

SITTING OF MONDAY, 25 OCTOBER 2004

IN THE CHAIR: MR BORRELL FONTELLES

President

(The sitting was opened at 5.00 p.m.)

1. Resumption of the session

President. I declare resumed the session of the European Parliament adjourned on Thursday 14 October 2004.

2. Announcement by the President

President. Before moving on to our agenda, I would like to make a few comments in relation to the fact that yesterday was United Nations Day, and the last winner of the Sakharov Prize – Kofi Annan – made a speech in which he stressed that we can and must do more to achieve the objectives of peace, human rights and development which were the basis for the creation of the United Nations 59 years ago.

Since yesterday was the day on which we celebrated the birth of that institution, I believe it would be appropriate for Parliament, on coming together once again, to highlight the need for a United Nations that works and which leads the world in the direction it deserves. I would like to communicate this message to our institution because we all share the responsibility for promoting the multilateralism created at the end of the Second World War.

As the European Parliament pointed out last January, the European Union and its Member States provide more than half of the contributions to the United Nations system and to peace-keeping missions. Our participation in terms of development aid exceeds 60%. We are, therefore, entitled to a significant role in the future of the United Nations, and in its work and its objectives.

I would, therefore, like to take this opportunity today to call on the Member States to avoid public quarrels. The future of the Security Council is an extremely important issue in terms of us all coming together to improve the work of the United Nations.

I therefore believe it appropriate, as I have said, to emphasise the significance of the date.

3. Approval of the Minutes of the previous sitting

President. The Minutes of the previous sitting have been distributed.

Are there any comments?

Gollnisch (NI). – (FR) Mr President, in accordance with Article 122 of the old Rules of Procedure, and Article 145 of the new Rules of Procedure, I have the honour of making a personal statement.

I was immensely surprised to learn, Mr President, that, firstly, you did me a great disservice during the press conference attended by Mrs Leyla Zana; secondly, you wrote a *communiqué* that attacked me personally on 14 October, and thirdly, you referred to a condemnation on the part of the Bureau on 13 October, which in fact appears in point 15 of the Bureau's summary of decisions and which calls on you to condemn my allegedly, I quote, 'revisionist statements'. As it happens, Mr President, I did not make any such revisionist statement in the way in which I believe you understand that term.

Agence France-Presse, which was on strike on the day of my conference but was represented there by a journalist, completely rectified the impression given by a truncated, distorted and vindictive report. The Lyons weekly *Vox*, whose editor, Mr Florent Dessus, a distinguished Lyons journalist, former chairman of the *parti radical*, a constant political opponent and once again my rival in the last elections, but who was, himself, in attendance at the conference, redressed the injustice in the following terms: 'all of these reactions, all of this furore would have been perfectly understandable if Mr Gollnisch had actually denied the existence of the gas chambers, which was not the case. If he had actually said the words that are being ascribed to him, we would have been

the first to condemn them, but it so happens that we cannot make him say the opposite of what he said', and he published my press conference in full.

I can understand, Mr President, that certain individuals have reproduced, magnified or distorted a false, truncated and vindictive report. I admit, however – with respect to you as a person and in your role – that I cannot understand how you, as President of this House – an informed politician and guardian of the freedom of debates and of the rights of the Members of this House – and the Bureau of this House, which never stops offering advice to the entire world on human rights, were able to condemn me without hearing, or even seeking to hear, me, and without even notifying me of your condemnation, and this following a hasty denunciation by two or three of my political opponents. In so doing, Mr President, I feel that you have breached the adversarial principle, the declaration of human rights and the general principles of European law. May I remind you, in this regard, that, even in Stalinist trials, they at least made the pretence of having the accused appear in person. Consequently, Mr President, I should like to ask you, if I may, for an interview during this part-session, so that we can work out together, if you are willing to do so, how I am to receive the moral redress that I am looking for and to which I am entitled.

(Applause)

President. Thank you very much, Mr Gollnisch. You will be aware that we are about to approve the Minutes of the sitting. The Minutes say what they say and what they say reflects what has been said. The Presidency – and the whole of Parliament, I am sure – will be very pleased to learn that you really did not say what you are accused of saying. We will all be delighted if you really did not say – and better still, that as well as not saying, you did not think either – the things that caused Parliament's Bureau to react and in relation to which I acted as spokesman. The Minutes approved reflect what the President has said. Today's Minutes will record what you have said, Mr Gollnisch, and the fact that you have told Parliament that you did not say the things you are accused of will be recorded in the Minutes. If that is the case, believe me, nobody will be more delighted than me – and I am sure that the whole Parliament will be delighted that no Member of this Parliament has said the things it is claimed you have said.

The Minutes of the previous sitting are approved.

4. Documents received: see Minutes.

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

6. Transfers of appropriations: see Minutes.

7. Petitions: see Minutes.

8. Approval by the Council of Parliament's positions adopted at first reading: see Minutes.

9. Authorisation to draw up own-initiative reports: see Minutes.

10. Membership of committees: see Minutes.

11. Order of business: see Minutes

12. One-minute speeches on matters of political importance

President. The next item is speeches on matters of political importance.

Tabajdi (PSE). *(HU)* Mr President, I would like to draw your attention to the discrimination to which the employees of the new Member States working in the European Union institutions are subjected. The employees of the new Member States are discriminated against in many areas. The first area is the amendment of the Staff Regulation, the legislation on public servants. The second includes the fact that new categories have been created, and the lower categories are applied to the delegates of the new Member States. The third area

of discrimination is that all the secretarial staff from the new Member States have been employed in the lowest category. The fourth area of discrimination is that the employees of the old Member States were suddenly elevated to a higher category before May 2004. There is discrimination also in the area of benefits as well as in the area of examinations in people's mother tongue. Mr President, please look into the issue of discrimination because those concerned want to turn to the European Court of Justice. Thank you for your attention.

Coveney (PPE-DE). – Mr President, in the last Parliament MEPs voted overwhelmingly in support of the EU appointing an Aids ambassador/envoy.

The EU continues to do much to combat the rise of Aids and to provide information on preventive health programmes and support for access to anti-viral treatment for all. However, EU programmes need tighter coordination to ensure that EU Aids initiatives are producing optimal results. I believe the appointment of an EU Aids ambassador would enhance the international effort to combat the spread of this tragic disease. The total number of Aids sufferers worldwide has now reached 40 million and continues to rise. It makes sense to have a coordinated EU policy on combating Aids, under the responsibility of a single Aids ambassador/envoy, and I urge Parliament and the Commission to move forward with this proposal and add impetus to the effort to put Aids on the top of the EU development agenda.

Sonik (PPE-DE). (PL) Mr President, I should like to call upon the European Commission to act on an issue which has given rise to concern among the citizens of Poland and of the other new EU Member States for the past few months, namely the suspension of food exports to Russia. Poland and the nine other new Member States were informed of the change in the rules on exports to Russia at the end of April of this year. Russia's decision was therefore directly linked to our accession to the European Union. There is no rhyme or reason to the checks carried out by Russian inspectors. Producers from the old Member States are aware of this. The European Commission must open negotiations with Moscow on this issue, and every effort should be made jointly to specify the criteria for checks so that they become easier to understand. If the European Commission fails to provide assistance or adopts a neutral position on this issue, it will amount to discrimination against the new Member States in the EU's internal relations. I would therefore like to call upon the European Commission to maintain solidarity within the EU in internal relations, and to provide assistance to the new Member States on this issue.

Yañez-Barnuevo García (PSE). – (ES) Mr President, in a year and a half's time, on 18 July 2006, it will be seventy years since the fascist *coup d'état* led by General Franco, which was the prelude to the Second World War and the beginning of a savage civil war and almost four decades of dictatorship.

Millions of Spaniards directly or indirectly suffered from its tragic effects. Hundreds of thousands were murdered, imprisoned or interned in more than two hundred concentration camps throughout Spain, the last of which did not close until 1962. Mass terror, generalised hunger and systematic torture formed the triangle which Paul Preston calls the Spanish genocide. The bodies of the disappeared are still being unearthed to this day, and the body of one of them, the poet Federico García Lorca, is still being sought.

This Parliament has quite rightly spoken out against the horrors of extremism and Nazism. On that date, the European Union, which was born of peace, democracy and opposition to dictatorship, will have the opportunity to speak out against that beginning of one of Europe's tragedies, with a great slogan, 'Never again! Never again!'.

Chruszcz (IND/DEM). (PL) Mr President, I should like to receive a response on the conflict between the state-owned enterprise Polska Żegluga Morska (Polish Steamship Company) and the Polish Treasury Minister taken in the context of the rules in force throughout the European Union. The Ministry of the Treasury has attempted to dismiss the director of the state-owned enterprise Polska Żegluga Morska, contrary to the independent decisions of the enterprise's self-governing bodies, and has also announced that all state-owned enterprises in Poland are to be transformed into State Treasury companies. In addition, the state-owned enterprise's director and self-governing bodies were refused the right to appeal to an independent court to have the Ministry's decisions verified. Do the Ministry's actions not constitute a violation of the principle of non-discrimination against forms of economic activity, in this case discrimination against state-owned enterprises in relation to other possible forms of economic activity? Furthermore, was the Ministry's refusal to acknowledge the right of the director and the state-owned enterprise's self-governing bodies to appeal to a court not a violation of Article 6(2) of the Treaty on European Union and of the 1950 European Convention on the Protection of Human Rights and Fundamental Freedoms? I thank you.

Czarnecki, Ryszard (NI). (PL) Mr President, a heated dispute recently broke out between the European Commission and the German Government over the 'golden share', or the opportunity for the state to retain control over strategically important companies. The Polish Government supported the German Government in this matter, which is an important one, if only because a number of other Member States, such as France, have abandoned none of their influence on national and international economies. On the one hand, it is entirely possible to understand the logic of those who strongly advocate a free market, viewing such advocacy as an attempt to implement the Lisbon strategy and an opportunity to close the gap with America in time. Yet on the other hand, it is obvious that a number of governments and nations wish to protect national economic interests, even though they support European integration. Mr President, I propose that a debate should be held in Parliament on this matter. This crucial issue must cease to serve merely as the ball in a game of ping-pong between the Commission and individual countries.

Piotrowski (IND/DEM). (PL) Mr President, ladies and gentlemen, France is a beautiful country and Strasbourg is a wonderful city, with splendid people, interesting architecture and fine monuments. We are all delighted to have the opportunity to spend four days here each month. I believe, however, that our personal feelings should take second place to the interests of the citizens of Europe, who elected us to this House. None of the obstacles mentioned can justify Parliament's seat remaining in Strasbourg when all of its business is conducted in Brussels. In fact, there are no substantial or rational reasons to do so. Plenary sittings in Strasbourg are simply an extravagance, a luxury that costs millions of euro a year to organise. There can be no doubt that this money could be put to a more sensible use, for example by providing more funding to the European Union's poorest regions. It is time to put an end to this nonsense. Parliament's seat in Strasbourg must be done away with.

Papastamkos (PPE-DE). – (EL) Mr President, a meeting of the PPE-DE Group in the Committee of the Regions was held in Athens on 15 October at the initiative of the Mayor of Athens, Mrs Bakogiannis, on the subject of 'Cities' Safety and Security Policies'. The Greek Prime Minister, Mr Karamanlis, referred in his welcoming speech, among other things, to the need to further promote the civil protection of the European Union.

Ladies and gentlemen, it is the primary responsibility of us, the members of the European Parliament, the institution with democratic credentials *par excellence*, to impart material content to the Community action plan which expires in December 2004, because the institutional *acquis* to date is insignificant. My call to the honourable Members of this House is that we invigorate, that we promote the civil protection within the European Union.

Pęk (IND/DEM). (PL) Mr President, I should like to take this opportunity to pay tribute to Mr Buttiglione, who has recently become the target of a chauvinistic attack by the Left of this House and by all Left-wing extremists. Mr Buttiglione, there are still people who share your sensible views. I would ask you not to lose faith and to be truthful, as the truth cannot be suppressed, particularly in the European Parliament, which by all accounts wishes to be the leading institution in the building of a structure of truth, honesty, reliability and human rights. I would therefore ask whether condemning someone for honestly and publicly expressing beliefs that do not harm anyone does not constitute a violation of human rights. Mr Buttiglione, a great many, and indeed I am sure the majority, of the Members of this House stand shoulder to shoulder with you. Our hearts and souls tell you will be an outstanding Commissioner.

Bushill-Matthews (PPE-DE). – Mr President, during Commission Question Time at the last part-session 34 questions were tabled by MEPs but only eight received answers, which is a new record. This is because the Commissioners took on average nearly ten minutes for each answer. Would you please ask the incoming Commission – assuming that there is one – to voluntarily submit to the sensible rules of this House, whereby speaking time is measured and limited? This may permit Members to ask more questions and, I hope, receive more answers.

President. I shall do so. Rest assured that there will be a new Commission. Sooner or later there will be a new Commission and your concern will be duly passed on.

Schmitt, Pál (PPE-DE). – (HU) In 1957 Albert Camus wrote that the downtrodden and shackled Hungary has done more for freedom and justice in the past twenty years than any other nation in the world. I would like to draw the President's and my colleagues' attention to the fact that, nowadays, all of Hungary remembers the October Revolution of 1956 when a tiny nation battled against the oppression of the mighty Soviet Union. It was with their blood that the unknown but, since then, recognised heroes painted the two words, 'freedom' and 'justice' onto the skies of Europe. There were heroes and there were traitors. During the Communist dictatorship and under state socialism, the nation paid a heavy price for this desire for freedom.

Several thousand Hungarians were executed or sentenced to death, several hundred thousand disappeared in the Soviet Union and some tens of thousands were banished to labour camps and jails. Some further tens of thousands were resettled outside the borders of Hungary, and several millions were deprived of their wealth. Even with the hindsight of 48 years, we are proud of the fact that we, Hungarians, were the first to defy the Soviet dictatorship and protest against the Communist tyranny and occupation. The fact that we can be here with you as a free and independent member of the European Union family is largely due to the self-sacrifice of many thousands of heroes of the Hungarian Revolution who gave their lives for freedom.

Krupa (IND/DEM). (PL) Mr President, I wanted to protest at discrimination against Catholics. Pursuant to the European Convention for the Protection of Human Rights and Fundamental Freedoms, the exercise of the rights and freedoms set out in this Convention should be guaranteed without discrimination of any kind. It is for this reason that I should like to protest strongly both at Mr Barroso's attitude towards Catholics and at the European Commission's funding of the exhibition held in a tent on the Place Schuman in Brussels. Taken in conjunction, these are a clear manifestation of discrimination against Catholics, being not only an attack on their feelings, but above all a corrupting influence on young people in their promotion of human beings without values desiring nothing but provocation and financial success. Is the juxtaposition of images of the Pope deep in prayer with those of copulating men supposed to be a symbol of Europe's diversity? Is it not rather a sign of dehumanisation and degradation, and a threat to civilisation? Do the European Commission and those aspiring to the highest posts within this institution wish to build a better future on the ruins of all that is sacred, thus depriving Europeans of goodness and beauty? Should sexual contacts not be ...

