

MONDAY, 26 SEPTEMBER 2005

IN THE CHAIR: MR BORRELL FONTELLES

President

(The sitting was opened at 5.05 p.m.)

1. Resumption of the session

President. I declare resumed the session of the European Parliament adjourned on Thursday 8 September 2005.

2. Approval of Minutes of previous sitting: see Minutes

3. Documents received: see Minutes

4. Petitions: see Minutes

5. Written declarations (Rule 116): see Minutes

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

7. Membership of committees and delegations: see Minutes

8. Signature of acts adopted under codecision: see Minutes

9. Welcome to the Bulgarian and Romanian Observers

President. The first thing we should do today is welcome our Romanian and Bulgarian colleagues; I shall do so expressly in my speech to the House immediately following the adoption of the order of business. For the moment, I can just say to them: *dobre doshli* and *bun venit*.

10. Order of business

President. The next item is the adoption of the order of business for the present part-session and the October I part-session, as drawn up by the Conference of Presidents at its meeting of Thursday 22 September pursuant to Rules 130 and 131 of our Rules of Procedure.

Monday, Tuesday and Wednesday:

No amendments have been proposed.

Thursday:

The Group of the European People's Party (Christian Democrats) and European Democrats and, if my information is correct, that group alone – and not the Liberal Group, as I had been told at one point – requests that the debate on Tunisia be replaced by the issue of minorities in Voivodina.

Mr Watson confirms that.

All right, then it is just the Group of the European People's Party (Christian Democrats) and European Democrats that has made the proposal.

Furthermore, the Group of the Socialist Party in the European Parliament has requested that it be the debate on Uzbekistan that should be replaced by 'Minorities in Voivodina'.

Could you clarify this please, Mr Schulz?

Martin Schulz (PSE). – (DE) Mr President, what you have just described is what came out of the Conference of Presidents and the subsequent discussions between the groups. A matter of minutes ago, though, in this House, Mr Watson, Mr Poettering and I had a brief discussion, and we agree that what we would recommend is that we consider Uzbekistan in the October part-session and now proceed to debate the situation in Vojvodina (*Interruption*), whilst adjourning discussion of Tunisia.

(Mr Cohn-Bendit spoke without a microphone)

President. In addition to Mr Cohn-Bendit, it would be good if everybody else could hear what we are discussing as well.

(Laughter)

All right, we are talking about replacing the issue of Uzbekistan with Voivodina, on the proposal of the Socialist Group in the European Parliament.

Is the Group of the European People's Party (Christian Democrats) and European Democrats maintaining its proposal?

Hans-Gert Poettering (PPE-DE). – (DE) Mr President, our primary concern was to do a swap by taking Tunisia off the agenda and replacing it with Vojvodina, but, as we still see it as important that we should, in human rights matters such as these, achieve outcomes with which we can all agree, we propose to keep Tunisia on the agenda, while – as Mr Schulz said – debating Vojvodina instead of Uzbekistan. Uzbekistan will then be on the agenda for the next part-session, and we can be certain of getting a broad majority on that. Let me say, for the benefit of the members of my own group, that the reasoning behind our motion was that we would thus ensure that Vojvodina is dealt with this week.

President. You are therefore withdrawing your proposal.

Wednesday 12 and Thursday 13 October 2005:

No amendments have been proposed.

(*The order of business was adopted*)

If you will allow me, I would like to use the speech I am to make next as an opportunity formally to welcome our colleagues.

11. Priorities for Parliament's work

President. Ladies and gentlemen, we must offer a very warm welcome today to the observers from Bulgaria and Romania, who are already seated in our Parliament.

Their presence reminds us that, in May of last year, the fifth enlargement of the European Union was left incomplete while we waited for Romania and Bulgaria to complete their accession processes.

It is also good to remember that our Parliament gave its assent to the Treaty of Accession with these countries, which is being ratified by the Member States, and I believe that we are all now expecting their accession actually to take place on the scheduled date, 1 January 2007. I am sure that we will all make every effort, that we will all do everything in our power, including Romania and Bulgaria, to make sure that this becomes a reality.

I would like to say today to our new colleagues that we eagerly await their contributions to our debates, and we wish them every success in their parliamentary work.

Nevertheless, ladies and gentlemen, the arrival of our Bulgarian and Romanian colleagues comes at a particularly difficult time for the European Union. On a day-to-day level, the institutions are functioning normally, nothing out of the ordinary is happening in the Union's everyday life; but the European project is suffering an identity crisis which we cannot ignore.

According to some people whom we have heard over recent days, the European Union could do without a vision of its future, and it would be sufficient for the Union simply to improve the functioning of its markets and to carry on enlarging. For some people, that would be sufficient. I believe, however, that the problem is more profound. The problem relates to the political meaning of the European project and its geographical

dimension. Today, both aspects, the political meaning and the geographical dimension, are faced with deadlock and the European Parliament must make an enormous effort in order to help resolve it. Our Institution must contribute in every possible way to resolving this situation.

Ladies and gentlemen, a little more than a year ago I explained to you the priorities for our parliamentary work. Believe me, it would have been difficult for us to imagine back then, in September of last year, what our current circumstances would be. It would have been difficult to imagine the situation we are in today. I therefore believe that we should review what has happened this year and reconsider our objectives for the parliamentary year ahead of us.

Please allow me to ask you collectively which of the things we proposed a year ago have been achieved, and how we are going to approach the parliamentary year now beginning during this critical phase in European integration.

Also a year ago, we were joined by new Members. A year ago we received our fellow Members from the 10 new Member States and at that point we asked ourselves, amidst the joy of reunification, whether we were going to be able to work together, to combine such different parliamentary cultures; whether we were going to be able to rise to the challenge, a challenge unique in the world, of working in twenty different languages, a number which still does not sufficiently reflect the Union's linguistic diversity. I believe that one year later, an intense year in every respect, we can say that this challenge has been met and that the Union's enlarged Parliament is operating satisfactorily. I would like to thank everybody for their contribution in this success.

Also a year ago, I told you that I was determined to resolve the complex and sensitive issue of the Statute of Members. You will remember that everybody agreed that this was a priority, and I was very eager to try to find a solution to it. Well, today we can say: mission accomplished.

Thanks to the invaluable contribution of the Luxembourg Presidency, in July the Council expressed its agreement with the text approved by Parliament, which I will sign next Wednesday. This agreement is very important to our institution, since the absence of such an agreement had been poisoning our public image for a long time.

I would now like to point out to you that, with regard to our operational rules, we must set two objectives: the rules relating to parliamentary assistants and the reform of the financial regulation so that the Union can manage its resources more efficiently. There is broad consensus in this regard. Without prejudice to good management, the Union needs a financial regulation that enables it to operate more efficiently.

We already have a draft that the Commission has communicated to us. I propose that we set the objective that this new financial regulation should enter into force together with the 2007 budget.

A year ago too, we were preparing for the investiture of the new Commission and you will recall that that was a turbulent period. I believe we can say today, however, that the European Parliament has gained in maturity, legitimacy, credibility and public visibility, and also that our cooperation with the Commission rests upon solid foundations.

Following that rocky investiture, we negotiated a framework agreement between Parliament and the Commission. That agreement enables us to make considerable progress in the field of information and democratic control. I am pleased about that too. In application of the agreement, the Conference of Presidents will receive Mr Barroso in two days' time to hear about the proposals that the Commission has announced for this year directly from him.

A year ago too the tragic fate of the Beslan hostages overshadowed our plenary session. At that time I insisted on the need to push ahead with the European area of security and justice, by actively promoting an anti-terrorist strategy. A year on, however, and the barbarism of the terrorists is continuing. London has been the latest victim on European soil, but Iraq is a victim every day.

Today the terrorist threat is greater and it will not disappear for the time being. It will test European society's capacity to tackle it while respecting our democratic values. The balance between freedom and security will therefore be a permanent element in our debate. It was during the last part-session, when we heard Minister Clarke, and it will continue to be so in the future.

Furthermore, we are all aware that terrorism blurs the distinction between internal affairs and external policy and that today, whether we like it or not, it appears to be directly related to immigration problems. We must

therefore combat terrorism together with our neighbours and partners in the Islamic world, in particular in the Mediterranean and the Middle East.

Ladies and gentlemen, allow me to pause here for a moment to tell you that one of the great issues for the future of the European Union is its relationship with the Muslim world. Perhaps the most important issue. I propose that we make use of the Euro-Mediterranean Parliamentary Assembly, which is now being chaired by the European Parliament, to develop this relationship in a positive manner, preventing the terrorist threat and the tensions created by immigration from leading to the Islamophobia that the terrorists would see as their greatest success.

A year ago I also spoke to you about two issues that were fundamental at that time and which today are even more important. I am referring, as you know, to the Constitutional Treaty and the financial perspective. In both cases, Parliament has done what we proposed doing.

With regard to the Constitutional Treaty, we hosted a great debate that ended with majority support for the Treaty. Thirteen countries have ratified it, but the French and Dutch noes have led the Council, as you know, to establish a period of reflection, to which I will refer in a moment.

With regard to the financial perspective, we have been able to draw up an ambitious and reasonable report by means of an ad hoc committee that enabled us to coordinate all the relevant points of view. As a result, our Parliament has a position of its own on the basis of which it can analyse those of the other institutions. We know what we want and we have said it. With regard to our position, we must assess those of the Commission, which we also know, and those of the Council, which we are awaiting, because the Council has not been able to reach an agreement. I very much fear that that was not due to the problems of the Constitution, but to a worrying lack of Community spirit and an increasing devaluation of the idea of European solidarity.

Ladies and gentlemen, we have come this far by following this path. What more must we do from now on and how must we do it?

In my view, the most urgent and most important thing – at least the most urgent – is the financial perspective. It would be good to remember that an agreement in the Council is a necessary, but not sufficient, condition if the Union is to have this multi-annual financial framework.

I have said this to members of the Council on several occasions: an agreement amongst you will be of no use unless it is acceptable to Parliament, because this is an interinstitutional agreement which involves the three Institutions.

I would take this opportunity to urge the Council to do its duty and to reach an agreement during the UK Presidency, because afterwards it will be too late, or much more complicated.

From the brilliant speech with which it began its term in office, it appeared that the UK Presidency had ideas for achieving an agreement on a better structure for Community spending. The European Parliament would point out that it is urgent to turn these ideas into reality.

In the meantime, we must continue to work on the legislative programmes. I am aware that drawing up these programmes without knowing what resources are allocated to each spending programme complicates our work, but it does not make it impossible. I must inform you that the Commission and the Council have insisted that we continue to work on these legislative programmes, because they are essential to the implementation of the 2007 budget. Over the coming days, the Conference of Presidents will have to decide how to do it and call upon the competent committees to act in a coordinated fashion in accordance with their guidelines.

Ladies and gentlemen – if I may speak more formally for a moment, while the British Prime Minister is here, and I thank him for his dedication to Parliament – the Union needs the financial perspective for 2007-2013. However, something that it needs even more than that, something that is essential to the Union, is a budget that can be implemented from 1 January 2007. Not to have one would be a serious problem.

From now on, therefore, we must anticipate the possibility that we may have to begin to draw up the 2007 annual budget before there is an agreement on the financial perspective. That possibility exists. From now on I would like to assure you that Parliament will do its duty, as laid down in the Treaties, in order to guarantee that, with or without a financial perspective, the Union has a budget that can be implemented for 2007.

It would be a novel situation, but if it arose we should face it in our proper democratic fashion. Then we have the other great fundamental issue: the future of the Union and its relationship with the Constitutional Treaty.

As you know, the Council has agreed to a period of reflection until next spring; and that is what it is, a period of reflection. It is not a pause, a word which you will note does not appear anywhere in the Council's conclusions. It did, but it is not in the final conclusions. In fact, other countries have continued their ratification processes since that Council, including, by referendum, Luxembourg.

