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MOTION FOR A RESOLUTION

to wind up the debate on the European Council report and Commission statement

pursuant to Rule 103(2) of the Rules of Procedure

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on behalf of the PSE Group

on the outcome of the European Council meeting held in Brussels on 15 and 16 October 2008

European Parliament resolution on the outcome of the European Council meeting held in Brussels on 15 and 16 October 2008

The European Parliament,

- having regard to the Presidency Conclusions following the European Council meeting of 15-16 October 2008,
 - having regard to the European Council report and the Commission statement on the European Council meeting of 15-16 October 2008,
 - having regard to the Council conclusions on the EU supervisory framework and financial stability arrangements, adopted on 14 May 2008, and the Council conclusions on related issues following its meetings of 3 June 2008, 4 December 2007 and 9 October 2007,
 - having regard to its recent adoption in committee of all legislative proposals that make up the climate change and energy package,
 - having regard to Rule 103(2) of its Rules of Procedure,
- A. whereas the current financial crisis, which was triggered by financial engineering with US subprime mortgages and derived products, has spread to the worldwide financial system, owing to the increasingly integrated nature of financial markets,
- B. whereas financial market innovation can be useful, but such financial products need to be regulated and transparent so as to ensure the right balance between efficiency and stability and to prevent potential risks from damaging sustainable economic growth, job creation and social cohesion,
- C. whereas the financial markets should be at the service of the real economy instead of the present situation in which profits are being privatised and the losses are socialised,
- D. whereas compensation schemes of CEOs and intermediaries have encouraged excessive risk-taking for the short term, at the expense of the necessary long-term performance, prudence and accountability, instead of reflecting individual and corporate performance,
- E. whereas the present crisis proves that there is a need to reform and enhance the architecture and effectiveness of the currently fragmented EU supervision, which has not kept pace with the integration and complexity of financial markets,
- F. whereas Parliament has for several years repeatedly requested the Commission and the Member States to ensure that the regulation and supervision of financial markets is efficient enough to ensure their stability and protect the savings, pensions and jobs of European citizens,

- G. whereas the Commission, in particular the Commissioner in charge of financial services, has been too passive and has consistently refused to respond adequately to Parliament's calls for legislative measures to improve the regulation of financial markets,
- H. whereas the Commission should respect Parliament's demand for legislative proposals before the end of 2008, as adopted by a large majority in Parliament on the Rasmussen, Lehne and Van den Burg/Daianu reports,
- I. whereas the common currency has been a key factor cushioning the effects of the global financial crisis, thus avoiding a major exchange rates crisis,
- J. whereas the parliamentary procedures for the approval of the Treaty of Lisbon have been completed in 24 Member States,
- K. whereas the institutional reforms contained in the Treaty of Lisbon are urgently needed in order to ensure that the European Union functions smoothly and in a balanced manner, with full democratic scrutiny,
- L. whereas, for the important political events in 2009, in particular the European elections and the setting up of a new European Commission, clarity is required as regards the institutional provisions which will apply,

Economic and financial situation

Financial markets: crisis management and long-term reform

1. Welcomes the European Council conclusions on the economic and financial situation and the EU-15 action plan as agreed on 12 October to rescue banks, ensure solvency and put forward guarantees to restore the inter-banking market; pays tribute to the UK plan, which has been viewed as a model by the eurozone members and has demonstrated the links between the UK and the eurozone area financial markets; believes that the first-ever meeting of Heads of State and of Government of the eurozone, taking decisions in that capacity, will contribute to a better equilibrium between economic and monetary Union and requires further evolution;
2. Considers it crucial that Member States show their strong commitment and efficient management capacity to restore good market conditions as this is key to confidence; stresses, however, that it is the Commission's responsibility to closely monitor the implementation of these national plans; deplores the lack of anticipation and the fact that the Council and the Commission took action only once what had been considered as financial turmoil had turned into a severe crisis;
3. Calls on the Council and the Commission to maintain the necessary solidarity between Member States, especially by assisting those more affected than others;
4. Notes that more transparency, more disclosure and better risk management are essential

to prevent further crises and that reform of the regulatory system must therefore be all-encompassing, applying to all actors and transactions in the financial markets; stresses that regulatory initiatives must be coordinated at least at EU level; recalls the importance of tackling tax and regulatory havens worldwide, starting by closing down those situated in the EU; urges the Commission, therefore, to put forward without any further delay its proposal for a review of the Savings Tax Directive;

