered in the EU, and today's debate has so far also thankfully shown this.

Reason has triumphed and a realistic step forward can therefore be taken, a response given to the financial turbulence and people's questions answered. We have an enduring financial crisis. We therefore need action. We cannot ignore the agenda. We need more European Union, more transparency, more supervision, more European and global regulation. We need risk-based equity capital and we must ensure that we do what we admit to in these reports and that what we demand in both reports is implemented by all those involved.

Udo Bullmann (PSE). - (DE) Madam President, Commissioner, Mr Karas, if I have understood Morgan Stanley correctly in the last few days, they are less fearful of Mr Schulz's stranglehold than of hedge funds.

If I have grasped one thing from the discussion of the last few days, Commissioner, it is that the American consensus in this company, which has made many mistakes in handling the property and financial crisis, is that we no longer want to allow individual gamblers to drive the entire financial system to the wall by exploiting its flexibility and lack of regulation. How much longer do we actually want to carry on waiting until not only the ailing institutions, but also the sound ones have the red light forced on them and then hedge funds and other funds bet on their decline in order to snap them up again later at cheaper prices?

This leeway must be dispensed with and for this reason I doubt that what you have done here will be sufficient. It is not the time merely to be commissioning further studies. It is not the time for further supervision of those involved. It is time for action!

Last week I looked at an enterprise in my constituency, a sound enterprise, an enterprise producing the new materials we need: the vacuum melting company in Hanau, near Frankfurt. For a very long time it was a sound enterprise, until it was taken over by an American investor. Debts from the takeover are affecting the workforce, they are affecting the enterprise. Since then the enterprise has been trying to pull out of the collective labour agreement and has been forced back into it by a bitter strike. Is this what we to happen all over Europe? Do we really want the strength of the European economy to be based on this kind of conflict or can we regain some kind of understanding and fill the regulatory loopholes with European legislation?

This is what is on the agenda. In the last nine years in this House, Commissioner, I have not experienced a discussion on economic policy in which you have been asked to act so unanimously and by such common consent.

Zuzana Roithová (PPE-DE). - (CS) Ladies and gentlemen, six years ago we launched the global harmonisation of accounting rules and competitiveness in the European banking sector. The Union's cross-border financial integration has no equivalent in the world. Financial researchers have long been pointing out that the European Union is far from being sufficiently equipped with mechanisms for solving cross-border crises arising from the increasing interdependence of European banks and their links to the global financial markets. Although the European Central Bank has managed to maintain financial stability in the eurozone to date, the fragmented national regulatory bodies are not capable of implementing effective solutions to the cross-border banking crises we continue to experience. In other words, centralised control is crucial. However, rather than establishing an all-encompassing financial regulator, we should carefully define specific conditions for intervention by a pan-European financial regulator. State intervention in investments banks such as AIG also arouses fears that such a precedent will lead to banks behaving irresponsibly in the future.

I am therefore convinced that we must introduce control mechanisms that will prevent the managers of investment and hedge funds from making ill-judged analyses of operational and systemic risks. For example, hedge funds and private equity should not be able to finance long-term investments through short-term loans without setting the minimum amount of their capital stock, according to the level of risk of their activities. The way mortgages have been financed not only in the US but also in the United Kingdom and Spain serve as a warning that the European financial markets are due some fundamental self-reflection, which will, I am afraid, be just that little bit too late. Even if the European Commission came up with concrete binding legislation tomorrow, it would be implemented not in calm conditions but in a stormy and possibly hysterical atmosphere. In any case, there is also the question of how acceptable the legislation would be to the Council.

Kristian Vigenin (PSE). - Madam President, let me start by saying that it is a rare event when a European institution is acting before and not after a problem occurs. And we are talking about a huge problem the real consequences of which will become visible in the months to come.

Thanks to the efforts of the rapporteur, Paul Rasmussen, the issue of hedge funds and private equity regulation has moved from the periphery to the centre of attention of the financial experts and policymakers. It is the European Socialist Party that raised the need for better regulation of the activities of hedge funds and private equity. We did it because all European policies need long-term investment, which requires long-term financing. We did it because our main goal should be to secure sustainable growth and job creation, to ensure predictability and long-term planning for families and businesses.

I urge all Members to support the report, which has been approved by a large majority in the Committee on Economic and Monetary Affairs. That will be a big step for Parliament since we are going to request from the Commission a number of legislative measures which are aimed at achieving transparency and financial stability.

This is not an easy debate. It is true that this report foresees much less than we initially strived for. At the same time we are about to achieve more than seemed to be possible a few months ago. Recent times and developments on the financial markets prove that we are right.

Now, Commissioner, we are not going to blame you if you decide to act preventively, and include in your legislative proposals more than the European Parliament will require from you. It is not a time for competition

in regulation – since excessive regulation is not better than the lack of regulation – but it is high time to act, and you know it.

Tadeusz Zwiefka (PPE-DE). – (PL) Madam President, the events of recent years, or months, even, but also the efforts made by individual countries and regions, indicate the growing importance of transparency not only for individual companies, but also for the development of specific states' economies.

One barrier to direct regulation of the activities of hedge funds is the global nature of this industry and the potential for a fund's offices to move to another state in order to avoid being subject to national regulations. This is the main reason why all international institutions dealing with hedge funds try to influence fund activities through their relations with entities that are subject to regulation, especially banks.

The problems of transparency in the European Union are concentrated mainly on convergence and harmonisation of the law in Member States. The problem areas relating to transparency aspects may be summarised as follows: establishing unified standards for information disclosed by companies introducing their shares onto the stock market and company law and corporate governance in relation to the question of the collective responsibility of agencies for information contained in company reports, reinforcing the role of independent council members, standards in the area of setting up committees as part of councils, disclosure of information on council and board members' reimbursements, and also increasing investor protection.

The introduction of unified regulations, creating better conditions within the European Union for hedge fund action and distribution, could have a positive impact on their development in Europe, but the introduction by individual countries of their own, individual regulations relating to these funds is not helping to create a unified, common European market. The establishment of common and transparent principles would considerably facilitate fund product distribution.

In the opinion of the European Commission, which received a request to review the framework principles relating to non-harmonised products like hedge funds, with a view to creating a pan-European market, there are no significant arguments for the creation of EU regulations on hedge funds. Nothing could be more wrong! I side with the rapporteur's call for the Commission to present a legislative conclusion on the transparency of hedge funds and private equity.

Andrzej Jan Szejna (PSE). - Madam President, to begin with I would like to congratulate Poul Nyrup Rasmussen for his preparation of the report based on such profound analyses and excellent knowledge of the financial markets.

Both types of alternative financial instruments that we are discussing have an increasing share of assets in the global market and participate in creating new jobs.

However, the most important thing in the face of the financial crisis we have lately been observing with great anxiety and unsuccessfully trying to fight is to ensure financial stability.

In my opinion, the most efficient way to increase not only financial stability, but also fair competition between participants in the market, is to enhance supervision and transparency at the appropriate levels without doing any harm to the model based on innovative market strategies.

Some norms concerning the financial markets that have a direct and indirect application to hedge funds and private equity do exist above the national and European level. Nevertheless, we should strive for the coherent, non-discriminatory and consistent implementation and application of those juridical regulations. For this reason, I fully agree with the recommendations of the European Parliament, directed at the Commission, for increased activity and submission of the appropriate legislative proposals.

Silvia-Adriana Țicău (PSE). - (RO) I would like to congratulate rapporteur Rasmussen, and I believe that the recommendations contained in the annex to his report are particularly important. Hedge funds and private equity funds ensure the capital required in order to meet the demand for the funding of long-term investments and of innovative, often highly risky projects. Their operation, however, is less regulated than the banking system. The stability of financial markets requires appropriate transparency, and that specific measures must be taken in order to prevent excessive debt.

Over the last 10 years, pension funds and insurance companies have provided one third of the amount collected by private equity funds. I believe that increased transparency is needed, particularly in the case of pension funds, for them to be able to accurately assess the degree of risk of various investments. I would like

to draw attention to the fact that hedge funds and private equity funds are based on a growth strategy designed for a term shorter than the duration of the investments which Europe needs.

Antolín Sánchez Presedo (PSE). - (ES) Madam President, the financial crisis has shown that the various financial operators are interlinked. Their conduct has weakened the financial markets and the real economy: growth and employment.

Achieving open, competitive and reliable markets is not something that occurs by happy chance; this is shown by the experience in Europe. The fragility of the financial markets also requires political action at European and international level.

It must remain clear that to innovate does not mean to imitate the old practice of privatising profit and socialising losses or that to diversify means to transfer the costs of decisions made by a few people to society as a whole.

The European Union cannot just do nothing in the current crisis. The rapporteur, Mr Rasmussen, has taken the initiative and had the vision to propose that hedge funds and private equities, which hold assets amounting to over 4.5% of world GDP, are not free of responsibility towards society and must be subject to intelligent regulation and supervision. I congratulate him for this and support him, as I do Mr Lehne for his report on transparency.

Kostas Botopoulos (PSE). - (EL) Mr President, with regard to the immense and tragically topical issue we are discussing, I should like to focus on a single question: is there a right and a left answer to the issue we are considering? Is there a right and a left way out of the crisis? Many would say, and indeed some of us today have said, that there is not – that everyone here must agree on such questions, which are technical and economic.

Apart from the fact that those who say this are nearly always on the right, I want to say that the dividing lines here – and the reports show this – are very clear. What is the perspective of the left? That the market cannot regulate everything on its own and regulation by state power is required – and regulation even means prohibitions. Why should we not think about what was said previously in the Katiforis report: that credit-rating agencies must only provide ratings and all other activities should be prohibited; that transparency is important, not for the markets, but for citizens? Here we must think about the fact that pension funds must have special supervision.

Lastly, that it is highly crucial that state intervention takes place not at the end, as is now happening in America, and the American people are paying for it, but at the necessary moment so that the crisis is avoided.

Manuel António dos Santos (PSE). - (PT) Madam President, I agree wholeheartedly with what has been said here on the window of opportunity created by Poul Rasmussen's excellent report. I would say, however, that it would have been even more opportune if it had been politically possible to present it six years ago – and I think Poul agrees with me. Six years ago some of us tried to raise this issue of regulating hedge funds in the European Parliament, and the majority formed by the Liberals and the PPE systematically prevented the Socialist Group from incorporating it into various debates.

We are now experiencing a crisis, a structural crisis as Mr Almunia puts it, a crisis that will end no-one knows where, and one that we cannot turn a blind eye to. We cannot take the position that Commissioner McCreevy has taken, we must – and I want to believe that the Commission is prepared to do this, bearing Mr Almunia's comments in mind – we must be proactive and must abandon the financial governance model that has regulated the European and global economy in recent years. This is what Poul suggests in his report, and this is what the Commission has the duty – I repeat, the duty – to examine and follow closely.

Mia De Vits (PSE). - (NL) Madam President, people are worried about what will become of their savings, but this seems to be of little concern to the Commissioner. Workers have been urged to take out non-statutory pensions, which were supposedly safer and more efficient than state pensions; their money is now in these pension funds, but they no longer have any certainty.

Current events are a setback for those who believe in unbridled free-market forces. The Commissioner himself is one such believer in the free market. As far as can be anticipated, there should not be too much regulation, he said last year in this House, and he is still saying it today. Well, it is never too late for him to change his mind. After all, in his opinion, what further action is needed in the way of prevention? The consequences of failing to act in good time will be felt for many years. Prevention is better than cure.

John Purvis (PPE-DE). - Madam President, the new demon, I think the Commissioner will agree, seems to be short-selling. I would ask the Commission to arrange a study which compares in the case of HBOS the incidence of short-selling against sales by long-only investors – pension funds, insurance companies, private investors and their fund managers – and the plain withdrawal of deposits by frightened banking clients and other banks. I suggest we should have some facts before rushing to a conclusion, and yet another possibly mistaken conclusion.

In his report, to which incidentally our group has made a lot of contributions, Mr Rasmussen used HBOS and Northern Rock in his speech as reasons for more regulation, but HBOS and Northern Rock were banks, not hedge funds and private equity, and subject to the full rigour of the existing regulatory system for banks, including statutory capital requirements. Is it not ironic that the crisis has occurred and spread in the supposedly most highly regulated part of the financial industry? Beware Sarbanes-Oxley!

Victor Boştinaru (PSE). - (RO) Sometimes we, politicians especially, are trapped in a dogmatism that leads to catastrophic consequences. A few years ago, the supporters of liberalism, and in particular those of neo-liberalism, would have thought it impossible that something like the recent events in Washington could have occurred. They would have rejected it on the basis of their doctrine, and yet it still happened. Today, in the context of globalisation, consequences are quick to arise and they affect every country and every economy. What the Rasmussen report says is that the EU must take action and I am convinced that, as a result of the vote of the European Parliament, the European Commission will be called upon to rise to this challenge that affects not only the life of a few, but the life of the population of the entire European Union – and will do so.

Margarita Starkevičiūtė (ALDE). - Madam President, some time ago we had a hot debate about investment banks. Now investment banks have gone from the market, and we are feeling good with the current rules for the banking sector. The same issue is relevant to hedge funds. Hedge funds, in the current environment, are not sustainable any more, and I do think that we just need the same rules for all investment funds rather than specific rules for hedge funds. With these rules, Mr Rasmussen, we are actually hindering restructuring of the financial sector, and the losses will mount. That means that, in the end, you will not be able to protect the ordinary people you want to protect.

Charlie McCreevy, Member of the Commission. – Madam President, one of the latter speakers, in furtherance of his argument, made the point – but I am sure he did not mean me to use it against him – when he said, people should not be blinded by their own dogmatism.

The danger in this particular debate is to try and get a balanced solution to the problems that we now have. In the main, the report, which has been amended considerably from the initial ideas put forward by Mr Rasmussen, makes a genuine attempt, in my view, to have a balanced approach to this whole area. But many of the contributors to the debate here in this House want to have an unbalanced approach to it, and that is not reflective of what was in the report.

Some – many of the speakers from one side of the argument, in particular – see the current financial turmoil and the difficulties which there undoubtedly are as the great opportunity to regulate everything out of existence, and the great danger is going to be, both nationally and in Europe in particular, that a very unbalanced approach is going to be taken to this.

I think Mr Purvis put his finger on the pulse when he made reference to the fact that the supreme irony of this particular financial crisis has been that it was the most heavily regulated sector, namely banks, that got themselves and the rest of us into considerable difficulty, and that it was not the activities of private equity or hedge funds that caused any of these problems at all. In fact many of them suffered considerable losses as a result of the things that happened in other areas.

I certainly will take on board what Mr Purvis said about looking at what the incidence of short selling contributed to the demise of some of these institutions as against what long-term disposals by long-term investors have contributed to it. I suspect that Mr Purvis knows the answer nearly as well as I do, which is that, in those two particulars which he has referred to, it will not be short sellers that will be deemed to be the problem in this area: it was long-term investors, rightly getting rid of long-term positions, because they felt that a particular institution was not on a sound financial footing.

But, be that as it may, I think the Rasmussen and the Leinen reports as they have come before us are a genuine attempt to look at all of these particular areas in a balanced way. And I am prepared to do that. For a number of months – for nearly a year now – I have signalled that I am going to do something in the area of credit-rating agencies. As far back as last November/December, I started the process by writing to CESR, posing them a

number of questions, finally getting reports from them this year, and ESME and other bodies, as well. And having received all of that, I will be putting forward a proposal before Parliament and the Council in the next couple of months. Credit-rating agencies are referred to in this particular in the Rasmussen report.

I also have been making efforts for well over a year to try and get some semblance of order into the idea of colleges of supervisors or a better regulatory system for cross-border financial institutions.

Anyone that has been following this particular debate is very much aware that there has not been universal agreement or anything near it among the Member States. The proposal which is currently before the ECON Committee under the rapporteurship of Peter Skinner, namely the Solvency II Directive, and the ideas I put forward there about cross-border supervision of insurance companies and the considerable advancement there as to supervision, has run into considerable opposition from a large number of Member States and from a large number of parliamentarians in this House who are affecting the views of the supervisors and in their own Member States. And, even though the call in the main in this House is for better cross-border supervision, when a test is put in front of them as to what I should do about it to have a more coherent approach to cross-border supervision, they go back and represent their national positions.

So let us have a little bit of honesty in all of this particular debate and in all of these debates.

In the area of the Capital Requirements Directive, as people who follow this in the ECON Committee will know, since the time we put through the Capital Requirements Directive, left over from that were a number of areas which we said we would deal with in an amended Capital Requirements Directive in the autumn of 2008. This is well over a year, 18 months ago.

Then we have added on to that, in particular, other areas, such as the cross-border supervision of financial groups, about which we finally got some type of conclusions from the ECOFIN Council some months ago, and I have signalled what I am intending to do in the question of the 'originate and distribute' model. It goes a long way towards what I signalled were my intentions some months ago – what I want to do – and I put forward some propositions; it is reflected in Mr Rasmussen's report, which is more or less in the same idea as myself in this particular regard. But I will tell you this before it comes before the relevant committee: the Members of Parliament – if form is anything to go by in the past – will be representing the position of a lot of their own Member States, which is very much anti what I have put forward there.

So the proof of the pudding is going to be in the eating. There is no point in supporting Mr Rasmussen's report in this particular area and then, on the other hand, when the specific questions come before Parliament in the form of a proposition – which I am putting forward also in the next couple of months and which many months ago I signalled I was going to do – if Members of Parliament then take their own national positions, representing the views of some of the banking firms in their own country and some of the views of the governments of the Member States, then this will not necessarily be a very good idea.