It is clear, however, that, while we reflect, for some time we are going to carry on working with what we have: the Treaty of Nice. There is no crisis of day-to-day operation. There is no legal vacuum. That is an obvious thing to say, but in politics it sometimes makes sense to state the obvious. There is good reason for pointing this out because I am going on to say that the future problems that the Constitutional Treaty was intended to resolve remain. Those problems are still there.

Resolving the Union's institutional problems is not a merely cosmetic issue. We need institutions that are appropriately designed so that they operate effectively.

Everybody can now see that there was, and there remains, no plan B as an alternative to the Constitutional Treaty. There is no plan B, but amongst all of us we have coined a plan D: 'D' for democracy and debate. It is precisely democracy and debate that define the essence of a Parliament.

This Parliament, therefore, in which the last great democratic debate on the Union took place with speeches by Mr Juncker and Mr Blair, this Parliament which witnessed that great moment of parliamentary democracy, must continue in this direction and – why not? – urge the Heads of State or Government of the countries in which the results of the referenda were particularly significant to continue that debate which was started so brilliantly.

Furthermore, the Committee on Constitutional Affairs is in the process of drawing up a report on this period of reflection and will subsequently present its proposals to us.

Ladies and gentlemen, you will remember that a year ago I believed that the ratifications were going to be a decisive time for talking to the Europeans about Europe. A great opportunity to talk to the Europeans about Europe, I said, but the truth is that I never thought that it would be *such* an opportunity to talk to the Europeans about Europe.

After what has happened, we must promote a great conversation amongst Europeans throughout Europe, a decentralised conversation of course, in cooperation with the national Parliaments of course, but also involving the views of the whole of civil society. We have enough time. Let us do it, perhaps less passionately than during the referendum campaigns, but with more and better information.

I have just received a letter from President Barroso, and I have held working meetings with the Vice-President, who is here at the moment, in which he proposes that we work together in this field. We are going to do so, of course, both with the Commission and with the Council, because we are all convinced that the Europe we are going to construct will be neither technocratic nor bureaucratic and Parliament must therefore fully demonstrate its *raison d'être*.

Please allow me now to return to our legislative work. I believe that our results are positive. We must, however, place more emphasis on the added value that Europe offers the Europeans and we will have the opportunity to do so when we debate the REACH Directive – the type of directive, incidentally, that the Commission says it will never again send – and the directives on services, working time, air safety and railways.

Then there are security and justice matters, and also Turkey, because a year ago we proposed giving our opinion on Turkey. We did so.

Our position had a definite political impact. This Wednesday we will once again study the situation on the eve of the start of the negotiations. We are undoubtedly at an historic moment, and Parliament will have to give its opinion on the Protocol to the EU-Turkey Association Agreement, which has led to the problems of which we are all aware and which the UK Presidency is working to resolve.

Ladies and gentlemen, this Parliament has an essential role to play in terms of defining the balance between liberty and security in the fight against terrorism. If Europe has to have an anti-terrorist policy that redefines the relationship between freedom and security, this Parliament must be fully involved.

That was laid down in the Constitutional Treaty, with significant advances in terms of our Parliament's role in this field. Without a Constitutional Treaty, however, it is a positive sign that at the last informal Council of Home Affairs Ministers, the Council and the Commission agreed that Parliament should participate fully in the definition of this balance. If that is the case, and I hope that it is, I believe that it would be an excellent demonstration of cooperation amongst the three Institutions and the best way to define an anti-terrorist policy that is fully accepted by European society.

I would like finally to refer to the issue of quality and the relevance of European legislation. What legislation we produce, its quality, the issues it deals with, its relevance, how good it is: 'better regulation' is a fashionable issue. It is not a new issue: every Commission states that it wants to simplify the *acquis communautaire*. I believe that this is the third time, at least, that a Commission has said that that is what is going to happen.

As far as the present situation is concerned, the President of the Commission has recently stated that he intends to withdraw several dozen legislative proposals. From a procedural point of view, I have reminded the Commission of its obligation, according to our Framework Agreement, to inform Parliament before withdrawing those proposals and to do so without treating this obligation to inform merely as a meaningless formality. We do not yet know which texts they are – I am sure that President Barroso will tell us – but I must point out right now that, depending on the stage they are at in their passage through the Council and Parliament, their withdrawal could raise legal problems, which Parliament would like to resolve in a positive fashion. That is what I have to say with regard to procedure.

With regard to content, it is true that the European Union sometimes deals with many issues in great detail. As well as trying not to legislate in excessive detail, however, it would also be good to consider the question of whether the European building is not lacking certain main beams that are needed to ensure the solidity of the whole structure. There is no question that measures are needed to simplify legislation, to assess its impact and to analyse how texts are transposed. I am told, for example, that there are currently 56 directives regulating the labelling of products. If it is true that there are 56 directives regulating the labelling of products in Europe, then that batch of legislation should be consolidated.

In that respect, the UK Presidency has called an extraordinary Summit for the end of October, at which I will have the honour of representing our Institution, whose participation has been increasing, and I believe that that is something we should be pleased about.

We do not yet know the agenda for that Summit, but there is no doubt that the issue of the famous European social model will be one of the main issues being debated. That social model, which for some people does not exist and for others takes many forms, is a priority issue for our debate, because it represents no less than the debate on European society's response to economic globalisation. This is absolutely fundamental to the future of our society.

The work of our committees will be very important for that, as will the debate that we will hold in plenary in the presence of the British Prime Minister, who will come here to hold a debate with Parliament on the eve of the Summit.

Furthermore, I must tell you that throughout all my journeys this year I have noticed that the Union's foreign policy has ceased to be exclusively the domain of the governments; that on all my trips to non-EU countries I have noted that parliamentary diplomacy is increasing in maturity and responsibility, in particular thanks to the excellent cooperation with the Council and the Commission. I must also tell you that everywhere I go I am told that Europe is needed and I often hear the complaint that its presence is insufficient. Perhaps non-Europeans feel the need for Europe more than we do ourselves.

Ladies and gentlemen, when analysing the democracy that was emerging in the United States, a democracy like the one we intend to create, a supranational democracy, Alexis de Tocqueville said that nations, like men, only reach a greater destiny through dialogue and political debate. I would like to urge you to bring this spirit alive in the debate on the future of Europe, in our respective States and in the European Institutions.

(Applause)

Hans-Gert Poettering, *on behalf of the PPE-DE Group.* – (DE) Mr President, ladies and gentlemen, I would like to start by extending, on behalf of our group, a warm welcome to our friends from Bulgaria and Romania and to assure them that we look forward to what will be a process of mutual learning. Those of us who are already in this House will have a lot to learn from Bulgaria and Romania on how matters progress on those fronts, while they, our new observers, will have much to learn from the way we work. An understanding attitude on the part of both sides will bring us successes in which we can all share.

You, Mr President, made reference to an identity crisis, and I welcome the opportunity that your speech gives us to take inventory today. You also made reference to the Constitution. I am convinced in the depths of my being that the only way we can respond to this identity crisis in which we in Europe find ourselves is if we succeed in expressing the values that unite us – even across party political boundary lines – in the shape of European constitutional law. It is for that reason that our Constitution – and I am thinking particularly of its second part in which these values are described – must not be set aside, but must remain on the agenda, for the fact is that we need these values, and it is on them that our common future depends. It is for that reason that the negative response from France and the Netherlands must not be allowed to be the last word. We must of course set the right timeframe and be discriminating in deciding when to move forward, and so we need to join with the Commission in considering this. Neither of us must allow the impression to be given that the Constitution is in some sense no longer on the agenda; even now, we are giving thought to how to give tangible form to this Constitution and its essential elements.

I also think it would be a good idea – and I believe that the President is thinking along similar lines – if we were, from time to time, irrespective of which country currently holds the presidency of the European Union, to invite to this House Heads of Government for the purpose of engaging with them in a debate on the future of Europe.

We are of course perturbed to learn that many members of the public regard this Europe of ours as a very distant thing. There is no doubt, Vice-President Wallström, that this is in part a public relations matter, and, as such, one of your responsibilities, but it is in essence about the legislative work that we do, and so let me say on behalf of our group that the Commission's approach – that we make fewer laws – is, in principle, the right one. What we do, though, must be good; it must be 'better lawmaking'. The Commission is approaching things from the right angle, but I urge you not to circumvent the procedures agreed in the Interinstitutional Agreement, for that is to go down a blind alley. While we can go along with the substance of what you want, I very strongly recommend that you stick to the procedures for consultation with the European Parliament before you pass formal resolutions. If you want to come to a decision as early as this coming Tuesday, it is not enough that Commissioner Verheugen – and I have no idea why it should be him – should unofficially inform the groups today; what is needed instead is constructive institutional exchange between the Commission and the European Parliament.

One of the most important matters to be considered will be, no doubt, the competitiveness of Europe. We agree with Mr Barroso that the debate on the Constitution must not be allowed to distract us from this issue, which, along with the question of how we construct a social Europe, is at the heart of everything. We also need to engage in closer dialogue with the parliaments at the national level, for division between us and them would be a tragedy for the European Union. If we want to lead the European Union into a bright future, we will have to seek ways of doing so together.

I would also like – and with this I shall close, not least because I see that the Deputy Prime Minister is here in his capacity as President-in-Office of the Council – to address the issue of how we should proceed as regards data and the combating of terrorism. We have heard that there are governments that want to deal with this only by enacting framework resolutions, which amounts to excluding the European Parliament. The British Home Secretary, Mr Clarke, has said that the UK Presidency of the Council is prepared to involve this House if we manage to come up with something definite within a reasonable period of time. Speaking on behalf of our group, I can tell him that that is what we want to do, as terrorism needs to be combated. I can assure you of that. We also, however, want Parliament involved in order that there may be a proper legislative framework, and in order that it is not brought into being by the national governments alone. It is with this in mind that I hope that the Council, the Commission and we in this Parliament will work together well, for if we do not, this European Union will find itself in still greater difficulties. We are working together for the future of the European Union, and it is a matter of shared obligation that we do so.

(Applause)

Martin Schulz, *on behalf of the PSE Group*. – (DE) Mr President, many thanks for what you said about the general direction of our work over the coming year. I extend a warm welcome to our friends from Romania and Bulgaria, no matter what their political allegiance: a particularly warm welcome to those who belong to my own group, but a welcome nonetheless to those of differing views, coupled with the hope that we will work well together in this House for the good of the European Union. What I also ask of them is that they work hard and debate hard in this House, for the European Union has need of that too.

It is in this Parliament that European democracy happens, so let me pick up what my good friend Mr Poettering said. I do indeed share his view that we cannot accept the Commission's way of passing information around,

which involves it, through the medium of Commissioner Verheugen, telling the *Frankfurter Allgemeine Zeitung* what it wants to withdraw, followed by Mr Barroso, the following day, telling the international press what he is withdrawing, so that Parliament has, to this day, not been officially informed, even though the Commission is obliged to do so by the Interinstitutional Agreement.

Parliament is surely entitled, though, to know what is going on in the secret corridors of power in this building. One opportunity to tell it would have been last Thursday in the Conference of Presidents, when Mr Barroso could have done the job. He was, of course, invited, but said he could not be there. I was then told that the reason why he would not be there was that Mr Poettering was not there. Well, I said, there you go: if Mr Poettering is not there, then there is no point! Looking at the newspapers today, I now learn where Mr Barroso was last Thursday, when his absence was unavoidable. The Chairman of the Group of the European People's Party (Christian Democrats) and European Democrats may well get worked up about our not being informed, but we could have been last Thursday, had not Mr Poettering, together with President Barroso, been attending an event in Lisbon staged by the European People's Party's think-tanks. You should not go complaining to the Commission if it is you yourself who ensure that the appointments intended for us to be informed cannot be kept.