5. Stresses the need for coordination at European level, such as offering an EU-wide guarantee for deposits and liabilities of systemically important institutions; notes that this short-term guarantee should also cover unsecured lending between regulated institutions in order to revive the inter-bank market; welcomes the fact that all Member States will take the same approach, but insists that they should do so whatever the nationality of the institutions operating in the respective countries in order to maintain a level playing field; considers, in line with the European Council, that any action taken at national level should take into account its cross-border effects in terms of systemic risk, solvency level, distortion of competition and supervision mechanisms;
6. Approves the Council's decision to enhance the role of the EIB as a lender and borrower, but considers that it should be given the task of helping to recapitalise banks as a European risk-management measure, complementary to national plans;
7. Notes that, in the interest of tax payers and Member States' budgets, each time that public money is spent on rescuing a financial institution, it should be accompanied by public oversight, improvements in governance, limitations on executive remuneration, adequate changes in business models and strong accountability to public authorities, and calls for guidance by the Commission in order to ensure harmonised implementation of the plan;
8. Stresses that executive compensation schemes in the financial industry have contributed to a focus on high risk and short-term profit; regrets that the European Council has only made a call for accountability, and urges the Commission, therefore, to put forward legislative proposals on compensation schemes and remuneration packages that 1) would ensure that financial institutions disclose their remuneration policy, in particular the remuneration and compensation packages of directors and intermediaries; 2) would ensure that all transactions involving management can be clearly identified in the financial statements; 3) would ensure that prudential supervisors include in their assessment of risk management the influence of remuneration, bonus schemes and taxation, to ensure that they contain balanced incentives and do not encourage risk taking;
9. Stresses that any criminal or fraudulent actions which could be detected in the framework of this crisis should be punished in accordance with existing national laws and judicial procedures; stresses, furthermore, that executives in financial institutions who are convicted for breach of duty or wrongful trading should be suspended or disqualified from working in all or relevant parts of the financial sector;
10. Notes that the write-down on asset prices has been compounded by 'mark-to-market' accounting treatment; stresses that it accepts in certain circumstances a degree of flexibility on fair-value accounting, as suggested by the International Accounting Standards Board (IASB), but considers that this should not undermine the underlying

concept; insists on being fully involved in the future approval of accounting standards in the EU and the reform of the governance structure of the IASB;