Again I appeal for some type of rational approach, and at least some coherence. I very much respect the opinions of people who are consistent in all of this: people who say, 'I do not think that is a particularly good idea', and follow it through by saying it here in Parliament and when they go before the committee and stick with that position.

But where I do have difficulty is with people who in the main go along with some advancement in some of the areas which are referred to and then, when it gets down to a specific proposal, go back and more or less represent the views of their own Member State's position or of institutions in their own Member State.

But this particular city is probably the headquarters of the world lobbying industry. I have heard different figures over the years as to whether there are more lobbyists here than there are on Capitol Hill in Washington, but there is not much between them in any event.

So I will be interested, when some of the ideas which I am bringing forward, which I have signalled for some time and which are now in the public domain (there has been consultation about it, the papers have been out and everybody knows some of these propositions in the areas which have been referred to) – when, in the next very short while, these propositions come before Members of the European Parliament – whether all the Members who spoke so heavily for some changes in the wider area, when it comes down to specifics, will follow through and support what is here.

We have taken good note of the points identified in both the Rasmussen and Leinen reports. As I promised in my earlier remarks, we will respond to this in more detail in the context, as provided for in the framework agreement. Mr Rasmussen asked me if that would be before the end of this year – I think a couple of months

ago he said that, hopefully, by the end of the year we would be able to respond – and I promised him we would be able to respond.

But in response to the gentlemen who spoke about how everyone should not be blinded by their own dogmatism, I think he might be referring to the other side of the argument. I ask people on that side of the House not to be blinded by their own dogmatism either.

Poul Nyrup Rasmussen, rapporteur. – Madam President, I want to thank my colleagues, and also the Commissioner, for the debate.

Just before I round off the debate as far as I am concerned on the report, I want to say to Mr Purvis, my colleague, that it is true that banks are regulated, but the products that were the cause of all this trouble we are having now are not regulated, and it was not regulated that we could put as much aside of the balance sheet as we actually did. So, Mr Purvis, the answer is that we need better regulation and we need regulation for the products as well.

I would say to Mrs Starkevičiūtė, in order to avoid any misunderstanding, that I am not talking about regulating the entity but about regulating the behaviour. We know that in real life hedge funds and private equity often change their legal constructions, and there are a lot of examples of that – investment banks themselves have executed private equity activities. So it is behaviour we have to change, and this is at the heart of this report.

I would say to Commissioner McCreevy that there is one fundamental thing – which has nothing to do with dogmatism or whatever – that I want to underline to you, and that is that the first paragraph in our report underlines the following: that the regulation has to cover all financial actors. It is the fundamental intention of this report, for the first time in the European Union's legislative history, that what we want is a common total regulation based on the philosophy of a level playing field, leaving no one outside, but which has a unique regulation covering all financial actors. The report explicitly adds: 'including hedge funds and private equity'. Then you tell me, Commissioner McCreevy, and the rest of the European Parliament: yes, I agree with you, but not on hedge funds or private equity. What are we talking about here? For three years we have been discussing with you whether private equity or hedge funds should be covered or not covered by regulation. Before the financial crisis you said this was not necessary: they are better than any government to regulate, so let them do their job. Now you say that they do not have a share in the financial crisis, so we will not intervene in regulating the hedge funds and private equity.

Mr Commissioner, you talked about lobbying here in the European Parliament. I can confirm to you that many hedge funds, lobbying organisations and private equity organisations are here every day, every night, every time. But I think this House must now insist that the Commission – and that is you – come up, before the end of the year, with a total regulation; this is the first paragraph covering all financial actors.

(Applause)

Klaus-Heiner Lehne, rapporteur. – (DE) Madam President, ladies and gentlemen, so great is the transparency of funds that the well-endowed rating agencies, the even better-endowed boards of banks and the more meagrely endowed regulatory authorities no longer knew what was going on. That is how transparent things are! The fact that we need to act here is self-evident and needs no further justification.

Commissioner, you addressed the question of the position with regard to short sellers. It is not a matter of whether the short sellers themselves lose out at the end of the day. The point is what they set in motion and what damage it might have caused. It is really about the effects of their actions on others. That, indeed, is precisely why the regulators in numerous countries have reacted.

As various Members have said, it is about ordinary people, about pensioners and taxpayers. I must re-emphasise that we are nationalising losses, and that cannot be right.

My report, like Mr Rasmussen's report, contains a large number of very specific proposals. In my case, they mainly relate to issues of company law. It is relatively easy to draw up and implement proposals on these issues. In essence, the only thing that need be done is to supplement the existing rules. Nor is it in any sense a matter of discriminating against some hedge funds or other.

At the present time, we have a situation in Europe – and no one disputes this – in which these alternative financial instruments are regulated by national law but are regulated in very different ways in some instances. It makes perfect sense to incorporate them all into a European financial market and regulate them uniformly. To call for more specialists' reports now, when we have already been discussing the matter, as Mr Rasmussen

said, for three years, when we in this House already have specialists' studies, when the Commission has been dealing with the matter and we have held hearings about it, is, I believe, pointless and would only waste time. There is truly a need to take real practical measures. The situation demands action.

Let me make one more remark, which relates to government funds. I entirely agree with you. We need government funds, and in the long term we shall also need government funds from other countries, from countries outside the EU, because otherwise it will probably become impossible in the long run to fund infrastructure expenditure in Europe. That is a matter in which you surely have the support of the Committee on Legal Affairs too, although it is not directly connected with the subject we are discussing today. We have always backed initiatives that the Commission has taken in this domain, and we shall continue to do so.

President. – The debate is closed.

The vote will take place tomorrow.

Written statements (Rule 142)

Corina Crețu (PSE), in writing. – (RO) The fact that the lack of transparency concerning hedge funds and private equity funds has led to a flare-up of the current economic crisis is not up for debate. It is one of the elements which have led, among other things, to the current impossibility of an accurate evaluation of the debt and loan balance of many financial institutions. For years on end these financial institutions have wrecked economies and carried out aggressive take-overs, ignoring not only medium and long-term economic consequences, but also the social consequences of their activity. Lured only by the prospect of short-term profit, they orchestrated the breakdown and sale of entire companies, disrupting national economies and toying with monetary markets, in total disregard for transparency and rules. It is clear that these funds must be regulated and that an appropriate level of transparency must be put in place. This is necessary not only for the stability, health and proper functioning of financial markets, but also in order to decrease the risk threatening those financial markets which are in an early stage, in developing countries, and therefore lack stability. This crisis has proven how dangerous the consequences of laissez-faire are, and how important it is to ensure the future transparency of financial activities.

Daniel Dăianu (ALDE), in writing. – (RO) I commend the rapporteur for his tenacity in pursuing a topic against stiff opposition from various vested interests. The deepening financial crisis has structural causes which are linked to a huge overexpansion of financial transactions during the past decade, which have been based on a flawed securitisation process, reckless risk-taking, a breakdown of due diligence and lack of understanding of systemic risks. The problem with hedge funds, in particular, is that they contribute to increasing systemic risks. The claim that it is the money of investors which is at stake is only a very small part of the whole story. Very high leveraging and focus on short-term gains increase overshooting. But, even worse, the speculative nature of such operations produces instability and can damage financial stability, as has been clearly indicated by the current crisis. It makes sense to bring the activity of hedge funds (and equity private funds) within the territory of regulated financial entities. Leveraging should not be unconstrained. Likewise, hedge funds should provide the regulatory and supervisory authorities with full information on their transactions.

20. Citizens' petitions during the year 2007 (debate)

President. – The next item is the report (A6-0336/2008) by David Hammerstein, on behalf of the Committee on Petitions, on the deliberations of the Committee on Petitions during the parliamentary year 2007 (2008/2028(INI)).

David Hammerstein, rapporteur. – (ES) Madam President, I would like to thank all members of the Committee on Petitions, especially all the shadow rapporteurs and our Chairman, Marcin Libicki, for their cooperation and daily work on petitions.

More than ever, we need petitions from citizens to bring Europe closer to the street and day-to-day problems. More than ever we need petitions from citizens to ensure that Community law is complied with and implemented.

We need petitions from citizens so that we can provide tangible proof of what Europe is for, to prove that Europe is not an opaque institution but something that affects everyone's daily lives and that we are able to hold a dialogue with thousands of citizens.

We are succeeding. In 2007 the Petitions Committee had 50% more cases than in 2006. That success is a reflection of our work; it is a success which blazes the trail for the European institutions in general.

My country, Spain, is the country with the highest number of petitions studied at the Petitions Committee. One third of petitions on the environment of the European Union are from Spain. This is a reflection of the confidence in European institutions which exists in Spain, and a reflection of the work we have done in Spain. But there is an increasing number of cases from new Member States of the European Union such as Romania or Poland.

However, the success of the Petitions Committee, the success in the number of petitions, is also causing a number of administrative and political problems. The Committee lacks resources. The number of cases is continually growing yet the same number of people are working at the Secretariat and the same number of people are working at the European Commission to process the petitions.

The institutions need to respond sensitively to citizens' concerns; we need sufficient resources to be able to deal with the petitions quickly and appropriately. Sometimes petitions procedures drag on for years and years; if petitions are not processed they lose their validity and the European Institutions completely lose their capacity to intervene.

Sometimes there is a lack of high-calibre legal and administrative care in the way petitions are handled by the European Commission. Yes, there are petitions which irritate the powerful. Yes, there are petitions which irritate the authorities. Yes, there are petitions which are inconvenient because they bring hundreds or thousands of people to the European Parliament. Yet this is how Europe will be strengthened.

Last year we made six fact-finding visits to Germany, Spain, Ireland, Poland, France and Cyprus, each of which resulted in a report. We placed particular importance on petitions which reflect citizens' concerns about the environment and its protection, and petitions relating to directives on water, property rights and minority rights.

In many ways we have improved cooperation with the Commission, the Ombudsman and institutions such as SOLVIT to speed up responses to petitions.

Petitions often require mediation outside the courts, not a solution which simply consists in bringing the matter before the European courts.

One of the most important cases in recent years, in 2007 and previously, was the petition on the Via Baltica, a roadway which goes through an area protected under Community law; the European Commission and the Court of Justice have already acted in an exemplary manner to prevent irreparable damage to the environment.

Other very important cases (and at this point I would like to thank Commissioner McCreevy, who is here today) were the Valencia urban development law, where Mr McCreevy and his team acted effectively to defend the Public Procurement Directive. Other cases were Equitable Life, the Loiret in France, protection of water quality in France and the delicate issue of custody of children in Germany.

We currently have a number of petitions such as the petition for a single seat for the European Parliament, which has been signed by one and a half million citizens; we demand the right to process that petition, a right which has not been granted by the Bureau of Parliament.

Finally, we make some proposals, including a change of name to the Petitions Committee, which would become the 'Committee on Citizens' Petitions' so as to clarify the essential function and role of European citizens within the Committee. To the same end we ask that Parliament be opened up in all ways on the Internet and request interoperability of Parliament's web systems; the web systems currently close the door to thousands or millions of Europeans who do not have the type of software needed to access the web, where my speech here in Parliament is being broadcast right now.

IN THE CHAIR: MAREK SIWIEC

Vice-President

Charlie McCreevy, *Member of the Commission*. – Mr President, I am taking part in this debate on behalf of my colleague Margot Wallström.

The work of the Committee on Petitions is a fascinating source of insight into the concerns and grievances of citizens concerning European affairs. They cover a wide range of policy areas, although land-use planning

and environmental issues crop up very often; they cover practically all Member States, and they cover a broad cross-section of civil society, from the individual citizen right up to the multi-national non-governmental organisation. Your rapporteur is right, I believe, to underline the importance of all the work represented by the thousand or more petitions you receive each year.

There are two aspects of the report and resolution which I would like to pick up. The first is the recent development of on-the-spot visits of the committee to the sites of grievances, and which can have a considerable impact in the media, and will no doubt raise the visibility of your work. These missions, besides the press and media coverage, also give rise to very informative reports and would seem to me to be of a high quality. I think that these are important records of your activity and that they deserve wide publicity. It is a big investment of your time and resources, but I am sure that it is one that pays off.

The second of the points I wish to raise is turned more to the future. I wish to reassure you once again of our intentions for the best possible collaboration between the Commission and Parliament. This collaboration is mutually reinforcing; the habit of collaboration instils a better exchange of information, and, as an outcome, a better all-round standard of service for our citizens. The recent increase in the workload in the petitions routine, described in the report, makes the need for an efficient and effective interinstitutional collaboration all the more important. I would like you to know that we will do our best to make it work.

Simon Busuttil, *on behalf of the PPE-DE Group*. – (MT) Thank you, Mr President. I would like to start by congratulating the rapporteur, Mr Hammerstein, on the report he has drafted and the work he has done on it. The last Eurobarometer opinion poll at EU level shows that the European Parliament is the institution most trusted by European citizens. In fact, 52% of Europeans trust the European Parliament, which is more than the percentage who trust the European Commission (47%), more than the percentage who trust their national parliament (trusted by only 34%), and also more than the percentage who trust their national government (trusted by only 32% of EU citizens). I feel that we should increase this trust that is placed in the European Parliament. The fact remains that the European Parliament is the institution most trusted by EU citizens. I think that this results from the fact that the Members of this Parliament are directly elected by the people; it also results from the fact that the Treaty recognises the citizen's right to make a complaint, to present a petition to this Parliament for its consideration. This is in fact the work that is performed by the Committee on Petitions, which is therefore a very important committee because it gives voice to the people and is therefore the committee, among the 20 committees in this Parliament, that is close to the people. What can we do to improve this situation? I think that we should increase awareness of this committee and of the possibility for citizens to petition. Here I disagree with the rapporteur that there is sufficient awareness; I think that 1 500 petitions are too little when you consider that we represent a continent of half a billion people. Moreover, we have to increase awareness and the possibility for citizens to complain, to petition. We need more simplification so that it is easier for citizens to make a complaint. That is why we are asking in this report that the Secretary-General of the European Parliament negotiate with the European Commission to simplify the petition. We also want more efficiency, because we feel that there is too much of a delay in the consideration of complaints. To say the least, we take three months to register people's petitions or complaints; this delay is unacceptable. Lastly, we want a more effective remedy. We want there to be more cooperation before the start of legal proceedings and we want national representatives to be present too when our citizens' complaints are heard. Thank you very much.

Victor Boştinaru, *on behalf of the PSE Group*. – Mr President, I would like to congratulate the rapporteur on the excellent work he has done and for his concrete proposals. The text we have today reflects the need for his report to be more than a simple enumeration of the main activities carried out by the Committee on Petitions on 2007.

I am glad to see that the points we insisted on are in the report. Petitions are about bringing to light the wrong or non-application of Community legislation. Petitions are about guaranteeing the rights that the European Union confers on its citizens. However, I cannot avoid sharing with you the feeling that this unique institutional instrument is not always effective, or at least not as much as it could be or it should be. As rapporteur, Mr Hammerstein has rightly underlined some shortcomings and deficiencies which exist, and these must be addressed.

Firstly, it is hardly disputable that the number of petitions coming before the committee is constantly increasing. Petitioners sometimes face substantial delays before receiving a response or seeing the effects of proceedings. The instruments for exerting pressure on Member States are not always satisfactory. I am wondering what we can do to be more efficient. How can we ensure both effectiveness and a prompt response? We need better rules and more stringent time-frames. We need to enhance the committee's own independent

investigatory facilities, and for this we need more resources and legal expertise for its secretariat. The number of petitioners is increasing steadily. This is the voice of the European people and we cannot afford to ignore it.

Secondly, the institutionalised channels of communication with national authorities are insufficient. The number of inadmissible petitions is significant. We need to establish additional coordination structures with the relevant authorities at a national parliamentary and government level.

I again congratulate the rapporteur on his work, and thank him and the colleagues from the other groups for their valuable cooperation. Petitions are about citizens fighting for their rights, their European rights. We must be here, ready to defend them. That is the committee's institutional role and duty. That is what we owe our fellow European citizens, and I am sure you will agree that there could be no better time to show our commitment to meeting their expectations.

Commissioner, this Committee is not just about visibility and making itself more effective in the eyes of the European media. I wish to refer here – even if this is not about the 2007 report – to the very successful way in which the Committee on Petitions and the European Commissioner, László Kovács, have been working together to defend the rights of European citizens in my country of origin, Romania, and I wish to thank him.

President. – Thank you very much. I am sorry, but we have run out of time.

Marian Harkin, on behalf of the ALDE Group. – Mr President, first of all I want to say well done to the rapporteur, Mr Hammerstein, on his very comprehensive and wide-ranging report.

I was very interested to read in the report that, while other committees have a heavy responsibility of legislative activity, the Committee on Petitions has shown that its role and function are also essential. Indeed, I fully agree with that sentiment and I become more convinced of it with every committee meeting I attend.

Our primary role in this Parliament is that of legislators, but, in order to be good legislators, we need to be aware of the impact of our legislation so that we can improve our efforts in Parliament.

In my opinion, any legislation emanating from this House should improve the quality of life of citizens in some way, and in the Committee on Petitions we see that this is not always the case. This often happens because of the non-implementation of legislation, or inadequate implementation, or because of specific circumstances or situations that the legislation does not address. I think that is a salutary lesson to all of us and we need to hear and respond.

For me, however, the core of this report is about how the committee responds to citizens, and I have said before that in order to respond effectively, we need to put ourselves in the shoes of the petitioners. They are approaching a large institution; they often have no legal or political background; they are put off by bureaucracy and are probably very frustrated at the situation in which they find themselves. For many petitioners, we are the last port of call and it is crucial that we respond effectively and efficiently.