(The President cut off the speaker)

Van den Berg (PSE). – (NL) Mr President, it was two years ago that, on the night of 26 and 27 October, the ferry *Le Joola* sank off the coast of Senegal. Officially, this tragedy claimed the lives of 1863 people, the most of whose bodies, to this day, lie unidentified at the bottom of the sea. Surviving relatives, including the relatives of the Dutch victims Roel and Lisette Arendshorst, have made repeated appeals to both the Senegalese President Wade and European politicians to take action in order to recover the victims of *Le Joola*. In principle, President Wade responded favourably to this here in this House a year ago. On various occasions in this House, we have also asked the Commission to take action. I would therefore make a fresh appeal to the Commission, the Council and President Wade of Senegal. The relatives of the victims are entitled to take leave of their loved ones in a dignified manner. They are asking for a final resting place where they can grieve, and alongside this, they are also enquiring about the possibility of identifying the victims. Mr President, I am directly appealing to your respect for the values mentioned in the European Constitution. Respect for human dignity requires support from the European Union ...

Lévai (PSE). – The Romani population is the largest minority in the EU. The Roma face serious human rights discrimination: segregation in schools and in the labour market. Sadly, in some parts of the European Union very serious human rights abuses against the Roma have been reported in recent years. The Roma have increasingly come to be a focus of attention of European policy- and law-makers following reports of social exclusion and serious human rights abuses throughout Europe.

It is time to continue in the steps of the few who already recognise, here in the European Parliament, the crisis of the Romani population. Today, we need to combat discrimination by reaching cross-party agreements for the sake of a better Europe. Therefore, I am extremely determined to stand up for Roma rights issues and to address social inclusion and human rights to ensure the fundamental rights and freedom of our people.

Geringer de Oedenberg (PSE). (PL) Mr President, there is an issue I should like to bring to the attention of the House. Nearly six months have passed since the enlargement of the European Union to include ten new Member States. Since then, the new Member States and the old Member States are supposed to constitute a single common structure. Integration is supposed to be apparent in many key areas, yet we are experiencing marked delays in the full integration of the new Member States. This is why I believe that serious thought should be given to revising transitional periods, so that obstacles are not placed in the way of the development of the new Member States, and so that their full integration with the other Member States can be accelerated. This applies primarily to transitional periods relating to the free movement of persons and the free movement of services. These two areas are crucial for genuine European integration and for developing the entrepreneurship necessary for the development of national economies. We must not stand idly by as service providers from the new Member States are faced with worse conditions and greater difficulties on the European market than those from the old Member States. With regard to the free movement of persons, it

is also apparent that the countries that opened their labour markets after 1 May, such as Great Britain and Sweden, are not experiencing ...

(The President cut off the speaker)

Grech (PSE). – (MT) The problem of asylum seekers and illegal immigration in Europe is urgent, serious and worrying. Few countries can tackle the great and complex difficulties of this critical situation on their own, especially a small country like Malta that is carrying a burden that is not proportionate to its size and population. Therefore I believe that one of the solutions is that the burden should be shared. This is a matter that transcends frontiers and therefore it should have an international solution, possibly through a common effort by the United Nations and the European Union. We cannot remain idle and postpone this issue. Do you not think, Mr. President, that the time has come for this Parliament to discuss and debate this tragic reality in a holistic, effective and just manner for the benefit of both the asylum seekers and the countries involved?

Ludford (ALDE). – Mr President, it was just announced that tomorrow we will vote urgently on financial aid for Serbia and Montenegro.

However, a week ago there was an extraordinary book launch in Belgrade. It was by Radovan Karadzic, formerly President of the Bosnian Serbs. Mr Karadzic is wanted on two counts of genocide at the UN War Crimes Tribunal in The Hague and, together with Ratko Mladic, he is held responsible for the 1995 Srebrenica massacre, where 7 000 Muslim men and boys were systematically murdered, and the siege of Sarajevo, which caused 12 000 deaths and terrible suffering.

Mr Karadzic's book is called *The Miraculous Chronicle of the Night*. Mr Karadzic was not present at the launch. However, the fact that he has been able to publish a book and escape the Nato and Bosnian Serb police, who are supposed to be looking for him, is itself a miraculous chronicle of the night. It does not inspire confidence that these forces are doing enough to harass him and his network of loyal supporters so that he can be brought to justice. I hope Parliament can send a message that Nato and the Bosnian Serb police need to try a little harder.

Eurlings (PPE-DE). – (NL) Mr President, very recently, two MEPs from the Netherlands, my own country, were refused entry to Cuba. They were deported from that country when they were travelling to talk to human rights activists, so-called dissidents. This is characteristic of what is happening in Cuba, because it fits in with a systematic pattern. Dissidents, including trade union leaders who, a few years ago, were able to talk to us, are now often sentenced to long prison sentences.

Things are going from bad to worse, and contact with politicians such as ourselves is also affected. I can tell you from my own experience that, before this happened, the door to the embassy simply remained closed on more than one occasion and we did not even manage to get a meeting. I am saying this because some people here are urging in favour of a *rapprochement* with Fidel Castro. My response to that would be that it is serious incidents of this kind that should lead us to persist in the common policy as it stands at present.

President. I have received 22 requests. We are clearly not going to be able to satisfy all of them, otherwise we would far exceed the half an hour set aside for these purposes. I am going to allow two more people to speak in the order in which we have received the requests visually and I would apologise to the other 20 honourable Members.

Flautre (Verts/ALE). – (FR) Mr President, I should like to remind you that, this weekend, presidential and legislative elections took place in Tunisia. When election results go as expected, they do not make big news. Nevertheless, like other Members of this House, I believe I have some information of a constitutional nature. We remember the constitutional coup that enabled President Ben Ali to stand for a fourth time, yet we also know that the Constitution contains a number of severe constraints that prevent and restrain his capacity to stand.

We also have consistent information on the conditions under which these elections were held, not least from the point of view of media access, which was characterised by a total absence of pluralism. One candidate, the only one in the presidential elections to have enjoyed a modicum of independence – a great deal of independence if one compares him with Mr Ben Ali – was not allowed to publish and distribute his official election manifesto. We also know that the Tunisian Human Rights League, a body that Parliament trusts and is happy to deal with, was prevented from properly monitoring these elections.

(The President cut off the speaker)

Evans, Robert J.E. (PSE). – Mr President, I have great respect for Spain, which is one of my favourite places in Europe. However, I am concerned to learn from the Health Protection Agency that out of 6000 salmonella cases in the United Kingdom, the majority can be traced back to eggs from Spain. I am not sure whether experience in the egg industry features on your lengthy CV, but I wonder whether I could urge, through you, that cooperation take place between the Spanish authorities and the Commission to try and resolve the situation, so as to avoid people calling for a ban on the import of Spanish eggs.

I would also like to ask you, President, when the practice for this period of one-minute statements changed from a 'catch-the-eye' system to one where Members have to put down their names in advance. In the past, the President could use his or her discretion: for example, you, Mr President, could have chosen to limit the number of right-wing Catholics that you wished to allow to speak, thus giving a better balance. When did the system change from catch-the-eye to putting down names?

Brepoels (PPE-DE). – (NL) Mr President, thank you. I have a personal question for you. On Saturday, 16 October, I sent you an urgent message in connection with the arrest of Leyla Zana's husband when they returned home from the celebration during the plenary meeting in Brussels. I asked you to contact the Turkish authorities immediately to inquire about this arrest, which I, along with many other Members of this House, saw as an outright provocation, it being clear to everyone that this arrest is linked to Leyla Zana's appearance in the European Parliament. So far, I have not received a response to this. You will be aware that, last Friday, legal proceedings were commenced against Leyla Zana, this being the third time she has faced them. I would therefore ask the European Parliament, as in the past, to pay the necessary attention to this and if possible, to send a delegation to monitor proceedings, because in my view, this is very important in the context of the continuing discussion about accession negotiations with Turkey.

Figueredo (GUE/NGL). – (PT) Mr President, I should like to express my concern about the defence of EU working languages.

I understand that the Dutch Presidency has just tabled a proposal at the Conference of Community and European Affairs Committees (COSAC) aimed at restricting the number of working languages at COSAC meetings to just six. I am aware that in this House, too, there have been times when, for reasons of cost-cutting, some Members have had difficulty in using their languages as working languages. In the proposal tabled by the Dutch Presidency, only six working languages are safeguarded – those of the six biggest countries. Of course, Portuguese is the language of a country that is not one of the biggest and is therefore in jeopardy. The question before us, Mr President, ...

(The President cut off the speaker)

Markov (GUE/NGL). – (DE) Mr President, in 1993, the European Parliament adopted a resolution commemorating the victims of National Socialism. Last year, ten years after that event, an exhibition was also mounted on the subject in this House. The German public, too, are outraged by the remarks attributed to Mr Gollnisch; perhaps we should call upon him and the *Front National* not to claim that he did not say these things, but rather to make a statement in which he would clearly dissociate himself from historical nihilism, making explicit his condemnation of fascism, his acceptance that the Holocaust happened, and that the historical research available on the subject is factual. I do believe that opposition to fascism, to anti-Semitism and to racism has always been one of this House's values, and one that we should continue to uphold in the future.

(Applause)

Iturgaiz Angulo (PPE-DE). – (ES) Mr President, ladies and gentlemen, today, 25 October, is the day we in the Basque Country are celebrating the 25th anniversary of the Guernica Statute. Twenty-five years ago today we Basques went to the ballot box in that Spanish Autonomous Community in order to endorse and approve this Statute by a majority as a legal and political framework stemming from the Spanish Constitution, and it has given us Basques the greatest degree of self-government there has ever been in that region.

I can assure you that the Guernica Statute is the best framework for creating trust, well-being, development and freedom in the Basque Country. And, unlike those people who want to jeopardise these 25 years of democratic success, we believe that the Statute must be the basis for continuing to create democratic co-existence for the next generation of Basques. It is, therefore, more necessary today than ever to proclaim the validity of the Guernica Statute and to this end I would call on the Presidency of the European Parliament to send our congratulations to the Presidency of the Basque Parliament on the occasion of this anniversary.

Hudghton (Verts/ALE). – Mr President, on Friday, the International Council for Exploration of the Sea published its annual fish stock assessment figures, advice which showed that North Sea haddock stocks exceed even last year's record highs. Yet the headline story fed to the media, in advance of that advice, referred only to cod stocks and the lack of improvement therein in the North Sea.

This has echoes of last year's situation when, after the publication of scientific advice, there followed threats to close the entire North Sea to all fishing. Ultimately, at the December Council last year, the Commission tabled a quota recovery plan which quickly proved to be unworkable. It did nothing to safeguard cod and it prevented Scots fishermen from catching their allowed haddock quota. If – and I say if – we have a new fisheries Commissioner by the end of this week, I call upon him fully to involve the new North Sea Regional Advisory Council in the setting of quotas in advance of this December's Council, so that a sensible and workable plan on quota setting procedure can take place.

President. That concludes the speeches on matters of political importance.

13. ECB 2003 annual report

President. The next item is the debate on the report (A6-0014/2004) by Mr Lipietz, on behalf of the Committee on Economic and Monetary Affairs, on the 2003 Annual Report of the European Central Bank (2004/2144(INI)).

Lipietz (Verts/ALE), rapporteur. – (FR) Mr President, Mr President of the European Central Bank (ECB), ladies and gentlemen, I should like to salute the high quality and, on certain points, the innovative nature of the ECB's report for 2003, presented under Mr Trichet's guidance.

A period such as 2003 can be analysed from two perspectives: what exactly happened in 2003 and what was decided in 2003. These are two distinct notions, because, according to econometrics, monetary decisions have a delayed reaction on actual developments of something in the region of 12 to 18 months. What we are therefore discussing here today is, in some respects, the policy of 2002 and its orientations in 2003.

Firstly, 2003 saw strong price stability: a little over 2% at the beginning of the year and actually a little less at the end of the year, despite oil price rises. Unfortunately, 2003 also saw a major slowdown in the EU in relation to its major competitors – the United States, Japan and China, among others.

It is therefore with this information in mind that we must analyse the orientations given in 2003 by the ECB, which were both practical and doctrinal. Let us begin with the practical orientations: throughout 2002, in contrast with the policy pursued by our neighbours, the Bank of England itself or the US federal reserve, which cut their interest rates sharply, the ECB retained the same interest rate virtually until December. From December 2002 and throughout, let us say, the first half of 2003, there was a very sharp interest rate reduction in Europe, and we have begun to see the positive effects of this in 2004.

This interest rate reduction was illustrated by what we call the '8 May Announcement', which was dissected and explained most interestingly in the ECB's 2003 report, and we thoroughly endorse this orientation and the way in which it was justified in the 2003 report. Firstly, we are told that, in order to offset the risk of deflation, it is important to have inflation that is below, but close to 2%, so that actual interest rates might be taken to a negative level. Secondly, we are told that the M3 money supply is important in the long term, yet not in setting monetary policy. I feel that both of these theories are perfectly justified. Our report welcomes this major orientation, and we shall table the amendments again to welcome it even more clearly.

For the future, the 2003 report contains a further point that is extremely important, which is a clear statement by the ECB, as a public authority, that it is accountable to the general public and that this accountability entails dialogue with Parliament. I feel that by putting itself forward as something of an executive body, in view of the fact that its relationship with the general public involves interacting with Parliament, this ECB report represents a major step forward. I feel that the next step is to develop this dialogue further, and in our report we make proposals to this end.

Thirdly, in our proposals for the future, we are naturally thinking about the new countries' accession. We consider that these countries should be treated equally and with the same criteria for meeting the convergence criteria as those that have been thus far applied to all countries. This is not an issue of two weights and measures; the same rules apply to 2005, 2006 and 2007 as applied in 1997.

Lastly, we must start to consider the new generation of bank notes. We feel that we must keep the one and two cent coins and many of us feel that we should introduce a 1-euro note. It is essential, in our view, that bank notes and coins should bring the general public closer to its currency. It is time to put living people on our notes, as every country in the world does.

IN THE CHAIR: MR McMILLAN-SCOTT

Vice-President

Trichet, *Chairman of the ECB*. (FR) Mr President, Mr Lipietz, ladies and gentlemen, I should first like to highlight, on behalf of both the European Central Bank and my colleagues in the Governing Council, the extent to which we share your desire to maintain the fruitful relations that our institutions have developed in recent years, as referred to by the rapporteur just now. I am delighted to pursue this dialogue, from the ECB's side, in this spirit of frankness and cooperation.

I have the honour, as has just been mentioned, of presenting to you today the 2003 annual report, which is one of the main instruments available to the ECB to present monetary policy, and the activities that fall within its competence, to Europe's citizens and to you, the representatives of Europe's citizens.

(DE) The ECB attaches the highest importance to regular dialogue with the European public and with its elected representatives.

Mr President, the ECB's monetary policy operated in a rather uncertain and challenging environment in 2003. In the first half of the year, real GDP growth stagnated amid considerable uncertainty related to geopolitical tensions and turbulence in oil prices and financial markets. Following the easing of economic and geopolitical uncertainties, prospects for economic activity gradually brightened after the summer of 2003. Nevertheless, overall GDP in the euro area increased by only 0.5% in 2003.

Annual HICP inflation slowed down slightly in 2003 to 2.1% on average from 2.3% on average in both 2001 and 2002. The persistence of inflation above 2% was mainly caused by increases in a number of volatile components of the HICP, in particular oil prices, and, in the second half of 2003, food prices. Rises in indirect taxes and administrative prices also added to inflation in 2003. From a medium-term perspective, however, we expect price developments to remain in line with price stability after the progressive elimination of the influence of those volatile components of the HICP.