11. Regrets that the Commission did not regulate credit rating agencies at an earlier stage, but welcomes its current proposal; stresses that this proposal should ensure that credit rating agencies are required to separate their rating business from any other services (such as advice on structuring transactions) that they provide in respect of any obligations or entities that they rate, and that they use consistent and appropriate rating terminology and foster transparency, clarity and the provision of data on complex financial products; considers that the proposal should ensure that securitisation and the credit rating process do not result in an unjustified increase in the total value of the securitised product beyond the value of the underlying assets measures and should require credit rating agencies to increase information and eliminate or mitigate asymmetric information and uncertainty and disclose conflicts of interest;
12. Notes that the current networks of national supervisors, supervisory arrangements, and non-legally binding memoranda of understanding are insufficient to face a major crisis caused by a failure of markets or important cross-border financial groups; deeply regrets that the conclusions of the European Council have not adequately responded to this problem, and urges the Commission to present legislative proposals before the end of 2008 based on the Van den Burg/Daianu report on the future structure of supervision;
13. Welcomes the fact that the Commission intends to set up a high-level group in order to elaborate a supervisory architecture that is solid and sustainable and provides for better cross-sector and cross-border integration and coordination; insists on having a say in its composition and secretariat, and stresses the importance of the group being given a precise mandate, within a short time frame, and reporting to the Council, the Commission and Parliament;
14. Notes the creation of a high-level financial crisis cell but regrets that it is only an informal warning, information-exchange and evaluation mechanism; strongly criticises the fact that Parliament has not been concluded in this crisis cell; supports the creation of a more powerful early-warning system, to be run by the Commission, and endowed with coordination and enforcement powers, in which the Level 3 Committees should take part;
15. Stresses the importance of strengthening coordination at EU level before the meeting at G8 level and strongly believes in the need for global answers to the crisis, which should promote the establishment of a new international financial order, with the reform of the Bretton Woods institutions; endorses the approach adopted by the European Council in that respect and supports a possible role for the IMF in global supervision and as a monetary arbiter; supports the IMF's call for massive intervention at international level to stimulate the global economy;
16. Calls for all kinds of measures to be adopted in the near future, by international organisations, the EU and national authorities to ensure that such a fundamental crisis can never happen again and to aim at guaranteeing that financial services work in the interests of the real economy, especially growth and employment;

17. Recognises that the current financial crisis must not undermine the EU's responsibility to the world's poor and must not lead to any scaling back of the commitment to provide the development assistance which is essential if we are to meet the Millennium Development Goals;

The effects on the real economy

18. Welcomes the recent ECB decision to decrease the interest rate within the eurozone, but calls for further clear and strong movement in this respect;
19. Strongly underlines that European macroeconomic policies need to respond quickly and in a highly coordinated way to safeguard the real economy against a deep recession; calls, therefore, on the Member States and the Commission to make full use of the revised Stability and Growth Pact, implementing its countercyclical mechanisms and using the additional spending to foster both structural changes and high-quality public finances, in line with the Lisbon goals;
20. Stresses the need for action with regard to financial stability and systemic risk; urges the Commission and the Council to revitalise the Lisbon agenda and adapt Member States' national reform programmes in this time of economic distortion up to the end of this year in order to protect the jobs and incomes of EU citizens;
21. Takes the view that a simultaneous and coordinated approach by the Member States to growth-intensive spending, the stimulation of private investment and joint initiatives in the area of private and public cooperation can unleash substantial synergies, and will support the efficient allocation of resources and give a boost to the real economy and employment throughout Europe in an extremely difficult economic situation; calls for further measures to support SMEs, additional to the recent EIB measures; calls, moreover, for measures to support the purchasing power of the less well-off and to protect vulnerable groups from unemployment and rising prices;
22. Warmly welcomes the rapid and comprehensive reaction by the Commission regarding application of state aid rules to measures taken in relation to financial institutions; calls on the Commission, in the context of the strict monitoring of emergency measures, to establish an interdisciplinary team, including expertise from DG COMP, the 3L3 supervisors and the European System of Central Banks, in order to pool knowledge and know-how and to ensure that there will be balanced, impartial and high-quality judgments throughout the Member States;

Lisbon Treaty

23. Notes the European Council's decision to define, at its December meeting, the elements for 'a solution and a common path to be followed', concerning the ratification of the Lisbon Treaty; underlines that the present financial crisis and the recent geopolitical crisis in connection with the events in Black Sea area demonstrate the need for a stronger capacity to act, as provided for in the Lisbon Treaty;

24. Calls on Ireland to determine how other Members States can be of help in its ratification procedure;
25. Reiterates its respect for the result of the Irish referendum and for the results of the ratification procedures of the other Member States, and considers that it is possible to meet the concerns that have been expressed by the Irish people in order to secure a solution acceptable to all as soon as possible;