I am not aiming these remarks at Mr Poettering, for that is not his job. I have some sympathy for him, but none for the President of the Commission. Commissioner Wallström, you can tell Mr Barroso from me that I will not accept a situation in which the President of the Commission tells the international press what he intends to do, but not the European Parliament. That is unacceptable!

Nor can I see it as acceptable that a President of the Commission, should, in a press conference on the occasion of his return from holiday – which must have been a long one, for I have heard nothing from him for a long time – say that there was no point in concentrating on the Constitution, which was going to be a long time coming anyway, and that now was the time for us to focus on something else: that from someone whose task it is to contend for this same Constitution!

I really do wonder what the President of the Commission's attitude is towards those states that actually have ratified the Constitution, or towards those currently in the process of doing so. What are they, faced with a Commission President such as this one, actually meant to think?

I have no quibble with the substance of this; it is indeed the case that we have to make a better job of making laws, and that superfluous ones need to be withdrawn. With that I wholeheartedly agree, but let me make it abundantly clear, Mr President, that the work programme you have announced for the coming year cannot be gone through in the same way as its predecessors. It is all about cooperation between the European institutions, between the Commission and Parliament in particular, but what I then expect of the Commission is that it should meet Parliament halfway and make Parliament – rather than a press conference or the Commission's briefings in Brussels – the venue for debate about the future of Europe.

That is the only way that we will reach any sort of agreement, not least on the Financial Perspective. Let me just remind you that, between Parliament's figures – our proposals, in other words – and those that the Summit failed to adopt, by which I mean the 1.07% compromise that was on the table there, there is a gulf of several billions, but between the demands the Commission makes on the Financial Perspective and what the Council actually wants there is a yawning chasm amounting to double that amount again. Any President of the Commission who wanted to implement his own ambitious programme ought, after the failure of the Financial Perspective, to have made a scene about it and denounced it as a road to ruin for the European Union!

What I am criticising, Mr President, is the Commission's far too lengthy absence from the debate on the Financial Perspective and the Constitution. While wholeheartedly endorsing your proposals, we also hope that the Commission – and its President in particular – will soon get back on the playing field.

(Applause)

Graham Watson, on behalf of the ALDE Group. – Mr President, on behalf of my Group, I would like to welcome President-in-Office Prescott, clearly keener to enjoy the company of former colleagues than to join his party's bean feast in Brighton.

I, too, welcome our new friends from Romania and Bulgaria. I am sorry that they join us at a less than happy time. Europe is in the doldrums: its Constitution has suffered a setback, its budget in stalemate, its economy stagnating. It seeks a fresh breeze to lift its sails.

Previously, Parliaments looked to the Commission to take the lead: as the guardian of the Treaties; as the motor of integration, the initiator of ideas. This Parliament must challenge the Member States. Is Germany ready to reform? Will Italy deal with its deficit? Will Tony Blair back up his fine words with full British participation in Europe's projects? And will Paris and The Hague show leadership of their people? Now more than ever, Parliament and Commission must work together to rescue the European project, to unite the Union.

Five years ago in Lisbon, the Member States agreed an agenda. Five months ago in Brussels, the Commission set out a new strategy for jobs and growth. How many weeks must we wait for consensus in the Council, and when we reach consensus, for the courage to carry it through?

We have read of a bonfire of regulations, doubtless long overdue. But permit me a word on process. Better enforcement of laws: that is for the Commission and the Court. Fewer, more focused new laws: that is for the Commission, too. But decisions to scrap directives and to improve scrappy directives are a process involving Parliament, and we expect a say in withdrawing or re-writing laws.

(Applause)

Commissioner Wallström, our involvement is your accountability. Our approval is your legitimacy.

I fear you will not agree the budget under Britain's Presidency. But use your public tour of Europe, together with Mr Barroso, to get agreement in national capitals for the financing the Union needs. We need more champions like Airbus. We will not have those with a cap of 1%. We need to invest in upskilling; to provide for lifelong learning; to boost research and development – no way on 1%. Commissioner Wallström, do now the tour you should have done in June. Set the agenda or the Member States will set it for you.

Europe's Constitution bears fine signatures of presidents and prime ministers. Yet some of our citizens declined to sign it off. Arguably the recipe is not quite right. Possibly, people suspect it was signed in bad faith. Certainly its signatories show precious little respect for the institutions they have established. For the present, it is in cold storage. So, yes, Mr Barroso, let us get the politics right, and getting them right probably means getting them centre.

But, where the Constitution is concerned, do not rush to perform the burial rites. To paraphrase Mark Twain, rumours of its death may be exaggerated. Let us use this period of reflection to call Chirac and Balkenende before this House to tell us how they propose to proceed; hold hearings with those who have not yet ratified; confront the Member States with their responsibilities. Together, let us show that our Union meets the needs of its people: enhancing security without threatening liberty; building the foundation for jobs without undermining solidarity; gaining EU added value without diminishing identity. If this is our agenda, some time from now our institutions and our institutional plans should once again command from our citizens the support and dedication they deserve.

(Applause)

Daniel Marc Cohn-Bendit, *on behalf of the Verts/ALE Group.* – (FR) Mr President, ladies and gentlemen from Romania and Bulgaria, everybody has warmly welcomed you, our group warmly welcomes you and, as you can see, you have arrived at just the right time. Your situation is, in fact, peculiar. This Parliament is clearly furious, or at any rate is if we are to believe the group chairmen who have voiced their opinion against the Commission, against such and such a person.

Mr Borrell, you said that the moment Mr Blair spoke in this House was a great moment for democracy. What happened? He gave a speech, he left and since then the Presidency has gone quiet. 'They' no longer exist at all, we do not know what 'they' do: this is not a great moment for democracy.

(He turned towards Mr Watson, who asked him: 'What about the French Presidency?')

We are not talking here about the French Presidency; for the time being, we have a UK Presidency. There is a UK Presidency, it should preside over matters and it is not doing so. We are therefore entitled, as Parliament, to point out that it is doing nothing. That is the least a Parliament can do. Full stop.

I would like, at this point, to make a very simple remark. If Mr Barroso thinks this or that about the Constitution, let him come and say so to Parliament. We will debate it with him and we will give him a dressing-down. Let him come and speak about the Constitution to Parliament. If Mr Barroso believes that laws exist that should be withdrawn, let him come and say so! Moreover, on this issue, Mr Poettering, you cannot say that, as regards the content, you agree with Mr Barroso: we do not know what Mr Barroso wants.

You can say that, as regards the format, you agree, but personally speaking, as regards the content, I do not know what the Commission wants to do.

With regard to better regulation, let us take the example of Mrs Reding, who wants to create European television, television in the style of Mr Berlusconi, with advertising everywhere. Is that better regulation? No, it is worse regulation and we do not want it. We know what its content is. Let Mrs Reding come and propose her new directive on television, and you will see that what the Commission wants will never gain majority support in this House.

Matters are therefore very straightforward. The Commission makes proposals and formulates ideas. It goes into recess, it asks itself some serious questions, it returns and it formulates ideas. Let it come to Parliament to present its ideas. When we have a directive, we put it to the vote: it is accepted or it is not accepted. When we want to withdraw a directive, we vote on the proposal: it is accepted or it is not accepted.

We take things one by one and whether it is a question of better regulation, of neoliberal regulation, of socialist regulation or of no regulation at all, what matters is the content.

I have had enough of those people who continually make proposals in the European area without knowing whom to address themselves to. We want a Commission that is a Commission proposing European laws. We want a Parliament. We want a Council that looks after its affairs. When there is a Presidency, let it preside over matters without other distractions. If Mr Blair likes to play cricket and drink tea, then that is his choice but, as President, he has other matters to attend to. He has to make proposals so that Europe moves forward and, for the time being, Europe is not moving forward, and it is because of this Presidency.

(Applause)

Francis Wurtz, *on behalf of the GUE/NGL Group*. – (FR) Mr President, Mr Prescott, Mrs Wallström, together with my group, I gladly endorse all the words of welcome that have just been addressed to the observers from Romania and Bulgaria. If we do not want our words of welcome to be mere lip service, however, we must have the courage to accept all the implications of our choices. The now fast-approaching prospect – for which my group has, moreover, given its full support – of these two countries entering the European Union in fact only makes a genuine change in direction for the EU's economic, monetary, budgetary, fiscal and trade policy all the more urgent and decisive. With 15 Member States, this was necessary; with 25 or 27 Member States, this becomes essential.

Mr President, you have spoken of an identity crisis. I believe you are right. To overcome it, political choices have to take precedence over market requirements, because if, in the name of international competition, we are content with adapting ourselves to globalisation as it is today, then there is quite simply no room either for social issues or for solidarity. With the mass unemployment, rapid growth in job insecurity, large-scale poverty and glaring inequalities that we are experiencing, it would be politically irresponsible and socially explosive to remain with set ideas about free competition, restrictions on public spending, social and fiscal dumping and, the icing on the cake, miserly budgets. As the elected representatives of our fellow citizens, we have a duty to bear witness to the profound uneasiness that, in one form or another, is being expressed throughout the whole of Europe. What can Parliament undertake to do in the coming months to send out to Europeans the positive signals they are waiting for? I would put forward three proposals.

Firstly, we are going to be judged on our votes on a whole range of draft directives. As of this week, the one aimed at totally liberalising rail transport and, in the next few weeks, the deeply symbolic Bolkestein Directive, which Mr Barroso has been very careful not to throw out with the others. These will be followed by the texts on regional transport, port services and working time, without forgetting the opinions that we will have to provide on the negotiations at the WTO and, in particular, on the General Agreement on Trade in Services. If we want to satisfy expectations, we would be wise, in each case, to adopt a clearly anti-liberal and very demanding stance on public services.

Secondly, we should take a number of significant political initiatives on major issues of civilisation. One single example: war and peace. In order to express our rejection of war, and particularly of the involvement of EU countries in such a venture, let us invite to Parliament Mrs Cindy Sheehan, the mother of a US soldier killed in Iraq, whose cry of pain, truth and humanity is moving opinion on both sides of the Atlantic.

Thirdly and finally, and in conjunction with the first two areas, let us contribute to giving our fellow citizens their freedom of speech. Let us organise debates by all means, but let us make them genuine, uncensored debates in the 27 Member States of the enlarged Union on what ought to change in the Union in order to breathe life back into the European dream.

Nigel Farage, *on behalf of the IND/DEM Group*. – Mr President, I welcome our friends from Bulgaria and Romania. They will be warmly received by this ever-expanding European empire.

I would say this to them: although you are not elected, you will be treated as full members of the European political elite. You will be entitled to the very generous daily allowance; you will find the chauffeur service at your disposal; there will be an endless round of breakfasts, lunches, dinners and drinks receptions. After all that, with your expanded waistlines, the plan is that you go back to your home countries and tell people that all is well with this club that you have agreed to join.

As Marx said – and I mean Groucho Marx, not Karl Marx – ‘I wouldn’t join any club that would have me as a member’. As far as the EU is concerned that is pretty sound advice, because this is a club whose accounts have not been signed off for the last ten years. This is a club, as you heard from the group leaders earlier, that is treating the voters of France and the Netherlands with absolute contempt as it tries to impose the provisions of a Constitution that should be dead. It is a club that will take away your very rights to govern yourselves and, sadly, is increasingly beginning to resemble the very political system from which you have just escaped. You will hear barracking from those who live on this European Union and who earn far more here than they would ever be worth in the commercial world.

You are here as observers, so just have a look around. What are we doing here today? What a nonsense that we are spending EUR 200 million a year of taxpayers’ money on the monthly jaunt to Strasbourg. Have a look tomorrow and on Wednesday and Thursday at the absolutely farcical voting system here and realise that whatever Mr Barroso said last week about deregulation, less regulation and the sixty legislative acts they intend to withdraw, there have been some 2 000 legislative instruments passed in the short period since 1 July, when the British took over the Presidency of the Council.