This expectation resulting from our economic analysis was in line with our monetary analysis. Much of the strength of monetary growth in early 2003 was due to the high level of economic and financial market uncertainty prevailing at that time, which prompted portfolio shifts into safer, short-term liquid assets included in M3. In view of the moderation of medium-term inflationary pressures in the first half of 2003, as was said by Mr Lipietz, the ECB's key interest rates were reduced by 25 basis points in March 2003 and by 50 basis points in June of the same year. Thus, in June 2003, the interest rate on the main refinancing operations reached 2%. Since then, this interest rate has remained unchanged at this historically very low level, whilst the preservation of inflationary expectations in line with our definition of price stability has contributed very significantly to the low level of medium and long-term nominal and real interest rates. The resulting yield curve has delivered a financial environment very significantly supportive to economic recovery.

The economic recovery, which started in the second half of 2003, has continued this year. In terms of year-on-year growth rates, we reached 2% in the second quarter of this year. By and large, output growth in the last 12 months was close to present estimates of potential growth in the euro area.

We expect a continuation of this growth trend in the coming quarters. On the external side, the world economy is currently recording its strongest growth for 30 years. Some moderation is expected next year, but euro area exports should, nevertheless, continue to benefit from favourable global demand conditions in 2005.

On the domestic side, investment should normally benefit from the positive global environment, the very favourable financing conditions in the euro area and the improvements in corporate efficiency. There is scope in the euro area as a whole for a strengthening of private consumption, but naturally some uncertainty as to outlook exists. One of the risks stems from developments in oil markets. If oil prices were to remain high, or even to increase further, they could dampen the strength of the recovery, both inside and outside the euro area, despite the fact that the oil intensity of the euro area is significantly lower than in the 1970s. We also need to keep in mind that part of the oil price increase is due to strong global demand, which was not the case in the first and second oil shocks, but it remains true that the oil price increase constitutes an

adverse supply shock for the euro area economy as a whole. For the oil price shock to be absorbed smoothly, the policy mistakes of the past must not be repeated and, in particular, 'second-round' effects must be avoided.

As regards consumer prices, oil-market developments have had a direct impact on the euro area HICP. Following an annual rate of 1.7% in the first quarter of 2004, inflation reached 2.3% in the second quarter and 2.2% in the third quarter.

Inflation rates over the past year have also been driven up by exceptionally strong rises in indirect taxes and administered prices all over the euro area. Nevertheless, looking ahead, the available information does not indicate — in our eyes — that stronger underlying inflationary pressures are building up domestically as yet. Wage developments have remained moderate since the last quarter of 2003, and this trend should continue. Provided that there are no further significant shocks to prices, annual inflation rates should drop below 2% in the course of 2005.

However, I should stress that, over recent quarters, we have seen several upward risks to the outlook for price stability emerge, and these call for ongoing vigilance. This again relates to oil price developments and possible second-round effects stemming from wage- and price-setting behaviour. Other concerns relate to long-term inflation expectations and also monetary trends. Indeed, the downward trend in annual entry growth since mid-2003 appears to have halted over the summer of this year and the shorter-term dynamics of entry have strengthened. This reflects in part the fact that the historically low level of interest rates in the euro area continues to support monetary expansion.

The low level of interest rates is also fuelling the growth of credit to the private sector, and we have witnessed continued strong growth in loans for house purchase. Given the strength of M3 growth over the past few years, there is presently substantially more liquidity in the euro area than is needed to finance non-inflationary growth.

I now turn to other aspects we are looking at. A good and credible monetary policy is certainly a necessary condition for sustainable growth and job creation, but not a sufficient condition by itself. Other conditions must be met, in particular sound fiscal policies and appropriate structural reforms. In this respect, in the area of fiscal policy, last year proved disappointing. The average fiscal deficit in the euro area increased from 2.4% to 2.7%. Moreover, the fiscal situation remained of great concern in countries that had already recorded significant imbalances in 2002.

The aggregate euro area fiscal deficit-to-GDP ratio is not expected to improve in 2004 and the average debt-to-GDP ratio is expected to deteriorate further. This is certainly a source of concern. Last year fiscal policies in the EMU faced a number of serious challenges. On 25 November 2003 the EU Council decided not to act on the basis of the Commission's recommendation and agreed to hold the excessive deficit procedure for the countries concerned in abeyance. On the very same day, the Governing Council of the ECB supported the view of the Commission. The Stability and Growth Pact is the cornerstone of EMU. It is key to providing an economic *rationale* to a single currency area which has no federal government and to ensuring macro-economic stability on a sustainable basis.

The Governing Council of the ECB is of the opinion that substantial improvements in the Pact's implementation are needed, particularly as regards the preventive arm of the Pact. At the same time, it is not in favour of making changes to the text of the Treaty or of the regulations which form the basis of the Pact, and we insist on the importance of preserving the full integrity of the nominal anchor of 3% in the corrective arm of the Pact.

I would also stress — as has Ecofin — the vital importance of a reliable and timely reporting of government finance statistics, which would not be subject, in any respect, to political interference and electoral cycles. On that particular point we are in full agreement with Ecofin.

On a more positive note, both 2003 and 2004 have seen some progress towards structural reforms in several euro area countries. While implementing these reforms has not always been easy, I am confident that we will be able to see their positive effects in the years ahead. I have said clearly that the ECB is backing governments, parliaments and social partners that have embarked on those necessary reforms in the euro area. We cannot be complacent. In many areas further reforms are needed. The continuing reform process is key to enhancing the euro area's production potential and ensuring future growth and employment opportunities.

The year 2003 was also marked by the final preparations for the enlargement of the European Union by 10 new Member States, with effect from 1 May 2004. As far as the ECB is concerned, the integration of the

central banks of the 10 new Member States proceeded smoothly. Important challenges remain for these countries on the road to adopting the euro. Last week, the ECB, like the Commission, published the first Convergence Report dealing with these countries, together with Sweden. The report identifies several priority areas in which individual countries will be required to make further efforts before they can adopt the euro. The picture that emerged varied significantly from country to country, but many share similar challenges with regard to price stability, fiscal sustainability, exchange rate stability and interest rate convergence. In addition, institutional convergence has not yet been achieved in all countries, in particular in the area of central bank independence. I cannot over-emphasise the latter's importance for the successful conduct of monetary policy.

The ECB very much appreciated the favourable comments contained in the European Parliament's draft resolution on the ECB's monetary policy strategy in 2003. We have always strived to demonstrate a strong commitment to achieving our primary objective of price stability. Inflation has remained subdued, despite a sequence of adverse disturbances. I do not want to dwell further on that, but I will stress the challenge of solidly anchoring medium and long-term inflation expectations – of key importance for delivering price stability and for consolidating an exceptionally favourable yield curve, because, on a medium to long-term basis, these inflationary expectations are incorporated in the market rates.

I have noted that on the most important issues the views expressed in the draft resolution are very similar to those held by the ECB. Nevertheless, there are a number of issues where we have slight differences of views. In particular, the draft resolution asks for the publication of the minutes of the Governing Council meetings, whilst it seems to accept implicitly that individual votes of Members would not be made public. We would very much appreciate it if Parliament could accept the argument that the publication of the votes of individual members of the Governing Council could trigger national public debates on whether national central bank governors have taken due account of national interests, whereas the Treaty calls for all of us to focus on the euro area as a whole. Such public discussions would have adverse consequences for the credibility and the effectiveness of the ECB's monetary policy.

As regards the minutes, I stress that the ECB presents and explains its monetary policy decisions by means of comprehensive public statements at its press conferences which take place immediately after Governing Council meetings. By adopting this procedure during 1999, the ECB contributed to improving the global state-of-the-art in central bank transparency and became the first central bank to release a comprehensive diagnosis explaining monetary policy decisions immediately after they are taken. The information conveyed by the ECB this way is, in essence, similar to what other central banks publish in summary minutes, as it reflects properly the overall discussion in the Governing Council. The ECB is the only major central bank which makes possible immediate interaction with the media. These features make the ECB, in our view, one of the most transparent central banks in the world.

(FR) Mr President, I should like to mention in passing, if I may, the joint work done by the European Central Bank System and the Committee of European Securities Regulators as regards developing joint rules and standards in the field of clearing and settlement, which is also mentioned in the draft resolution. These standards represent a highly significant contribution towards a securities infrastructure that is safe and integrated. We are placing the highest importance on this aim, given that the current fragmentation of this infrastructure has led to transaction costs that are too high and this is, furthermore, a source of financial instability.

Nevertheless, I must say at this point that whilst the standards that we agreed with the Committee of European Securities Regulators were decided in total compliance with the current legislation and regulations in force, we do not wish, under any circumstances, to prejudge any decisions that may be taken in future. Consequently, if a new directive on clearing and settlement were adopted following the appropriate procedure, we would, of course, look again at our joint rules and standards, so as to ensure that they remained in line with the provisions of the directive if, once again, such a decision were taken.

Lauk (PPE-DE). – *(DE)* Mr President, ladies and gentlemen, the European Central Bank's annual report for 2003 is in a new format, one that is clearer and easier to understand, with more details and greater transparency, including on the critical aspects of current policy. The report thus makes the ECB's policies more accessible to the readers, that is, the public, so we see the ECB as having done a good job of work with the whole thing.

Mr Lipietz's original report contains some criticisms of the ECB, and with these we do not agree. Let me begin with interest rate policy, one general criticism of which we regard as misplaced. We know that interest rate

policy is a balancing act, but, as whole, 2003 saw the ECB continuing to do a good job of keeping things on an even keel; the economy is growing, the euro is stable, and interest rates are low in real terms.

There is a second criticism that we do not endorse, in that we take the view that the ECB's responsibilities are clearly and well set out, these being, primarily, price stability and moderate rates of inflation. When those are in place, the important conditions for economic growth and employment are created, and, although that is of course not enough, we should not make the ECB responsible for full employment or economic growth; to do so would be to lay far too great a burden on it. These matters are for the national governments to deal with. Mr Trichet pointed out that this is where Budget policy is important, and the national governments have failed to discharge their responsibilities in this respect. We cannot correct that by overburdening the ECB.

We also share the view, expressed by Mr Trichet, that the votes of individual members of the Governing Council should not be published. To do so would politicise the ECB, and would do Europe's present economic development no good. When we have made a success of putting the Lisbon agenda into practice, then the position will be a different one, and we will be able to discuss the subject again.

While we are in favour of the ECB doing as the Federal Reserve does and publishing a Grey Book every year, we also would like to see the publication, at the due time, of summary minutes without individual votes; the matter should then be left there.

To sum up, we should allow the ECB the freedom to act in the manner laid down in the Maastricht Treaty on European Union. The Lipietz report was successfully rewritten by the adoption, in the Committee on Economic and Monetary Affairs, of the amendments tabled on these points, and so we still wonder why the rapporteur has not dissociated himself from it. We regard the report, as it stands, as balanced and good, and in this form we endorse it. We do not believe that it needs to be amended.

Muscat (PSE). – (MT) A debate such as the one we are having today is very important as it affects millions of people throughout the whole continent. At times, I find it amusing that, in this House, we seem to make the mistake of thinking that the entire debate is exclusively for us economists or bankers. At times, we end up talking in such a complicated way that I honestly believe that there are people in this House, let alone those who voted for us and to whom we are responsible, who do not even know what we are talking about. As I said, the matters that we are discussing today and that are the subject of the Central Bank report affect the daily life of millions of people. Mr President, I come from a very small village, with a total of 800 inhabitants, in the smallest Member State of the European Union, namely Malta.

Nevertheless, what we are debating with such pompous words sometimes affects the lives of families as much as it affects multinationals, which have very powerful lobbyists here and in Brussels. These normal families, or ordinary people as they are referred to in English, pay taxes and abide by the law. It is to them that we owe our first allegiance in all the decisions we take. I believe that, in the future, the main task of new Member States of the European Union must be to put their economies on strong foundations. They must do this whilst being careful not to rip the social fabric which in many countries, including mine, has taken many years to weave.

It is in these terms that the issue of when to adopt the euro must be considered. In my opinion, it would be a mistake if any country, simply to satisfy its desire to introduce the single currency as soon as possible, were to introduce superficial but harsh measures affecting its middle and lower classes, measures that might perhaps result in satisfying the convergence criteria, whatever these might be, but at the expense of sacrificing the social achievements of recent years. Things should not be done in a hurry, but planned wisely. Our first priority should be our need to be more competitive both as individual countries and as a continent. The new Member States of the European Union and the European Union as a whole have a great deal to learn from the experience of those Member States that have already adopted the single currency. This was a positive experience for many countries.

Nevertheless, there were complaints about unwarranted price increases implemented as soon as the system changed over to the euro. These complaints, especially from those who, in our society, can least afford price increases, were justified in many cases. Last year, this Parliament asked the Central Bank to investigate those incorrect workings of the system that resulted in price increases. I believe that, to be consistent, we must request another such investigation, and I believe this is why, as the Socialist Group in the European Parliament, we are presenting an amendment to this effect. I urge my fellow MEPs from the other groups again to vote in favour of an investigation, thereby enabling us to be consistent. Finally, this is a very difficult time, but it is not a time for losing heart. It is a time when we need leadership and vision.

Klinz (ALDE). – (DE) Mr President, ladies and gentlemen, I would like to start by warmly congratulating Mr Trichet on the way in which he has done a good job of continuing the work of his predecessor Mr Wim Duisenberg. Mr Trichet, your performance in office to date has helped to ensure, and indeed further enhance, the European Central Bank's credibility and independence. Through the annual report for 2003 and the monetary dialogue involving you and the members of your Executive Board, the ECB has fully discharged its duty of accountability to the European Parliament. What makes the report convincing is its format, its clarity and the wealth of useful information it contains.

We are glad to see that the ECB's annual report stresses the maintenance of price stability as the Bank's primary objective and principal task. The Group of the Alliance of Liberals and Democrats for Europe in the European Parliament not only accepts this as a core task for the ECB, but, moreover, emphasises that it has priority. This is where we are as one with the Group of the European People's Party (Christian Democrats) and European Democrats. We are also aware that the ECB is independent. The European Central Bank needs no lectures on what its interest rate policy should have been like in the past or what it must be like in the future. The euro zone's economic weakness is attributable neither to any lack of confidence in the euro nor simply to a lack of demand that might have been avoided by aggressive cutting of interest rates. The determining factor is, instead, a general lack of confidence on the part of the public and the business community in their own countries' economic policies, and the sluggishness of reforms, particularly in the large euro zone countries.

In saying this, I am thinking of the necessary reforms to the tax system, to the labour market, to the social security systems and to the health sector, which have, for far too long, been put off or tackled merely half-heartedly. To these things, Mr Trichet, you have already referred in your speech.

Being the only institution in the European Union to be directly elected and democratically legitimate, this year again the European Parliament will not fail to play its part as the champion of transparency. While I know that you, Mr Trichet, take a different line on this, it is with this in mind that we propose that the ECB should publish comprehensive minutes of the meetings of its Governing Council, including the voting results in full, albeit without attribution of individual votes. We also think it would make sense to produce a yearbook on economic development similar to the 'Beige Book' of the Federal Reserve in the USA, something that the Group of the European People's Party has also called for. This would enable the public to have first-hand and readily-accessible information on the economic positions of their own country and of all the countries in the euro zone. Such a volume would make for greater transparency and could also build up the public's identification with the European Union.

By way of conclusion, let me call upon the European Central Bank, as a matter of urgency, to continue to watch, with a critical and attentive eye, over adherence to the Stability and Growth Pact and, together with Eurostat, to compel the countries of the euro zone to produce reliable figures. What has happened with Greece must not be allowed to happen again. We look forward to your feedback, Mr Trichet, and to continued close cooperation with you in the future.