This in my opinion starts with clear, understandable information for citizens. And we as MEPs are not always the best people to judge. Panels of citizens, I believe, should road-test any information we supply, any websites we design, any booklets we print.

We need to be very careful that we do not promise more than we can deliver, otherwise citizens will be totally frustrated and end up blaming Brussels bureaucracy.

When I use the word 'promise', what I mean is this: We must understand that citizens do not know about national authorities stonewalling, they do not know how the system works and we have a duty to them to tell them how it is. Certainly, we can and should try to influence change and this report is certainly doing that, but we cannot allow citizens to get caught as the meat in the sandwich.

Once citizens have good, accurate information and once they are aware of the possibilities for action, then we can provide the service they need. This report outlines in detail what is needed: sufficient resources so that the secretariat can respond in a timely way; greater involvement by the Council and Member States and maximum coordination with the Ombudsman and SOLVIT.

But, above and beyond that, this report also clearly indicates that systemic weaknesses need to be further investigated. This happens where petitioners cannot obtain rightful compensation and where Member States delay to avoid compliance until fines are imminent and still avoid responsibility for past intentional violations.

We as legislators, in conjunction with the Commission, surely have a responsibility to act in those situations.

Marcin Libicki, *on behalf of the UEN Group.* – (PL) Mr President, first of all I would like to thank the rapporteur, David Hammerstein. I am very pleased that Mr Hammerstein prepared this report, since he is one of the most committed and outstanding members of the Committee on Petitions. He is someone that I have enormously enjoyed working with over the past four years. I would also like to thank all the other members of the Committee on Petitions, as well as those who have already spoken and also those who are about to speak on this matter, and also the secretariat of the Committee on Petitions, which is doing great work. As can be seen from the report presented to us by Mr Hammerstein, the number of petitions has grown enormously. This is the work that has been weighing on the secretariat.

The Committee on Petitions is a very special committee because, as has been mentioned before, it does not work on legislation in the same way as other committees; instead it works primarily to create communication between European institutions, especially the European Parliament, and our citizens. As Mr Busuttill reminded us, the European Parliament enjoys an enormous amount of trust and this trust results from, among other reasons, the work of our Committee. These 1 500 petitions do not just represent 1 500 people. Behind these petitions there are often hundreds of thousands of people. I would remind you that with regard to the issue of a single seat for Parliament, there were over a million signatures. With regard to the issue of references to God and Christianity in the constitution, there were over a million. For the COPE radio in Barcelona, there were 700 000. Tens of thousands of signatures on the petitions concerning area management plans in Spain, concerning Equitable Life and Lloyds. Millions of EU citizens know that the Committee on Petitions is part of the European Parliament and they know that, very often, this is their final possibility of redress. Unfortunately, I do not have the time to speak any more on this subject. Once again I would like to thank everyone who has taken part in the good work of the Committee on Petitions.

I would also like to say that the Conference of Presidents of the Political Groups rejected the report from the European Ombudsman concerning improper administration in the European Anti-Fraud Office. That is a great shame!

The Leaders' Conference also rejected a report concerning discrimination against children from broken families in Europe, which we called the Jugendamt, the Jugendamt report. It was about discrimination against children from broken families where one spouse is German and the other of another nationality. I am very sorry that the Conference of Leaders did not help European Union citizens to get help from the European Parliament.

President. – Mr President, please treat this as a small token of appreciation for your excellent work. We shall now continue the debate.

Eva Lichtenberger, *on behalf of the Verts/ALE Group.* – (DE) Mr President, I speak here as a non-member of the committee. Petitions give a direct voice to the people of Europe; at a time of growing Euro-scepticism in many of the Member States, I consider that very apt and very important.

The petitions themselves are taken seriously and acknowledged. This is reflected in an increase in the number of petitions. We therefore consider it crucial that all the matters addressed in these petitions be followed up appropriately so that public confidence in the institution of the European Parliament can be maintained. We must keep a watchful eye on this.

Let me cite three examples. Firstly, the petition on a single seat for the European Parliament was signed by huge numbers of people. But there seems to be resistance to the idea of holding a genuine debate here and providing a clear answer. The public, however, deserve an answer, and we must give them one.

My second example is the Via Baltica expressway project with all its attendant environmental problems. An appropriate response was made in this case, which the petitioners have duly acknowledged.

My third example is a reminder that petitions sometimes relate to aims that the European Union proclaims but does not subsequently pursue, as in the case of the Open Parliament initiative. The thrust of this petition is that people should not be required to buy one particular computer program so that they can watch the material transmitted from the European Parliament and respond in the only permissible format. Open Parliament means open standards. We have an obligation here, and we must act on it.

Kathy Sinnott, *on behalf of the IND/DEM Group.* – Mr President, I consider the Committee on Petitions the most important in this House. It is a forum in which the citizens tell us how the many laws that we deal with in other committees affect them or do not affect them. Without this feedback we are doomed to work in a

vacuum. But, in terms of its work of standing up for Europe's citizens, there is something missing in the procedure, and that is the presence of the Council and the Permanent Representatives of the Member States. How can we mediate for citizens in a dispute with their country without the country attending the Committee on Petitions?

The people of Ireland came to the Committee on Petitions with three petitions in connection with our most valued and sensitive archaeological site: Tara, the Home of the High Kings and of St Patrick. The Committee on Petitions responded enthusiastically and called for the destruction of this site to stop, and urged the Commission to pursue its case against the Irish authorities, and yet nothing has changed. The destruction is nearly complete. There will soon be a toll gate where the Home of the High Kings once stood. The Irish people will, understandably, not get over their disillusionment.

Frank Vanhecke (NI). - (NL) Mr President, it was with mixed feelings that I read the 2007 report of the Committee on Petitions. Positive feelings in the first instance, because it goes without saying that our citizens are entitled to see all legislation properly applied. Naturally I have no problem with people turning to any organisation, including of course the European Parliament, in order to get those laws implemented if a national or local authority refuses to do so. The 2007 report is full of examples of cases where the Committee on Petitions was quite right to take action.

But my feelings were mixed, because on the other hand I am particularly wary of and alarmed by the growing encroachment of European law, by more and more European meddling and interfering in things which to my mind are unquestionably matters for subsidiarity and would really be better left to Member States. In my own region of Flanders, for example, we have increasingly seen Europe meddling in matters of major concern to us. I am thinking especially of the defence of our Dutch language, of our culture and identity in our capital city of Brussels and in the area of Flanders around Brussels, the *Vlaamse Rand*. On issues like these we find Eurocrats who know very little about it all preaching to us in very general terms and telling us what to do. That makes us particularly angry, and it is unacceptable.

I also see that this report repeatedly refers to the procedures set out in the Treaty of Lisbon. And I must stress once again that following the 'no' vote in Ireland, this Lisbon Treaty is politically and legally a dead duck. We of the Committee on Petitions, perhaps more than any other members of this House, must show respect for the legal realities and the democratically expressed voice of the people, in this case the people of Ireland, who have consigned the Lisbon Treaty to the dustbin of history.

Marie Panayotopoulos-Cassiotou (PPE-DE). - (EL) Mr President, our fellow Member Mr Hammerstein always bears in mind matters that are of concern to citizens, and I have had occasion to see this for myself when taking part in delegations to the Committee on Petitions. He also shows great sensitivity in the way he wishes to present the work of the Committee on Petitions in a report. I daresay this is a ground-breaking report because it is not the same one we present every year; it tries to highlight certain cases that the committee has attended to. The aim of the endeavour is certainly to improve the effectiveness of the Committee on Petitions in order to meet European citizens' expectations. The endeavour aims to ensure that citizens have confidence in the way their cases are handled and that there is a distinction between the right to submit petitions to the European Parliament and the submission of complaints to the European Commission and other bodies.

It is very important that citizens understand the differences between procedures. We are not aiming for more petitions. We are aiming for petitions that have substance and are apolitical. We therefore want a secretariat with integrity, one that will not get involved in political disputes or decide the petitions procedure on the basis of political developments in the country.

Similarly, in the case of court decisions, we do not want the Committee on Petitions to get involved in legal developments, and we want it to respect the decisions of the European Court of Justice. We have not seen any benefits from the increase in the number of committee members from 25 to 40. Look at the results of the votes. How many members vote? Never as many as the 25 who first made up the Committee on Petitions.

Extrajudicial proceedings provide a valuable channel for citizens, and fortunately we have SOLVIT for cases concerning the internal market, a resource that citizens should make use of. Above all, everything should be conducted in a transparent, independent manner, so that we are equal to our task.

Lidia Joanna Geringer de Oedenberg (PSE). - (PL) Mr President, in 2007 the European Parliament received over 1 500 petitions, which is 50% more than the previous year. This shows unequivocally that there is an increased awareness among our inhabitants that they can pursue their rights on a European level.

Over 500 petitions were discussed during meetings of the Committee on Petitions, 159 of these in the presence of the petitioners. In addition, in 2007 as many as 6 fact-finding visits were organised to Germany, Spain, Ireland, Poland, France and Cyprus, as a result of which recommendations were prepared for all interested parties.

The concerns of EU citizens as contained in their petitions focus largely on issues such as: the environment and how to protect it, property rights, the right of free movement and employment rights, recognition of professional qualifications and discrimination. The process of submitting a petition can have a positive impact on the process of good law-making, especially through the identification of areas, highlighted by petitioners, where European Union law is still weak or ineffective. For this reason the competent legislative committees should pay particular attention to the problems described in the petitions when preparing and negotiating new or updated legislation.

Taking into account the fact that Member States do not always display the political will to find practical solutions to the problems described in petitions, the Committee on Petitions should move in the direction of increasing the effectiveness of its work in order to serve its citizens better and to fulfil their expectations. Better inter-institutional coordination should accelerate the process of considering complaints, as also the system of passing on petitions considered as inadmissible to the competent national authorities. The fact that activities of the Committee on Petitions are effective gives inhabitants a clear signal that their justified concerns are being investigated effectively, which creates a real link between citizens and the European Union.

Inés Ayala Sender (PSE). - (ES) Mr President, this is another report on the standard function and operation of the Committee on Petitions, and the truth is that we must acknowledge that from one report to the next the Petitions Committee and the European Ombudsman continue to be excellent tools that European citizens can use to flag up and request solutions to misapplications of European law. Therefore it is crucial that our proposals continue to keep European citizens in the leading role, even though sometimes on occasion things have perhaps not gone as smoothly as they should.

Sometimes, especially recently, and here I must confess that I am as guilty as anyone, the leading role of MEPs and their political debates, even at national or local level, is too influential in procedures where national remedies have not run their course, and may give citizens false hopes that the European Union can resolve everything; therefore there is a need to set an example that the principle of subsidiarity is crucial to ensure that all bodies, whether at State, local, regional or even European level face up to all their responsibilities.

I therefore would like citizens to be able to reclaim their leading role and for them to do so through greater and more extensive information on all the opportunities of the right of petition, the fact that they exist and that there are more of them than ever, and information on how the other means of recourse, whether local, regional or national, operate so that recourse to the European Parliament, recourse to a petition, is genuinely appropriate and effective and does not ultimately result in frustration.

I also believe that there are contradictions in some of the proposals put forward by the rapporteur: we are told that resources are insufficient, there are delays, wishy-washy replies, duplication of cases, yet the proposals include, for example, transferring the register of petitions to the Secretariat. I believe that this would demote the profile of petitions and the ...

President. – There is nobody on the catch-the-eye list at this moment. A rule is a rule. So you may finish your speech!

Inés Ayala Sender (PSE). - (ES) Thank you, Mr President; if this is another facet of flexibility then I am grateful to you for it.

I believe, therefore, that we should hold the register of petitions at the Presidency; I am of the view that we should not demote the status of petitions, and holding the register at the Presidency would provide and even maintain visibility for petitions in our Chamber as they would not be restricted to the Petitions Committee.

I am also concerned, and I would like to hear the Commission's – Mr McCreevy's – view on this, as he is here, about the rapporteur's proposals on revision of the infringement procedure. I would like him to give us some clarification.

Finally, I am also concerned about the role of fact-finding and conclusive proof under discussion. I believe that the role of our Petitions Committee and its duties must be to maintain politicians' and citizens' standing to demand that other powers, other institutions, operate as they should.

Charlie McCreevy, *Member of the Commission*. – Mr President, I would just like to thank Mr Hammerstein for his report, and also the committee chairman, Mr Libicki, and the vice-chairs, for all the work they have done in collaboration with us over the years. I trust that the spirit of collaboration will continue up to the end of this legislature.

David Hammerstein, *rapporteur*. – (ES) Mr President, I would like to express my thanks for all the contributions, which I have tried to include in the report.

The comments on the slowness of any procedure have merit. One of its causes is the register for petitions: there is no reason why a petitioner should have to wait three or four months just to be given a number for their petition. That is the reason behind transferring them to Brussels under the Presidency and, with the help of the Secretariat to the Petitions Committee, registering petitions here; there is absolutely no question of demoting petitions.

More comments have been made on scant implementation of Community law or non-compliance with it in many cases. We on the Petitions Committee monitor this lack of implementation. We do not in any way view our task as one of interfering. The fact that the Chairman of the Commission, a Pole, visits Spain is not interference; it is a matter of European law.

The Petitions Committee offers citizens recourse to Community law when remedies in their countries have been exhausted. In no way do I believe that any cases have been politically influenced, not at all. The important cases which have come to the attention of the Petitions Committee have been ones where there has been a continuous breach over many years of Community law, and therefore they have come to the right place, the Petitions Committee.

The resources of the Secretariat of the Petitions Committee are important in order to maintain its autonomy and independence. By way of illustration, if we take the view that a procurement method for a computer service which cannot be operated by Parliament or Council and the Commission is incorrect, how can we ask the European Commission for its opinion on its methods of procurement if we do not have the means to conduct an autonomous, independent investigation? Quite simply, we cannot.

That is why we need greater capacity, and it is obvious to all members of the Petitions Committee that the Secretariat has too much work and needs more resources.

President. – The debate is closed.

The vote will take place on Tuesday, 23 September 2008.

21. European Year of Creativity and Innovation (2009) (debate)

President. – The next item is the report (A6-0319/2008) by Katerina Batzeli on behalf of the Committee on Culture and Education on the proposal for a decision of the European Parliament and of the Council concerning the European Year of Creativity and Innovation (2009) (COM(2008)0159 - C6-0151/2008 - 2008/0064(COD)).

Katerina Batzeli, *rapporteur*. – (EL) Mr President, Commissioner, the proclamation of next year as the European Year of Creativity and Innovation is fully in accord with the aims and priorities of the EU to develop the European knowledge society as a key response of the Europe of 27 to the economic and social challenges of globalisation. This globalisation blatantly seeks to place at the centre of developments nothing other than the economy, which is in fact all too often the illicit distribution of profits.

Globalisation, if it is to develop into an equitable development policy able to deliver its economic and social benefits to all regions, must be human-centred. It must provide equal access opportunities for all citizens, in every part of the world.

We have made the right choice in opting for the combination of innovation and creativity as the key dimension of the European Year 2009. Thus, the 'knowledge triangle' – education, research and innovation, with creativity – makes the citizen the central pillar of the EU development model.

In addition, the choice of 2009 as the Year of Creativity and Innovation is in terms of policy clearly an extension of the European Year of Intercultural Dialogue. Let me add that with your participation, Mr Figel', it is proving to be a great success.

The mobility of knowledge and creativity forms an integral part of open intercultural dialogue. The aim of this dialogue is to encompass cultural diversity, partnership in business, professional cooperation, social convergence and closer educational alignment among EU citizens.

It is therefore essential that there should be a clear commitment and mobilisation of all social partners, SMEs, educational and professional bodies, as well as Community, national and regional authorities.

The main driving force for all the actions in 2009 will be the educational programmes at national and European level, the Community programmes for lifelong learning, the actions linked to training and education under both the Social Fund and the other Structural Funds, and also the national educational programmes to be included in this Year.

The fields of culture, communications, the job market, young people, women, immigrants, local and regional entities, cultural industries and SMEs are included.

It has been decided that this cooperation should be based on multi-annual and one-year programmes with specified funding for projects, although Parliament would like this Year to have its own budget, as is the case with the Year of Intercultural Dialogue. Parliament has made amendments that, if anything, will ensure that this Year is funded not primarily through the Community programmes for lifelong learning, but through each programme and sector-based action. Under this proposal, innovation and creativity will not place a burden on the educational programmes, but will be central to all Community policies.

Let me end by thanking the Commissioner, the Commission departments, and the Slovenian and French Presidencies for the open dialogue and cooperation we have had.

Ján Figel, *Member of the Commission*. – Mr President, I want to express my gratitude to Mrs Batzeli, to the Committee on Culture and Education and to all Members for their support and amendments – and improvements – to the original text, aimed at strengthening it and stressing several aspects of a potential European Year of Creativity and Innovation.

The Commission can wholeheartedly support the text as it stands. This initiative is a response to calls from this Parliament and from the Member States to strengthen the links between education and culture. By focusing on creativity and human talents, the Commission wants to emphasise that, while we can draw inspiration from the past by learning from our rich European and world heritage, engaging with culture should, above all, be an experience which helps to unfold people's innate potential and engage their active participation. Creativity and capacity for innovation are linked competences which need to be fostered as widely as possible through lifelong learning.

There is creativity and innovative potential in all of us, and everybody has different talents, be they professional artists or amateurs, teachers or entrepreneurs, from a rich background or a poor one.