Energy and Climate Change

26. Welcomes the European Council's determination, despite these difficult economic times, to meet the commitments it made in March 2007 and March 2008; calls on the Council to reach an agreement on the legislative proposals that make up the climate change and energy package by December 2008, taking the effects of investments and jobs into account;
27. Stresses that, as regards the achievement of the national objectives envisaged in relation to renewable energies, mandatory interim targets for Member States are paramount to ensure compliance with the directive;
28. Reiterates that these proposals form a coherent energy package, the balance and fundamental parameters of which must be maintained, and urges the Council to fulfil its commitments by working closely with Parliament, with a view to reaching a timely agreement;
29. Recalls the need to include the proposal for a European Parliament and Council regulation setting emission performance standards for new passenger cars as part of the Community's integrated approach to reduce CO₂ emissions from light-duty vehicles as one of the legislative proposals in the overall climate change and energy package;
30. Undertakes to work closely with the Council in order to reach an agreement as quickly as possible on the legislative proposals that make up the overall climate change and energy package;
31. Notes that, during the upcoming negotiations, the Presidency and the Commission will take into account the situation of each Member State and find appropriate solutions for the different industrial sectors that will be affected by the climate change package, in order to safeguard jobs and competitiveness; reminds the European Council that this package will also result in the creation of new jobs and industries, and help Europe take a competitive lead in the development of green technology;

Energy Security

32. Welcomes the proposals and the draft report of the Presidency on energy security; calls for rapid implementation of the proposals; looks forward to the Commission's forthcoming strategic energy review planned for November 2008 and the Spring 2009

European Council, which will assess the implementation of the 'Energy policy for Europe' action plan and the adoption of the necessary measures in the field of energy security;

33. Believes that the diversification of energy sources, along with increased use of indigenous sources, decentralised energy production and energy saving measures, will improve security of supply; points out that security of energy supply is a priority for the European Union; stresses in this regard that the development of joint EU renewable energy projects must play a key role in securing energy supply while ensuring compliance with the Lisbon and Gothenburg goals;
34. Welcomes the call to accelerate the implementation of the European Action Plan for energy efficiency; notes, at the same time, the failure of many Member State governments to prioritise full and prompt transposition of, and compliance with, energy efficiency legislation; stresses the need for further and more comprehensive energy efficiency initiatives, especially in the fields of buildings, products and urban transport;
35. Considers a fully operational internal market paramount for security supply; notes that the EU energy market is still not fully completed and that full implementation is imperative; welcomes the call to finalise the legislative package on the internal energy market before the end of the parliamentary term; calls on the Council to start negotiations with Parliament on the internal energy market package, based on the political agreement reached on 10 October in the Energy Council;
36. Welcomes the Council's call to strengthen and supplement critical infrastructure; calls on the Commission to implement the trans-European energy networks and establish a priority interconnection plan, without neglecting the liquefied natural gas reception regasification infrastructure and storage facilities; welcomes the special attention given to the isolated regions of the EU; stresses the importance of further developing European interconnection and grid infrastructure to bring increasing levels of offshore wind power onto markets; notes that cross-border interconnections will require special measures e.g. the preferential funding or tax exemptions; notes that completing the missing links in TENs will improve security of supply, as well as contribute to the completion of the internal market;
37. Calls for an integrated EU emergency mechanism for security of supply, with an increase in minimum oil stocks in the EU from 90 to 120 consumption days, and the development of minimum gas stocks of at least 90 days; notes that the minimum gas stocks require effective coordination and necessary investments by the Member States;
38. Suggests that the weekly publication (based on data in the public domain, as in the United States) of European stocks of oil and oil products, and of imports and exports, all broken down by type of product (crude oil, petrol, diesel, heating oil and others), would give a better picture of the pressures on the world market,
39. Calls for the development of a common European foreign policy on energy, which would significantly contribute to guaranteeing energy security for the whole of the EU, while at the same time pursuing the objective of sustainability at the international level, thus

providing EU citizens with substantial added value to efforts made at national level; considers that energy policy, and particularly the security of energy supply, must be an integrated and prominent part of the common foreign policy, and that energy policy should be taken into account in all foreign policy contexts;