Wagenknecht (GUE/NGL). – (DE) Mr President, ladies and gentlemen, there are economic theories that are astoundingly impervious to reality. One of them is the presupposition that a central bank that endeavours to keep prices stable must, *a priori*, also be making the best possible contribution to full employment and growth. That prices in the euro zone have been stable for years is not a matter of contention; if we disregard the effect of rising oil prices and indirect taxation, inflation in the euro zone currently stands at just above 1%, which is verging on deflation. Has this brought us less unemployment and more growth? The crisis is, of course, attributable not only to misguided monetary policy. It is due, above all, to a policy, described as one of reform, which is in thrall to profit, wrecks workers' rights, encourages wage dumping, and privatises social security benefits, thereby helping to strangle mass purchasing power and to increase poverty in Europe.

Monetary policy does, however, bear its share of responsibility as a result of cuts in interest rates that have been too late and not enough. It is cynical to describe the European Central Bank as having pursued the goal of full employment when millions of women and men have lost their jobs in recent years – not a few of them because the high cost of borrowing has bled small businesses dry. The fact is that a central bank also has the task of sounding the alarm when ever-increasing concentration of ownership gives the private banking sector more power over the market and when cuts in key interest rates serve primarily to increase the finance houses' profit margins, instead of being felt by smaller enterprises and consumers. In this respect, too, the ECB has failed. Those who mendaciously depict the history of the single European currency as a success story are merely showing once again which vested interests colour their view of political events in Europe: monetary union has no equal as a model of success in the eyes of the European financial elite, whose attention

is fixed on conglomerates' gilt-edged balance sheets and increasing profits. To the ECB, those who look at the world from this angle ...

(The President cut off the speaker)

Lundgren (IND/DEM). *(SV)* Mr President, by setting up a currency union with a common currency, twelve of the EU Member States have taken considerable risks with employment. The EU countries are characterised by limited ability to adjust to various structural changes and are therefore afflicted by permanently high unemployment figures.

The risks involved in the euro are already clearly seen, above all in Germany which has been subjected to an unduly restrictive monetary policy in recent years, with hundreds of thousands of German workers forced needlessly into unemployment. These problems will increase when industrial activity shifts to Eastern Europe and Asia, badly affecting each of the eurozone countries to varying degrees during the next five years.

Unfortunately, the policy of the European Central Bank has exacerbated these unemployment problems in quite a few Member States. In common with most modern central banks, the European Central Bank operates mainly with an inflation target. This is completely in accordance with economic theory, but too low a target has been chosen. The central banks in Great Britain, Sweden, New Zealand and the United States have higher inflation targets. Modern research indicates that the inflation target should be set at an average of 2.5% or perhaps 3% over an economic cycle so as not to drive people unnecessarily into unemployment. The ECB and its top people should therefore increase their inflation target to an average of at least 2.5%. They deserve to be sharply criticised for their inability to adjust their policy to the way in which the European mixed economy operates.

Martin, Hans-Peter (NI). *– (DE)* Mr President, let me promptly ask Mr Trichet a question to which he does not have to give me an answer, although I would be interested to know how he feels about it. How, Mr Trichet, did you feel this morning when you read in the *Financial Times* the damning assessment of the Lisbon strategy by Mr Prodi, who is still President of the Commission and may perhaps continue to be such for a little longer? Did the question present itself to you, too, as to what we in Europe have done wrong? Might it not have something to do with the lamentable fact that we in Europe, represented by spokesmen, some of whom we have already been able to hear here today, have got ourselves stuck in an ideological fight to the death about what the European Central Bank's primary purpose is meant to be, rather than taking a more pragmatic approach?

I would just ask my conservative friend Mr Lauk to re-read to himself the speech he has just delivered, this time with reference to American conditions; it would then, probably, become clear – even to him – that price stability and economic growth are always something of which a central bank must not lose sight if its actions are to be effective.

The same is of course true of the other crucial question about inflation that you, the new President, must ask yourself. It was apparent from your speech that there are certain areas in which we appear already to be moving back from deflation towards inflation. What the Greek Government has pulled off, with the more or less active collaboration, or in any case, negligence, of Eurostat, could perhaps become a problem in other countries. So I really do ask you, in the interests of all those in the euro zone who believe in the euro – and, being an Austrian, I include myself – to be much more critical, and much more vigilant, than your predecessor. If I may mention a third area that I am keen to bring to your attention, I think we have, both in your own field and in the collection of data, really serious problems with transparency. I share the view that more transparency would be a good thing. The President allocated me two minutes and thirty seconds, and I would like to make full use of them.

(The President cut off the speaker)

Karas (PPE-DE). *– (DE)* Mr President, Commissioner, ladies and gentlemen, I would like to start with thanks – for the constructive cooperation and increased dialogue, for the building up of trust, which has been consistent and has met with success, and for your defence of the Stability and Growth Pact. Mr Hans-Peter Martin has as yet been on the Committee on Economic and Monetary Affairs for only a short time, and this is the probable reason why he has not yet realised that there is a link between stable prices, low inflation, growth and employment. I would also like to congratulate you on having helped to give a fixed place in the Constitution to price stability as a European goal and not just something for which the European Central Bank aims, and on the success of your policy of making the ECB more independent and a stronger and communicative player.

We do, of course, also have a few things for which to ask; one of them has to do with independence, that being that you should resist all the attempts by Finance ministers – and, it obviously has to be said, by the Hungarian Government – to extend their political influence over the ECB's monetary policy and their personal influence over the national issuing banks. I would also ask you to make yourself, to a greater extent, the prime communicator of the significance of monetary policy in terms of a strong euro, of low rates of inflation, of stable prices, of growth and employment and of the benefits to the economy. We do know that the euro is worth more than the public think it is.

We urge you to champion the abolition of one- and two-cent coins and the introduction of one- and two-euro notes, and to ensure that transparency is not at odds with independence.

Hamon (PSE). – (FR) Mr President, ladies and gentlemen, leaving aside the uncertainty caused by movements in the price of oil, the European Central Bank (ECB) has succeeded rather well in its quest for price stability. Is the euro zone economy, for all that, in good health? Obviously not. Results are mediocre, growth is weak, domestic demand is running out of steam and unemployment is severe, whilst inequality and poverty are on the rise. Hamstrung by the ECB's independence – which is absurd, yet is enshrined and is soon to be set in stone in the constitution – rendered impotent by the absence of economic governance, weakened by a Stability and Growth Pact that is both rigid and stupid, the EU has subordinated itself to the ECB's decisions and is paying for price stability in Europe with weak growth and high unemployment.

The out-going Commission proposed a reform to the Stability and Growth Pact that was based on common sense, and yet the ECB – through the voice of its Chairman – completely devoted to its monetarist dogma, was worried that the reform might go beyond the merely cosmetic, in particular by introducing the golden rule that support would be available for the investment needed to meet the Lisbon objectives or by laying the groundwork for a counter-cyclical budgetary policy capable of restarting the machine during periods of slowdown.

I am personally convinced that the dogmatic leadership of the ECB is the natural consequence of a deadly choice for the EU and its citizens, which consists of removing all forms of economic governance from any political control. I would add that the upshot of this choice is that the most damaging strategies are encouraged. This report, despite its author's opinion, is thus symptomatic of this phenomenon. In demanding structural reforms, it stigmatises social systems and pension schemes. It also calls for an increase in the working hours of European workers. At this stage, therefore, this report fails to convince us, not least because it has been contaminated by the amendments tabled by the Group of the European People's Party (Christian Democrats) and European Democrats. Accordingly, we shall submit several amendments in the course of this debate, and if those amendments are not adopted we will vote against.

Blokland (IND/DEM). – (NL) Mr President, first of all, I should like to congratulate Mr Trichet on the presentation of his first annual report on behalf of the European Central Bank. I have read this report with more than the average level of interest. As rapporteur on the annual report for 2002, I was, above all, interested to see how the aspirations expressed by Parliament in a resolution of July 2003 had been taken on board. This brief and pithy resolution contained not only political but also practical wishes. In the first paragraph of last year's resolution about the annual report 2003, Parliament asked the ECB to set up a working party to investigate the need for introducing the EUR 1 note. Personally, I cannot see the need for such a note, but I would like the Bank to investigate this in view of confidence in the currency. On page 101 of your annual report, you indicate that the Executive Council will revisit this issue in the autumn of 2004. My first question to you, Mr Trichet, is why you did not, in accordance with Parliament's resolution, set up a working party. Also, now that the autumn of 2004 is upon us, I would very much like to hear from you what position the Executive Council has adopted with regard to the EUR 1 note.

Radwan (PPE-DE). – (DE) Mr President, ladies and gentlemen, I too would like to start my speech with thanks to you, Mr Trichet, and thereby emphasise that, for us in the Group of the European People's Party (Christian Democrats) and European Democrats, your institution now stands for a stable euro – not only for low inflation, but also for adherence to the Stability and Growth Pact.

That has, in particular, become apparent in the events of recent months, in which the euro's problem has been with the Finance ministers, and in which some of us in the European Parliament have seen with great sorrow the Commission's failure to take a stand in the way, and with the clarity, that you have done today in this House with regard to how the Stability Pact is to be handled. It is in fact you who guarantee the Stability Pact in the euro zone!

Here, I am referring in particular to the example of Greece, where we need Europe to exert tighter control, something that I hear said, alas, all too infrequently, even today. I could, for example, imagine a future reversal of the burden of proof, so that the Commission and Eurostat would have to critically examine whether the figures are plausible, and, if they were not, new ones could be called for. Otherwise they would not be regarded as having been reported.

That would be a first step, and we expect to have to debate and decide, within the life of this Parliament, whether more currencies are to be added. Let me put this question, not only to Eurostat and the Commission, but also to the ECB: do you work on the basis that the figures presented to you are correct? I find it intolerable that it has to date been impossible to give an answer as to whether or not the figures as submitted are accurate.

Let me just briefly turn to what you had to say about the CESR. What is wrong with this process is that the authorities at nation state level are already presenting us with *faits accomplis*, and that it is becoming ever more difficult for the legal system to circumvent this and arrive at redefinitions. We ask you to see to it that these regulators do not lack a legal basis on which to act.

Sánchez Presedo (PSE). – (ES) Mr President, Mr Trichet, Mr Almunia, ladies and gentlemen, I would like to welcome you all warmly to this debate, which demonstrates the democratic element of the European Central Bank's independence represented by parliamentary control and responsibility.

I entirely agree with the aspects of Mr Lipietz's report providing a favourable assessment of the European Central Bank's reaction during 2003: low interest rates, clarification of the concept of stability and enlargement of the eurozone.

The concern stems from the slow economic activity during 2003, particularly in the eurozone, and the continuing risks to growth. The Union has been designed to bring about both stability and growth; either one of them alone is not enough.

Commissioner Almunia's initiative is, therefore, very appropriate, and is going to require support. Hence, given the undeniable role of monetary policy in terms of promoting investment and productivity on the inside and competitiveness on the outside, the report's resolution must place more emphasis on a close association between the European Central Bank and investment and growth policy.

Nevertheless, the need for structural reforms must not become distorted through erroneous signals; the link between weak economic activity and low working time must therefore be excluded from the resolution. It is not compatible with the criteria of flexibility rather than rigidity, or the productivity criteria. The essential thing is to create more value per unit of time rather than more units of time. In short, a downward model will have a dissolving effect, and we need integrated, intelligent and ambitious economic governance in the economic, social and environmental fields.

García-Margallo y Marfil (PPE-DE). – (ES) Mr President, in this final intervention I would like to emphasise three points. Firstly, it has been pointed out that the history of the Economic and Monetary Union has been one of success and that this is due to the work of the Bank. I agree with this statement by the rapporteur and I would urge the Governor of the Bank of Spain to continue focusing on price stability as the main objective and not to listen to the sirens' songs from the left trying to lure him towards other objectives.

Secondly, I would like to ask the President to tell the Commissioner, who is beside him, that his proposal to make the pact more flexible, the creation of an *à la carte* pact, represents a real time-bomb for prices, neutralising the efforts of the Central Bank, for interest rates and, therefore, for investment and employment, for pensions in the future and for the Lisbon reforms. Because if the pact is broken or made more flexible, we will need tomorrow's taxes to pay for today's obligations.

Why are we not growing? Not because the governments have been disciplined in observing the pact, but because they have done quite the opposite and, furthermore, because they have not fulfilled the obligations we set for them in the Lisbon Pact and which appear in the broad economic guidelines.

I would urge the two of you, the President of the Central Bank and the Commissioner, just as we achieved an integrated financial market through a financial services action plan, to produce a financial action plan establishing the reforms and objectives we must achieve, the barriers which are hindering growth and which hence need to be eliminated, the actions we must take and the timetable we must respect.

Mr President, do not take any notice of the governments when they urge you to look the other way when fiscal decisions are not complied with. Rather than that, I would suggest that, like Ulysses, when you hear

those sirens' songs, you tie yourself to the mast and continue on the course which brings us so much success, and convince the Commissioner that that is the course to follow.

President. Because we have run over the time allotted for this debate I am unable to give the floor to Mr Trichet to answer some of the very interesting questions that have been asked. I would ask you, Mr Trichet, to reply in writing to those Members who have asked questions, with a copy to the President of Parliament.

Almunia, Commission. (ES) Mr President, I would like to begin by thanking Mr Lipietz for his work as rapporteur for this report and all the honourable Members of Parliament who have spoken and who have been involved in debating and discussing it before today's plenary session for the contributions they have made to it, and I would naturally also like to congratulate the President of the European Central Bank, Mr Trichet, on the excellent quality of the report we are debating today.

There has been much agreement during the debate, and this is reflected in the report and has been expressed by the majority of Members who have spoken. Firstly, the success of Economic and Monetary Union; 2003 was the fifth year of Economic and Monetary Union, and over these five years price stability has improved significantly; interest rates have fallen and the economy's financing conditions are much more stable and satisfactory than they would have been if we had not decided to take the extraordinarily important step of creating an Economic and Monetary Union and creating a single currency with a system enshrining the independent status of the European Central Bank.

I also agree with those who have stated that macroeconomic stability, healthy macroeconomic policies, price stability and low interest rates are a necessary condition, but do not by themselves explain the state of growth in the European Union, particularly in 2003, referred to in the report we are debating today, but also during 2004.

Macroeconomic stability, healthy macroeconomic policies, the independence of the European Central Bank, are necessary conditions, but they are not sufficient. And we will of course have the opportunity to debate it from next week. The revitalisation of the Lisbon strategy; new impetus for structural reforms, in accordance with the objectives and guidelines agreed in March 2000, are essential to achieving sustained and stable growth in a European Union which must not only grow, but which, furthermore, must do so in stable conditions, promoting social cohesion and the sustainability of our growth and of our model of growth.

I am also pleased and this has been demonstrated in the report and in some of your speeches – with the dialogue amongst the institutions, the debate we are holding today being a good example of that. Independence is not incompatible with dialogue. And respect for the roles of each of the Institutions, which form part of the Economic and Monetary Union, helps to make this dialogue fruitful and ensures that it takes place under the best possible conditions, today being an example of that.

I would like to make some specific comments, Mr President. Firstly, the Stability and Growth Pact remains fully in force and there are certain phrases in the report's explanatory statement which could give the impression that the serious political conflict in the Council in November 2003 had mortally wounded that Pact. But as we discussed here last month, the Pact is in force; the European Constitution has just ratified the broad stability objectives in terms of deficit and debt, the framework for economic governance is still the one decided upon at the beginning of Economic and Monetary Union. What we need to do is improve its application, as Mr Trichet has said and, in any event, discuss whether on the basis of our experience and application of the Stability and Growth Pact over recent years, there are possibilities for improving its implementation, not in order to change the objectives of stability and growth, but in order to turn it into reality in a more effective and consistent manner than we have managed so far.