Fostering that potential can help solve societal challenges and also to shape Europe's future in the globalised world, as Mrs Batzeli just said. This European Year will provide an opportunity to highlight the fact that Parliament, together with the Council and Member States, has already drawn up a charter for a balanced approach to education in the form of the recommendation on key competences for lifelong learning. We adopted this in December 2006, and it will be our guideline throughout the year. One of its striking features is the definition of competence as 'knowledge, skills and attitudes', and we plan to use the Year to highlight particularly the question of attitudes, which is arguably the idea which Europe most needs to work on.

When this proposed European Year was initially discussed with the Committee on Culture on a very informal basis, Mrs Pack emphasised that this was a European success story and a good one to put before voters in an election year – 2009. With this in mind, I would urge Parliament and all of us to become real ambassadors for creativity and innovation - not only in 2009, but also beyond that.

Mihaela Popa, *on behalf of PPE-DE*. – (RO) As you know, the Commission's proposal that 2009 should be the European Year of creativity and innovation is part of the initiative to emphasise the importance of various topics by associating them with individual years. Europe needs to stress creativity and innovativeness in order to cope with a mobile Europe, and choosing this topic for the European Year is a good opportunity for conveying information to the public with regard to the best practices in the field, and for stimulating political debate.

The overall goal of the 2009 European Year is to promote creativity as a driving force for innovation and a key factor in the development of personal, vocational, entrepreneurial and social skills throughout life.

Creativity and innovativeness are two values which become more and more precious as we use them. The more we use them, the more effective they become. However, top performance requires special attention under favourable circumstances.

In 2009 it will be very important for each Member State to promote, in accordance with the principle of subsidiarity and proportionality, those activities which involve young people, men as well as women, as we know that women are under-represented in science and research. These activities should also involve disabled persons with a high potential for creativity.

The European People's Party supports European innovation and treats the setting up of a European Institute for Innovation and Technology as a priority. However, we believe that reliance on people's innate creativity and innovativeness is not enough; we should organise activities and create events. In this context, we support the adoption of the draft report on the European Year of Creativity and Innovation which has been negotiated with the European Commission and the Council. Moreover, it is essential that we should launch a set of follow-up measures meant to keep up these efforts once the year is over, and, as the Commissioner said, in our capacity as Members of the European Parliament, we should indeed act as ambassadors of creativity.

Christa Prets, *on behalf of the PSE Group*. – (DE) Mr President, Commissioner, we are still in the European Year of Intercultural Dialogue, and we are thinking about the Year of Creativity and Innovation, which is a good thing, because the two subjects complement each other. That is very important, because it takes a lot of creativity and innovation to establish intercultural dialogue, to practise it and make it part of our lives. We should now get into practice so that we can then move seamlessly into the next year and the new requirements, for creativity must be regarded as a driver for innovation and as a key factor for the development of personal, occupational, entrepreneurial and social competences.

Particular importance attaches in this context to lifelong learning. Europe must become more creative and innovative in order to rise to the challenges of global competition and to adapt and respond to rapid technological changes and developments. There is still a great deal to be done in this respect. If we consider the research and development programme and the budget that every country is supposed to provide, namely 3% of GDP, we cannot fail to recognise that we are still far short of the target. When we look at other countries, such as the United States and China, which invest far more in research and development, we can see where there are gaps to be filled here in Europe.

It also takes a very great deal of creativity and innovation to assemble funding packages. This programme could certainly have done with one. Sadly, it had to get by without financial resources. The Member States – and organisations and institutions too – must now work out for themselves where they set priorities and how they fund them, to which end, of course, they will have to avail themselves of appropriate EU support programmes. For additional innovations and additional activities, however, we could have done with extra funding. That was surely essential.

It is also very important to establish a close link between artistic creation and schools and universities. Art and culture also need support and encouragement if they are to engender creativity. The ideas are very often there, but the money to implement them is lacking. It is very important that we do not neglect evaluation in connection with the Year of Intercultural Dialogue, the Year of Mobility and all these things which are actually intertwined, so that we know, at the end of the day, what advantages are accruing to the population and how we can make it clear and comprehensible to our fellow citizens that all of these priorities ultimately benefit them personally and foster the development of the European Union.

Hannu Takkula, *on behalf of the ALDE Group*. – (FI) Mr President, it is a special pleasure for me to speak today, because Parliament's best vice-president, Marek Siwiec, is leading the session and the distinguished Commissioner Ján Figel' is here, and because the subject is most interesting: creativity and innovation; although one could always ask, when discussing such matters, what creativity and innovation actually are.

It often seems as if they are just words which do not appear to have a lot of content. If I had to answer the question of what creativity is, I know at least one answer, which the Finnish composer Sibelius is said to have given: he thought creativity was pain.

Of course we have no fear of pain in Europe if it begets added value, something which takes us forward as a group of nations and in the context of Europe as a whole. As I see it, it is the main purpose behind this European Year: to bring some added value to the European reality.

How do we promote creativity and innovation? As the President knows, your country, Poland, is to get the European Institute of Innovation and Technology. That is surely one factor in this area which is going to encourage the Member States of the European Union to create new added value and innovations using various incentives.

We know, however, that it is not government decisions that bring about innovation or creativity. Whatever we decide here, they do not come about as a result of decisions. Instead, we need resources and the right prerequisites at universities, schools and in different sectors of our society, so that people can focus on creating something new and exchange best practices, and so that they can break free of the stereotyped thinking that prevents them from approaching things in a new way.

This, I think, is a great challenge, because we all know that the education institutions in our own countries have in many cases developed as a result of traditions going back a long time. Certain traditions have been taught, a certain truth, but to some extent there is a need to question issues and examine them from a pluralistic angle. We need to realise that by being critical and by disagreeing, by challenging the paradigms and certain 'truths', we can succeed in creating new added value.

I know that the Commissioner will certainly urge all the Member States to put forward national innovation strategies on how they will help students to think of new ideas or provide scope for new ways of thinking all the way from the early school years to university based on a programme of lifelong learning.

This is an important issue, and I think that the main contribution that this European Year will make will be that creativity, innovation and new ways of thinking will become the core of the debate. Perhaps it will lead to innovation and new added value, and perhaps they will result in productisation, because the economy in the European Union is an important business. Thank you, Mr President.

Mieczysław Edmund Janowski, *on behalf of the UEN Group.* – (PL) Mr President, Commissioner, Paul Gauguin said 'I shut my eyes in order to see'. We want to see better, to understand better and to act better. We need to awaken the skills and talents that are dormant within ourselves. It is essential to use all the powers of creativity that European society possesses in order to face the challenges that the world is bringing forward. We constitute less than 8% of the population on our planet. Other people are neither passive, nor any less gifted. For this reason, acting on behalf of the Union for Europe of the Nations Group, I would like to support the establishment of the European Year of Creativity and Innovation.

I would not, however, like this to be an activity just for the sake of the activity. We must do everything to avoid wasting the opportunities and abilities that we have to create new and positive values in all areas: in technology, entrepreneurship, in finances as well as in social and other areas. We cannot afford to waste the skills, abilities and hard work of thousands of talented Europeans, young and old, including those who are disabled. We must do everything to simplify procedures to introduce innovative solutions. Let us make use of objective 7. of the framework programme for this purpose!

Mikel Irujo Amezaga, *on behalf of the Verts/ALE Group.* – (ES) I should like to begin by congratulating both the Commission on its proposal and the rapporteur, Mrs Batzeli, on a report which had almost unanimous support with the customary exception of one member of our Committee for the entire report.

On one hand I should note that my region, the Basque Country, is holding a Year of Innovation this year. It is being carried out on the basis of concepts approved in 2007 and I believe it should be possible to draw on at least some of them to a fair degree.

Specifically, one concept could be to promote critical, free thought in society. The year should at least include this concept. Thought which drives the scientific spirit forward and develops the ability to reason in order to facilitate change in the organisations and institutions in our territory and their contribution to the construction of a modern, supportive, open and innovative continent.

On the other hand, the Year of Creativity and Innovation should encourage a concept of open innovation: innovation which, as well as being based on internal capabilities, incorporates all its possible sources – users, suppliers and networks – and which, going beyond product and technology, includes the intangible and generally manifold aspects leading to value creation.

Similarly, the year should take innovation into all spheres: innovation which reaches all Governments, and here I do not mean only the governments of the Member States, regions or non-State bodies which have plenty to say during the year. I would also ask the Commission to please bear them in mind as well.

Innovation should also extend to all organisations and institutions, whether public or private, profit-making or non-profit-making, and to all aspects of life; in particular it should promote social innovation and innovation in support of environmental sustainability.

IN THE CHAIR: MR VIDAL-QUADRAS

Vice-President

Vladimír Železný, *on behalf of the IND/DEM Group.* – (CS) Mr President, I was elected to the European Parliament in a former communist country. Surprisingly, here in the EU we are once again experiencing those things that we were convinced we had left behind long ago. It is strange case of *déjà vu*. I lived through the entire communist era in my country, during which our lives were carefully divided into years, months, weeks and days, each dedicated to someone or something. We had the Year of Folk Culture, the Month of the Book, the Month of the Czechoslovak-Soviet Friendship, the Cosmos Week, the Miners' Day. Every time we woke up in the morning, our day, week or month belonged to someone other than us. Our lives went by like one big endless campaign. This campaigning was designed to cover up the lack of freedom, as well as the scarcity of oranges and meat. As members of the European Union we have enough oranges and meat, and yet, the Union is succumbing to the same temptation: to achieve results through campaigning instead of patient and steady work.

How does the European Union intend to whip up more creativity? Creativity is based on invention and talent, on an inspired (or at least a good) idea. We will achieve nothing more than making hundreds of additional new NGOs happy. These NGOs are a strange disease affecting our democracy. Although unelected and unauthorised, they are allowed to draw money from our funds since they act for the greater good, of course. They will happily spend the entire budget for this annual campaign. They will spend taxpayers' money on thousands of leaflets, numerous advertisements, events and seminars. Creativity, however, will be the same one year on. Mr President, I have a suggestion. Instead of the European Year of Creativity and Innovation, let us declare next year to be a year of regular work, free from any campaigning. A campaign-free year: what a relief that will be. Thank you.

Thomas Wise (NI). – Mr President, the overall objective of the European Year 2009 is 'to promote creativity for all as a driver for innovation and as a key factor for the development of personal, occupational, entrepreneurial and social competences through lifelong learning'. But we are always talking of new legislation. An oppugnant state mired in legislation and bureaucracy stifles creativity and entrepreneurship among its people. Belgium, for example, is unlikely ever to produce a Joe Meek or a Richard Branson, and, let's be honest: the Singing Nun was never really on a par with The Beatles or the Rolling Stones.

As the Commission sinks into caducity before becoming lost in caliginosity, the great works of European culture will remain as knitted beacons. Let us not stifle our artistes with any more legislation, and, as the great Ral Donner once lamented: 'You don't know what you've got until you lose it, uh-huh, oh yeah!'

Pál Schmitt (PPE-DE). – (HU) Mr President, Commissioner, the European Year of Creativity and Innovation is an excellent occasion for drawing the attention of citizens to the Union's activities in the field of education and research, particularly with regard to the Lifelong Learning Programme.

Lifelong learning is an integral part of the Lisbon programme, and its most important goals include the development of a knowledge-based society, increased competitiveness, stimulation of the economy and the creation of jobs.

When we talk about creativity, we are prone to thinking exclusively of scientists, engineers, builders or master craftsmen. However, in addition to economic and technological innovation, the concept of creativity has another, easier interpretation which is perhaps closer to us, namely creativity in the artistic sense.

To a great extent, artists who dazzle us again and again contribute to making our lives complete, whether it be painting, sculpture, literature, song, theatre, graphics, photography, design or even film, which reaches vast masses of people. Artists and the works they create define our quality of life.

The Year of Creativity offers a good opportunity to recognise and appreciate those people who make our immediate environment inhabitable and influence the tastes, value judgments and demands of young Europeans for the better.

I realise that we have a great need of innovative and creative technologies that bring about revolutionary changes. We are dazzled by fabulous cars, miraculous means of communication and the results of innovative,

scientific research, but what would life be worth without the beautiful works of art, statues, graphics, textiles or the creative works of music and literature that surround us?

I very much hope that the European Union's programmes will include the ethical and material appreciation of culture, especially the works that contribute to a sense of pride in European identity and as a result of which we can all like being European a little bit more.

Finally, even though I have been speaking about the arts up to now, please allow me to express my hope that the European Institute of Innovation and Technology, which has recently opened in Budapest, will also make an effective contribution to the success of this Year. Thank you for your attention.

Leopold Józef Rutowicz (UEN). - (PL) Mr President, growth in consumption as well as growth of resources for economic growth, healthcare and culture in the coming globalisation process depend to an ever increasing extent on the effectiveness of education, on activities to promote people's everyday creativity and innovation, on creating better organisational and financial models for the introduction of innovations and on ideas that increase productivity, improve quality, create jobs, reduce costs and improve competitiveness.

What is important in all of this is the development of education, and this includes statutory education, which should encourage creative thinking. The media too should encourage innovative thinking by showcasing achievements and showing respect for those responsible for those achievements. Innovation in the economy, at different levels of local government, and so on, could unleash a high degree of involvement, providing that administrative barriers are eliminated and there is full social integration, which depends, to a large extent, on politicians.

2009, the Year of Creativity and Innovation, should not be a year of thinking, but a year of concrete and creative activity. The draft directive is a necessary document and the changes put forward do not change its essence. Thank you, Mrs Batzeli, for your report.

Małgorzata Handzlik (PPE-DE). - (PL) Mr President, creativity and innovation are key factors for knowledge-based economies, and the European economy is certainly one of these. Facing the challenges of globalisation and taking advantage of the opportunities that it presents requires an innovative and creative approach.

Economic activity is only one of the areas where creativity and innovation are important factors for success and where they often provide a decisive competitive advantage. Without them it is difficult to think of products or services that fulfil the growing demands of consumers. For this reason I believe that increased involvement among companies, particularly as regards their experiences in taking advantage of the potential offered by human innovation and creativity, should be given considerable emphasis in European Commission plans.

Creativity and innovation are skills that it is difficult to learn, but they can certainly be supported. Education is very important in stimulating their development. However, this should not be restricted to schools or academic education. What is important is that creativity and innovation should be promoted at every level of education, from different forms of education, throughout one's professional life and on into retirement. When promoting innovation and creativity it is worth taking advantage of experiences gained from existing programmes in education as well as from other initiatives, particularly those with a cross-border dimension.

I believe that announcing 2009 as the European Year of Creativity and Innovation will be effective in helping to raise people's awareness, to spread information about good practice and to stimulate research and creativity and, above all, will stimulate a discussion about policy and the changes that should be initiated so that creativity and innovation gain more support from companies, European institutions and Member States.

Jerzy Buzek (PPE-DE). - (PL) Mr President, it is a rare event indeed for me to say that I agree with everyone who has spoken before me. You have all explained clearly and convincingly why this year is important. Mr Janowski explained this particularly eloquently just a few minutes ago. However, I also agree with those who say that this could be just another of those years that do not have any real results. Therefore, if we do not want to be saying just that in a year or two, then we must prepare some concrete steps.

One concrete step would be to state that we are realising our fundamental priority, which is the Lisbon strategy. I have not heard anyone mention this. This is an incredibly important issue. It is in the Lisbon strategy that we first linked technological and economic issues with artistic issues. If we are to speak of specific steps, then I believe we should do this on two levels.

The first level (I am taking advantage of the fact that Commissioner Figel is with us and that he is in charge of schooling and education) is education. We should analyse the situation in the European Union. Does the matriculation examination in our secondary schools really provide a basis for creative thinking in the young people taking this examination? There has to be a real review of what is happening in Europe. Aesthetic sensitivity on the one hand, and, on the other, mathematical abilities and science – this is what we are lacking. Traditional humanities do not make this possible. The European University Association often speaks of this issue.

One last issue, which is very important. If we are to speak of resources, there is talk of allocating some resources on the level of the European Union. We have to try to create a situation where, at the end of this year, we have some report, some specific data, on the situation in individual Member States, what is missing, how can we make comparisons, because we have never made this type of comparison on the European level, not properly. This will help us with the Lisbon strategy.

Zita Pleštinská (PPE-DE). – (SK) Commissioner Figel, I am glad you are present for this debate today as your life experience is similar to mine in many ways.

My own artist's experience allows me to say that devoting European Years to certain themes definitely helps increase public awareness and involvement.

Since present-day Europe must rise to the challenges and opportunities of globalisation by strengthening its creative and innovative capacities, I welcome the Commission's decision to declare 2009 the European Year of Creativity and Innovation.

The motive forces behind innovation are people, their occupational, entrepreneurial and social competences. Consequently, special attention must be paid to lifelong learning. I welcome the proposed measures to promote creativity and a capacity for innovation in all stages of lifelong learning through working life to retirement.

I am convinced that, in order to achieve the 2009 goals that are meant to make Europe benefit from innovation, the set of measures should dovetail with other policies, which should continue beyond the end of the European Year of Creativity and Innovation.

Silvia-Adriana Țicău (PSE). – (RO) Declaring 2009 as the European Year of Creativity and Innovation is a firm commitment that we have undertaken. 42% of the businesses working in industry and services within the EU have reported innovative activities. In 2003, 65% of German companies innovated and 312 patents were awarded per 1 million inhabitants, compared to the European average of 128 per 1 million inhabitants. In Romania, one fifth of companies do innovative business. In 2006, European investment in research and innovation amounted to a mere 1.84% of GDP, compared to the 3% target set by the Lisbon Strategy.