40. Is convinced that the principles of the Energy Charter Treaty (ECT) should guide the common European foreign policy on energy and EU efforts on international cooperation in the energy sector;
41. Stresses the need to enhance cooperation with neighbouring countries of the Black Sea region in an institutional and multilateral arrangement, including issues related to the security of energy supply and transit, and the transparency of market operation; considers that neighbouring countries like Kazakhstan should be involved in the interests of the region's stability and energy flow; with due regard for the importance of the partnership with Kazakhstan, welcomes improved cooperation with Uzbekistan and calls for a reassessment of the suspension of the envisaged interim trade agreement;
42. Asks for the development of a closer energy dialogue with countries in the South Caucasus, Caspian and Central Asia region, as well as the Mediterranean region and the Middle East;

European Pact on Immigration and Asylum

43. Notes the initiative of the French Presidency on a European Pact on Immigration and Asylum; considers, however, that it constitutes a step backwards in relation to the objective of an EU common policy on immigration and asylum, established by the European Council of Tampere in 1999, and that it lacks any indication of concrete legislative measures, particularly in order to define uniform conditions in Member States for the legal entry and stay of third-country citizens, without which the call to avoid large-scale regularisations is purely symbolic;
44. Deplores the fact that, in the Pact's overall approach, integration policies and citizenship play only a marginal role; believes that a Common Immigration policy should be based on the assumption that migrants are individual members of society and potential citizens and should include clear and effective policies for social inclusion and integration, especially in view of Parliament's more extensive proposal on the Black Sea;

Follow-up to the European Council of 1 September 2008

45. Welcomes the Council's position regarding the situation in Georgia; recalls the commitments of the agreements of 12 August and 8 September; stresses that the withdrawal of Russian troops from the areas adjacent to South Ossetia and Abkhazia is a first step; calls for the safe and quick return of refugees, accompanied by the deployment of EU observers on the ground; deplores the failure of the talks between Russia and Georgia in Geneva on 15 October 2008;
46. Welcomes the decision to support the EU eastern neighbours and asks the Council to

consult Parliament on the future 'Eastern Partnership';

47. Supports the Council decision to lift the ban on political contacts with the Belarusian authorities and to suspend the visa ban for six months for certain Belarusian officials, including President Lukashenko; calls on the Council to continue the dialogue with and devise a policy vis-à-vis Belarus, subject to strict positive conditionality; calls on the Council and the Commission to consider selective application of the European Neighbourhood and Partnership Instrument and the European Instrument for Human Rights and Democracy to Belarus by extending more support to Belarusian civil society; emphasises that the democratic opposition of Belarus must be fully involved in the dialogue between the EU and Belarus; insists that the Belarusian authority lift the de facto visa ban on MEPs; calls on the Council to take further steps towards the facilitation and liberalisation of visa procedures for Belarusian citizens, including lowering the cost of visas for Belarusian citizens entering the Schengen Area, as such action is crucial to facilitate and intensify people-to-people contacts and to democratise the country; supports further cooperation with Belarus in areas of mutual interest, such as trade, transport, environment, energy, customs, etc.;
48. Stresses that, in the context of the current food crisis, Member States must keep up their commitments towards the developing world; calls on the Council and the Commission to urgently agree to put in place the EUR 1 billion scheme for smallholder farmers in developing countries; reiterates that it is time for the European Union to show leadership in countering the current food crisis;
49. Instructs its President to forward this resolution to the Council, the Commission, the European Central Bank, the Committee of European Securities Regulators, the Committee of European Banking Supervisors and the Committee of European Insurance and Occupational Pensions Supervisors.