Please look and go back and tell your people the truth. The ten Member States that joined last year all had referendums in their countries. I understand there is no intention to hold referendums in Romania and Bulgaria. Do not those people deserve the chance at least to vote in a referendum and have a debate? Would it not be a huge, historic mistake to railroad those people into this failing European Union without first telling them the truth? The British people were lied to 30 years ago about this European club. Your people deserve better than that.

(Applause from the IND/DEM Group)

Brian Crowley, *on behalf of the UEN Group*. – Mr President, I would like to thank Deputy Prime Minister Prescott and Commissioner Wallström for their presence here today. I would also like to thank Mr Cohn-Bendit for devoting so much attention to me, as always.

What we have seen here today is the ability of an institution such as ours to raise our voices in grave concern and yet come up with no solution. Because, ultimately, if we really want to respond to what is occurring in the European Union of today, we must first recognise that, whatever crisis we may perceive, the people out there do not see it as a crisis. For 90% of the people, the European Union does not represent a positive image of relevance to them. It is seen as being interfering, over-burdensome, over-arching and, indeed, uncaring when it comes people’s everyday concerns.

It is important to be realistic when we consider the number of issues that our organisation can address within its rules. I heard talk here today of how wrong it was of President Barroso to mention that the Commission was going to drop ‘x’ number of directives, or that it was going to reduce the number of directives in force. The President of our own Parliament said here today that there are 56 different directives dealing with the sale and production of goods for supply and for services. There are 16 individual directives dealing with the purchase, marketing and presentation of fertiliser for sale. Surely, they can all be brought into a single directive. Maybe there is a difference in language and interpretation and that what the President of the Commission meant to say was consolidation, or codification, which happens in every single government.

There is no reason why every single institution should not take a hard look at itself to determine what the most important issues to be tackled are and how legislation can be improved and made more relevant to the people.

The challenges facing us today are not about the distant future, or even the failed ideologies of the past. The challenges for us today are to ensure that we can create a proper structure for Europe in the 21st century. Funding is a core issue and there must be agreement on the financial perspective. Member States must make a payment towards the central budget to ensure that we can assist those countries most in need, and to ensure that we can continue to drive forward Europe as a dynamic, innovative and creative centre.

We must also try to ensure that, in so doing, we do not throw out the baby with the bathwater. There have been those who in the recent past have sought to link the common agricultural policy to the financial perspective. That was a mistake and it is to be hoped that there will now be a retreat from that position. Likewise it is important that we in this Parliament view our role responsibly and that, when we do not like or agree with legislation, we do not flunk the decision – as we did with the computer-implemented inventions directive, as we are trying to do with the services directive, and as we have done with many other proposed directives in the past. Our role as legislators is to legislate. That requires tough decisions. That means that there will be differences between us in this House. Those differences are not of a personal nature, but in what we see as the best vision for the future.

Finally, when we speak about an area of freedom, security and justice, it is justice which must be first and foremost among those aims and ideals, because, unless we can guarantee people that their individual rights and freedoms are protected, then we will have failed in our first duty as legislators, namely, to ensure that the laws that we pass not only protect the common good, but do not adversely affect the minority.

Jean-Marie Le Pen (NI). – (FR) Mr President, ladies and gentlemen, last but not least I would like to take my turn in welcoming our new colleagues from Romania and Bulgaria. They will, I hope, restore to the French language and culture a little of the lustre it has lost here as successive enlargements have taken place, in particular with the accession of countries from Northern Europe and Central and Eastern Europe. I am not forgetting notable exceptions such as our late fellow Member from Poland, Filip Adwent.

I welcome, in particular, our five colleagues and friends from the Romania Mare party in the great country of Romania and our Bulgarian colleague from the Attack party. They have come as observers to the European Parliament at a time when Turkey, on 3 October 2005, will be starting its accession talks, even though its accession was one of the reasons why the Constitution was rejected, and without it having acknowledged the Republic of Cyprus and, furthermore, without it wanting to do so. I believe that, with 10% of its population of Turkish origin, Bulgaria is particularly sensitive to this major event.

May our colleagues know that they can count on our support in the European Parliament to defend the Europe of our native lands in the face of destructive globalisation and the flood of migrants. I note with interest the death knell that Mr Barroso, President of the European Commission, has just sounded to the defunct European Constitution. As a rational democrat, he has learned lessons from the French and Dutch referenda and scrapped this freedom-annihilating text. For once, law comes close to morality. The people's opinion is superior to that of the technocrats, in spite of the various kinds of pressure being exerted by the great professional consciences.

As regards the financial perspectives for 2007-2013, the Franco-British battle over the rebate and the CAP budget is in danger of continuing unless the Community budget is increased beyond 1% of GDP to meet the needs of the CEECs. On that issue, we will denounce any withdrawal or climb-down from Mr Chirac and the French Government regarding the CAP. As loyal allies of the Americans, the British have but two objectives during their six-month Presidency: to get Turkey's accession under way and to ensure that the much-vaunted 'Bolkestein' Directive on services is adopted. We will oppose them both.

Mr Chirac addressed the European Commission, quite shamelessly, to request its intervention in the Hewlett Packard affair, with its 1 240 compulsory redundancies. He publicly humiliated himself and France along with him. It is not up to the Commission, in fact, to intervene in the internal management of businesses. It is only natural that methods of protecting French economic and social interests should be decided in Paris and not in Brussels and Geneva.

Only the 2007 French presidential election, coming in the wake of the bombshell events of 29 May 2005, will mark the genuine break with Euro-internationalism and the spirit of renunciation. It is a break that all genuine Europeans are waiting for. This will be the return to national ideas and to economic patriotism in the service of the people. Having the formidable privilege of precedence, I believe I can be the most convincing spokesperson on this matter in France and in Europe.

Margot Wallström, Vice-President of the Commission. Mr President, let me begin by joining President Borrell and others who have welcomed our friends from Bulgaria and Romania as observers. This will be a very important step towards helping the final preparations for membership. The Commission will continue to actively assist your efforts and we look forward to working with you. Let me also add that I have followed the reports about the floods and their effects in your countries during the summer. I hope you are aware of the solidarity we feel and know that we will respond to any requests for assistance you may have.

I wish to make two comments, firstly on the Constitution, because it is important for everybody to see the role of the Commission in this matter. From the very beginning, the Commission not only supported the Constitution, but was also actively involved in the work of the Convention. This was discussed every week at the Commission. We continue to support the Constitution. We all agree that it might not be a perfect document, but we support it and we have worked actively on it.

After the negative referendums in France and the Netherlands, we all know it is unlikely that the Constitution will be ratified by all Member States in the foreseeable future. That does not mean that we will not continue to work actively on the political agenda in order to deliver concrete results for the citizens of Europe. The Commission will continue to ensure that we work on our political priorities and deliver on them. We must also use this period of reflection to engage in a dialogue with citizens. This is the only way to ensure that we can gain their full support for a new Constitution. We want to find a common understanding with Member States on the way forward, with the help of the European Parliament. That is why even before the summer we started to draw up what we call 'Plan D' for debate, dialogue and democracy. At our seminar last week, we discussed a number of very concrete ideas on how we could engage in that kind of dialogue with Member States. It has to be a very broad agenda aimed at continuing the dialogue beyond the lifetime of the current Commission or Parliament. This is not only a rescue operation for the Constitution, but must also be a new way of engaging with citizens. President Barroso and I will present our preliminary ideas on this Plan D to the Conference of Presidents on Wednesday. A communication to the Council and Parliament is also being prepared and I hope that a formal version of this will be ready later this week to give you an opportunity to react to it.

Last week President Barroso sent a letter to President Borrell proposing that we identify initiatives where the Commission and Parliament could cooperate and also that our respective services meet as soon as possible to discuss such initiatives.

The best way to overcome the current crisis is to convince Europeans of the relevance of Europe. Therefore, our primary concern is to deliver on our policy priorities. Our objectives of prosperity, solidarity and security are still valid and indeed are more relevant than ever. They are in tune with what people in Europe want when we ask them through the Euro-barometer polls – more and better jobs; preserving social and territorial cohesion; managing the earth's resources in a sustainable way; and reinforcing security in Europe and the world as a whole.

Secondly, on the subject of better regulation, I first of all want to thank Parliament for its cooperation on the signing of a new framework agreement. Since this is my responsibility, I will be taking great care to make sure that we abide by the framework agreement. That is why I have studied the events which prompted criticism and unease on the part of Members of Parliament over the question of better regulation.

Better regulation has been on the agenda of our institutions for a long time. Since 2003, we have been working together on better law-making. An interinstitutional agreement was signed that year, aimed at simplifying and improving Community regulation.

This Commission made a renewed and strong commitment to better regulation at the beginning of its mandate, and better regulation at all levels has also become a central plank of the revised Lisbon Strategy. My colleague, Mr Verheugen, has kept this House regularly informed about the Commission's approach and, having looked at the calendar, I see that there have been at least ten occasions, including the preliminary hearings, on which this House has been informed about the agenda on better regulation, in addition to the general information provided in interviews and on other occasions.

It is a three-pillar approach which includes: screening of pending legislation with a view to withdrawing proposals which do not meet the criteria; the simplification exercise; and the upgrading of methods for preparing new legislative proposals, including impact assessments.

Tomorrow, the Commission will discuss and endorse the results of the screening exercise and put forward the list of legislative proposals it considers should be withdrawn. It is the first time that the whole college has had the opportunity to decide on that. It has been a thorough and extensive exercise and we propose to withdraw about one-third of the 183 pending proposals. This will be done in full respect of the relevant provisions of the revised framework agreement. Pursuant to Article 12 of the framework agreement, Commissioner Verheugen will submit our proposal to Parliament before it is made public – it will be presented here in full tomorrow, immediately after the Commission has discussed it.

With reference to Article 32 of the framework agreement, our proposal, which is a political decision at this stage, is intended as prior notification to the other institutions and, in line with established practice, the legal act of withdrawal will be taken in three months' time. This exercise has been long announced and the Commission has been open both on the methods and the objectives. We do not believe that any of the statements released to the press by individual Commissioners or by the President can be seen as undermining the prerogative of the Commission to act as a college or the commitments made to the other institutions. If you wish, I can provide the full list, detailing the series of occasions when these proposals were presented to this House in different forums – whether in the committees or in the form of decisions.

I accept that there is always scope for improving communication and trust between our two institutions. I would like to reaffirm my personal commitment to keeping this objective high on the Commission agenda. I shall not miss any opportunity to remind colleagues that it is here that proposals should first be presented.

(Applause)

President. Thank you very much, Mrs Wallström.

Mrs Berès has requested the floor. Please tell me which Rule of the Rules of Procedure you are invoking.

Pervenche Berès (PSE). – *(FR)* Mr President, I would like to speak about the organisation of the agenda simply in order to draw your attention to our method of working. I regret that a legislative text of absolutely crucial importance to the funding of our economy – which is, I repeat, a legislative text – should be included in today's agenda only as from 7.30 p.m. I believe that it should have been scheduled for another day and another time. I understand the importance of these moments to pause for breath and to conduct political debates, but I believe that it is also important for our Parliament to treat its legislative work in a reasonable fashion.

President. Thank you for your comment on the way we carry out our work, but we can only follow the order of business that we have adopted.

The debate is closed.

IN THE CHAIR: MR MAURO

Vice-President

12. One-minute speeches on matters of political importance

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

Marianne Thyssen (PPE-DE). – *(NL)* Mr President, today is European Day of Languages. We are celebrating the language diversity that is part of our cultural heritage and makes for a richer society. Even as a young girl, I knew the following proverb: 'The number of languages you speak is the number of times you are human'. This proverb also appears to be known on the Commission website where Commissioner Figel' makes a statement. That should encourage this House to give maximum support to sound programmes that promote the teaching of languages to as many people as possible.