Investment in research and innovation did not increase at the same pace as European GDP. I believe that surveys, polls, conferences and information campaigns are not enough. The European year of creativity and innovation must be a year when promises are kept. Promoting creativity needs appropriate support from the Community budget as well as from national budgets. Commissioner, together with us, with the European Parliament and the Member States, you are committing yourself to an increase in creativity and innovation in Europe in 2009.

Dumitru Oprea (PPE-DE). – (RO) We thank all those who made a Central and Eastern-European country celebrate creativity a year earlier, as Budapest is, in fact, the capital of this new European trend of creativity and innovation. Along the same line, we propose that leading universities should have the opportunity to promote European policy by organising special actions in at least one university in each country from the last two waves of enlargement, and experts and specialists should have their say in these actions. We also propose that the top two or three researchers in the countries from the two most recent waves of enlargement should go on a tour of the top five universities and research centres in Europe.

Marusya Ivanova Lyubcheva (PSE). – (BG) Mr President, Commissioner, the designation of 2009 as the "European Year of Creativity and Innovation" provides an opportunity to promote cultural, scientific and economic cooperation, the prospects that are opening up for each country to develop its own national programme for encouragement of people's creative potential.

Just as lifelong learning is important, so creativity, which underlies each innovation policy, is decisive for generation of new social value added. This policy shows that we count on and develop human resources, and that they are central. It is important that a direct link should be established between education, culture

and science. It is important that institutions should interact for broadening their range. Creativity and innovation apply to all ages. It is also important that adequate resources should be allocated and public support should be enlisted for talent encouragement. Talents evolve, but they need support, because the driving forces in society are precisely the capable and talented creative personalities.

Ján Figel', Member of the Commission. – (SK) I should like to say many thanks for an interesting discussion that shows interest in innovation and creativity and Parliament's support for this agenda. I noticed that the debate was dominated by Members from the new Member States, which in itself is a plus and perhaps sends a positive signal that Union enlargement means that new themes and realities are viewed both from the perspective of the global world and from the local perspectives.

Richard Florida, an American sociologist, said that the key to an innovative society is the combination of 'three Ts': talent, technology and tolerance. Everyone has a talent to some extent, in a special way, of a different kind. Technology is represented by a computer or a musical instrument, perhaps by a wheelchair, as a means to develop a skill. The third T, tolerance, makes it possible for everyone, including the marginalised and weak, to participate in the processes leading to improvement, social inclusion and new knowledge.

I am glad that we heard about the continuity with 2008 since our aim is to develop, on the basis of cultural diversity and intercultural dialogue, another dimension of the cultural agenda, and that is the creative industry. It helps us to view culture as a creative part of society, not as a consumer, not as 'something, sometimes', but as a permanent part of the economy-creating process. Culture contributes. Culture is not about consumption. If we view culture this way, our creative industries will prosper and bring good jobs and significant economic growth which, in fact, is the same as the Lisbon Strategy. There is no dichotomy (either business or culture) but rather a communion which is of course balanced and reasonable.

Secondly, the transfer of knowledge into practice is very important for the learning process. Our learning is often isolated and fragmented and has little relevance to practical needs. I do not want to talk for too long, just to recap that we had a real thumbs up here for the entrepreneurial sector, for business education, for the responsibility that not only the European Union but also the Member States have to promote and support talent and innovation. All this is interconnected with modernising the education system and with lifelong learning.

I should like to conclude by saying that innovation is not only reflected in end products or new services. Innovation also shows in new approaches, new methods and new mentalities. This is the importance of 2009: to change our perception of the importance of innovation, of the value of talent and creativity. Thank you very much. I will look forward to further cooperation.

Katerina Batzeli, rapporteur. – (EL) Mr President, I think all of us here in Parliament unanimously, and by political agreement, support the view that 2009 should be the Year of Creativity and Innovation. We have tried to shore up our confidence in the success of the 2009 Year programme, and this has been made all the more possible thanks to the co-decision procedure. The European Parliament has asserted that this procedure will be a policy based on interinstitutional agreement, not only in decision-making, but also in terms of the implementation and effectiveness of the programme.

Let me now stress that the Commission must take account of our Members' concerns about the implementation and success of the programme during monitoring and submission of proposals by the national authorities and the parties concerned. This creativity and innovation will indeed be mainstreamed into all the policies. It will also facilitate mobility among artists, the cultural industries, educationalists and teachers.

This calls for a much more extensive audit than in the Year of Intercultural Dialogue, when funding was clear-cut and guaranteed in the annual budget of the European Communities. Taking into account the message given by Commissioner Figel' and other fellow Members that we should monitor the implementation of the programme, let me point out to this House that intercultural dialogue and the Year of Creativity and Innovation must be the spearhead of our communications policy in view of the European elections. This way we can make a small contribution towards mobilising citizens for entrepreneurship, creativity and culture.

(Applause)

President. – The debate is closed.

The vote will take place tomorrow.

Written statements (Rule 142)

Bogdan Golik (PSE), in writing. – (PL) Before I became a Member of the European Parliament I had the opportunity to learn about the principles behind the functioning of the educational system and private companies. The experience I gained showed me that Europe needs to develop its creative and innovative skills for both social and economic reasons.

It seems to me that the coming Year of Creativity and Innovation is an excellent opportunity to improve EU competitiveness in the globalised world. Projects relating to the continuing growth of cooperation between Member States in the field of education, exchanges of good practice, as also the Europe of Knowledge and Innovation, are all supported both by the Polish government and the EU authorities. I was delighted to see the consolidation of the idea of the EIT through the establishment of its headquarters in Budapest in June 2008.

To be able to use people's capabilities to the full and to take full advantage of ideas such as the EIT, what is needed is not just a well-developed infrastructure to encourage people's creativity, but also a support system that ensures there are proper working conditions, making it possible to continue personal development. I would like to take advantage of this opportunity to draw your attention to an initiative from Poland, and specifically from Łódź, which is one of the EIT branches. Łódź stands out in Europe by its innovation and exceptional skills in the areas both of modern education and in the concepts introduced into business. Making good use of favourable circumstances, such as the Year of Creativity and Innovation, as well as of the undervalued potential of cities such as Łódź could be of benefit to us all!

Zita Gurmai (PSE), in writing. – (HU) Creativity and innovation play an extremely important role in Europe's ability to react effectively to the challenges and opportunities of globalisation. Using knowledge more effectively and developing innovation are core elements of the European economy, so we need to place special emphasis on them. The European Year, which aims to develop creativity and innovation, wants to draw attention to this.

The dynamism of the European economy largely depends on its innovative capacity. Europe must focus its creative and innovative abilities for both social and economic reasons. This is why I feel it is important that the European Year should also talk about practical measures and promoting the development of innovation.

The results of creativity and innovation must become more widely known. For this reason, there is particular demand for initiating information and promotional campaigns, holding events at joint European, Member State, regional and local levels, formulating key messages and making good practices known.

The cluster networks that are recognised as the driving force of innovation must be promoted, as well as the creation of knowledge triangles and forging ahead with different forms of education. In order to promote innovation, Member States must concentrate on the developments achieved in the field of services to support innovation, especially for the purposes of technology transfer, on creating poles and networks of innovation through contact with universities and businesses, on knowledge transfer and on better access to funding.

Nicolae Vlad Popa (PPE-DE), in writing. – (RO) Diversity is one of the sources of innovation, and the EU's enlargement policy has brought new sources of diversity into Europe, and therefore new sources of innovation. Unfortunately, though, the cost of participation in Erasmus programmes is prohibitive for many students in Romania and Bulgaria, which decreases their level of involvement.

Erasmus was created in 1987 with the aim of providing students with European mobility and the prospects of a better career. Twenty-one years later, not only has the programme attracted 2 million students and 3,100 higher education institutions, it has also made an active contribution to improving the academic life of students by helping them acquire intercultural abilities and self-confidence.

Although this was not one of its overt aims, the Erasmus programme succeeded in making students understand the very essence of the European Union: freedom of movement within this diverse yet united family.

Therefore, in light of the approaching Year of Innovation and Creativity, I believe that the allocation of extra funds to the budget for students coming from recent Member States would lead to increased participation in the programme and consequently to an increase in diversity as a source of innovation and creativity.

22. Adaptation of a number of instruments to the regulatory procedure with scrutiny, "omnibus" Regulation, Part Two - Alignment of legal acts to the new Comitology Decision (Legislative initiative) (short presentation)

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

– A6-0100/2008 by József Szájer, on behalf of the Committee on Legal Affairs, on the proposal for a regulation of the European Parliament and of the Council adapting a number of instruments subject to the procedure referred to in Article 251 of the Treaty to Council Decision 1999/468/EC, as amended by Decision 2006/512/EC, with regard to the regulatory procedure with scrutiny – Part Two (COM(2007)0824 – C6-0476/2007 – 2007/0293(COD)), and

– A6-0345/2008 by József Szájer, on behalf of the Committee on Legal Affairs, with recommendations to the Commission on the alignment of legal acts to the new Comitology Decision (2008/2096(INI)).

József Szájer, rapporteur. – (HU) It has long been humanity's experience that a decision-making authority, and particularly the authorities in implementation situations, cannot go without parliamentary monitoring. Today, especially in connection with the preparation of the Treaty of Lisbon, we have very often heard about the European Union's so-called democratic deficit, and we have also heard a huge amount about bureaucracy in Brussels.

Interestingly, the Treaty of Lisbon is not supported today by precisely those whose interests would best be served by all this change, and by those who remain to be convinced that the Treaty of Lisbon ensures precisely more effective monitoring of the implementing authority, the European Commission, and so-called European bureaucracy. I want this to be considered by all those who think there is no need for the Treaty of Lisbon.

I am convinced that, by safeguarding broader powers for the European Parliament, which is elected directly by the citizens, over the European Commission, we will serve this goal. Particularly when Parliament and the Council, or the legislative authority, delegate more and more powers to the implementing authority in Europe, it entrusts the European Commission in more and more respects with laying down the detailed rules.

Since, in a huge number of cases, we need to react immediately when the complicated European legislative mechanism does not work, when the Council and Parliament cannot meet, and in this case there is no other alternative than to authorise the Commission in such matters in the interests of rapid, effective action.

This still happens. These two reports concern the fact that, within the framework of the agreement concluded in 2006 by the European Parliament and the Commission, the European Parliament's sphere of influence and powers will extend to monitoring the actions of the Commission within the spheres of implementation and legislation. Up to now, only one legislature, the Council, had this opportunity.

The European Commission has produced four packages, of which we adopted two during our summer session. The third is coming now, and my own initiative report is about the principles through which this process must be implemented and how this monitoring must be recorded.

At the same time, I would like to establish that the discussions gave rise to a good compromise, but I would like to clarify fully, on behalf of Parliament, that we do not consider this to be a precedent, either for the Committee procedures that are currently under way, or looking to the future.

These monitoring powers will be Parliament's due irrespective of the Treaty of Lisbon; in other words, the Treaty of Lisbon, which safeguards similar powers, has come a little further and we are already realising these powers within its framework.

This is a gigantic amount of work for Parliament, and Parliament must be guaranteed the necessary instruments for this; and for this very reason I have taken action with regard to the budget too, so that, by taking it away from the bureaucracy, we can safeguard for Parliament the opportunities that are necessary for completing this new task. In other words, Parliament must also prepare for completing this task, and I think that by taking this step the European Union will also become more democratic and more transparent. In other words, we will be taking a significant step towards having the implementing authority monitored by the legislative authority, and thus by sovereignty, within the European institutions. Thank you for your attention.

Ján Figel', Member of the Commission. – Mr President, on behalf of the Commission I welcome the two reports from Mr Szájer, and my thanks to the rapporteur for his work. *Köszönöm szépen Jóska.*

With the first-reading agreement reached on the so-called 'second omnibus', an additional set of legislative instruments will be brought in line to the revised comitology decision. This implies a stronger role for Parliament – for you – and closer democratic scrutiny. The Commission is really pleased to see that work has been advancing at quite a good rate and fair solutions have been reached between the three institutions – the Council, Parliament and the Commission.

With the second report, Parliament actually invited the Commission to present new proposals to adapt a further limited number of acts. I can assure you of the Commission's intention to examine thoroughly the recommendations made in your report. Once this assessment is completed, we will be able to decide how best to respond to Parliament's recommendations.

Finally, let me also express the hope that the examination by the Council and by Parliament of the next omnibus will also proceed rapidly and smoothly.

President. – The debate is closed.

The vote will take place tomorrow.

23. Concentration and pluralism in the media in the European Union (short presentation)

President. – The next item is the report (A6-0303/2008) by Marianne Mikko, on behalf of the Committee on Culture and Education, on concentration and pluralism in the media in the European Union (2007/2253(INI)).

Marianne Mikko, rapporteur. – Mr President, EU membership has almost doubled since the beginning of 2004. Ensuring the convergence of standards for the protection of democracy and basic freedoms towards the highest existing levels is one of the main post-enlargement challenges. In this context, the report welcomes all initiatives aimed at safeguarding democracy and points out that the media remains an influential political tool which should not be treated solely on economic terms.

The report recognises the decision of the European Commission to entrust determining the reliable and impartial indicators of media pluralism to a consortium of three European universities.

In addition, this report stresses the need to institute the monitoring and implementation systems based on the indicators thus determined. The report also recognises the ongoing efforts of publishers' and journalists' representatives to create a charter of media freedom. In addition, the report underscores the need for social and legal guarantees for journalists and editors.

The report advocates the adoption by the multinational enterprises of the best practice for editorial and journalistic freedom in each country where they operate. It expresses concern over lower standards being applied in the Member States which acceded to the EU in 2004 and 2007.

The development and acceptance of new technologies has led to the emergence of new media channels and new kinds of content. The emergence of new media has brought more dynamism and diversity into the media landscape. The report encourages responsible use of new channels.

Weblogs: I understand and I do not understand the concern of bloggers. My entrance into cyberspace has created rapid reaction among a lot of bloggers. I shall make it clear now that nobody is interested in regulating the internet. That is why I support, as rapporteur, the compromise that has reached common understanding in the PSE, ALDE and Verts/ALE Groups and which underlines the following: 'encourages an open discussion on all issues relating to the status of weblogs' – full stop. We remain here.

The report acknowledges the challenges posed to the print outlets by the migration of the advertising revenues to the internet, but points out that the new commercial media landscape is dominated by the established public and private media content providers. It also takes the standpoint that the concentration of media ownership is approaching levels where media pluralism is not granted by the forces of the free market, especially in the new Member States.

The report recognises that the public service media needs a sizable and stable market share to fulfil its mission. It points out that, whereas in certain markets the public service media is a leading market participant, it mostly suffers from inadequate funding and political pressure.

The report recognises the need to increase media literacy in the EU, recommends the inclusion of media literacy among the nine basic competences and supports the development of the European core curriculum for media literacy.

Once again, the report welcomes all initiatives aimed at safeguarding democracy and points out that the media remains an influential political tool, which should not be treated solely on economic terms. Freedom of expression is the key of my report – for that I really stand.

Ján Figel, *Member of the Commission*. – Mr President, I would like first of all to congratulate Mrs Marianne Mikko on her excellent report. The Commission shares many of the views expressed in this report. We are convinced that this resolution sends a very positive signal in favour of media pluralism to all interested parties, including Member States and European institutions, including the Commission.

Safeguarding democracy and plurality of expression – as you have said – is essential. We must maintain a good balance between the objectives of the diversity of voices in the media and the competitive strength of the media. However, earlier and intensive consultations indicated that it would be politically inappropriate for the Commission and the European Union to harmonise media ownership rules or media pluralism. Subsidiarity is effectively a strong consideration here, and a one-size-fits-all measure or model would not suit the variety of situations.

This is the reason why I think that it would be a mistake to over-regulate the very lively blogosphere. Nevertheless, I agree with you that certain legal obligations imposed on the press, such as respect for copyrights or the right of reply, must in any case be respected by websites. Putting user-generated content sites on an equal footing with any other forms of public expression seems to us to be a desirable aim. Conversely, creating a rigid and special status for blogs seems counter-productive and in contradiction to the genuine spirit of the internet.

The Commission agrees with Parliament that the European Community's competition rules themselves can only partially ensure the pluralism of the media. This is exactly the reason why media pluralism is regarded as a legitimate public interest by Article 21 of the EC Merger Regulation. Therefore, Member States may take appropriate measures to protect media pluralism by implementing additional rules beyond the Merger Regulation. They must, however, apply national and EC law.

However, as regards competition rules, I would like to nuance a little your statement on the harmful character of the concentration of ownership on media pluralism. Europe's media companies, including the written press, must be strong enough to withstand competition at global, international level. We are against over-restrictive rules on media ownership which could reduce the competitiveness of EU companies. Situations are not comparable from one Member State to another. There is a real diversity of situations.

I am, of course, in favour of more transparency of ownership and of complete information being available to the public regarding the aims and background of broadcasters and publishers. This is a *sine qua non* condition to attaining more authoritative and reliable media.

As you insist in your resolution, public service broadcasters are an indispensable element for media plurality. This is why the Commission thinks that their public-service missions must be clearly specified and their funding ensured; otherwise great uncertainty will ensue.

In this respect, Ladies and Gentlemen, we all agree that the definition of the public service remit is, in principle, a matter for Member States, rather than the Commission, to decide. Member States also decide the means of financing public service broadcasting, as indicated in the Amsterdam Protocol. In this context, the Commission's role is to minimise distortion of competition between all types of media. The Commission also appreciates your position on codes of conduct and self-regulation as instruments to support media pluralism.