Secondly, I would like to make a comment, *en passant*, as Mr Trichet would say, on the one and two cent coins. The notes fall within the competence of the European Central Bank, and Mr Trichet will say what he needs to say on behalf of the Bank. Euro coins and their denominations fall within the competence of the Council – which established what those coins are in a Regulation – and of the Commission – which must ensure regulations are complied with. And regardless of the decisions taken, or to be taken in the future, in certain Member States of the eurozone, the one and two cent coins remain legal tender and that is laid down in the regulations and it is the Commission's duty to ensure that remains the case in the future.

Finally, a comment on the economic situation mentioned by Mr Trichet. Tomorrow, following the meeting of the College of Commissioners here in Strasbourg, I will have the opportunity to communicate the Commission's autumn economic forecasts to Parliament and to the public via the media, taking account of

something we are going to debate shortly, which is the clearly not positive, in fact negative, impact of the rise in oil prices we have been experiencing over recent months.

Trichet, *President of the ECB.* (FR) Mr President, I shall not talk for longer than a minute, and, as you requested, I shall reply in writing to the extremely pertinent questions which have been raised.

I simply wished to confirm that the nature of the dialogue between Parliament and the European Central Bank is such that we have recently decided to publish our quarterly forecasts. This was one of Parliament's suggestions, and we are therefore taking a very important step in a direction referred to by several speakers.

The issue of amendments to the Hungarian law was also raised, and I must say that our ongoing analysis has revealed at least one aspect of the proposals pending before the Hungarian Parliament which we do not believe is acceptable, and which may well need to be the subject of a debate in the near future. This is why I think that it was important for me to be able to reply to you straight away. The dismissal of two vice-presidents of the Monetary Policy Council, the body which sets interest rates, does not appear to us to be at all in keeping with the independence guaranteed under the Treaty of Maastricht. This was all that I wished to say, Mr President, and I have abided by your request.

President. That concludes the debate. The vote will be tomorrow at 12.30.

IN THE CHAIR: MR ONESTA

Vice-President

Ortuondo Larrea (ALDE). – (ES) Mr President, the last speaker but one, who spoke on previous points of order, was celebrating the fact that it was the 25th anniversary of the approval of the Statute of Autonomy of the Basque Country, and on the occasion of this anniversary, he has proposed that this Parliament congratulate the Basque Parliament on this day, 25 October, 25 years after the approval of that Statute.

I would like to point out that he forgot to mention that, following a quarter of a century with this Statute in place, 37 transfers remain outstanding and we are talking about an Organic Law of the Spanish State which has not been fully complied with.

García-Margallo y Marfil (PPE-DE). – (ES) Mr President, I would like to congratulate the Basque Parliament on what happened 25 years ago, regardless of the course that Statute has taken, which I believe has been highly satisfactory. But Mr Ortuondo's speech strikes me as somewhat grotesque, since what he suggests would be like not congratulating the French on the French Revolution because some of the subsequent laws have not been complied with.

WRITTEN STATEMENT (RULE 142)

Ryan (UEN). – I would like to focus on one of the points in the Lipietz report – the possible abolition of the 1 and 2 cent coins. This issue has raised concerns in most of the Member States. Irish consumer organisations are concerned about the possible inflationary implications of following other Member States in reducing the usage of these small coins or indeed withdrawing them.

Listening to discussions in the Economic and Monetary Affairs Committee, it is not clear if these concerns are grounded or not. The debate has centred on statements of personal preference proposing/opposing the argument, using the Netherlands and Finland as case examples. But facts from impact assessment analysis, consumer surveys and so on remain hard to find.

The Central Bank of Ireland, as in other Member States, is aware that the cost of minting and distributing both coins is substantially greater than their face value. This does alleviate concerns. Mr Trichet, can you give us the facts on the inflationary effects or otherwise of abolishing the 1 and 2 cent coins? Finally, is the ECB in favour of abolishing these coins as a positive move for the future?

14. Restructuring of the automobile sector

President. – The next item is the Commission statement on restructuring of the automobile sector. I shall give the floor straight away to Mr Rehn, to speak on behalf of the Commission.

Rehn, Commission. Mr President, we have all seen the latest news about the large-scale job cuts that were announced a few days ago by a major automobile manufacturer. The Commission fully understands the

worries and sympathises with the workers in Rüsselsheim, Bochum, Trollhättan and elsewhere. We are following these developments very closely using the Community competences that are available to us to facilitate better industrial conditions for the car industry in Europe.

The sector's difficulties stem partly from the general economic downturn over the past few years. The low GDP growth rate in the EU has had its repercussions on the car industry too. Thus we have seen a decline in sales of motor vehicles and a decline in employment in the automotive industry. Therefore, improving general consumer confidence and economic dynamism is also crucial for the demand and sales of cars. Competitiveness, economic reform and new industrial policy are now high on the political agenda of the Commission and will receive even more focus in the new Commission. We shall also soon learn how Mr Kok proposes to revise the Lisbon strategy to put more weight on higher growth and better job creation.

In order to be able to better assess the competitiveness of the car industry the Commission has launched a study that we will publish in a few weeks time in the context of our annual competitiveness report. The study shows that the automotive industry contributes 6% to our manufacturing employment and 7% to manufacturing output in the Union, making it a major driver in the European economy. Its added value and employment have, however, declined between 2000 and 2002. A similar development in employment took place in the US and Japan.

Our analysis of Europe's strengths reveals that, due to the large home market, the European motor vehicle industry is well positioned to exploit economies of scale. Moreover, due to the sophisticated demand, EU manufacturers get advance feedback from their customers, which helps them improve product quality. Furthermore there is a high innovation capacity and research and development spending amongst the European automotive industry is at least as high as, or higher than, that in the US and Japan.

In terms of weaknesses, EU productivity is still lower than that in the US and Japan. Furthermore there is slow growth in the European home market, which means that as other markets continue to grow the demand advantages from the large European market may diminish over time.

Compared to the current level of productivity in the Union, the level of labour costs presents a serious challenge for the car industry in some Member States. Labour costs per hour in the European Union are still somewhat below those in the United States but significantly higher than those in Japan and especially Korea. We can best compete if we can offer better quality, better technology and better services that come with a car. This underlines the importance of innovation. As has been shown by some manufacturers, an agreement can also be reached with the workforce, aimed at reducing costs.

For this to happen there has to be a common understanding between management and the workforce as to what objectives are to be achieved. Such agreements make sense if they can be used to save employment, to keep manufacturing locations and to make the car industry more competitive.

With regard to threats, our studies see a danger that major innovations are not stimulated by European regulations. Future regulation must therefore take into account the long-term competitiveness of the car industry and the need for manufacturers to be able to sell their products and similar products in Europe and on the whole world market. This must be addressed by policies of better regulation, which is a major challenge for both of us, the Commission as well as for Parliament.

The Commission is currently considering setting up a high-level group to analyse major challenges affecting the automobile sector and to identify ways and means to improve the industrial framework conditions in the sector. This high-level group should also focus on the cumulative impact of legislation on the sector's competitiveness.

It is up to the new Commission to take a position on the setting up of such a group. Commissioner Verheugen, or rather Vice-President-designate Verheugen, said at his hearing in front of you in the European Parliament that he is considering setting up such a group. I will certainly support him if he chooses to do so.

In conclusion, the Commission is doing its utmost to offer the best possible industrial and innovative framework conditions for the car industry, for the European automotive industry. We need to further develop dialogue in the sector with the main stakeholders involved. Moreover, we must revise the Lisbon strategy of growth and employment to revitalise economic dynamism and to strengthen consumer demand on our continent. Growth and employment must indeed be put centre stage in all Union activities.

Mann, Thomas (PPE-DE). – (DE) Has Europe failed as an industrial location? In order to save EUR 500 million, the American General Motors group is seeking to cut up to 12 000 jobs in the EU. Our motor

industry is a key industry; two million people work in it, with ten million in firms supplying it. If it is now being manoeuvred into a crisis, the only thing I want to point out is that in Germany, since 1990, a hundred thousand new jobs have been created in this sector – or has Germany failed as an industrial location? At Opel, in Rüsselsheim, 4 500 jobs are to be cut back. The people affected live in my electoral district, and I have met them. Fear is in the air.

After all, they have worked for years already, helping to reduce the costs of the Olympia model. Now that negotiations are in progress about shorter working times and wage renunciations, about doing away with night shifts and reductions in staffing levels, the consequences for the firm's management have to be discussed. At Adam Opel AG, there have been six chairmen of the board in five years, trends have been missed, and ranges that are insufficiently innovative or attractive have failed to attract customers, quality has been sacrificed for the sake of short-term cost reduction, thus gambling with the firm's good reputation, and these things amount to serious errors on the part of the management. Now that the attempt is being made to use the restructuring of the motor industry as a pretext for making co-determination an empty concept, that is what I call provocation. Workers' participation has, particularly when times are hard, resulted in consensus, has secured industrial peace and has always been to the benefit of both sides. The Group of the European People's Party (Christian Democrats) and European Democrats can only hope that the management and the workers' representatives can get together and hammer out an agreement on their future in Europe. In my experience, workers are always willing to accept austerity measures if these keep their jobs safe in the long term.

Bullmann (PSE). – (DE) Mr President, ladies and gentlemen, the Social Democrat Members of the European Parliament support the demand made by the workforce of General Motors' European subsidiaries that no factories should be closed down and that no redundancies should be permitted. What, then, lies behind this crisis? It has been brought about by years, if not decades, of high-level mismanagement in the group. There was no strategy capable of dealing with Europe, and perhaps the greatest error of all was that there was no strategy for the European internal market, no strategy for European consumers, and no strategy for making use of the knowledge, expertise and skills of the relevant companies' workers. What this very clearly shows is that a change of direction is needed here. It has been said, and rightly, that industrial policy must be put back on the agenda for the European institutions. A good way of doing this, we think, would be for us now to discuss how to combine General Motors's subsidiaries in a European Company, but we also urge that the Commission should get more involved, and that we should enter into a dialogue on industrial policy with each sector, one that will facilitate the promotion of innovation in the various industries that are important to Europe.

We are only just beginning to get to grips with the future of European industrial policy. When this House debates the European works councils, we will be reminding you of how important it is that workforces be allowed to speak and that they be involved. I have no sympathy whatever with the Liberals and Conservatives who have prevented a joint resolution from emerging from this debate. You, ladies and gentlemen, have some lessons to learn!

(Applause)

Harms (Verts/ALE). – (DE) Mr President, ladies and gentlemen, Commissioner, both for myself and on behalf of my group, I wish to express our solidarity with Opel's workers throughout Europe, but I particularly want to support the workers in Bochum who went on strike. We believe this to be an appropriate response to the management's contemptuous attitude, for how else, other than as enormous and profound contempt can one describe it when a company plans mass redundancies, but those at the top do not think it necessary to communicate these plans to the workforce at their highly productive sites, who, instead, have to read of their fate in the newspapers?

My colleagues have already said what needs to be said about the management's mistakes; let us talk about the work that has to be done in this field in the future, including by the Commission. If the Commission is elected – which, as things stand today, I do not think it will be – Mr Verheugen, as early as next week, will have to take on the task as part of the Lisbon strategy. I do not know if we are actually prepared, politically speaking, for what lies ahead of us. I share Mr Bullmann's misgivings. I believe that we are a long way from having forward-looking concepts for the motor – or mobility – industry, where a lot of opportunities for innovation have been missed in recent decades. Mr Rehn spoke about research and development policy. I very much hope that the new energy crisis really will move European research policy towards enabling us, to have, at some point in the foreseeable future, 1-litre cars, that is to say, the cars of the future, built in German and European factories. There are lead markets to be opened up, and we have quite a few possibilities

there, but only if we abandon the false outlook we have had to date, of ever-bigger, ever-faster cars at ever-higher prices.

Being from Lower Saxony myself, I would like to address one particular problem affecting the motor industry there, and in Germany and Europe as well. In recent years, the Commission, represented by Commissioner Bolkestein, has repeatedly attacked the VW Act, under which Volkswagen operates. It so happens that the Volkswagen Group is a living example of an innovative business culture. What the future of co-determination will be like, we see – thanks to the VW Act, at VW, with its jobshares, its wage renunciation, its 5 000 times 5 000. These are ideas from which other businesses could well learn, but this ongoing attack on the VW Act, which, in our view, does not constitute an infringement of internal market rules, is also an attack on this exemplary business culture.

Sjöstedt (GUE/NGL). (SV) Mr President, I believe I am the only car worker in this Parliament. My previous job was in a car factory, so this debate is that much more relevant to myself.

What we now see is huge pressure for change in the European car industry. Factory is pitted against factory and worker against worker. It is the metal workers who have to pay the price through having to do less satisfying work at high speed. I think that a lot of what is happening is unacceptable.

It cannot just be a simple matter of making thousands of workers redundant. We must demand that companies accept their social responsibility. They have a social obligation towards those who work in the factories. They should enter into dialogue with authorities and trade unions in order to find solutions, such as shorter working hours, other than laying off the work force.

What we also see is that the regulations are inadequate. Stronger union rights are required, together with intensified cooperation between unions within one and the same company.

I think it good that the Commissioner mentioned demand in his introduction. It is true that demand is too low. The question that must also be asked, however is: demand for what? With the high oil price and major environmental problems, it is quite clear that what we need most today is cars that are propelled by something other than petrol, for example ethyl alcohol. In this area, we can see how the European car industry in actual fact lags far behind competitors in countries such as the United States and Brazil, which are much further ahead with the work on developing more environmentally friendly vehicles. This is one of the sins committed by managements in the European car industry.

Louis (IND/DEM). – (FR) Mr President, ladies and gentlemen, the automobile industry is an industry which, more than any other, is dependent upon policies laid down at European level.

I should like to draw your attention to two key facts, before making two proposals. Firstly, the automobile industry is experiencing near-deflationary conditions, as well as being exposed to a competition which is subject to almost no restrictions. Secondly, it is one of the mainstays of European industry, generating two million jobs directly and over eight million jobs indirectly, as well as accounting for 24% of research and development. It provides a firm guarantee for Europe's place in the global economy, and yet this industry is under threat. Rapid and decisive action must be taken, and my proposals are as follows.

In the light of the Commission statement, it should be stressed that, since enlargement, only three of the 25 Member States can truly be said to be major forces in the automobile industry, namely France, Germany and Italy. It is therefore imperative that the other Member States and the Commission understand the significance of this industrial sector for all of Europe. In particular, the European Union should not impose any additional regulatory constraints which are not in strict proportion to actual environmental and safety needs. Our prime concern should be to maintain the competitiveness of the European automobile industry. By cooperating closely with this industry, we must now move away from the drive to reduce polluting emissions, a task which we are close to achieving, towards a new priority of reducing CO2 emissions.

The Commission drafts on designs and models are another cause for concern with regard to the future and competitiveness of our automobile industry. The reason why the automobile industry is one of the leading industrial sectors in terms of resources allocated to research and development is because it is possible to obtain legal protection for the results of this research. Those within the Commission who support an unbridled liberalism should therefore be made to see sense, and our industry must be able to pursue its efforts to modernise and to improve competitiveness without others gaining from the fruits of its labours, in so doing jeopardising jobs in European industry.