We in this House should, however, also realise that compliance with internal rules in the area of language diversity is an expression of respect for each human being and contributes to our institution's democratic functioning. That is why I think it important, even though I do not have much time available to me, to draw your special attention to two issues.

First of all, we must continue to make every effort in order to give all those who work in our House, Members and officials, the opportunity of attending language courses and secondly, you must encourage our officials to continue to respect our internal language rules to the letter and spirit. Whatever we do, we must not slip into the example the Council has given us, in the light of ... *(the President cut off the speaker)*

Catherine Stihler (PSE). – Mr President, public transport is important to all our local communities. In Scotland, ferries provide an essential service to some of the European Union's most peripheral and vulnerable communities. This week I will be welcoming a delegation representing the CalMac trade unions to the European Parliament, who will be meeting the transport Commissioner on Wednesday.

Presently these ferry services are being put out to tender in communities where they are the sole mode of transport connecting island communities to the mainland. Under the latest Commission proposals for land transport public service obligations, public administrations will be given flexibility over tendering processes and will be able to award certain services to in-house operators directly. Why, then, are lifeline ferries being treated differently to trains, trams and metros? There are no trains, trams and metros in Scotland's peripheral island communities. The position of the Commission would appear to be contradictory and I urge the Commission to clarify its position. Lifeline ferry services are too important to be ignored.

Sophia in 't Veld (ALDE). – Mr President, I would like to share with you my concern about yet another example of a shocking homophobic speech in one of the national parliaments of an EU Member State. In this case we are talking about the Parliament of Latvia, which is discussing the implementation of Article 13 – on European anti-discrimination legislation – as well as a proposed constitutional ban on same-sex marriages. I note that not even George Bush dares go that far.

I would like to appeal to our colleagues in the Latvian Parliament to conduct their debate with dignity, to condemn hate speeches and to remember that Latvia, like the other Member States, has signed up to the Charter of Fundamental Rights. It has also ratified the EU Constitution, which forbids discrimination on grounds of sexual orientation.

Mary Lou McDonald (GUE/NGL). – Mr President, colleagues, as you may already be aware, the Irish Republican Army has taken another initiative to assist peace in Ireland. Today's courageous decision to verifiably and definitively dispose of its weaponry represents a major advance for the peace process in Ireland.

The enormity of what the IRA has done should neither be underestimated nor undervalued. I should like to take this opportunity to praise the IRA for taking risks when others shirked their responsibilities.

An enormous responsibility has now been placed on both the British and Irish Governments to finally implement the Good Friday agreement in all its aspects, on issues such as equality, human rights, policing, demilitarisation and indeed northern representation in the Oireachtas. The Democratic Unionist Party, one of whose members is elected to this Parliament, must re-engage with the peace process. No possible excuse now exists for them not to sit down ...

(The President cut off the speaker)

Dariusz Maciej Grabowski (IND/DEM). – (PL) Mr President, the signature of the agreement to build an undersea gas pipeline across the Baltic was accompanied by shots of President Putin of Russia locked in a warm embrace with Chancellor Schröder of Germany. This display of affection took place against the background of two major threats to peace and the security of the world's economy. I refer to international terrorism and the price increases and instability affecting the market in raw materials for energy production. Everyone is aware that this situation calls for cooperation at global level. Unfortunately, just when the European Union should be setting an example of collective wisdom and solidarity between countries, Chancellor Schröder and President Putin trumpet abroad an unambiguous statement to the effect that all they care about is promoting the selfish interests of Germany and Russia. The fact that the countries across whose marine economic area the gas pipeline is to run were not informed or consulted illustrates the respect in which both countries hold the international law of the sea.

We are firmly convinced that the agreement on building the gas pipeline was devised to be detrimental to several Member States of the European Union. Poland, the Baltic States and other countries will be forced to submit to Russian control of their energy supplies. The agreement also suggests a clear association ...

(The President cut off the speaker)

Ryszard Czarnecki (NI). – (PL) Mr President, there are only 15 months left before the start of the Union's first new seven-year budgetary period. Despite the Union's agreed rules and conventions, however, we still do not have a draft budget. The Union is drifting rudderless across a budgetary ocean, so to speak. Each successive month of delay results in needless tension and unease, and gives rise to distrust between the old and new Member States.

By failing to produce a budget, the Union is sending out the wrong kind of message to its future members and its external partners. It is presenting itself as weak, lacking vision for the future and the political will to work together in solidarity in order to build that future. This situation does not suggest stalemate, to borrow an expression from the game of chess. Rather, it suggests checkmate for the idea of a truly united Europe that is not split into a first and second class Europe according to wealth or historical legacy.

I call on the Council and the UK Presidency to ensure that work on the budget is concluded at the earliest opportunity.

Zdzisław Zbigniew Podkański (PPE-DE). – (PL) Mr President, Poland is into its second year of membership of the European Union, but the outlook for Polish farmers is getting steadily worse, not better.

Polish soft fruit growers account for 50% of production in Europe, yet they are on the verge of bankruptcy. The same is true of Polish potato growers, who are the main producers of this crop in the Union, and of producers of cereals and textile plants. It will not be long before producers of pork, milk and sugar beet find themselves in the same situation, and I would remind you that Poland is the third most important producer of sugar beet in Europe. Members of this House do understand the situation, but the same is not true of the European Commission, which tends to ignore Parliament and disregard the decisions it takes. This was what happened in the case of the report on starch production, for example.

The planned reform of the market in sugar will mean a reduction of more than 42% in the price of sugar beet, which will make it uneconomic to produce. It would appear that the European Commission is more concerned about Chinese and Moroccan soft fruit growers and about Brazilian sugar producers than about farmers and producers in the new Member States. The question arises as to why the European Commission and the Commissioner himself are pursuing a policy that is detrimental to farmers in the Member States, and why decisions taken by the European Parliament are being disregarded.

Antonio Masip Hidalgo (PSE). – (ES) Mr President, I am taking the floor on behalf of Mr Pittella, from Italy, and Mrs Madeira, from Portugal, to ask the Presidency-in-Office of the Council, in the proposals on the financial perspective that it is to present, to reincorporate the criteria proposed by the Commission on the regions affected by the statistical effect, with regard to the need to support them without any shameful discrimination amongst them, since, as I said in this very House on 9 March, this is a question of dignity, of making European policy comprehensible, of making it egalitarian, balanced and democratic, faithful to its roots and to its ambitions.

Marian Harkin (ALDE). – Mr President, thank you for the opportunity to say a few words on this truly historic day for Ireland. In July of this year, the IRA called on its units to dump their arms and today we have verification that those words have been translated into action. Yes, there are still many bridges to cross, but today, in my opinion, we have crossed the Rubicon.

There will be difficulties ahead; there are peace breakers on both sides who will try to derail this process. Massive support must therefore be given to peace builders, to ordinary people who on a day-to-day basis begin to build trust and seek out a shared future. We salute all of those, on both sides and none, who helped to bring us to this day. In the European Parliament, I wish to applaud the positive and supportive role of the European Union in this process.

Finally, on this day we remember the victims and their families whose lives have been shattered. For them today comes too late, but for the rest of us it is hopefully a beginning.

Mirosław Mariusz Piotrowski (IND/DEM). – (PL) Mr President, we have recently become aware of the signature of an agreement between Germany and Russia concerning the building of a gas pipeline in the north of Europe, routed across the Baltic. Clearly, this is more than a significant economic agreement. It has an equally important political dimension. Poland and the Baltic States have been bypassed, much to the detriment of the national interests of countries that are part of the same structure, namely the European Union. Once again, the Union's common economic and foreign policies have proved to be so much hot air, and many commentators and politicians are already likening the agreement signed recently to the 1939 Ribbentrop–Molotov pact.

I call on Germany to comply with the procedures binding on all Member States and clarify the situation. I also call for the information provided to be made available to the European Parliament.

Zbigniew Zaleski (PPE-DE). – (PL) Mr President, Europe is capable of showing solidarity, as it demonstrated in connection with the tragic events in Portugal. Europe's leaders can, however, behave selfishly at times, as was the case when Mr Chirac, Mr Schröder and Mr Putin met in Kaliningrad, a curious part of Russian territory. Subsequently, Mr Schröder and Mr Putin acted selfishly when they signed the agreement to build the gas pipeline. It is alleged that the purpose of the pipeline is to guarantee Germany's energy supply, but that is only half the story. What Mr Schröder is about is supporting Mr Putin's 'divide and rule' policy, which amounts

to weakening the Union. The European Parliament should stand up for Europe and denounce this act for what it really is.

Europe needs decisions that transcend local interests. It will never become integrated if we do not adopt cohesive policies. It would be like trying to build a brick house without using any mortar.

Panagiotis Beglitis (PSE). – (EL) Mr President, we have received particularly worrying information over recent days from Turkish non-governmental human rights organisations about the prosecution and sentencing of Turkish journalists.

I refer not only to the case of the author Orhan Pamuk, but also to the case of the journalist Emin Karaca, who has been sentenced to five months in prison for violating Article 301, paragraph 2, of the recently revised penal code. I also refer to other cases of journalists prosecuted under the same Article.

In light of this situation, I call on the European Parliament and, more importantly, its President to take an immediate initiative addressed to the Turkish prime minister, Mr Erdogan, and to the speaker of the Turkish National Assembly, Mr Arinc, calling for prosecutions to cease and for freedom of speech to be respected, and to the UK Presidency and the European Commission ...

(The President cut off the speaker)

Marios Matsakis (ALDE). – Mr President, although I am a firm believer in the use of a common working language of communication, I accept and respect the right of every MEP to listen and speak in his or her own national language. What I cannot accept, however, is the fact that more than a year after the accession of ten new Member States, there is still at least one parliamentary committee in which no interpretation for certain new Member State languages is provided, and that colleagues from these states are unable to take part in the deliberations of these committees using their official mother tongue. This obviously puts these colleagues at an unfair disadvantage. It is not an acceptable state of affairs and I call on you to reassure the House, on this day of linguistic freedom, that this regrettable situation will be remedied as soon as possible and that it will not arise again when the next two new Member States join the EU in the near future.

Kathy Sinnott (IND/DEM). – Mr President, one quarter of the Irish GDP is tied up in construction. We could say that Ireland is a country under construction. However, in many of the villages around the cities of my constituency, houses are being thrown up with no thought for utilities, for enough water or sewage, or for the important elements of social infrastructure. Children spend their whole education in Portakabins. Often there are no sports fields or crèches and few shops. Rural villages quickly become dormitory towns with no sense of community. Is that alright with Europe? Does it tally with rural development? I need answers for the people of Watergrass Hill, Glenville and other towns: the people who are struggling with life in shiny new clusters of houses with no soul.

Marie Panayotopoulos-Cassiotou (PPE-DE). – (EL) Mr President, I should like to take advantage of today's celebration of the European Day of Languages to express my concern about the lack of teaching of their mother tongue to the children of nationals of the Member States who move and establish in other Member States of the Union, with the result that these children forget their language of origin and, at the same time, their cultural identity.

The linguistic assimilation which children and young Europeans undergo when they re-establish, especially those whose mother tongue is less widely spoken than the European languages spoken by millions of European citizens, does not help to maintain the linguistic diversity which the European Union alleges that it wishes to maintain.

I call on the Commission, within the framework of the new strategy on multilingualism, to monitor the effective application of Directive 77/486/EEC of 25 July 1977 on the education of the children of migrant workers ...