President. – The debate is closed.

The vote will take place on Thursday, 25 September.

Written statements (Rule 142)

Katerina Batzeli (PSE), *in writing*. – (EL) Concentration and pluralism will continue to be at the centre of debate at national and Community level. Today's society and citizens receive live information and can see discussions on the media. Against this background, then, the primary objective is to settle and define the

limits within which the public and private media can cooperate and intervene. In each case, there must be an assurance that information will not be manipulated. Independence from political power, the financial independence of the media, transparent funding of the media, safeguards for journalists' working conditions, and the quality and variety of news reporting – all must be guaranteed.

As democratic dialogue through the media opens up, a new means of communication is being developed: the blog, which individualises the exchange of views. In many cases, however, this form of expression has turned into a 'collective protest', such as on crucial issues like the environment and society.

Self-regulation codes can at this stage form an adequate basis for mutual respect between users and readers; they need not impose any limitation on the right of expression and response on either side. The media and online exchange of information forums are being expanded, assessed and regulated with unfailing regard for the principle of democratic expression and participation, and respect for human rights.

Ivo Belet (PPE-DE), in writing. – (NL) We attach great importance to pluralism in the media and we also endorse the broad principles of the report. It is a pity we were not able to agree on every last point in it.

We fully agree that public service broadcasters must be given room to play their part in a digital, interactive media environment, in proper balance with the commercial broadcasters, of course.

An open debate on weblogs should be encouraged. Blogs and other 'user-generated content' provide a lively contribution to the multifaceted media landscape and are increasingly influential in the interpretation of news and current affairs.

But the quality of a blog stands or falls by its author and not all bloggers are equally honourable in their intentions.

If blogs are not to degenerate into anonymous sources of libel, we need to think about how to deal with breaches of privacy or the right of reply, for example. But Parliament absolutely must not be overly paternalistic.

Adam Bielan (UEN), in writing. – (PL) I would like to emphasise that the European Union needs to make sure there is a balance between private and state media in Europe. Interference in information content by the proprietors of television or radio stations is a breach of democratic standards. I come from a country where the present government is destroying the independence of the media. A whole series of measures is being taken to make the state media subservient to the ruling elite.

I would like to express my support for any initiative aimed at protecting public mass media, since these constitute a powerful political tool. Public service broadcasters need additional protection because of the lack of sufficient funding and the political pressures to which they are subject, particularly in the new Member States.

Hélène Goudin (IND/DEM), in writing. – (SV) The European Parliament's Committee on Culture and Education seems to have a problem of underemployment and, in its eagerness to find subjects to keep it busy, it produces reports which the world would manage quite well without.

The report on concentration and pluralism in the media in the European Union is an example of this. It is an own-initiative report from the Committee and, in her original text, the rapporteur proposed a voluntary classification of blogs on the basis of the professional and financial responsibility and interests of the author and publisher. There are many objections to such an idea, as regards both implementability but also, and even more importantly, its possible implications for freedom of expression.

Although the draft report was amended during its passage through committee, it still contains much that is unnecessary and harmful.

Eija-Riitta Korhola (PPE-DE), in writing. – (FI) I wish to thank Mrs Mikko for her report on pluralism in the media. This is a burning issue in European society: what is our role and our influence? History has made it crystal-clear that the concentration of power is never for the good. People are always ill-disposed to power in whatever shape it presents itself, and concentrated power makes the whole of society sick. This is also true of the fourth estate, the media.

One of the main functions of the Union is to guarantee competition in the single market. Why should that not also be true of the media? The notion in the report of interlinking competition law with media law to

avoid conflicts of interests between media ownership concentration and other forms of power in society is justified.

Nevertheless, I am more worried about the media's ability as the watchdog of what is good in society, because the interests of both are more and more exclusively about profit.

The Church has not spoon-fed morals to the people for a long time. This has been the work of a certain kind of press, because sin, defamation, and condemnation are what it thrives on. In an ingenious way, this type of journalism can combine the adoration of immorality with extraordinary narrow-mindedness to make a productive business: provoke, condemn and make money.

'For by thy words thou shalt be justified, and by thy words thou shalt be condemned.' These words showed a good knowledge of the human mind. When will the media itself address itself to the question of whether it ultimately achieves something socially evil or socially good through its actions?

Ramona Nicole Mănescu (ALDE), in writing. – (RO) As we all agree, pluralism should be a vital element of the mass media. Pluralism must be supported, and the adoption of the Mikko report constitutes a major step in this direction.

The need for a balanced mass media market should be recognised and supported by the Member States, which should commit themselves, both individually and collectively, to giving European citizens the opportunity of obtaining accurate and diverse information.

Cultural diversity, as well as the ever-increasing need for integration of the migrant population and of minorities, along with the importance of providing quality information to the active population, are the priority reasons for creating a Media Freedom Charter. I would like to express my full support for the European Parliament's recommendation that public media services should be encouraged to act as alternative providers of information to ones based exclusively on commercial criteria.

Active exercise of rights and obligations by European citizens, and their being informed and capable of understanding and criticising the provision of information is a necessity which should bear on every measure to be adopted in the future both by European institutions and by each Member State.

Toomas Savi (ALDE), in writing. – The report of Marianne Mikko reflects very well on the general tendencies in the media in the European Union, pointing out an extremely important aspect in paragraph 35, regarding public broadcasting services.

In order to maintain sufficient media pluralism and diversity, public broadcasting corporations must also provide programmes that might not gain the highest ratings or advertising revenue. I have always been convinced that if a public service broadcaster becomes extremely popular among the people and profitable for the state, it need not be a public broadcaster at all.

The purpose of the public broadcaster is also to cater for the various needs and interests of the people, who are not always the unexacting audience of private broadcasters that tend to go with the mainstream. The public service broadcasters across the European Union should not neglect high-quality niche programmes in order to compete with privately owned broadcasters.

One of the principles of providing public goods is solidarity. Public broadcasting services should operate in solidarity with viewers of more demanding or fastidious tastes as well.

Inger Segelström (PSE), in writing. – The report concerns an important subject, media diversity, which is an important element in safeguarding democracy and the right of citizens to have access to reliable and independent media. Countries where economic, religious or political interests control the media have difficulties offering their citizens a variety of means of gathering information, which creates large gaps in their ability to absorb information and guarantee free and impartial elections.

Now we in the European Parliament are voting on a report concerning these important issues. We Swedish Social Democrats had really hoped to be able to vote for this report. But as it stands today, we will not do this. There is great purpose in the compromise proposal reached, but there remain several ambiguities, mainly around issues that affect web-blogger status. We do not want to contribute to the European Parliament equating web-blogging with traditional media by questioning and proposing discussions on web-blogs status, as proposed. This is not required for other groups, so why the web-bloggers? However, we share the

view, with many web-bloggers, that violations and slander are equally punishable on web-blogs as in other media. Therefore, we will vote against this report.

Daniel Stroj (GUE/NGL), *in writing*. – (CS) The European Parliament own-initiative report on concentration and pluralism in the media in the European Union is very significant and useful, and in many places accurately describes the situation already existing in the Czech Republic for a number of years. Here I want to emphasise two particular aspects that the report rightly criticises in broad terms and on which it calls for redress. The first one is the almost total concentration of the daily newspapers in the hands of foreign (specifically German) syndicates, whose economic and political interests clearly contradict the objective interests of the Czech Republic, in particular with regard to the pluralist view and media independence. In the Czech environment, these have become nothing more than a fiction. Instead, there is a clear tendency towards a radical right-wing slant and bottomless manipulation. The other aspect concerns the activities of statutory television broadcasting that exclusively serves the interests of the present right-wing government and is so tendentious in news coverage and journalism that the term statutory does not apply to it any longer. Consequently, my recommendation to the authorities and institutions that are concerned with the issue of media concentration and pluralism in the EU is to pay increased attention to the situation in the Czech Republic in particular.

24. Follow-up of the Monterrey Conference of 2002 on Financing for Development (short presentation)

President. – The next item is the report (A6-0310/2008) by Thijs Berman, on behalf of the Committee on Development, on the follow-up to the Monterrey Conference of 2002 on financing for Development (2008/2050(INI)).

Thijs Berman, *rapporteur*. – (NL) Mr President, the UN is currently debating the Millennium Goals in New York. Unless things change, we shall not achieve those Goals by 2015. That means that poverty will not have been halved, the maternal mortality ratio will not have been significantly reduced, and not all children will be benefiting from primary education. Here and there we are even hearing calls for the Millennium Goals to be shelved. They are not working. Aid fatigue is the problem. That is another term for cynicism and short-sighted self-interest. Insufficient aid is guaranteed not to produce results. And yes, aid programmes frequently fail. And that is the problem. Too little aid doesn't work. It is as if a football trainer kitted his team out with shoes for their right feet only. After a dozen or so matches he says 'you lose every time, you'll never be any good. I'm out of here – keep the shoes, but you're on your own from now on.'

There are plenty of countries where aid does produce results. The scale of the aid is important. In Rwanda substantial aid was given after the genocide. The country has recovered admirably. There are many criticisms one might level against President Kagame – I have plenty myself – but following the terror of 1994 Rwanda offers a lesson in living to the whole world. But without aid its economic growth would have been less impressive. In Mozambique too, aid has produced results; and there are many other examples. Since the Millennium Goals were formulated, 29 million children have been able to benefit from primary schooling. If the world kept its promises, there would not be a food crisis. If every prosperous country spent 0.7% of its GNP on development aid the number of malnourished children would not now be rising again after being in decline for years.

So this report constitutes a sharp reminder by the European Parliament to Member States to keep their promises, especially those Member States which are dragging their feet – France, Germany, the United Kingdom and Italy, to name just those big Member States. They must increase their aid by 2015, within a clear time frame and in equal increments. No backloading, because a late surge after a series of small increases would mean the poor countries losing out on aid worth 17 billion euros between now and 2015.

One thing has to be clear: public funds alone are not enough to get development going and keep it going. It takes more than that. The European Union has to go on investing in peace and security, in good governance and respect for human rights. In Kenya that has worked, thanks to pressure from Europe, and Raila Odinga is now prime minister. In Eastern Chad EUFOR is having a far harder time of it. But it is vital to harness private funds for public goals. The ability to borrow money is key here. Loans are rarely available to the poorest, and that must change. With development as the goal, there must be equal access for women as well as men, no punitive rates of interest, investment in opportunities for small employers who are very good at networking, all this in association with local organisations. Private banks do not automatically think about these conditions and are slower to lend to women than to men. The European Union can make an enormous difference here through credit guarantees. And the European Investment Bank must lend a lot more than it does at present

to microcredit institutions. These things give people a real chance to show what they are made of and consolidate their own existence as independent, self-sufficient citizens. The poor countries also need to be given more of a say in the IMF.

More money is also needed to cope with the consequences of climate change using the carbon emissions trading system. The polluter pays; it is not the poor countries that are responsible for global warming. Aid here must focus on sustainable forms of energy.

Development policy is a central concern of the European Union. The European Union must be a strong player on the world stage, each Member State in its own way but standing together and contributing 0.7% of GNP. That is Millennium Goal number 8, and achievement of that eighth goal will bring the other goals a little closer to realisation.

In conclusion, in the time it has taken for me to deliver this speech, eighty people will have died of starvation and fifty children under the age of five will have died from easily curable illnesses.

Ján Figel, *Member of the Commission*. – Mr President, I would like to express gratitude especially to Mr Thijs Berman for his report. It is very thorough and forward-looking.

I think this report is very timely and can make an impact especially in two areas. One is the UN negotiations in New York on the outcome document of the Doha Review Conference on Financing for Development which should start at the end of November. Secondly, the EU position for the negotiations in the United Nations and Europe's own contribution to a successful outcome of the Doha conference. This position is being currently developed.

In 2002, as you said, Monterrey was a success; the developed and developing countries joined forces and committed themselves to a concrete set of actions, the so-called 'Monterrey Consensus'. The role of the European Union was strong and decisive in order to bring about this successful outcome. I think Europe has been serious in following up the commitments made in Doha, and the Commission has assessed the progress in our Member States annually. In 2005 the EU reviewed and further strengthened our commitments.

The most prominent EU commitments are the time-bound targets to increase the volume of official development assistance with a view to spending, by 2015, 0.7% of the EU's gross national income for development. I think you all know that we decided to get there step by step with the first immediate target in 2006 – collectively reached by the EU. The next deadline is 2010, when our aid should collectively reach 0.56% of GDP.

In June this year (2008) the European Council strongly reconfirmed those commitments, a welcome and essential measure since EU aid levels dropped last year, for the first time since Monterrey. This was a rather negative signal. Against this background, the Commission remains confident that the European Union aid levels will increase again as of 2008 – this year. Multiannual rolling timetables illustrating how each EU Member State wants to achieve the agreed targets are an important tool in this context. We need to see the overall picture but also a country-by-country mosaic.

Since Monterrey, the European Union has also achieved progress on its other commitments. The aim of the Doha Conference is to assess progress made, reaffirm commitments, identify obstacles, but also find ways to overcome these obstacles. It should also be about new challenges, for example climate change and high and volatile food, fuel and commodity prices in the light of the global economic downturn and even financial crisis.

The Commission hopes that at Doha the international community will reconfirm the global partnership on financing for development based on shared responsibilities between developed and developing countries. Therefore it is not one way, but a two-way process.

Doha should lead to an action-oriented forward-looking outcome that facilitates an effective implementation of the Monterrey Consensus in all its dimensions, including mobilising domestic resources, foreign direct investment for development, international trade, external debt of developing countries, financial and technical cooperation and global governance.

The report that you are going to adopt tackles a number of the issues at stake and provides a welcome contribution to the international debate. Thank you for your report and for your attention.

President. – The debate is closed.

The vote will take place tomorrow.

Written statements (Rule 142)

Sirpa Pietikäinen (PPE-DE), in writing. – (FI) Mr President, ladies and gentlemen, I would like to thank Mr Berman for his excellent report, which sums up well the direction that EU development policy is taking: development has taken place, but there is still a lot to do.

Very recently, the EU published a research paper called Millennium Development Goals at Midpoint, which looked at the implementation of the Millennium Goals and the Union's role in achieving them. The report concluded that there had been positive development but also areas that needed improving.

The EU is the world's largest donor of development aid, accounting for 60% in all. In 2006 the EU reached its official target to channel 0.31% of its combined GNP into development aid.

Despite achieving its 2006 target, the amount of aid is insufficient and forecasts for 2007 show that it is decreasing alarmingly. Most of the EU countries have not increased the amount of development aid they have donated in the previous year, and in some countries that amount has actually fallen by more than 100%. The EU countries, which committed to the Millennium Development Goals, therefore have much to improve on.

According to the EU targets set, the percentage figure for aid needs to rise to 0.7% of GNP by the year 2015. Development problems and poverty will not be automatically eliminated with the 0.7%: there is an urgent need for planning, structure and monitoring. Without cash, however, nothing will happen and it is crucially important that we keep to this goal and our promise.

25. Internal Market Scoreboard (short presentation)

President. – The next item is the report (A6-0272/2008) by Charlotte Cederschiöld, on behalf of the Committee on the Internal Market and Consumer Protection, on the Internal Market Scoreboard (2008/2056(INI)).

Charlotte Cederschiöld, rapporteur. – (SV) Mr President, I am extremely glad to note that great progress has been made since we adopted our internal market report in committee. The new Internal Market Scoreboard, presented in July, showed that the Member States had achieved their best result ever as regards transposing internal market rules in national legislation. The target set by the Heads of State and Government of an average 1% transposition deficit has been met, and we have a winner with 0% transposition delay: Bulgaria. Well done! Let us hope that this positive trend will continue and that our citizens will in future enjoy the full benefit of our internal market.

We must place greater emphasis on correct implementation. In our report we urge members of the European Parliament and the Commission to include new and more sophisticated tools and indicators that provide more information in depth, in order to give the public means of measuring and making good the losses which they and industry incur because the Member State Governments do not always do what they are supposed to do on time or in the correct manner.

In particular, we must develop the monitoring and assessment of implementation in such a way as to coincide with the national implementation process. For everyone stands to gain if legal proceedings can be avoided in this way. We must find ways of avoiding infringement cases to begin with and, should they go to court, of speeding them up. Through implementation working groups and networks, differences in implementation and unnecessary 'gold plating' can be avoided. With the aid of an efficient SOLVIT and sectoral reviews by the Commission, any remaining problems can be detected at an early stage. SOLVIT is an instrument that should and will gain in strength.

One of the major issues under discussion here in Parliament has been the link with the Consumer Markets Scoreboard. I would like to take this opportunity to emphasise here and now that we should not press ahead with any decision at this stage. As we have noted, the Internal Market Scoreboard performs its function as a means of exerting pressure and there is still considerable development potential. Furthermore, it is appropriate to let the two grow separately, so that each one develops its own qualities. After that, we can examine whether it would be worthwhile, as may well prove to be the case, to merge them. After all, the Consumer Markets Scoreboard is still a very immature product, whereas its counterpart for the internal market already performs a major role in promoting harmonised EC legislation. Despite its power in that

respect, the Member States are very positively disposed towards it. In other words, it is an extremely effective instrument which we must retain, but perhaps also transpose to other sectors further down the line.