Belet (PPE-DE). – (NL) Mr President, Commissioner, I do not intend to repeat what many of the other Members of this House, including Mr Mann, have already said about the automotive industry being one of the most important in Western Europe and the need for it to stay that way. It accounts for the direct employment of 1.2 million people but, as the Commissioner stated, is under enormous pressure, not only pressure from growing competition in Asia but also from increasing competition in the ten new Member States. The events in Bochum are not an isolated phenomenon; Opel's sister company in Antwerp is also being hit hard, and, before this, Flanders had been affected by other serious streamlining measures. You will be familiar with what happened with the Ford factory in Genk and the closure of Renault in Vilvoorde. It follows that the Commission must, as a matter of urgency, come up with a perspective for the automotive industry.

I am delighted with your reference to the establishment of a high-level group. That is, of course, fantastic news. The only question is: when for? As time is of the essence, what is the timeframe in this respect? Commissioner, I think we must table very tangible and very ambitious objectives. Let me give you an example: by 2015, the European car should be a 100% clean car, one that is 100% safe for the passengers and entails 0% risk also for the soft road users and which, on top of everything else, should negotiate the traffic seemingly automatically. Commissioner, there is no harm in a little wishful thinking now and again. That is the only way if we want to avoid a kind of competitive situation where the regions of the old Europe, if I can put it this way, are at daggers drawn with the regions of the new.

Commissioner, I should like to conclude by saying that we should not forget that the automotive industry is still an industry that excites many young people. An enthusiastic innovation plan from the Commission will be able to persuade pupils and students to opt once again for technological subjects, with prospects in a high-tech industry, an industry with a bright future, something which I have no doubt we are all in favour of.

Kuhne (PSE). – (DE) Mr President, we Social Democrats advocate a single strategy for all GM's sites in Europe. In our concern for social responsibility, we always risk being pushed into a corner, and sometimes we allow that to happen, but there are points here that have to do with the economy in the traditional sense of the word.

Despite that, there are a number of mistakes on the part of the management to be added to the list, to which it had been alerted by the workers' representatives on various occasions, one such mistake being the fact that, unlike Volkswagen and the Japanese, Opel does not sell its cars outside Europe, in the USA, for example. I am not talking here about the top-of-the-range European models that are sold there. A further mistake was that materials were bought in cheaply, with the resultant expense of remedial work at weekends. New work patterns were introduced abruptly, and the group became over-centralised. It is necessary to draw attention to these points, particularly now – and I very much agree with Mr Mann on this – that representatives of industry associations and the ideologues retained by them are hard at work dismantling the types of co-determination that we in Europe introduced as part of our social model, and pronouncing them unsuited to the modern world.

That being so, I agree with much of what you, Mr Mann, had to say, but why did your group, with its majority in this House, refuse to table a resolution? Perhaps they did not want the substance of what you said to be adopted in this House this week. That is a point that must be addressed head-on, for much of what you have said we Social Democrats can agree with. It is only embarrassing that your party colleague in Bochum should raise the question of whether the crisis might have been resolved if the regional or local promoters of trade and industry had been able to do something different. Those are narrow-minded answers – what we need now is something different!

(Applause)

Markov (GUE/NGL). – (DE) Mr President, ladies and gentlemen, there is nothing new about this: the managers of businesses operating on a global scale always react to crises by laying off workers, but, instead of that, where management has made mistakes, it is those responsible who must be called to account! If the crisis is a result of over-production and problems in accessing the market, it makes no economic sense whatever to give in to demands for wage cuts. It is a good thing that the workforce are refusing to be no more than chess pieces for the global players who no longer take it as read that businesses have any responsibilities to society.

General Motors should remember Henry Ford's dictum that 'cars don't buy cars', whereby he justified doubling his workers' wages in order to stimulate demand. That is why we need a demand-led economic policy and, at the same time, a different structural policy. The European Union has a number of instruments at its disposal,

such as the Directives on collective redundancies and on European Works Councils, which are very important, but are, unfortunately, designed as corrective measures, shutting the stable door after the horse has bolted.

What we need is preventive measures that do not leave everything to the market, all the more so if we want to take the Gothenburg agenda seriously and make development sustainable. For that reason we welcome the Commission's idea of setting up a working party.

This must, however, also involve a debate on the diversification of production and of services, if regions are not to become dependent on one sector. More attention also needs to be given to research and innovation in the field of new products.

Oomen-Ruijten (PPE-DE). – (NL) Mr President, let me start by responding to Mr Kuhne. We did not want a resolution about this issue, the reason being that, in a resolution, we would be forced to write: 'We want all Europeans to trade in their cars straight away and make sure that they buy new Opels and Volkswagens'. Our economy is not a planned one; it cannot arrange this sort of thing. What is happening, quite simply, is that consumer demand is stagnating in our society. There is no confidence in the economy, not in Europe and certainly not in Germany. That is why fewer cars are being bought, which, in turn, impacts on production.

Production units are in any case trying to reduce production costs. They are computerising, they are relocating plant, and so on. What the cutbacks at Volkswagen and Opel actually illustrate is the need to opt for another route. What is that other route? I share your view that we should ask workers to be more flexible in order to ensure that something can be done about working conditions too, but those workers cannot solve the problem on their own. Although we have to restore confidence in the economy, the workers in the companies concerned should also receive back-up, not only from governments, but also from social partners, in order to address the problems jointly. I am not referring to the labour costs alone, because we have just learned from the Commissioner that labour costs in the EU are still below those in the United States. It is mainly the indirect labour costs that are proving pernicious in Europe.

It follows that we must – and I think that this is also one of the issues – try to reduce the indirect labour costs, and the Lisbon process can play some part in this. In my view, along with the high-level group, which I appreciate greatly, we will then need visible results from the studies that are due shortly. Credit where credit is due, Commissioner – and I say that also on behalf of our group.

Andersson (PSE). (SV) Mr President, the restructuring in the car industry has been going on for a long time. In my own country, Sweden, where the car industry plays an incredibly large role, our big car companies have been bought up by multinational concerns. That is the case in Trollhättan, where GM now owns the Saab factory.

For Trollhättan, this is of huge significance. Six thousand people are employed by this industry and a further 6 000 people are dependent on it in a town with a population of approximately 50 000. Allow me to state that it is not the workers, but the company, that has, in this case, for a long time been making miscalculations.

Allow me also to say that I am not an opponent of restructurings. My party has always been open to restructurings, but it is important how they are carried out.

Firstly, they must be carried out with a sense of social responsibility. It is not only society that must accept social responsibility, but the companies too. The workers must be involved. It must not just be a case of informing them of decisions that have been taken. They must be actively involved in the restructuring process. Workers must not, as happens right now, be played off against each other in different countries by being told that they have to accept poorer social conditions if we are to engage in production. We shall not take part in that kind of game.

A number of people in our country say that we do not need more cooperation at European level, but the opposite is the case. We need more cooperation, partly between the union organisations, where there is constructive cooperation between IG Metall and the Swedish Metal Workers' Union, and partly between politicians and trade unions. We also need political cooperation at European level. A high-level group that draws up guidelines for industrial policy is a good idea, but we also need the other dimension, namely a review of the European Works Councils Directive and the Collective Redundancies Directive. We need to strengthen those directives, so that we strengthen the position of workers when restructuring is carried out.

Hökmark (PPE-DE). (SV) Mr President, it is interesting to observe that the Social Democratic representatives from Sweden and Germany, where the car industry has problems, are now leaving it to the EU to find solutions to what are basically problems with their national economies' competitiveness.

You should not ask what the EU can do for national industrial policy but what your own national governments can do for Europe's competitiveness. What you are asking sounds the alarm about whether European industry is at all able to hold its own in relation to global competition.

It is not the case that we now need a European automobile policy. We have experience from the seventies when national policies on shipyards were conducted in a long list of different European countries. It put a stop to development and led not to jobs being saved, but to capital being wasted. What is now needed is a policy that allows European companies to develop their competitiveness. It is absurd if we are to have a competition policy within the European Union that makes it difficult for European companies to compete globally in a market in which competition is global. When we are concerned with an industry that needs to be competitive globally, the conditions that make it competitive cannot be assessed on the basis of national sub-markets.

We must now ensure that we conduct a policy that strengthens competitiveness. Not one of the proposals presented in this debate in the House would lead to more cars being sold or produced in Europe. Instead, they would give rise to false expectations and distract attention from what needs to be done, namely accept changes and restructuring. Above all, a Lisbon process is needed that makes European companies competitive and that can give Europe more companies. That is what Europe needs, not a European automobile industry policy.

Ayala Sender (PSE). – (ES) Mr President, I would like to begin by expressing our firm commitment and solidarity to the workers of General Motors and subsidiary companies who today fear for their jobs, the future of their families and the future of their regions.

We in the European Parliament must tell them once again today that – as has already been said – we reject forced redundancies and any closures of production plants. We also want to demand once again – as has been said here repeatedly – that workers' rights to information, consultation and participation be strengthened, both at national and at European and multinational level.

I am aware that the workers of GM are trying to participate in the European committee and trying to anticipate crisis problems, anticipating possible scenarios and in this case it is the management which has done the abandoning and which has made mistakes.

That is why we are once again demanding that companies' corporate and social responsibilities be increased, that the Commission not just take the decision to analyse the sector, but also to take measures to ensure that responsibilities towards workers and the territories they work in are met, and we are also demanding more incisive measures in relation to the transparency of decision-making, which we believe has failed in this case.

Furthermore, in the case of GM, these workers – and I am well aware of this, since this has been the case in the Figueruelas plant, in my region of Aragón – have just signed an agreement in which they have demonstrated a great capacity for negotiation, dialogue, foresight and adaptation to the demands for flexibility, specifically with a view to anticipating cycles, but despite that, the management – not the management in Aragón, but the European management – has once again abandoned them.

We therefore call on the Commission, as well as the study group, to apply the required social and economic measures which this Parliament has proposed on many occasions.

Harbour (PPE-DE). – Mr President, as a number of colleagues have said, this is nothing new. The car industry is probably one of the most competitive manufacturing industries of any that we deal with. There are over ten major manufacturers producing cars in Europe and spending billions on research and development. It is a competitive market. There will inevitably be changes. I want to remind colleagues that three years ago one of GM's major plants in the United Kingdom was closed. I will read a headline from today's *Birmingham Post*, which I picked up on the plane on my way here this morning: 'Car output near record levels'. It is likely that in the United Kingdom this year we will produce a record number of cars. That record was last broken in 1972. The message to the many people who are facing uncertainty in Rüsselsheim, Bochum and Trollhättan – and I have been to some of those plants – is that there is life after restructuring. That is why the United Kingdom car industry is doing relatively well. I am not complacent about it, but it is a fact. We should be reflecting on why General Motors tells us that it needs to save EUR 500 million a year in costs to make itself competitive. I am sure it can justify those figures.

We need to work together. That is the message that needs to go out. It is impossible to achieve record levels of car output in the United Kingdom with, in many plants, quality and productivity levels that are the best

in Europe, without working between managers and the workforce and with dealers and customers. As mentioned in Mr Rehn's statement this afternoon, we must encourage the Commission to look at the competitive conditions.

We do not want an industrial plan for the car industry. We do not want the Commission or politicians telling car companies what to do. We are in a competitive market. But that EUR 500 million will go into the cleaner, safer cars that Europe's consumers want. That is the change that is needed.

Duin (PSE). – (DE) Mr President, the errors of management have been sufficiently described, and, rather than enlarge upon them, I want to talk about what we – the Commission, the Council, and also this Parliament – can do. We have to get away from making some laws on the environment – albeit very comprehensive ones – followed by laws on the protection and safety of pedestrians and others, and then laws on mobility, while neglecting, as we did in the past, to put together a truly cohesive and uniform strategy for this sector. That is what is urgently needed if we are not to be helpless spectators while jobs in European industry are wiped out.

I believe that we can gain some optimism from what Mr Rehn and Mr Verheugen said in the hearings. One cannot but welcome the setting up of a high level group of this sort, but 'high level' means not just this or that chairman of this or that company's board, but also the workers' representatives; it must involve not just the Commission, but also the European Parliament. I think we can find examples of this in shipbuilding too.

There is just one more thing I would like to say, and that is that what the outgoing Commission, as regards jobs in the motor industry, has covered itself with is not just glory. I would cite not only the Volkswagen legislation, but also the Design Directive, as examples of how urgently amendments are needed.

Rehn, Commission. (SV) Mr President, I firstly want to correct Mr Sjöstedt, who said that he is the only car worker here now in this House. That is really not the case. The member of my cabinet, Mrs Asenius, is a former worker on the assembly line at a car factory in Gothenburg, and I myself worked in the summers and on Saturdays as a spare parts salesman, all of which gives us, I hope, some kind of practical experience of car industry issues.

I would like to thank honourable Members for their support and sympathy for the workers and for their overall support for the Commission's position. I have taken due note of the views expressed and will report them to the present Commission and to the new one.

Although I cannot comment on specific sectors and their management, it is true that we cannot blame the macroeconomic environment alone. Management decisions have also played a role in the current situation in the European car industry.

Our conclusion, which I think is a very common view in this House and in the Commission, is that we need a new approach to industrial policy. This does not mean picking the winners as we did in the 1970s, which often meant, in fact, sustaining the losers, but a dual policy based on a horizontal view of competitiveness, education, innovation, technology, regional policy and so on, combined with a sound sectoral analysis covering various sectors, so that we know what combination of policies is best for each sector.

I therefore appreciate your support for the consideration of the high-level group, which would, in my view, work in the same way as in the textile sector. I take due note of your sense of urgency and will report this to the Vice-President designate, Günter Verheugen. I am sure he will take that into account if our appointments are confirmed on Wednesday.

Mr Belet asked me to dream. Yes, I dream about cleaner and safer cars. I dream and expect that the European car industry, as well as the public sector, will devote more funds to research and innovation. I should like to see the social partners and all stakeholders focus strongly on the competitiveness of this key sector in the European economy. This is a very worthy focus for the high-level group, and I trust we will have good cooperation with the European Parliament on these issues.

President. – The debate is closed.

WRITTEN STATEMENT (RULE 142)

Figueiredo (GUE/NGL). (PT) We are appalled by the restructuring just announced by GM Europe aimed at cutting 12 000 jobs in the short term in all of its European factories and at reducing structural costs by around USD 600 million per year.

A few months ago, the General Motors Group, of North America, was said to be planning drastically to reduce its workforce and to make cuts in Opel, Vauxhall and Saab's European factories.

As stated in the motion that was recently approved by the workers at Opel Azambuja, in Portugal, GM's consolidation measures cannot be allowed to continue to damage the workforce. It is the workers who have met the conditions of what is known as the 2001 'Olympia Agreement', while the Board of GM Europe has been carrying out its obligations in a piecemeal and incompetent fashion, by doing business in a confrontational and contemptuous manner. In so doing, they have shown their ignorance of the European car market.

GM Europe's economic success cannot depend solely on importing American brands and American strategies. It is essential that production be maintained in various countries in Europe.

We therefore wish to show our solidarity with and support for the GM Europe factory workers in their fight against redundancies, against the closure of factories and against the violation of collective working agreements. Their rights must be defended.

15. Consequences of the rise in oil prices for the European economy, agriculture and fisheries

President. – The next item is the Commission statement on the consequences of the rise in oil prices on the European economy, agriculture and fisheries.

I shall give the floor straight away to Mr Almunia.

Almunia, Commission. (ES) Mr President, ladies and gentlemen, the price of oil has risen considerably this year, reaching historic highs – in dollars – in nominal terms. Its impact on the economy is largely due to the marked rise of recent months, since, if we take account of the evolution of the euro-dollar exchange rate and inflation, the current level of real prices, in euros, is comparable to that of 2000.