(The President cut off the speaker)

Alfredo Antonozzi (PPE-DE). – (IT) Mr President, ladies and gentlemen, today Europe is celebrating an important date: the European Day of Languages. This event, first held in 2001, involves the European Union and, above all, the Council of Europe, which has planned events throughout Europe.

Today we welcome here our new Romanian and Bulgarian colleagues; with them, Bulgarian and Romanian will join our Community family of languages on 1 January 2007, raising the number of official languages from 20 to 22.

For us Europeans, language is synonymous with culture and history and hence with a vast historical and cultural heritage. I wonder, then, whether it would not be appropriate for us, as the European Parliament, at last to promote a constructive reform of the language regime within the Community institutions. I am certainly delighted at the arrival of the new languages and especially of those that will soon become part of our daily work, but on the other hand I am extremely concerned at the chaos and lack of written rules, as has been confirmed to me by the European Commission.

Magda Kósáné Kovács (PSE). – (HU) Mr President, a man died. He had been known as a merciless avenger by many, even though he had been seeking justice, not revenge. He was motivated by the conviction that if people who had committed crimes can leave the past behind without any consequences, this past would return, poisoning both the present and the future. Simon Wiesenthal died.

He was human and sometimes made mistakes. But he could not come to terms with the fact that Europe, the new world building a collective future based on its common values, had already been united once in the past. United in the assumption of racial superiority, in condemnation, ostracism and hatred. A 96-year-old man passed away. His legacy to us is the knowledge that contempt for another human being and taking human lives should never be allowed to unite Europe again. Let us think of him when we work to ensure that the unity of the new Europe is based on equal treatment and equal opportunities. In remembrance of him we ask the Committee that in paragraph 13 ... *(The President cut off the speaker)*

Nikolaos Sifunakis (PSE). – (EL) Mr President, I should like to apprise plenary of a very serious matter.

As we speak, the Turkish authorities are in the final stage of constructing a dam. This dam, which is scheduled for completion on 15 November, in other words in fewer than 50 days from today, will result in the flooding and definitive loss of one of the most important archaeological sites in Asia Minor today.

I refer to Allianoi, a Roman spa centre which lies 18 kilometres from the town of Bergama.

The archaeological site of Allianoi consists of an entire complex of spas which, it would appear, complemented the famous Bergama Asklepion.

I believe that the European Parliament should take a stand on the question of this loss and, given that the Commission's reply was unsatisfactory, I propose that the President of Parliament write to the Turkish president calling for a halt to work to complete the dam, which will result in the definitive loss of a piece of European cultural heritage.

Avril Doyle (PPE-DE). – Mr President, in the presence of Commissioner McCreevy and his colleagues, I would like to put down a marker about the Commission's proposed reform of the sugar regime. Contrary to received wisdom, global sugar consumption already outstrips demand.

The United Nations Food and Agriculture Organization forecast world sugar consumption at 145 million tonnes for 2004 and 2005, with production at 143 million tonnes. World sugar consumption next year is said to reach 149 million tonnes, with per capita consumption in China alone expected to increase from its current 10 kilograms to the EU level of 35 kilograms in the medium term. In Brazil the consumption per capita is already 50 kilograms. In addition the availability of irrigation water in developing countries and elsewhere is decreasing, and this will dictate a swing away from the cultivation of sugar cane, a water-intensive crop. Factor in the inevitable impact on sugar cane consumption patterns by the projected increases in gasohol as oil prices rise and alternative biofuel technologies become mainstream. Sugar may increasingly become a strategic commodity. The world is facing a long-term surge in demand.

Marta Vincenzi (PSE). – (IT) Mr President, ladies and gentlemen, I take the floor with regard to the situation in Western Sahara. In August, the Polisario Front freed the last Moroccan prisoners of war. That is a positive step, which has met with the approval of the Secretary-General of the United Nations, President Bush and the whole international community.

The same is not happening, however, with those detained in Moroccan jails: the physical condition of the tens of Sahrawi detainees on hunger strike is now critical, according to Amnesty International reports. Among them are women and men who are standing up for human rights. Europe must not remain silent, but must take decisive steps to secure the freedom of those upholding human rights; to ensure that Morocco,

the Sahrawi who have stayed in Western Sahara and the refugees reach an agreement to live in peace, working together to create the new democratic Arab-Sahrawi Republic; and to ensure that they no longer live in exile or in prison.

Christopher Beazley (PPE-DE). – Mr President, I also wish to welcome our Romanian colleagues, in particular to my own group, from the Romanian Democratic Party, the Democratic Alliance of Hungarians in Romania and the Romanian Conservative Party. The observers will clearly be learning the way that we work, which may be rather complicated, but I also believe that we should learn from Romania's history. Romania has suffered from Fascism under the Iron Guard and from Communism under Ceausescu.

However, because it is politically convenient, many people have forgotten that Bessarabia was illegally invaded by Stalin with the complicity of Hitler. Hundreds of thousands of people lost their lives or were exiled, and that part of Romania was subjected. Certain chapters in the history of Central and Eastern Europe have been forgotten and we have to look at them. We should not make this an obsession, but we must draw conclusions and look to the future. Romania before Communism and Fascism was one of great prosperity, with the Anglo-Romanian oil company and significant investment from France.

Peter Skinner (PSE). – Mr President, members from across national borders and political boundaries are in support of John Packwood, who faces extradition from Spain to Morocco, which is something that could not happen to a Spanish citizen. This is, of course, a violation of the equal treatment of EU citizens, enshrined in the Treaty. It is discrimination which I call most strongly on the Commission and the President to oppose by making representations to the Spanish Government before the extradition deadline.

A case must be allowed to be developed that can go to the Court of Human Rights, but this is also being denied as matters are being pushed through quickly. He is a desperate man facing a desperate plight and he needs all our support. I urge you to help in this case.

Tunne Kelam (PPE-DE). – Mr President, on 15 September a Russian fighter plane carrying four missiles entered Lithuanian airspace and crashed near the city of Kaunas. It was part of a group of six fighters accompanying a Russian spy plane from St Petersburg to Kaliningrad. It was a most serious incident in a long series of violations of Finnish and Baltic airspace by Russian planes. On the eve of the EU-Russia summit I should like to ask the Commission how systematic violation by Russian planes of the borders of EU Member States can be tallied with the common values upon which the EU-Russia partnership is officially based. Is not the integrity of the EU's eastern border part of our common foreign and security policy?

As for Kaliningrad, is it not in the interests of all parties to start to find ways to demilitarise this last vestige of the Cold War in Europe?

Ljudmila Novak (PPE-DE). – (SL) In 1940, as the threat of war loomed, Italy removed from the territory of Slovenian Istria, Koper, Izola and Piran works of art that had been created in those locations under commission from the Church and private individuals. The works were produced by Italian masters.

Just as Yugoslavia did previously, the Slovenian state has made intensive efforts on behalf of the owners to secure the return of these priceless works. Italy has avoided taking this matter seriously and rejects all efforts from the Slovenian side for a diplomatic resolution to the problem.

Therefore on 22 September this year the Ministry of Foreign Affairs once again sent a Note Verbale communicating its renewed request for a diplomatic resolution to this issue. Italy is bound by international treaty to return everything that it removed from occupied territory, and for this reason we justifiably expect these works of art to be returned to Slovenia.

President. – The debate is closed.

13. 25th anniversary of Solidarity and its message for Europe

President. – The next item is the debate on the Commission statement: 'Twenty-fifth anniversary of Solidarity and its message for Europe'.

In introducing this debate, I must emphasise how Solidarity's contribution to the events leading to a united Europe may be seen as a chance and an opportunity for a generation to learn about freedom: the West certainly did much for the countries of Eastern Europe under the Soviet yoke, but Solidarity has perhaps done much more for the West and for a generation of Westerners.

Charlie McCreevy, *Member of the Commission*. Mr President, the historic events of August 1980 started the process which ended the cold war and led to the reunification of Europe. The action led at that time by *Solidarność* is a symbol of the value that all Europeans attach to the shared values of freedom and solidarity.

Because of the courage and determination of the leaders of *Solidarność* and the inspiration it provided to so many, the influence of the strike of shipyard workers in Gdansk did not stop at the Polish borders. It brought fresh sap to the many buds of dissent and democracy which were then burgeoning throughout central and eastern Europe and which allowed the unification of our continent.

As was mentioned by the President of the Commission in Gdansk on 31 August, 'Solidarity' was an inspired choice of name for the union which was born from the strike in Gdansk. It conveyed strength, determination and focus. Solidarity is today one of the six titles of the European Charter for Fundamental Rights. The remembrance of the events of August 1980 enriches this word with meaning and emotion.

Freedom was what *Solidarność* fought for and it is today also closely associated with solidarity as a fundamental value shared by Europeans. There is no Europe without solidarity. *Solidarność* is a meaningful symbol to remind future generations of Europeans of this alliance.

The Commission has been happy to contribute to the commemorative events which took place in Gdansk three weeks ago, to celebrate the 25th anniversary of these historic events, upon the invitation of the Polish Government and of the honourable Members of this Parliament. The Commission will listen to the views of this House; and, be assured, will look favourably on initiatives aiming to mark 31 August with the seal of remembrance.

Jacek Emil Saryusz-Wolski, *on behalf of the PPE-DE Group*. – (PL) Mr President, the Solidarity movement had three meanings. Firstly, for Poland, it meant breaking free from the foreign Soviet model. Secondly, for Central and Eastern Europe it meant doing away with the division of Europe effected at Yalta at the end of the Second World War. As a result, the part of Europe cut off from the rest of Europe by Communism was able to regain its rightful place in the mainstream of our continent's political history. In this sense, therefore, the events at the Gdansk shipyard, the fall of the Berlin Wall and the revolution in Kiev are all stages in Europe's journey to freedom.

Thirdly, for Western Europe Solidarity meant rediscovering the true meaning of values that had disappeared from public life as a result of *Realpolitik*. I refer to values such as freedom, solidarity, democracy and the dignity of the individual. Thanks to Solidarity, many people in Western Europe came to understand that the fundamental values revived by Solidarity had to become part of the fabric of the reorganised and reunited Europe.

The message and significance of these events transcends the experience of a single nation. They have a far more universal meaning and a pan-European nature. Their message is one of European unity. If the Schuman plan is recognised as the basic premise underpinning European integration, then the Gdansk shipyard demands must be seen as heralding another important stage in the process. In their September 1981 message to workers in Central and Eastern Europe, Solidarity activists wrote about the sense of a common fate uniting all Europeans in the eastern part of our continent. Twenty-five years later that same expression appeared in the preamble to the Constitutional Treaty, referring on this occasion to the enlarged European Union.

The Solidarity movement highlights the importance of solidarity as the basis of any system of trust and unity. Solidarity, understood to mean shouldering each other's burdens, has a very practical expression indeed as far as the European Union is concerned. It means financial solidarity regarding security and solidarity in foreign policy. Only by displaying such solidarity can we attain European unity.

Józef Pinior, *on behalf of the PSE Group*. – (PL) Mr President, in July and August 1980, Polish workers in Lublin, along the Baltic coast and in many other towns took strike action. At the end of August this action became a general strike affecting the whole country. The action was led and organised by an Inter-enterprise Strike Committee and by Lech Wałęsa at the Gdansk shipyard. Workers and the intelligentsia rebelled in the cause of freedom, social justice and dignity. The slogans of freedom, equality and brotherhood shouted out again from European banners just as they had 200 years earlier in Paris.

On 31 August an agreement was signed at the Gdansk shipyard. In it, the State authorities agreed to the 21 demands made by the strikers. This led to the emergence of the Independent and Self-Governing Trade Union Solidarity. The general strike and Solidarity's activities became a source of hope for workers the world over in the struggle for workers' rights, a just society and a better world. Solidarity set off a chain reaction

across Eastern Europe, which led eventually to a peaceful democratic revolution and a victory for democracy and human rights. It also meant the beginning of the end of the totalitarian system and the division of Europe, symbolised by the fall of the Berlin Wall.