I must also mention the sectors in which the worst problems arise. They are environment, taxation, customs, energy and transport. Here I believe we should try new models and perhaps take up the model of the Services Directive, where implementation calls for extremely close cooperation with the Commission. That is to be recommended. I hope that there will be more opportunities to discuss this immensely important subject in the future in a yearly Internal Market Forum, and through strengthened networks, administrative cooperation arrangements and perhaps a new Internal Market Council in the Council of Ministers; I would appreciate that. Regular updating is after all a method which helps to develop this field. I would like to thank all who have contributed to the work on this matter, for I am convinced that what we have done will lay the basis for EU cooperation in the future.

Ján Figel', Member of the Commission. – Mr President, we have a series of reports under this new system, and I am pleased to be able to congratulate Charlotte Cederschiöld on her report, because this is an area which is not so easy to evaluate. The report is very important in terms of its detail and also of the further steps for the future it proposes. It is a report on the internal market scoreboard, although Mrs Cederschiöld has just been speaking about other areas, and contains many very interesting and useful ideas on the content and focus of the scoreboard in the years to come.

Late or incorrect transposition of EU legislation by Member States deprives our citizens and businesses of their rights under Community law. It also undermines the trust and credibility of the EU as a Community based on the rule of law. Therefore, timely and correct transposition and application of EU law in our States is of key importance. This report confirms and reinforces the importance attached to this issue, which the Commission very much welcomes.

The Member States' track record on timely and correct transposition of EU law has improved substantially in recent years, which is good news. Today, 18 Member States have already achieved the 1% threshold or lower transposition deficit target for 2009, agreed by our Heads of State and Government in March 2007. Other Member States are very close to this target of 1% maximum. It means that the average transposition deficit is at 1% already, which is well in advance of the 2009 deadline. These are very positive developments and the Commission hopes that in 2009 the trend will be further confirmed.

The internal market scoreboard has already played a very important role in supporting Member States' efforts. It will continue to do so in the future. There is a momentum, and this scoreboard is generating peer pressure among the Member States to improve performance.

However, as the rapporteur said, good implementation of EU law does not stop with timely and correct transposition of directives. Those directives must be applied effectively on the ground by the authorities. Moreover, national authorities must ensure that citizens and businesses can exercise their rights under the Treaty itself, efficiently and effectively.

I agree with Mrs Cederschiöld that the time has come to examine whether the scope of the scoreboard could be widened, and to look at other aspects of the application of EU law, beyond mere transposition.

With its increased focus on infringements of Community law other than late transposition, including more information on individual sectors, the latest scoreboard of July 2008 represents a first step in this direction, and we are starting to take a broader view. The Commission is currently exploring whether more qualitative data on the application of EU law can be presented, possibly with a special focus on sectors where problems of good application of EU law appear to be the most acute including – as was mentioned – the energy and transport sectors.

The ambition is to publish a more comprehensive scoreboard in the first quarter of 2009. I believe that this is very much in line with the suggestions made by Mrs Cederschiöld in her report.

I also take note of the line taken and presented in the report on the relationship between the internal market scoreboard and the consumer scoreboard, and that the scoreboards should be kept separate.

Thank you once again for the report and your attention.

President. – The debate is closed.

The vote will take place tomorrow.

Written statements (Rule 142)

Zita Pleštinská (PPE-DE), in writing. – (SK) The quality of Community legislation and its timely implementation are vital to the proper functioning of the internal market. Correct transposition and application of internal market directives have implications for competitiveness and the economic and social balance within the EU.

For example, the Construction Products Directive that we should replace with a regulation on which I am currently working as shadow rapporteur for the PPE-DE Group was transposed in such a way that CE marking is voluntary in four Member States and compulsory in others. This situation creates huge problems for the production sector.

Unclear provisions and incorrect implementation of secondary legislation often ends in proceedings before the European Court of Justice.

In my opinion, establishing single points of contact where European citizens can get assistance with all legal and practical matters when moving within the internal market is a very important step.

In an open and competitive internal market, better targeted and more stringent tools are needed to improve the fight against counterfeiting and piracy. Please note that my colleagues and I prepared the Written Declaration 67/2008 in order to draw attention to the counterfeiting and piracy that pose a growing threat to European economy, employment and creativity.

Our priority must be the protection of consumers who often unwittingly purchase a counterfeit product believing it to be the genuine article and who, in so doing, may endanger their health and safety.

Rovana Plumb (PSE), in writing. – (RO) Timely implementation, accurate transposition and appropriate enforcement of the internal market directives are prerequisites for the effective working of the internal market and for consumer protection, with effects on competitiveness and the economic and social balance of the EU.

The scoreboard is an important instrument in policy design; therefore we ask the Commission to extend the range of information and indicators it contains, so as to include, inter alia, the quality and social conditions of workers, as well as environmental impact and climate change.

Romania is the 7th EU country as regards the transposition of internal market directives, with an average transposition deficit of 0.8% in December 2007 compared to the 1% objective set by heads of state and governments for 2009. The report also stresses that delays or incorrect enforcement of European regulations affects consumers and enterprises and requires Member States to enhance their efforts to promote SOLVIT (a problem-solving network used by Member States in order to solve any problems that may arise due to the inappropriate enforcement of internal market legislation, without recourse to the courts).

I would also like to congratulate the rapporteur on her work.

26. Improving the quality of teacher education (short presentation)

President. – The next item is the report (A6-0304/2008) by Maria Badia i Cutchet, on behalf of the Committee on Culture and Education, on improving the quality of teacher education (2008/2068(INI)).

Maria Badia i Cutchet, rapporteur. – (ES) Commissioner, I believe we can agree that adopting a report on such a current, key topic as the quality of teacher education is good news, given that the aim of teacher education is in fact quite simply to improve pupils' education and give them knowledge which provides them with intellectual maturity and a critical mindset while at the same time providing them with the skills necessary to be able to participate in a society which is increasingly competitive and demanding.

This is a concern shared by many stakeholders, from pupils to their parents, the teaching profession and business leaders among others. In Europe there are currently over six million teachers performing this key role in developing the knowledge and skills of society's young people and making a decisive contribution to improving the opportunities for economic growth and greater competitiveness.

Current working conditions in this sector are more complex and more demanding: classrooms are more heterogeneous from the social and cultural point of view, teaching concentrates on individual learning,

teachers have gone from being *ex-cathedra* trainers to being classroom managers; there is a requirement to have a good knowledge of foreign languages and information and communications technologies (known as ICT), not only as a means of transmitting knowledge but to be able to use them as a teaching tool.

The data available to us show that there are shortcomings in teaching quality; this is in line with the increased complexity of the profession mentioned above, and it makes greater investment in teacher education crucial during both initial training and in-service training, and highlights the need for greater support in the first years of a teaching career.

There is also a whole range of related issues which should be taken into consideration: considerable differences in salaries between countries, and differences relative to average wages within the same country, a high proportion of older workers, demotivating working conditions in some cases, low numbers of people wanting to enter the profession, etc.

This is the context in which this report was written. It proposes various recommendations which I shall now summarise:

First, we need to attract better candidates into the profession, a factor which is closely linked to improved status in society and the remuneration of the teaching profession. This involves improving the working conditions of the teaching profession by formulating proposals to support teachers in their first years in the job; young teachers could gain from the knowledge of older teachers, who could reduce their contact hours with pupils and spend more time in applied research and transfer of knowledge.

It also involves investing in initial and in-service education for teachers, making university education compatible with professional development and facilitating improved qualifications and skills for existing teaching staff.

Thirdly, encouraging the exchange of good practice by enhancing mobility programmes, especially under the Comenius programme, which also contributes positively to the updating of language skills.

Fourthly, promoting decision-making at school level; in other words, greater autonomy bearing in mind the different backgrounds of each school and the various stakeholders involved in each school community: parents, local cultural amenities, etc.

Commissioner, this report, in accordance with the provisions of Article 149 of the Treaty on the Union on education and training, will not be binding on the Governments of the Member States. It is nonetheless a resolution to which regard should definitely be had.

Key issues such as those surrounding education are also closely related to the values of the Europe of the future and European citizenship, and I therefore ask the Commission to support this report from the Committee on Culture and to do its utmost to defend the proposals it contains to the Council.

Ladies and gentlemen, in our conversations we often note the importance of thinking about the kind of country we are going to leave to our children. We should also think about the kind of citizens we are going to leave to our countries, and that is an area in which education has a crucial part to play.

Ján Figel, *Member of the Commission*. – Mr President, distinguished Members of Parliament, I warmly welcome this report, especially as I am the Commissioner responsible for education. I would like to thank Mrs Maria Badia i Cutchet and the Committee on Culture and Education for their work.

Like you, the Commission believes that all Member States face significant challenges as they seek to improve their educational and training systems, especially vis-à-vis higher quality. We have talked repeatedly – and I remind you again – of the importance of key competences as well as equity and efficiency in our systems. These challenges cannot be met or reflected in a full sense without a high quality in the teaching profession, which is key to all of this. The quality of teachers is the critical factor for the modernisation of our education system and the achievement of equity and efficiency. Without such teachers, it is difficult to achieve any improvement.

The particular challenges faced by teachers are increasing as economic, social and educational contexts become more complex and schools and classrooms become more heterogeneous and more diverse. In the debate on the first report this evening we spoke of creativity and innovation. We can only achieve higher creativity and innovation in pupils if we have creative and innovative teachers in our schools.

We need to attract the very best candidates into the teaching profession. We need to give them the best possible preparation for their career and – most importantly – we need to continue training and developing all our teachers throughout their careers. This is – as you said, Mrs Badia i Cutchet – about the recruitment and salaries of teachers.

Every teacher must also be an autonomous learner, constantly reflecting on the way she or he teaches, learning from her or his peers and seeking new ways to develop knowledge and skills and to meet the individual needs of pupils. Every teacher must also be a lifelong learner. He or she cannot teach lifelong learning if he or she is not a lifelong learner. An initial education of three or four years can never be enough to equip a teacher for a lifetime of teaching. Only if teachers continue to learn can they keep up to date and provide learning that is truly relevant to their pupils.

I was very pleased to note that there is such a large consensus on these issues – as indeed there was in the Council among Ministers last November.

We must now work to build on these good intentions and this consensus to put in place real improvements in teacher education. We need to encourage Member States to invest more in developing their teaching staff. Three or four days of in-service training per year is simply not enough. Induction support for new teachers also needs to be improved and extended. We need to encourage Member States to improve the quality of in-service training and ensure that it provides the kinds of practical teaching skills that teachers really need today and tomorrow.

We need to promote school leadership. Schools these days are major organisations affecting the lives of hundreds of thousands of people. They need to be well-administered and well-managed, but most of all they need to be well-led by a leadership team with a clear vision of high quality education for all of its pupils.

Thank you once again for your report and your commitment. I look forward to continuing not only our discussions, but especially our cooperation on this important issue.

President. – The debate is closed.

The vote will take place tomorrow.

Written statements (Rule 142)

Nicodim Bulzesc (PPE-DE), in writing. – The report was based on the European Commission's communication 'Improving the Quality of Teacher Education' (SEC(2007)0931) and stresses the need for the Member States to reform the national education systems in order to improve teachers' training.

The rapporteur has pointed out some very important facts such as the difficulty of keeping the best candidates for the teaching profession, the low payment of teachers in many countries, the poor social status of teachers, teachers' low level in foreign language learning and many more.

In order to solve these problems, we should have a coherent, complex and complete strategy all over the EU. We should have more training programmes for teachers, and these programmes should be structured in such a way that the qualifications obtained in the end are recognised in all the Member States. In order to achieve this, we need to share the responsibility with the national governments, as we may have the desire but they have the competence to reform the education system.

I hope this report will be the first step in a long process that will end with a real improvement of the quality of teachers' education across the European Union.

Livia Járóka (PPE-DE), in writing. – European Roma have been subjected to low-quality education in the form of segregated education and gypsy-only classrooms, not only in the post-communist countries but in Europe as a whole. Roma children encounter difficulties in receiving quality education in new and old Member States alike. Geographical segregation of Roma is a major obstacle to equality in education. The living conditions of Roma make it difficult to take the steps necessary in the long battle to eliminate gypsy-only classrooms. Making progress on this fight depends on highly-qualified teachers from Roma and non-Roma backgrounds to ensure the essential development of Roma children and to change the status quo. Providing highly-qualified teachers to give Roma children the challenges found in mainstream schools is of huge relevance to the education future teachers receive in teacher-training colleges. If we are to expect results from our children we must provide our teachers with exemplary training. The knowledge about progressive teachings in multiculturally diverse classrooms must be a main focus in future teacher training. The goal of

equalising the quality of education between schools, stopping early drop-outs, and making sure Roma children make it to university and that they are prepared to face life's challenges is not one taken lightly but one we must endeavour to fight for.

27. The Bologna Process and student mobility (short presentation)

President. – The next item is the report (A6-0302/2008) by Doris Pack, on behalf of the Committee on Culture and Education, on the Bologna Process and student mobility (2008/2070(INI)).

Doris Pack, rapporteur. – (DE) Mr President, Commissioner, ladies and gentlemen, I do hope the fact that we are once again meeting *in camera* this evening does not imply anything about our basic attitude to education.

The Bologna Process is truly the most radical reform of higher education in recent years. The flow of knowledge should surely not stop at national boundaries any more in this day and age. This is why it is also essentially gratifying that the Member States and the universities are prepared to work together on this matter, regardless of the subsidiarity principle they always prize so highly. I welcome that, but I also note that all the parliaments have been bypassed in this matter. The European Parliament was not contacted, nor were any of the 46 national parliaments.

The galling thing is that we Members of Parliament are constantly being asked out there about this Bologna Process. If anything goes wrong, the finger is pointed at us, yet we have nothing at all to do with it; not even the Commission has had anything to do with it. I am glad to say that the Commission is now on board and is helping to get this Bologna Process off the ground in the framework of our educational programmes with which you will be familiar. In short, the labour pains were difficult, and they are not yet over. It would have been wise to involve the parliaments.

By 2010 we want to create a European area of higher education. That goes without saying. Students must have a broad spectrum of choice, a wide range of high-quality courses. To this end, the Bologna Process envisages three priority areas for action: the introduction of the three-cycle system of bachelor's degrees, master's degrees and doctorates, quality assurance and recognition of qualifications and periods of study.

Student mobility and high-quality education are supposed to be among the top priorities of the Bologna Process, but the process itself, and particularly the rushed introduction of bachelor's courses, has resulted – as we have learned from our hearings – that fewer students dare to spend any study time abroad during their bachelor's courses because these courses have been overlaid with far too much learning material. Five years of university study cannot suddenly be packed into a three-year bachelor's degree course. That is what has been done in some cases. Then it emerges that students cannot get away at all, that studying abroad is out of the question. That is a pity. Erasmus is such a great programme, and the opportunities it offers, plus all other opportunities to go abroad, ought to be taken. In fact, a course involving mobility really ought to be made compulsory.

In my view, the credit system is not working. It is not right that three credits should be awarded for a particular module in one country while another country awards only one. There must be a European framework within which everyone is treated equally. This is an area where more work is needed. I believe the theory is good, but it is not being applied particularly well.

We should also ensure that universities do everything in their power to take advantage of funding opportunities in order to make it easier for students to exercise their mobility if they wish to do so. For many universities, this will mean coming out of their ivory towers and linking up with the business community. How many large companies would consider it an honour to sponsor a doctorate or master's course? If it meant that a master's course had to bear the name of Mercedes or Sony or some other corporate brand, so be it! The point is that the sponsorship money would help students. It is not a matter of selling anyone the right to stipulate the content of the curriculum but of locating sources of funding that really do enable anyone who is interested to study abroad. If we make progress towards the achievement of these goals with the aid of the Commission, we shall all be well content.

Ján Figel, Member of the Commission. – Mr President, I especially want to thank Doris Pack again. She is one of the founding mothers of the lifelong learning programmes, which are very popular programmes for student mobility. This report on the Bologna Process and student mobility is a very concrete contribution towards even better and even more mobility.

As we all know, the Bologna Process is well advanced and will soon have existed for a decade, having become continent-wide. It started because we had already had a mobility scheme, called Erasmus, since 1987, and most of its instruments became part of the Bologna Process. The two are mutually supportive and make a very important policy contribution. It is not just mobility for mobility's sake, but for modernisation and openness and the internationalisation of our universities. The report provides a very comprehensive overview of what further actions are needed in this field.

Your conclusions are in line with the findings and recommendations of the special group I invited to work with the Commission, which was the high level expert forum led by former Minister Maria João Rodrigues, who reported to me in June this year. Both reports suggested we need substantial and concerted action to increase student mobility and, if I may add, mobility of young people in general: pupils; young people in training; young artists; and young entrepreneurs. I would like to see a mobility period introduced into all degree programmes to encourage students to go abroad, and for mobility to be seen as the standard rather than as a special case.

I agree with you that the Bologna reforms should be used to open up our higher education systems, and not become new obstacles to mobility. Your ideas on flexible formats for courses in some study areas would be compatible with the Bologna rules and deserve to be explored. I also agree that we should invest better and more, which means more effectively, in the mobility of our citizens. We need to combine public, private, national and European funds.

I welcome the suggestion that 'strengthening the financial envelope provided for the programmes in the field of education and notably for Erasmus grants could be considered.' That would be very beneficial not only for education but also, for example, for citizenship – to feel like Europeans in Europe, and to have access and opportunity and a real experience of Europe.

I am sure that Parliament will take its responsibility in full in this respect. Once again I offer my congratulations and thanks and recommend adoption of this report to the House.

President. – The debate is closed.

The vote will take place tomorrow.