The expectation in the very short term is that the price of a barrel of oil will remain high, due to the greater than expected rise in demand, particularly the demand from the large Asian countries and, in particular, China, and due to a lack of additional capacity to increase supply in the short term and to global and regional political uncertainties, particularly the conflict in Iraq of course.

The upwards tendency has furthermore been exacerbated by certain speculative movements, attracted by the price volatility resulting from the uncertainty factors I have just mentioned. This increase is clearly having a negative impact on growth during 2004 and on the growth forecast for next year. The oil price in dollars is now 60% higher than was forecast six months ago, when the Commission published its spring economic forecasts. Tomorrow, the Commission will publish its autumn economic forecasts, which include an estimate of the oil price, which of course is greater than the estimate six months ago.

According to the ECOFIN Directorate-General's econometric simulations model, if the price of a barrel of oil stays at 50 dollars – and today I believe a barrel of Brent stands at over 51 dollars – the effect would be an accumulated growth loss over three years of almost one point of gross domestic product, if the price of a barrel remains at 50 dollars throughout that period. In fact, the economic forecasts the Commission will present tomorrow have been based on the assumption of a higher oil price than in the spring, although it is also the case that, with regard to the estimates of the macroeconomic model, our forecasts for the evolution of the oil price for 2005 and 2006 are slightly more optimistic. We are not, therefore, expecting this level of 50 dollars to be maintained, but rather we expect it to decrease gradually.

Even so, despite this negative impact, the European economies are in a position to endure this price increase, thanks, in particular, to two factors. On the one hand, the real price of oil – as I have said – is considerably lower than previous highs. Not only is it no higher than that of 2000, but it is also very much lower than the high reached in real terms in 1981 and is also noticeably lower than that reached in 1973, more than 30 years ago. Furthermore, the European economies, over the intervening 30 years, have considerably increased their energy efficiency, reducing their dependence on oil when compared to the eighties, which makes us less vulnerable to increases in energy prices. In addition to this, the significant changes to the nature of salaries in the European economies, which are now less linked to the evolution of prices, must lessen the secondary effects of the increase in energy prices or inflation, which the President of the European Central

Bank has mentioned this afternoon. Unlike in previous crises, so far at least, inflation is not expected to increase, despite the increases in oil prices.

Having said this, we must recognise, Mr President, that certain sectors are being particularly affected as a result of their characteristics and specific circumstances, and I am referring, of course, as does the title of this debate, to agriculture and fisheries. The Commission is perfectly aware of the specific difficulties that arise in these sectors as a result of increased fuel prices. In both cases, producers in the agricultural and fisheries sectors have little capacity to pass on increases in their costs through their prices. There is therefore no doubt about the need for specific action and the Commission, in response to last week's request from the Eurogroup, has agreed to present the Eurogroup and Ecofin with a report next month on the measures States may take in accordance with the rules of the Treaty, without thereby violating the legislation in force in the field of state aid and respecting the principle which we believe to be essential in the Economic and Monetary Union, which is that individual initiatives by Member States must be coordinated in order to prevent distortions of competition.

As well as asking the Commission for this report, the Finance Ministers once again emphasised the need not to adopt unilateral measures and for any possibility of measures affecting competition to be dealt with firstly by means of a prior consultation and coordination mechanism.

Before ending my first speech, I would like, if you will allow me, to stress two elements relating to the European economy in a more general sense. Firstly, I should stress that the appropriate policies for ensuring the stability of the energy supply are being adequately applied and coordinated at international, Community and national levels and, naturally, we must make it very clear that there is absolutely no reason to fear problems with energy supply in the industrialised countries, since the current level of strategic oil reserves, both in the United States and in the European Union or in other OECD countries, will allow us to deal with problems with the supply of crude over a long period of time, should they arise.

It is important to remember this, since the perceived risk of a possible scarcity of crude oil in the future is contributing to high oil prices, and I do not believe this fear to be justified given the way the market operates and the level of strategic reserves.

Finally, and looking to the future, it is important that we continue with the reforms initiated in the past within the European Union with a view to improving our energy efficiency, because in that way we will improve the capacity of our economies to deal with external economic disturbances, such as this rise in oil prices, and, at the same time, by adopting these energy efficiency measures, we will increase the long-term growth potential of the Union's economies.

Fraga Estévez (PPE-DE). – (ES) Mr President, I would like firstly to express my regret at the fact that today this House has missed an opportunity to provide the citizens with a package of real solutions to the crisis the price of oil is causing in certain sectors, as our Committee on Fisheries had initially proposed.

In particular – and the Commissioner has mentioned this – the consequences for the fisheries sector are extremely serious, and neither the Community institutions nor certain Member States, including my own, I regret to say, are taking any measures.

Our Parliament has decided not take any action either, preferring a mere Commission statement to committing ourselves to a resolution, as proposed by our political group.

This statement today is of little or no use to fisheries, because we already know Commissioner Fischler's opinion, which is that we should pass the rises on to the consumer. The problem is that the Commissioner – and I am delighted that you have said quite the opposite today, Commissioner – did not know that this solution was impossible for the fisheries sector, since it is governed by a system of Dutch auction.

The situation is very different, Mr President. The oil price crises of 1993, 1994, 2002 and 2004 show that this is not a problem specific to the current situation, but a cyclical problem, and we must work on the basis that cycles will become shorter and shorter, since we are talking about an exhaustible energy source.

We are, therefore, dealing with a structural deficiency which must be dealt with through structural measures. The Group of the European People's Party (Christian Democrats) and European Democrats is therefore calling for the implementation of a Community instrument which can be mobilised almost automatically during these periods of crisis. Furthermore, however, we need urgent measures for supporting the sector until that instrument becomes part of Community legislation; and we propose that these measures include the granting

of low-interest or zero-interest loans and setting a maximum price, compensation in line with the real price by means of financial measures and temporary reductions in social and fiscal burdens.

Batzeli (PSE). – (EL) Mr President, apart from the obvious concern in every economy, the high price of oil and the present dependence of the world economy on it have started to financially suffocate both households and businesses.

The present price rise appears not to be simply a short term or speculative rise; on the contrary, it also reflects structural changes which may well result in multiple reviews of the global economy.

The growth of the Tiger economy and a series of geopolitical factors are among the factors which have caused the present oil-triggered disorder in the economy. Consequently, it is not at all impossible that oil prices will stabilise at much higher levels than those which we considered normal in the past. For the European Union, the Commission itself has stated that a 25% increase in the price of oil this year will reduce the rate of growth by 0.17%.

As a result of these negative developments, there is an urgent need for the Commission and the Council to proceed with immediate action and medium term interventions. In a period of economic recession, of inflationary pressure and of pressure to re-examine the financial policy of the Stability and Growth Pact and the effectiveness of the support mechanisms for the Lisbon agreement, we cannot confine ourselves, Commissioner, to declarations and statements that, basically, everything is fine. The European Parliament would like to re-examine ways and means – there is a detailed analysis of the repercussions of the already enhanced oil prices on economic growth in the individual sectors, such as transport, agriculture, trade and employment.

First, we should stress that nearly all the budgets of the Member States have been prepared on the basis of an oil price of USD 29. Secondly, we should stress the need to configure a stable and effective European framework for dealing with upward trends and sudden fluctuations in oil prices. Thirdly, we should stress the need to develop and activate a plan for dealing with the crisis and creating an efficient framework for preventing any crises which may affect the new stability pact. Fourthly, we should stress the need to avoid speculative market trends. Fifthly, we should stress the need to support vulnerable social groups, as this will mitigate the reduction in their income and prevent their social and economic marginalisation. Finally, we need to stress the need for financial support for farm holdings and businesses, which are already bearing the burden of the increase in production costs, which they truly cannot pass on to the consumer.

I should like in closing to stress that any delay in taking immediate initiatives will contribute to the emergence, as we have seen in the Council, of isolated national measures, and I should like to stress here that different national economic and political approaches must not be allowed to affect the degree of application of unified Community policies.

Morillon (ALDE). – (FR) Mr President, Commissioner, during the past few months constant increases in the price of a barrel of oil have deepened the crisis affecting the European fisheries sector. These increases have a direct impact on wages for crews, as well as on companies' profit and loss accounts. As you said, these companies can barely, if at all, pass the increase on to the selling price of fish, given the specific nature of this market.

The previous crisis which occurred ten years ago had an avalanche effect, weakening management and financial structures in the sector and thus seriously jeopardising the economies of affected regions.

The situation we are facing today is comparable in the economic and social distress it is causing. The governments of the Member States are endeavouring, or will endeavour, to confront this situation by taking measures which comply with Community regulations, as you said. These measures, however, can do nothing but maintain the current state of affairs, and they cannot claim to provide an effective and lasting solution to the economic problems caused by high fuel prices.

The Community approach, which is focused almost exclusively on, and I quote, 'the sustainable management of fisheries resources to preserve the interests of future generations', is no longer credible as it stands, as there is a risk that it will result in a situation where the European Union is no longer able to exploit these resources due to a lack of workers experienced in the field. Under these conditions, how can we work towards the real goal of our common fisheries policy, which, as I see it, is for it to act in tandem with the common agricultural policy to maintain our continent's capacity to produce sufficient food?

Mr Almunia, my question is that which I prepared with my fellow members of the Committee on Fisheries; will the Commission undertake to act on behalf of the most seriously affected areas? For example, does it intend to put forward proposals to allow measures to be taken under the existing Financial Instrument for Fisheries Guidance, or under the future European Fisheries Fund, or under any other mechanism, to improve the economic situation and to thus preserve the future of regions which have no real alternative?

Hudghton (Verts/ALE). – Mr President, many communities, many families in Scotland are highly dependent upon the fishing industry, an industry which has had massive economic and social pain inflicted upon it as a direct result of political decisions made in Brussels under the common fisheries policy.

The rocketing cost of fuel could be the final straw for many businesses – and a fishing boat in Scotland very often is a business, a family-run business – which have been forced by the CFP to operate this year for only 15 days each month.

Some EU governments apparently recognise the exceptional economic pressure which rising fuel prices puts upon the fisheries sector. Recently France, supported by at least four other Member States, saw it as a long-term Community mechanism for granting public aid to the sector. This initiative was opposed – unsurprisingly – by the UK, citing the need to respect state aid and competition rules. I think the real reason for the UK failing to support that proposal was, as usual, that it did not wish for any precedent which might require it to aid its fishing industry – which it never does.

Mr Fischler, regrettably, was also unsympathetic, apparently saying that fisheries, unlike the agriculture sector, could easily respond to the fuel price increases by increasing fish prices. That is all very well, but what about the consumer, and what about the fact that fish products are relatively healthy and are recommended by dieticians to consumers?

The agriculture sector in Scotland is also suffering greatly from high fuel costs, not just through the direct use of fuel on farms, but also owing to the excessive cost of sending their produce to distant markets, an economic pressure which the UK Treasury has also added to in the form of unjustly high levels of taxation. But it is people and communities and not just businesses that suffer. The *Orkadian*, the newspaper of the Orkney Islands, reports a 67% rise in the price of fuel leading to an overspend by Orkney Ferries. Sometimes in the Orkney Isles, the Shetland Isles and the Western Isles it is normal and indeed essential for people to take two ferries to get to work or to shop. This is not just affecting businesses, it is impacting on a whole community.

Papadimoulis (GUE/NGL). – (EL) Commissioner, despite the gravity of the situation, all we have heard from you is a mixture of reassuring generalities, wish lists and neo-liberal doctrine. Competition must be saved at all costs. However, the rise in oil prices places a burden on low incomes and increases the tax revenue of the Member States. There are Member States saying we should refund part of our enhanced revenue to low incomes. In France in particular, there is talk of tax refunds. In Greece, a reduction in the tax collected by the state has been proposed in order to relieve the pressure on low incomes. Farmers and fishermen are not satisfied with studies, they want specific measures. I should therefore like you to tell us in your reply why the majority rejects the proposals emerging from France or from Greece and when a decision will be taken on specific measures for farmers and fishermen.

Karatzferis (IND/DEM). – (EL) Mr President, why such panic from Sweden to Greece and from Portugal to Poland? Why has the Commission been caught unprepared? Why have you allowed things to develop in such a bad way for European households, industry and fisheries? Did the Commission not see how much the map had changed over recent years? Did it not see the intervention of the United States? It is controlling Iraq's oil through the invasion. It is controlling Saudi Arabia's oil by controlling the royal family. It is controlling Libya's oil by holding Gaddafi hostage. It is controlling Venezuela's oil by trying to destabilise Chavez. It is controlling Russia's oil through its customer relations with Putin. It is controlling oil and playing games with oil to the detriment of the European Union and to the detriment of China. A China desperately in need of oil (one in twelve barrels produced go there) and a Europe which, with its overpriced currency and with oil at USD 55, has particularly unaffordable and expensive goods which no longer even get near the shelves. You will see huge problems soon. Chryslers will flood Europe; there will be fewer Renaults, fewer Mercedes, fewer Fiats. The result will be more American cars and everyone knows what that means for the economy.

We need to get out of this trap they have set for us as quickly as possible. We need to be able to adjust the currency and, above all, we need to be able to take the oil which is ours, oil in Romania and oil in the Aegean

which Turkey has blocked. If you want cheap oil, it is up to you to pull Turkey into line and to have cheap oil in Europe so that the European people are able to make ends meet.

Golik (NI). *(PL)* Mr President, the facts are as follows: since the beginning of the year, the price of a barrel of oil has increased by 65%, going over the magic figure of USD 50. According to the predictions of certain analysts and economists, in the next few months the price may rise to USD 70 or 80 per barrel. The results of such an increase include a massive rise in costs in all areas, in particular in transport, agriculture and the areas to which reference has already been made today. A further slow-down in economic growth has ensued too. This can be estimated using the following simple formula: if the price of a barrel increases by USD 5, economic growth will fall by 0.3%. The increase has also resulted in a strengthening of the dollar against the euro and the other currencies of the European Union, as well as in disequilibria in the balance of payments of the major importing countries and, finally, in the European Union becoming less competitive and moving further away from the goals of the Lisbon strategy. Polish farmers were delighted to receive their first payments from the Union. Unfortunately, they are already aware that these payments will mainly be used not to develop farms, but to cover the cost of increases in fuel and fertiliser prices. The world did not anticipate these price rises, and the European Union did not anticipate them either when it planned its long-term policy consisting of programmes for the replacement of natural fuels by alternative and renewable fuels. Rapid measures should be taken to amend and accelerate the 2000 programme in the same way that America has done in the case of biofuels, with the country now using 10% biofuels in petrol and producing 70 million tonnes of them every year. A further example is that of the German economy and the production of electricity. Particular encouragement should be given to the production of biofuels, an increase in which would be the simplest and quickest way to limit imports. That would improve the European Union's balance of payments both by increasing the number of jobs in rural areas, by accelerating the development of the much-feted multifunctional agriculture and also by raising profitability in agriculture, making it independent of the suffocating support system of subsidies. Now is the time for us to make a rapid change of policy to one that makes us independent of price rises, oil imports and excessive greenhouse gas emissions, and now is the time for us to choose the path of environmental protection.

Guellec (PPE-DE). *– (FR)* Mr President, the rise in fuel prices affects many sectors of the European economy, and in particular transport-related sectors. Yet it is clear that the primary production sectors, such as agriculture and fisheries, are facing the most acute problems. This illustrates the unsatisfactory nature of our debate, in which we have bitten off more than we can chew. We should therefore focus on these two subjects.