Twenty-five years later, here at the European Parliament in Strasbourg, at the political heart of a united Europe, it is fitting to honour the Polish workers and all those who rebelled against oppression and injustice, and played a part in the creation of the Solidarity Trade Union. Particular recognition is due to those who continued to pursue independent activity after the introduction of martial law in Poland. I would like to pay tribute to all the peoples of Central and Eastern Europe, who are to be admired for their struggle in the cause of democracy, human rights and national sovereignty.

Mr President, we were not alone in this struggle. We recall the help Solidarity received from the international trade union movement, from Western European civil society and from democratic governments. Thank you, Europe! Thanks are also due to all those Europeans who sided with Solidarity and supported our fight for freedom and democracy when we were in prison or driven underground. The European Union should be proud of this heritage, proud of having given such proof of brotherhood. Brotherhood underpins European unity.

In its programme, namely the 21 Gdansk demands, and also the Self-Governing Republic programme, Solidarity presented a vision of a society and a country bound together by freedom, where human rights were respected and social justice prevailed. This vision remains relevant today. Solidarity's programme can still serve as an inspiration at global level and also at European level, as Europe tackles the challenge of creating an effective economy and a just society.

In today's world, Solidarity stands for a refusal to condone poverty and oppression anywhere on the globe. It demands that the European Union act to wipe poverty off the face of the earth. In the 21st century, Solidarity's message demands a European Union foreign policy that actively promotes democracy and human rights, and support for those who are currently persecuted because they belong to a minority.

Bronisław Geremek, *on behalf of the ALDE Group*. – (PL) Mr President, on behalf of the Group for the Alliance of Liberals and Democrats for Europe, I would first like to pay tribute to the Polish workers who set in motion the process of the liberation and unification of Europe. I am moved and grateful to note that both the European Parliament and the European Commission appreciate the significance of the events that took place on Polish soil 25 years ago.

Polish workers took to their hearts the message of the Polish Pope, who urged them not to have fear. It was Polish workers who took action on behalf of their country, which longed for freedom. In so doing they proved those who believed that the proletariat has no fatherland to be mistaken. The workers took action in the name of freedom, standing up to a regime and a system that claimed to represent them. They made political demands, and called for freedom and the establishment of a free trade union to represent them. The workers also demanded freedom of the press, freedom of information and a state that was not controlled by Communist Party officials. All these demands expressed something crucial to the very essence of Europe, as they were demands for freedom.

It is also the case that when the Gdansk shipyard workers took action to improve their lot and that of their families, they were aware that their situation was the result of an alien regime that had been imposed on them. It was a regime to which the Polish nation had never consented. The amazing achievement of this mass movement of 10 million workers, farm labourers, and members of the intelligentsia was a peaceful revolution. It was a movement that encompassed the whole of Polish society and amounted to a rebellion against totalitarianism. 'Without the use of force' is a principle worth adhering to in today's world too. It was a movement inspired by values. We are proud that the word solidarity has become part of the language of politics. It is a very significant word for us, a truly Polish word, and represents Poland's contribution to the idea of Europe.

Mr President, it is my belief that the unification of Europe began at Gdansk, that East and West came together as a result of the movement started by the Gdansk shipyard workers, and that many other nations followed where Poland and Solidarity led. Solidarity inspired nations to be reborn and peoples to rise up for freedom. We feel proud of this, but above all we feel solidarity with those who brought freedom to Georgia through the Rose Revolution and to Ukraine through the Orange Revolution.

We hope that this non-violent example of regime change by way of negotiation, allowing European ideals to become reality, will remain relevant to today's world. I feel sure it is important for Europe that as the

European Union seeks its own identity, it should wish today to chart the course taken by the people who worked for the freedom of Europe. They were the men and women who ended the Cold War and made the unification of Europe possible.

(Applause)

Milan Horáček, *on behalf of the Verts/ALE Group.* – (DE) Mr President, ladies and gentlemen from Poland, it is more than merely symbolic that we should, today, not only be welcoming the observers from Bulgaria and Romania, but also remembering the great triumph of Solidarity 25 years ago. I am glad that the Commission has had something to say about the Solidarity movement today. One might think there were occasions of greater contemporary relevance and that the celebrations over the past weeks had paid sufficient tribute to history, but our debate today shows that the opposite is the case. When I joined in the celebrations in Warsaw and Gdansk three weeks ago, it was again brought home to me just how relevant to our own time this groundbreaking historic event actually is.

The legendary strike by Solidarity that we are commemorating is part of our living heritage, and has lost none of its significance in 25 years. It was the politically and socially oppressed and disadvantaged who, by their courage, succeeded in bringing to an end the totalitarian Communist regimes in Poland and, following on from that, in other countries in Central and Eastern Europe; their boundless desire for reform is on all our lips. Above all, though, we revere the memory of the victims of these totalitarian regimes, remembering those who were oppressed, arrested, shot dead during protest strikes, condemned and executed after show trials. One man – the priest, Father Jerzy Popiełuszko, can be taken as representative of all of them.

The years 1953, 1956, and 1968 are significant in the histories of East Germany, Poland, Hungary and Czechoslovakia, but Solidarity gave impetus and reinforcement to the civil rights movements in Central and Eastern Europe, such as Charta 77, which campaigned for traditional, political human rights, the ‘Swords into Ploughshares’ peace campaign in the former East Germany, and the ‘Dunakör’ environmentalist movement in Hungary. What all this adds up to is that, without Solidarity, the Berlin Wall would not have fallen.

I speak for this House when I say that debate mattered to those who supported the Solidarity movement in Poland – debate that involved our friends Adam Michnik and Jacek Kuroń, as well as Bronisław Geremek and Janusz Onyskiewicz, who are now Members of this House, and so we are very grateful to them for the way in which they, 25 years ago, laid the foundation stones of a Europe united in peace, freedom and democracy, a Europe guided by social and environmental principles.

(Applause)

Jonas Sjöstedt, *on behalf of the GUE/NGL Group.* – (SV) Mr President, in the autumn of 1980 when I was 15 years old, I travelled to Poland for the first time in my life. We were a group of young Swedes cooperating with Poland’s independent movement of students and pupils. It was a youth movement that, in practice, was a part of Solidarity and of the huge and positive mobilisation that Solidarity stood for in the Polish society of the time. For me, the visit was a real eye-opener. The freedoms and rights that I, as a Swedish teenager, took for granted were things for which my Polish contemporaries had to fight hard. Poland was a society with a shortage of goods and manifest political oppression and, for most Poles, life was hard. With its demands for freedom, democracy and the right to national self-determination, Solidarity then stood for the hope of a better future. It was a progressive movement, and not only because it called for the democratisation of Polish society. As a union, it campaigned for higher wages, better pension conditions, influence in the work place for employees and better health care and child care. It was a genuinely progressive movement that was put down when, with the support of the Soviet Union, the military assumed power. In spite of military rule, there was no crushing the demands and hopes symbolised by Solidarity, however.

The fact is that, on a number of occasions, spontaneous organisation on the part of workers, together with demands for independent trade unions, have been decisive in opposing the dictatorships in those countries dominated by the Soviet Union following the war. Solidarity and the Polish opposition constituted one – and perhaps the most important – of the succession of revolts against oppression. East Berlin in 1953, Budapest in 1956, Pozna in the same year and Prague in 1968 were cases in which the democratic opposition was put down using violence. More often than not, it was workers – organised as they were and with their demands for justice and democracy – who were in the front rank of the protesters.

Today, Poland is a political democracy among other political democracies. Huge progress has been made in crucial areas since the fall of the Berlin Wall. An important factor behind this – indeed, perhaps the absolutely crucial factor – was Solidarity’s efforts in opposing the old regime. This development has led to a better

future, not only for Poland but for the whole of Europe. At the same time, a lot remains to be done, considering the social demands made by Solidarity in terms of worker influence and a better standard of living.

Poland is at present a society in which many people are badly off and in which there is very high unemployment. At the same time, very few people are organised in trade unions, and employees often struggle to make their voices heard. If something is to be done about this, a strong, well-organised trade union movement is needed.

Wojciech Roszkowski, *on behalf of the UEN Group*. – (PL) Mr President, the 25th anniversary of the emergence of Poland's Solidarity is not simply an occasion on which to commemorate that event, which marked the beginning of the unification of Europe. It is also an opportunity to recall a fundamental truth about the activities of people and nations, and about the moral and political foundations of the European Union.

The slogan that inspired millions of members of this trade union in 1980 and 1981 and also during the period of martial law was 'There can be no freedom without Solidarity'. We were fully aware that it was upon solidarity between human beings that Solidarity with a capital S was based. That was what ensured its success and indeed its survival. It is also true that Western politicians and societies took this slogan to heart as they supported the people of Poland in their struggle for national sovereignty and democracy. This slogan therefore recalls the actions 'Let Poland be Poland' and 'Solidarity with Solidarity', and also the material aid that the union, its activists and many millions of ordinary Poles received from citizens of countries in the West.

You must believe me, ladies and gentlemen, when I say that the political, moral and material solidarity shown to us by people in the West helped to keep our hopes alive and made us feel that our efforts were not hopeless and that we were not alone. I experienced this myself.

I should like today to take the opportunity of having the floor in the European Parliament to offer sincere thanks to all those people of good will who expressed solidarity with us. In their wider meaning, the lessons of solidarity, with and without a capital S, remain valid today. 'There can be no freedom without Solidarity' also means that freedom is not an end in itself. In its economic sense, freedom is essential, but if it is bereft of solidarity it results in the rich becoming richer and the poor becoming poorer and affects individual economies across the whole European Union.

Freedom can easily turn into anarchy or a new kind of oppression if it lacks a moral dimension. Freedom without solidarity amounts to self-will. Sooner or later it harms the individual or the community. It breaks up families and societies. Those who attempt to install freedom without solidarity and without fundamental rights such as the right to life, justice and honesty are disregarding the rights of others and undermining the community. Ultimately, they are endangering freedom itself.

(Applause)

IN THE CHAIR: MR ONYSZKIEWICZ

Vice-President

Ryszard Czarnecki (NI). – (PL) Mr President, Poland's Solidarity movement came into being a quarter of a century ago. This peaceful non-violent movement proved as effective as the movement led by the great Mahatma Gandhi a few decades earlier had been. Gandhi's movement eventually led to Indian independence, whilst Solidarity was instrumental in Poland regaining its sovereignty and Poles their freedom. Solidarity was instrumental in much more besides. It led to the peaceful revolution in Central and Eastern Europe. Nine years after the so-called outbreak of Solidarity, Czechoslovakia underwent the Velvet Revolution, and the fall of the Berlin Wall followed. The origins of these events can, however, be traced back to 1980 and to Gdansk, in Poland.

Solidarity was not just a trade union with 10 million members, representing almost 40% of the adult population of my country. It was also a movement working for democratic freedoms, free elections, free media and freedom of religion. I cannot be impartial, as I am a Pole, but even so, I firmly believe that Solidarity was a crucial turning point in our common European 20th century history.

Today, 25 years later, I should like to pay tribute to Solidarity as a Pole and as a European. It was largely due to this movement that my country and neighbouring nations gained their freedom. Our freedom is not all it could be. We still have many economic and social problems to deal with, but the most important thing is that we do now enjoy real freedom and are in a position to put our own house in order. I should like to thank

the many millions of ordinary working people in my homeland whose efforts enabled us to be in this fortunate position. Poland and the whole of Europe owe you a debt of gratitude. We are all indebted to Solidarity.