Written statements (Rule 142)

Roberta Alma Anastase (PPE-DE), in writing. – (RO) I welcome this report and the sound recommendations it contains regarding the effective implementation of the Bologna objectives and the creation of a European space for higher education by 2010. This year, it is important to analyse existing obstacles as well as the opportunities for strengthening this process in the future, after 2010.

I would like to emphasise two of the many proposals in the report, due to their major importance. First of all, greater effort should be made to harmonise national education systems, to complete mutual recognition of qualifications and the equivalence of degrees. I believe that persisting differences in this field constitute the main obstacle to the equal treatment of students. .

Secondly, I would like to draw the attention of all European institutions to the fact that mobility is still something inaccessible to many students, researchers and teaching staff, particularly those from new Member States, due to insufficient grants. Consequently, the appropriate funding of projects in the new Member States is a priority. Only in this way can the objective of European mobility be accomplished in a coherent and balanced manner..

Ramona Nicole Mănescu (ALDE), in writing. – (RO) Young people, especially students, are a priority in my political agenda, and I can only welcome the adoption of Mrs. Pack's report on the Bologna process and the mobility of youth.

I believe that the principle of reciprocity in the exchange of students and scholarships, as well as the setting up of a European framework for the quality and recognition of degrees, must remain two priority aspects of this policy, all the more so as a reduced level of mobility of students towards the new Member States has been noticed.

The exchange of good practice between the Member States is a highly effective way of improving the European mobility framework; therefore, it needs to be constantly supported and extended. The social side of this report, shown in its concern for young people coming from disadvantaged environments, is commendable.

Other considerations aside, we must promote quality and excellence, both among students and among teaching staff, and this can only be done with constant support, both in terms of politics and of investment, for mobility within the education system; this support should be both national and European.

Mihaela Popa (PPE-DE), in writing. – (RO) I would like to tackle the social dimension of mobility, which is extremely important: it provides young people with an extremely rich experience in terms of academic, cultural and social diversity, and this is why I would like to congratulate Mrs. Pack on this report.

As a Romanian MEP, I proposed the amendment that students from all Member States should receive a single European student card. I believe that the single card will encourage the mobility of young people throughout Europe, which will lead to the exchange of ideas and implicitly to a change of mentalities, to opening up towards other cultures, stimulating creativity and the capacity for innovation.

From my point of view, this measure is perfectly in line with both the objectives of the European Year of Intercultural Dialogue, 2008, and with the objectives of the European Year of Creativity and Innovation, 2009.

28. Hill and mountain farming (short presentation)

President. – The next item is the report (A6-0327/2008) by Michl Ebner, on behalf of the Committee on Agriculture and Rural Development, on the situation and outlook for hill and mountain farming (2008/2066(INI)).

Michl Ebner, rapporteur. – (DE) Mr President, Commissioner, ladies and gentlemen, allow me to express my pleasure at the fact that the Commissioner is also dealing with this issue, and I hope this will be reflected not only in his brief address but also in the work of the Commission, because we naturally have a duty to ensure that the actions of the European Commission duly reflect our wishes and ideas.

Anyone reading the title of my report, or rather the report of the Committee on Agriculture and Rural Development, which adopted it unanimously, namely 'Report on the situation and outlook for hill and mountain farming', must realise that it represents only part of the actual content of the report.

This report says that we must formulate a policy for areas that cover up to half of the entire territory of some Member States, such as Austria, Italy and Spain, and more than a third of the territory of other Member States, for areas that are home to a total of 19% of the EU population. These are areas that may be described as uniquely disadvantaged in many aspects of farming and rural life and extremely vulnerable. The Alps, for example, feel the impact of global warming far more acutely than lowland regions.

Mountainous areas are disadvantaged in many respects as a result of steep slopes, weather conditions, erosion, height differences, high altitudes and rocky terrain. For this reason we need an overall strategy for these areas and not only an agricultural policy which has borne fruit and needs to be nurtured but which is not sufficient to deal with the problems affecting mountainous regions.

Old proven recipes therefore need to be preserved, but old and new recipes must be combined if agriculture is to be maintained as the lifeblood of mountainous areas, and other major factors must also be incorporated into this approach, namely a wide range of sustainable uses of natural resources, the creation and improvement of transport networks – not only physical transport but also Internet access and communications networks – the improvement and development of municipal and local services – which is made all the more difficult in these areas by the dispersed settlement pattern – and reinforcement of the social fabric.

New features must be added, such as a sharper focus on basic and continuing training, sensitivity to biodiversity in the landscape and the aforementioned adaptation to climate change. This report, which the Committee on Agriculture and Rural Development adopted unanimously, devotes 13 recitals and 72 paragraphs to these matters. The aim is to develop a framework strategy on the basis of the existing sectoral efforts. For this reason, the report calls on the European Commission to develop an integrated strategy with a wide range of instruments within six months in accordance with the principle of subsidiarity and in harmony with the Member States' national action plans.

I hope that the Chamber will give its assent in the same way as the Committee, and I ask the Commissioner to make our case to the Commission and to remind it that the contribution of the inhabitants of mountainous areas is made on behalf of the entire population and benefits them accordingly and should therefore be duly acknowledged. It is a contribution to the environment and to the value of our continent as a tourist destination,

a contribution that must be taken into account because it serves as a guarantee against depopulation in regions such as Piedmont and Lombardy and parts of France and Spain.

Ján Figel', Member of the Commission. – Mr President, this is the last but not the least, of the reports. I can assure Mr Ebner, the rapporteur, of the importance of the recommendations in the report. I want to express my gratitude to him and to the Committee on Agriculture and Rural Development for this report, which really highlights the importance of hill and mountain farming to the European Union – he spoke of a percentage of territories – but also the importance of farming contributing to environmental protection, delivering quality products and maintaining cultural landscapes as part of our European heritage.

This is the reason why mountainous regions receive specific support under the common agricultural policy. This support is provided to compensate farmers for the handicaps related to natural conditions. Furthermore, these regions benefit from several other rural-development measures, such as agri-environmental payments, for maintaining transhumance and pastoralism practice; support for quality agricultural products and promotion of on-farm diversification like farm tourism.

The Commission's recent proposals, especially the health check, also address disadvantaged areas like mountain areas. In the context of the phasing-out of the milk quota scheme, special support can be maintained in economically vulnerable or environmentally sensitive areas in the dairy, beef, sheep and goat sectors.

The report calls on the Commission to create a global strategy for mountain regions and hill and mountain farming.

We all know that there is a large diversity of mountainous areas with differences in the economic and social situations. It would, therefore, be very difficult to define a comprehensive Community strategy and a detailed action plan addressing all these diverse situations.

However, the EU support schemes on rural development and cohesion policy provide an appropriate and coherent framework in which Member States define their own territorial priorities and the most suitable schemes to the strengths and weaknesses of their regions. This decentralised approach of the European Union allows Member States to have programmes properly tailored to mountain regions while ensuring, on the other side, overall strategic coherence.

Distinguished Members, I cannot address all the suggestions in the report now, but I can reassure you that the Commission will examine the conclusions of the report in greater detail.

I should like to thank once again Michl Ebner, the committee and all of you.

President. – The debate is closed.

The vote will take place tomorrow.

Written statements (Rule 142)

Bernadette Bourzai (PSE), in writing. – (FR) Farming in mountain areas is a crucial factor in both local economic development and environmental protection (e.g. combating climate change, biodiversity, provision of open and secure recreational and tourism areas).

The specific disadvantages connected to altitude, topography and climate that face mountain farmers justify compensatory payments to offset the natural disadvantages and direct income support to offset their additional production costs and the growing role of managing their local area.

In my view, the key issues are as follows: to avoid full decoupling of agricultural aid in the stockfarming sector, as it risks leading to job losses; to support the dairy sector, for it plays a central part in disadvantaged areas; to increase support for the settlement of young farmers; and to encourage solidarity between upstream and downstream in regard to water management.

I am also in favour of establishing a genuine integrated European strategy for mountain areas, to ensure that the specific features of mountain areas are taken into account in the formulation of the various European policies.

Urszula Gacek (PPE-DE), in writing. – (PL) The European Parliament report on the situation and outlook for hill and mountain farming is right to oblige the European Commission to present a strategy for hill and mountain areas within six months.

This is a real step towards considering the special conditions in which 19% of all EU citizens live and work.

The European Parliament proposal relating to the everyday problems of the people living in the Polish Podhale region deserves our support.

So far, guidelines for hill and mountain areas were based, in law, solely on agricultural policies. This report also emphasises the need to support agriculture through compensatory payments and through support for high-quality products.

However, hill and mountain areas have many other problems in which the EU should get involved, as they include a wide spectrum of economic, social and quality of life issues. For this reason it is very good that the report speaks of the problems relating to access to transport networks and to the Internet. In addition, communities should be supported both financially and by specific solutions on the regional level, in order to improve the level of communal services.

At the same time we must remember the importance of the 'hill people' in protecting national traditions as well as traditional knowledge of the natural environment. The significance of permanent social structures and the needs of sustainable use of the environment are deserving of special emphasis.

In this context, the Podhale region is without doubt the best example of good practice.

Ioannis Gklavakis (PPE-DE), in writing. – (EL) Mr President, ladies and gentlemen, let me congratulate Mr Ebner on his report. Hill and mountain regions are particularly important in the EU because they cover more than 50% of the territory of some Member States, whose rural population is still a significant component.

The specific physical characteristics of such regions (steep slopes, differences in elevation) put them at a disadvantage compared with other EU regions. The difficult conditions for agricultural production, high transport costs, inadequate transport and communications networks, as well as the cost of transporting people and services, affect the economy and everyday living conditions of citizens living in hill and mountain areas.

On the other hand, producers in those regions are known for their quality agricultural products and for their experience in the sustainable exploitation of forest and pastureland. These characteristics should therefore be strengthened and exploited to reinforce their competitiveness and cultural identity.

A strategy is therefore needed to take account of the specific features of the regions in question, and to help new challenges, develop alternative forms of employment and maintain the population. Such a strategy should also provide special care for stricken regions, such hills and mountains ravaged by fire.

Rumiana Jeleva (PPE-DE), in writing. – In my opinion, people in small and isolated rural communities, and especially in mountainous areas, are disadvantaged and confronted with constraints and difficulties in everyday life. Their needs should be high on our list of priorities, as basic necessities, such as access to services, are often lacking. They are under constant pressure from daily financial and practical problems, which create feelings of anxiety. Looking at the situation in my country, Bulgaria, I would say that predominantly the basic human needs seem to occupy the minds of the majority of rural inhabitants. Therefore, long-term development strategies are often lacking.

Further, it becomes clear that rural policies still lag behind and do not correspond to the reality in rural areas. Regional and rural development policies and measures should be decentralised in order to be adapted to local conditions. Thus, there is the need to develop concrete, flexible and tailored regional and local programmes for employment and social benefits. We thus need to focus on human resources development and capacity building, with a special focus on young people, women, and minorities; and on the development of more rational policies in small and remote villages, taking into account the existing local natural and human resources as well as people's needs.

Sepp Kusstatscher (Verts/ALE), in writing. – (DE) This report contains every conceivable thing; it is a veritable patchwork, reminiscent of the result of a rapid brainstorming session on agriculture and mountainous areas. It is a catalogue of wishes and demands, couched in empty words and platitudes, with repetitions and contradictions, and it cannot be endorsed, even if something can be found in it to please everyone.

The greatest contradiction is to be found between the environmental and social window dressing and the ruthless policies pursued by Michl Ebner and his party on a daily basis.

A genuinely sustainable approach to farming and food production must be at the heart of any viable European agriculture policy. Anyone who destroys water, soil and biodiversity must foot the bill in accordance with the 'polluter pays' principle. What we need to encourage is a form of agriculture that truly protects the climate and seeks to market a diverse range of healthy consumer products. Organic farming must be brought out of its niche into the mainstream. We Greens do not support a policy of subsidising the major players in the global market. We want to strengthen local and regional food markets, to ensure that farmers can earn a decent income and to guarantee consumers fresh and healthy food. This form of management is also the best way to protect the agricultural landscape and the environment.

Véronique Mathieu (PPE-DE), in writing. – (FR) The Ebner report on the situation and outlook for hill and mountain farming highlights the features and needs of these regions, which make up 40% of the territory of Europe.

These regions face natural difficulties, which makes production more difficult and restricts access. They therefore deserve special attention.

I therefore call on the Commission to draw up a global plan based on continuity with the measures taken to date while also integrating them among themselves in order to make them more effective. That would mean continuing to make compensatory payments to offset natural disadvantages, giving financial support to young farmers and attaching special importance to the dairy sector. Human activity needs to be maintained in 'Natura 2000' mountain areas. Lastly, emphasis must be placed on the role of hunting and fishing in land maintenance.

A strategy of that kind will enable these regions to meet the challenges of competitiveness and sustainable development, for they are not just potential sources of economic growth but also the guardians of traditions that produce quality and contribute to preserving our landscapes.

Cătălin-Ioan Nechifor (PSE), in writing. – (RO) Mountain regions constitute a major part of the European Union; and what is more, traditions, culture and language are preserved much better in these areas compared to any other regions in the 27 Member States. Unfortunately, national governments are not implementing integrated regional development strategies, and there are major gaps which are leading, slowly but steadily, to the depopulation of these regions. Starting from the Union's motto of "Unity in diversity", I welcome the Parliament's decision to ask the Commission to draw up an integrated strategy for the sustainable development and use of mountain resources, thus giving equal opportunities to European citizens who choose to live in the more difficult conditions of mountain areas. Given the current talks on the decoupling of payments in mountain areas, I believe that it is our obligation as Members of Parliament to lobby for the continuation of financial support to mountain areas. Thus, mountainous areas will become protected areas, capable of ensuring their own sustainable development and of acting as an oasis for European and international tourists.

Rareș-Lucian Niculescu (PPE-DE), in writing. – (RO) Mountains cover one third of the area of the country that I represent, Romania, and the inhabitants of mountain areas are disadvantaged compared to other people living in rural areas.

The proposals contained in the Ebner report are welcome and I strongly believe that a coherent EU strategy on mountain areas, which is essential and urgent, would contribute to a great extent to an improvement in living conditions in these areas.

At the same time, I would like to stress that better regulations are required, with equal urgency, as regards community funding for rural development.

For instance, Romanian authorities have launched various EAFRD-funded programmes supporting small enterprises and tourism. Small enterprises and boarding houses are particularly important for boosting mountain areas.

The guides for applicants for these measures, involving complex paperwork, were made public one day before the launch of the session, although they had been written in August.

This is a clear breach of the principle of providing fair and transparent information to potential beneficiaries.

I believe that EU legislation should provide for the avoidance of such situations, which render the EU's financial effort useless.

Zita Pleštinšká (PPE-DE), in writing. – (SK) Mountain areas can provide high-quality agricultural produce and add to the diversity of agricultural products in the European market. Consequently, greater coordination of rural development and structural support is needed.

Sustainable, modernised and multicultural agriculture is necessary in mountain areas. Exploitation of biomass and agri-tourism increase the incomes of local people. Preserving certain animal and vegetable species, upholding traditions and especially fostering tourist activities help to combat climate change by protecting biodiversity and capturing CO₂ through permanent grassland and forests. Sustainable forestry exploitation will make it possible to produce energy using wood residues.

Ladies and gentlemen, I should like to stress the importance of the issue of water management in mountain areas. It is important that the Commission encourages local and regional authorities to develop all-round solidarity between upstream and downstream users and that it uses appropriate funding to support the sustainable use of water resources in these areas.

These regions are particularly vulnerable to the consequences of climate change. Consequently, it is important to promote the immediate implementation of measures to provide protection against natural disasters, in particular forest fires, in these regions.

I am convinced that mountain regions require new means of protecting their territory against flooding, with an emphasis on flood prevention, whilst farmers and foresters can support anti-flooding preventive measures by means of the direct area-related payments which they receive under the common agricultural policy.

Theodor Dumitru Stolojan (PPE-DE), in writing. – (RO) We welcome Mr. Ebner's report. Mountains account for 33% of Romania's surface area. As in other European countries, mountain areas are at risk of being depopulated and devoid of specific economic activities.

We need an integrated European strategy for the sustainable development of mountain areas. We ask for particular emphasis on supporting agriculture, ecological products, agro-tourism, and access and communication means in mountain area. At the same time, we insist that young families should be encouraged to start agro-tourism farms, with a view to reviving the economic potential of the area.

Dushana Zdravkova (PPE-DE), in writing. – (BG) As a representative of a Member State with distinct problems in the sphere of agriculture, and especially in hill and mountain farming, I would like to express my support for Mr Ebner's report regarding the state and prospects of farming in such areas, which is of special importance for us.

In Bulgaria, as the report emphasizes, there is a risk of depopulation and an impoverishment of the social life of local communities, which are also facing the threat of even a discontinuation of farming. The common policies for farm support are hardly applicable to such areas (e.g. the requirement for a minimum number of animals). Therefore, there is a need of special financial assistance for milk producers, as well as concrete additional financial measures, which should be adopted in implementation of the proposals contained in the report. Only thus can the animal genetic resources be preserved, along with the human resources and, on the whole, the uniqueness of these areas, considering their extraordinary importance for particular Member States as well as for the EU at large. This will boost the other sector policies as well, in environmental protection, tourism, small and medium-sized undertakings, and education. I therefore insist on the laying down of common rules for schemes of direct assistance within the framework of the Common Agricultural Policy and for the establishment of special assistance schemes for mountain areas.

29. Agenda of the next sitting: see Minutes

30. Closure of the sitting

(The sitting was closed at 10.30 p.m.)