It is the fisheries sector which faces the most serious difficulties, and there are one or two extremely simple reasons for this. Within a little over one year, fishermen have seen the price of diesel oil double, with approximately one litre of fuel needed to catch one kilo of fish. This is why, together with the other Members of this House, I was quite literally shocked and appalled at the statements made by the Commissioner for Fisheries, in which he said that one need only pass the rise in the price of fuel on to the price of fish in order to solve the problems. This is of course impossible, and it is an example of the very kind of flawed reasoning which will dissuade consumers from buying fish, the very food we wish to promote.

In my opinion, one of the lessons learnt from the crisis of 1993-1994, which caused a widespread breakdown of structures, was that extremely rapid action will be needed. The proposals we have just heard, in particular those put forward by Mrs Fraga and by the Chairman of the Committee on Fisheries, Mr Morillon, include placing a ceiling on the cost of diesel oil, reducing financial, social and tax costs and, most importantly, providing monetary advances which correspond to the needs of fishermen experiencing very serious problems, of whom there are already a large number. This is why we look to the Commission to adopt a position which is both easily understood and which is designed to prevent the breakdown of structures in areas which are heavily dependent on fishing. In other words, there is a need for both measures taken at European level during crisis periods and national measures adapted to local situations.

Miguélez Ramos (PSE). *– (ES)* Mr President, what I have noted today in this House, in particular, is the absence of the Commissioner responsible for the two sectors – agriculture and fisheries – who should be taking the initiative to propose measures to alleviate the negative impact of the rise in oil prices on two sectors which are unquestionably his responsibility. These are two strategic sectors in terms of maintaining jobs and of the Union's food supply. As Commissioner Almunia has acknowledged, both sectors have difficulties passing the rise on through their prices, something which Mr Fischler appears not yet to have understood.

I believe that it is our duty – and the Commission's duty – to act diligently in crisis situations. In this respect, I would like to say to Commissioner Almunia that we do not want to return to the scenario of 2000, when

the Commission decided to declare the State aid received by those professionals illegal and demand that it be returned. Such a situation would damage the credibility of the institutions, not just the Community institutions, but national institutions as well. In this regard, I agree with the Commissioner on the need to adopt a mechanism capable of responding to the situation at Community level, since it is endangering two of our most sensitive production sectors. I do not think it is asking too much to wait for a month if that allows us to create an appropriate Community framework capable of establishing the scope and duration of any measures adopted by either the European Union or the different Member States, this being the only way, we believe, to prevent any problems of distortions of competition which could arise if each Member State adopts them individually.

Herranz García (PPE-DE). – (ES) Mr President, the price of agricultural fuel has risen by 40% since the beginning of this year. If we consider a case I know well – that of Spain – this rise has led to very great losses for producers and no national compensation measures have been put in place to alleviate them in good time. The Spanish farmers are very concerned about the Spanish Government's failure to act in this respect.

Last week a draft was presented in this House calling for a parliamentary resolution in favour of long-term measures aimed at reducing the farmers' dependence on diesel.

The draft – the only one I have seen in relation to agriculture – was not accepted, which I believe can be interpreted as a lack of solidarity on the part of this House towards the farmers, one of the two sectors – together with the fisheries sector – which are least protected against price rises because in neither case can producers pass this increase on through their prices.

In order to resolve this problem, I propose five measures: firstly, the Member States should take measures in a coordinated fashion in order to prevent distortions of competition between neighbouring countries; secondly, the European Commission should be as benevolent as possible when authorising national aid; thirdly, the European Union, once and for all, should give mature consideration to the resources available to deal with the crises which have been arising for years – let us remember 1993-1994, 2000 and that all these years in which oil prices have risen have been devastating for producers; fourthly, in relation to the issue which was aborted in the Conference of Presidents last week, I proposed calling on the European Union to bring forward the report it has to produce on aid for fuel production with a view to revising the Community legislation as soon as possible, in order to reduce the dependence of farmers and the European Union on oil; and fifthly, as a final measure, I also propose that this Parliament's Committee on Agriculture produce a report with a view to seeking viable long-term solutions.

Kósáné Kovács (PSE). – (HU) I would like to comment on the subject from the viewpoint of the countries with poor energy sources. The increase in the price of oil has resulted in general price rises in our country too. As a consequence, economic growth has slowed down, the budget situation has become uncertain and agricultural competitiveness has deteriorated because, unfortunately, the agriculture of countries with poor energy sources consumes a lot of energy, and employment and social achievements thus become jeopardised. Living costs increase and poverty deepens. It is a sad picture. The unreasonably high oil price endangers global economic growth, and I can only emphasise what Commissioner Almunia said, that the main reason for price increases, namely international speculation, must be dealt with.

A combined European effort is needed not only for this, but also for turning the dream of a welcoming Europe into a reality, despite the problems. In a collective effort, the institutions of the European Union must therefore help prevent crises brought about by price increases. They need to increase the proportion of renewable energy so that they become more independent of the oil market. Furthermore, they must help create an observation system that analyses the oil price movements and determines the strategic level of oil reserves. All this is planned for the future by László Kovács, Commissioner-designate, whose expertise has been called into question by some people in this House.

Schierhuber (PPE-DE). – (DE) Mr President, Commissioner, ladies and gentlemen, the continual rise in oil prices is again bringing home to us our economic dependency on third states. We must never forget that crude oil has been, and still is, the cause of many economic conflicts, not to mention the detrimental effects that its extraction, processing and use have on the environment. Nor must we ever forget that we are dealing here with a finite resource. It is high time for Europe to free itself from economic dependence on oil imports.

High oil prices have an adverse effect on agriculture and mean substantial losses of income for our farmers. The targeted use of renewable energies is now more necessary than ever before; not only does the use of renewable raw materials significantly help to protect the environment, but it also offers new alternative sources of income for our farmers. Above all else, though, it is the right way to become self-sufficient in

energy, so we have to push for the voluntary Europe-wide admixture of biofuels, which is a half-hearted solution, to be made mandatory. In this Directive, the interests of the oil industry have prevailed to a large extent, while the goals of the Kyoto Protocol, more secure income for our rural areas and an opportunity to create more jobs, including in the outermost regions, have lost out.

Commissioner, our responsibilities to future generations demand of us that we press for the more efficient promotion and mandatory admixture of renewable energies right across Europe. If now is not the time to do this, then when is? So, equipped with new and smart energies, let us go on the march into the future!

Paasilinna (PSE). – (FI) Mr President, Commissioner, ladies and gentlemen, the price of oil is still lower now than it was at the beginning of the eighties, but that has not taught us to conserve. Fuel prices seem to follow fluctuations in the exchange rate of the US dollar, at present the currency of a country at war. Why do we not quote these prices in euros, as Mr Karlsson proposed in his report? Unfortunately, the Group of the European People's Party (Christian Democrats) and European Democrats overturned the report on emergency supplies in this House a little under a year ago. Perhaps the present energy problems in the United States and Europe have woken us up. The unstable situation in Africa, the Middle East and Russia has resulted in problems in the supply of oil. Not only ourselves, but the United States, Japan, China and India all compete for Russian oil. We must ensure that we have a steady fuel supply.

Member States should prepare for long periods of high prices by introducing interim fiscal solutions, stockpiling supplies, which we need, exploiting new sources of energy, and reduced and more efficient consumption. When Mr Karlsson's report was overturned, Parliament called on the Commission to draft a new proposal on the matter. When does the Commission intend to put this proposal forward? It is obviously necessary for us to reduce our dependence on oil and develop new energy sources.

Kauppi (PPE-DE). – (FI) Mr President, ladies and gentlemen, the rise in oil prices is having an undeniable impact on the European economy, agriculture and fisheries. It would be hard to think of a more topical issue. Today, for example, we have heard about farmers making it difficult to store and refine oil in France, where they are demanding, in a typically French way, complete exemption from tax on fuel used in agriculture.

Also in the news too the critical stage which the industrial dispute in the Norwegian oil industry has reached, and that has put up the price of crude oil in the Nordic countries. Examined in historical context, the current price of oil per barrel, which is more than USD 55, easily exceeds the 40 dollar level, which it was thought would significantly slow down global economic growth. If current price levels are maintained, forecasts for the global economy may well have to be adjusted downwards. If the situation continues for a long time, it will also become a problem for us.

For now, however, we should keep our composure. The long-term rise in oil prices is not just the result of recent events, but of strong economic growth in China and the countries of South-East Asia, which in itself is a positive thing. Low stocks in the United States and political instability in the Middle East have also had an impact. Furthermore, when we consider the American presidential elections and many other political factors, such areas of speculation have now contributed to price pressures, although they are not directly linked to any real oil shortage.

The only means by which we can have an effect on the price of oil or any other form of energy in the long term is to ensure that European energy policy is sufficiently diverse in scope. Specifically, we need to support a diverse energy mix that includes all the main forms of energy, especially nuclear power. Dependence on oil is also a very difficult issue from the point of view of relations with Russia, as Mr Paasilinna, for example, has just said. Russia sells energy wherever it can obtain the best price for it, and China and India, as major consumers, have the advantage over Europe here. We should not, therefore, rely on imported energy. Instead, we must ensure that we produce a greater proportion of our energy in Europe ourselves, at a reasonable cost, and in a way that is environmentally sustainable.

Almunia, Commission. (ES) Mr President, I would like to make a few comments in response to the speeches made during the debate and point out that I entirely agree with many of the arguments and opinions expressed.

Firstly, with regard to the assessment of what is happening and of what is going to happen in relation to the evolution of oil prices and its impact on the European economy in general.

I believe we must insist once again on the need to be realistic when assessing this impact, and in the case of this crisis, of this rise in the oil price, which is very significant in terms of dollars, the impact on European economies is much less significant than in previous crises. We must not, therefore, exaggerate the general

impact on the economy, despite the particularly noticeable and socially painful consequences for certain specific sectors.

Secondly, I believe we must be prudent when assessing the possible evolution of the oil price, by making judgments on what that evolution may be. It is true that some economists are talking about 60 and 70 dollars, but it is also true that the futures markets are operating on the basis of a reduction of the current level of 50 dollars per barrel and that the market operators are, therefore, not anticipating further rises in the petrol price, but rather a tendency over the next two years for the market situation to moderate, given that, as some of you have said, the proportion of the rise in the oil price over recent months does not correspond either to the objective situation of supply and demand in the market nor to the other geopolitical factors influencing the situation, but to speculative operations which cannot be maintained permanently over time.

We therefore need to be prudent and realistic when assessing a situation which, in any event, is not a positive one and which, as I said at the beginning, and as many of you have repeated, has a negative impact on growth and on the evolution of prices.

Thirdly, I entirely agree with those of you who have insisted on the need to continue moving ahead in relation to our energy efficiency and on policies to reduce our dependence on oil as an energy source. I believe that the European Union has made significant advances in this respect over the last 20 or 25 years and that we must continue to make progress in this direction and intensify where necessary – and I believe it is clearly necessary in relation to certain aspects – common actions at European level in relation to energy policy.

By way of example, while I said earlier that, if the price of a barrel of oil remains at 50 dollars over the next two years, until the end of 2006, this would have an impact on the European Union's economy of a reduction in growth of around one point, the impact on the United States' economy would be much greater, because their level of dependence on oil as a primary energy source is much greater than that of the European Union countries. And of course, given that the impact of oil prices is negative, but is not spread equally across the different sectors of our society or the different production sectors, as many of you have pointed out, it is clear that we need to redistribute our efforts in order to deal with the situation of the sectors suffering most from the rise. And the majority of you who have referred to this unequal distribution of efforts have referred, quite rightly, to the fisheries sector, firstly, and also to agriculture.

According to which rules and within which framework should we deal with this distribution of efforts or this particularly intense compensation in the sectors most suffering as a result of the rise in oil prices? I would like to repeat three criteria.

Firstly, attention must obviously be paid to the principle of coordination – it benefits nobody to take unilateral measures at national level on issues which should be decided at European level, whether by the Ecofin Council or by the Agriculture Council. On the 18th, the Agriculture Council began to analyse this issue and in the first debate the positions of the different Member States were not unanimous. It is, therefore, true that the Commission must draw up initiatives and the new Commission – which I hope is confirmed next Wednesday – as the honourable Members are aware, will not just have a new Commissioner for Agriculture, but also a Commissioner specifically dedicated to fisheries, Mr Borg, and a new Commissioner for Energy, as the honourable Member said.

In addition to the Commission's initiatives, however, a consensus must be created at Council level both in terms of coordination, which is the responsibility of the Ecofin Council when it comes to measures of a fiscal nature, and in terms of any measures which may be adopted at the level of the production sectors, which were discussed during the first debate on the 18th. There was no full agreement amongst the Member States.

Finally, we are all aware that we are going to have to continue discussing this issue over the coming months, but I will repeat what I said at the beginning. We must do so in the knowledge that, structurally, the oil market is never going to be what it was ten, twenty or twenty-five years ago, amongst other things because there are new energy consuming countries with extraordinary economic potential and with a very high level of growth, but the direction taken by European energy policy is the right one and we must not change that direction but rather enhance it.

President. – The debate is closed.

WRITTEN STATEMENTS (RULE 142)

Ribeiro (GUE/NGL). – (PT) The price of a barrel of oil has exceeded the psychological barrier of USD 50. Although this figure is fluctuating, the tendency is upwards.

This rise is the result of a complex series of factors, including the invasion of Iraq, political and social instability in some of the big exporting countries, natural disasters, increased demand in countries with large populations and strong economic growth, and also speculation.

The International Monetary Fund says that a USD 8 per barrel rise will cause a 0.5% fall in economic growth. Consequently, whilst the downturn is not as severe as that of the seventies and eighties, the risks to the world economy and to its much-trumpeted upturn are enormous.

The first sectors to be affected by these oil price rises have been transport, fisheries and agricultural. These sectors, particularly the last two, are already severely depressed.

Accordingly, Community restrictions on direct public aid to the sectors affected should be lifted, and measures should be taken and practical support provided at EU level in order to minimise the socio-economic impact of oil price rises.

The key issue, however, is much broader and more structural, and is due to the fact that the world's economy has never resolved the problem of its dependence on a resource that is finite and subject to speculation.

Toussas (GUE/NGL). – (EL) The increase in international and national oil prices is the result of the all-out attack by big business in its quest for greater profit and it directly affects the income of grass-roots families. The consequences of this increase will be felt in particular by poor households during the winter, unless there are direct measures to provide them with financial support to cope with heating bills.

The spiralling increase in the price of 'black gold' is leading to a new, general wave of increases in the prices of widely consumed goods, on top of the constant price rises which have significantly eroded workers' incomes. At the same time, the profits of the multinationals operating in the sector are multiplying at a rapid rate, the concentration and centralisation of capital is intensifying, to the detriment in particular of small and medium-sized enterprises and capital restructurings are being reinforced.

The increase in the consumption of energy in developing countries and the wars and escalations which the monopolies themselves cause are a pretext for increasing prices. The real reason lies in the exploitation of productive resources for the benefit of the plutocracy and in the strengthening of it within a climate of generalised privatisation.

The only response to high prices is to be found in the fight of the workers against this barbarity and for radical change and for energy and other strategically important sectors to become the assets of the people and satisfy the contemporary needs of the workers.

16. Agenda for the next sitting: see Minutes

17. Closure of sitting

(The sitting was closed at 8.35 p.m.)⁽¹⁾

⁽¹⁾ *Agenda for next sitting: see Minutes.*