EUROPEAN PARLIAMENT

1999 *2004*

Session document

5 February 2004 B5-0056/2004

MOTION FOR A RESOLUTION

further to the Commission statement

pursuant to Rule 37(2) of the Rules of Procedure

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on behalf of the Verts/ALE Group

on corporate governance and supervision of financial services – the Parmalat case

B5-0056/2004

European Parliament resolution on corporate governance and supervision of financial services – the Parmalat case

The European Parliament,

– having regard to Rule 37(2) of its Rules of Procedure,

A. whereas recent corporate scandals give evidence of the need to improve corporate governance and to strengthen Europe's defences against corporate malpractice,

B. whereas neither the Union nor the Member States drew the appropriate conclusions from the ENRON, WorldCom, Global Crossing etc. scandals in the US, and whereas scandals continue to happen in Europe with Ahold, the Dutch supermarket group, Parmalat, the Italian food and diary company and Adecco, the world's largest employment company, based in Zurich, being the most recent examples,

C. whereas the estimate of the gross debt accumulated by Parmalat is 14 billion Euros, including numerous off-balance-sheet private placements,

D. whereas the financial scandal at Parmalat could cost Italy's taxpayers more than 10 billion Euros, and whereas the 'normal' citizen will have to pay for the deficiencies of supervisory structures and for the ruthlessness of top managers,

E. whereas, up to the moment the company was placed under bankruptcy protection, Parmalat was Italy's eighth largest company, with 36,000 employees worldwide, whose jobs might now be at stake,

F. whereas the financial scandal of Parmalat shows a continuous high level of criminal energy on the part of the senior managers of this company, but questions must also be put to the Italian political and regulatory authorities as to why such practices could go so long undetected,

G. whereas it is still unclear to what extent European and American banks continued to sell bonds to institutional and private investors after information about the difficulties of the company were already known,

H. whereas the notorious lack of documentation in Parmalat's headquarters and the intentional destruction of computers and their files before investigators arrived make investigation difficult,

1. Finds it unacceptable that, once again, corporate malpractice and individual fraud by senior managers at Parmalat, combined with ignorance on the part of the public authorities in Italy, are threatening the savings, pensions and jobs of the people concerned; believes that this is reason enough to come forward with immediate and bold political action on more efficient supervision of, and higher transparency and well defined responsibilities in, companies;

2. Awaits the Commission's proposals concerning revision of the Eighth Company Law Directive, which will, inter alia, tighten the oversight of auditors, establish rules on audit quality, and specify rules on independence and ethics for all statutory audits;

3. Wants, in view of Parmalat's multifaceted fraudulent operations covering several jurisdictions, the cooperation of oversight bodies at European level enhanced and the option of a European Regulation governing auditors and rating agencies be considered;

4. Notes that the banks involved in Parmalat's financial practices, which included the use of so-called special-purpose vehicles and blocking transparency and deceiving shareholders via off-balance-sheet arrangements, also have a responsibility, and need to be assessed as to the extent to which they intentionally circumvented transparency and accountability rules;

5. Urges the Commission to propose legal provisions to make the directors of a company collectively responsible for company accounts and for ensuring complete information and disclosure with regard to a group's structure and existing intra-group relations;

6. Insists that rules on corporate governance take explicit account of the interests not only of shareholders, but also of all other stakeholders (employees, creditors, clients, suppliers, etc.), giving particular weight to the principle of corporate social and environmental responsibility;

7. Supports the principle that the group auditor is fully responsible for the audit report concerning the consolidated accounts of a group of companies and that independent audit committees must be established in all listed companies;

8. Strongly believes that not only European, but also global, regulation is needed to enforce tough auditing standards instead of leaving it to the self-regulation of the sector;

9. Wants, in view of the crucial role of credit rating agencies in the governance of financial markets, supervisory legislation implemented on these rating agencies, including safeguards against potential conflicts of interest between the rating and advisory function of companies in this oligopolistic sector;

10. Insists that the Commission swiftly come forward with proposals on how companies can be deterred from offshoring financial transactions to jurisdictions where no proper regulation is in place; asks Member States who can exert influence on such territories (such as the UK on the Cayman islands) to use their power to make such territories adopt appropriate standards for supervision and transparency; urges the Commission to work further at global level (financial stability forum, G7) as well as within the EU on this issue;

11. Supports the Commission's intention of allowing the Italian Government to grant Parmalat certain State aid measures or other assistance to enable it to restructure; insists that safeguarding jobs must be a top priority in such measures and asks for close involvement of the workers' representation in the restructuring plan;

12. Instructs its President to forward this resolution to the Council, the Commission and the

parliaments of the Member States.