Alojz Peterle (PPE-DE). – (SL) I wholeheartedly welcome the attention devoted by the European Commission and European Parliament to Solidarity, without which we would not be celebrating the collapse of communist totalitarianism or the historic enlargement of the European Union. On this occasion I cannot ignore the memory of how deeply the phenomenon of Solidarity strengthened the hopes of democrats in Slovenia, and the significance for us at that time of the words of John Paul II, when he said ‘Do not be afraid.’

As we express our recognition of Solidarity and remember with special reverence those who paid for the desire for freedom and democracy with their lives, we are aware that Solidarity is no museum piece, but an inspiration, a concept, and a much needed way forward, without which European and global development is unimaginable.

We are erecting a monument to Solidarity, but not archiving it, for we wish to develop it further. There is an obvious need for solidarity between generations, between social partners, between more developed countries and less developed countries in the areas of security, disaster relief and so on. I firmly believe that the quality of our lives in the future will depend on the fulfilment of this essential principle. I think that following the historic breakthrough we need another period of Solidarity.

Jan Marinus Wiersma (PSE). – (NL) Mr President, a certain measure of modesty is in order for someone who, like me, was born in the Netherlands in peacetime after the Second World War. I think that today is the right time for people who have not lived under the yoke of Communism to pay their respects to those who, particularly in Poland, rose against a regime that we all considered reprehensible. It was a very special chapter in Poland’s history and I am delighted that we are commemorating it today in this Parliament, in Strasbourg. Although it forms an important part of Polish history, it is not for the Poles alone, for the example of *Solidarność* – Solidarity – has led to much discussion and movement and has had an enormous impact outside Poland.

I would say that, even after 25 years, Solidarity is a household word in my country, the Netherlands, too. What was so special was that the workers at a Gdansk shipyard staged a protest, went on strike, but also enjoyed the support of a group of prominent intellectuals who were prepared to stick their necks out and oppose the regime in Poland. I think that it was, in fact, an example of the best the labour movement as we have known it in Europe had to offer, the democratic labour movement that, in terms of freedom, political awareness and emancipation, has also had great significance in our countries.

It has also, I think, been a source of inspiration to many, not only in Eastern European countries, but also in Western Europe, and people, not least in the Netherlands, have also often been surprised at the moral fibre of the strikers in Gdansk who stood up to the Communist regime in this fashion.

We now know, with the benefit of hindsight, that the work of Solidarity also meant the beginning of the end of a fantastic revolution in Poland’s history; we can now say that Poland has at long last found its rightful place, free in Europe. That is also the Poland that, to my mind, should be the centre of attention. The Polish struggle for freedom, and its history, enrich our continent; the story of the Polish plumber become even more poignant in the light of this historic role.

Although Solidarity lives on in Poland and in the hearts of the Polish people, as is evident once again today, it also deserves to be remembered as a shining, European example.

Erik Meijer (GUE/NGL). – (NL) Mr President, the Socialists of the 19th and early 20th centuries saw it as the ideal that human society should be based on the equality of all people and on their mutual solidarity; that people should not be made subordinate to the state or their employer, and that we should be free to make our own choices and organise society from the bottom up.

They were aware that, in a society in which one group oppresses the other, nobody – not even the oppressors – can be really free. This belief would certainly have led those old Socialists, including their great thinker Karl Marx, to applaud the Polish workers’ protest in the 70s and 80s of the 20th century. Any authoritarian regime that skimps on wages and benefits while favouring a small group of people deserves to go under as a result of mass protest.

Normally speaking, workers’ protests are directed at big business’ desire for profit or at a government that considers itself to be right-wing. That was certainly not the case in Poland, where the state was founded upon Socialism, the intellectual legacy of Marx, common ownership of the means of production and the equality

of all people. That state was not the product of the working class struggle, but of the way in which, after the Second World War, the victors shared out the military spheres of influence .

The people experienced the reality of that moment as the complete opposite of what Socialists claim to pursue. That is one of the reasons that in the mid-80s, I was a speaker at a meeting in the Netherlands for solidarity with the suppressed independent trade union in Poland. I have never shared the opinion that workers should be content with their leaders when these call themselves Socialists or Communists.

Meanwhile, people holding strongly differing opinions talk about Solidarity's legacy, both inside and outside Poland. To one group, it represented the return to the Conservative Poland of the Pilsudski period between the wars; to the other, it was a necessary step towards the replacement of the caricature of Socialism conceived after 1945 by a real, Socialist democracy.

The former opinion appears, for the time being, to have the upper hand; while not deploring this outcome, I do consider the resistance to unacceptable rule an inherent right of all people, and Solidarity an inspiring example.

Jan Tadeusz Masiel (NI). – (PL) Mr President, ladies and gentlemen, Solidarity made it possible for me to be in this Chamber today, and I am eternally grateful to it for that, and for not having been condemned to life behind the Iron Curtain. Had it not been for Solidarity, the Berlin Wall would have fallen later, or might even still be standing. Attempts had been made previously by the Czechs, Slovaks and Hungarians to overthrow that diabolical system, but it was the Poles and the Polish Pope who eventually succeeded in dismantling the agreements reached at Yalta. I should today like to thank the countries of Western Europe and the United States for their support. It should be remembered, however, that Stalin was not the only guilty party. Churchill and Roosevelt betrayed half of Europe to the Soviets at Yalta, hoping for peace and quiet and to make things easier for themselves.

The example of Solidarity shows us how many long years it can take to put mistakes right. With Parliament's consent, the Union is now opening negotiations with Turkey. I fear this may be the beginning of the end for the Union, and I regret it very much, as I am in favour of a common Europe. We should show solidarity with the whole world, but not betray Europe in the name of internationalism.

Timothy Kirkhope (PPE-DE). – Mr President, the fact that the left has just been voted out of office in Poland lends added poignancy to this debate. I congratulate Mr Saryusz-Wolski and the Civic Platform, as well as the Law and Justice Party, on their victory in yesterday's general election, and I am sure Poland has a great future under new leadership.

Lech Wałęsa is the most prominent personification of Solidarity and its success. He was in Brussels recently to receive the acclaim of this House on its important anniversary. He has won many honours from countries and organisations around the world in recognition of his courage and vision, perhaps the greatest honour being his election as Poland's President after Communism crumbled.

Britain has always felt a special affinity with Poland, and this was evidenced in the early 1980s when Poland was going through very difficult times. It was a British Conservative Minister for Foreign Affairs, Malcolm Rifkind, who went to Warsaw and became the first western politician to meet with representatives of Solidarity, an act that infuriated the Communist regime. This meeting was symbolic of the deep bond between Britain and Poland. All through those grim years we in Britain never forgot Poland, nor did we ever lose our conviction that democracy and freedom would ultimately prevail and that Poland would once again take its honoured place in the European family.

It is easy to forget the speed with which Europe has moved on from those dark days and what life was like for those under the yoke of Communist tyranny. That is why it is so important that we never forget, and with Poland rightly taking its place in the European Union last year we can be sure that those who suffered and those who inflicted the suffering will not be forgotten. Solidarity symbolised then, as it does now, hope in the future, the determination of people to build better lives for themselves and their families and an unshakeable belief in the power of the human spirit. Political systems can subjugate wills and extinguish individuality but they can never quench the desire to be free. We would all do well to learn the lessons that Solidarity's history teaches us.

Athanasios Pafilis (GUE/NGL). – (EL) Mr President, the Gdansk shipyards, for the benefit of the previous speakers, where the 25th anniversary of the start of the Solidarity strikes in 1980 was celebrated, employed

6 000 workers. Today, now that the shipyards have been privatised, two thirds of the workforce was dismissed in the 1990s.

Mr Walesa and Solidarity, of course, did not go on any strikes because it was they who dismissed them. In the town of Gdansk, which you have as a symbol, poverty reigns. Unemployment exceeds 15%. In 'free' Poland, working farmers, the grass roots, live in drastic conditions. The standard of living is plummeting. Fourteen years after the overthrow of socialism, the Poles are consuming less, including less basic foods, than in 1980. All social achievements have been eroded. Foreign capital is plundering the country. Farmers are being wiped out and new latifundia are being created.

The course of events demonstrates, therefore, that Solidarity was the Trojan Horse for the restoration of capitalism in Poland. The leaders deceived the workers. They projected pro-labour demands, trapped them and brought them to this pass. They had economic and political support from the United States and governments in other capitalistic countries, which are today reaping huge profits for capital and creating poverty among the Polish people.

For the benefit of the previous speakers, Walesa's slogans of alleged freedom and solidarity for the workers, led them – impoverished, subjugated and disenfranchised – into the hands of the capitalists.

As far as democracy in Poland is concerned, let me quote you just one statistic: 20% voted in the last European elections. That is what they think about the European Union.

Zbigniew Zaleski (PPE-DE). – (PL) Mr President, I should like to say to the previous speaker that those workers and others would not, at any price, wish to turn the clock back to the time before Solidarity.

There are few events one wishes to refer to with pride and pleasure, particularly in this House. In my view, solidarity is a concept that deserves a special entry in all encyclopaedias. It is not easy to show solidarity. It is often necessary to sacrifice one's own interests, national interests and possibly higher ones too. The European Union is not a cohesive unit like a nation, an ethnic group, or maybe a political one. That is why an effort of solidarity is needed. It was only thanks to the determination and solidarity of workers, students, farmers, academics and sometimes of police and army officers that refused to be intimidated, along with the solidarity shown by people from abroad, that it was possible to force the dinosaurs clinging on to power to surrender it. That enabled ordinary decent people to reinstate respectable values.

If we find it within us to recognise the meaning of the Solidarity movement, and to learn this historic lesson, we shall be in a position to hope that the measures voted through in this House will be implemented. We shall also be in a position to hope that the coordinated body known as the Union will gradually come into being.

Europe is too complex and diverse for this aim to be achieved without solidarity. Solidarity must be promoted in this House, in the Commission, and through educational and cultural programmes. It needs to be grafted onto all Europeans. At the same time, we should be developing a broader solidarity that could be termed supra-continental, in order to help deal with the problems facing mankind. Allow me to emphasise that without solidarity there can be no future for Europe or for mankind as a whole.

In its 1980 version, solidarity began in Świdnik and Lublin, and it made it possible for us to be able to discuss fundamental values in this House today.

It is for contemporary European solidarity to ensure that at the end of the next 25 years, Members will be able to speak in similar terms about today's Parliament and Commission, and credit them with playing a leading role in the historical process we are all involved in.

Anna Ibrisagic (PPE-DE). – (SV) Mr President, today we are commemorating the 25th anniversary of Polish Solidarity and debating its message for Europe. We remember the days and months when the Polish people could take no more and when Polish workers went on strike in Gdansk. We remember the fight that set in motion so much more than simply the struggle for Polish freedom. What it set in motion was the fight for the freedom of the whole of Eastern Europe. The first stone to fall from the Berlin Wall fell not in Berlin but in Gdansk. We often forget, however, that the strike and the solidarity in Gdansk were preceded by years of Polish revolt against Communism. Many fought for freedom, doing so each independently and in different ways, but there was no combined force uniting all Poles around the same idea. Only when a Polish pope was installed in the Vatican did the Poles realise that they were united by their spiritual inheritance and that there were forces that would take them forward to independence and autonomy. And so it came to pass.

I myself was living at that time in Communist Yugoslavia and clearly remember the pictures from Gdansk. I could not understand how anyone could actually believe it was possible to topple Communism. When, almost two decades after Gdansk, the people of Serbia protested against Milosevic's regime, they had learned something from Solidarity. They had learned that totalitarian regimes do not go on forever, but can in actual fact come tumbling down. They had also learned that democracy must always come about from within and that victory necessarily falls to a unified people fighting for its freedom. The most important message for Europe had already been sent by Solidarity. My fellow Member, Mr Sjöstedt from Sweden, who belongs to a party whose leader still calls himself a Communist, has just made a speech in which he paid tribute to Solidarity, a movement that fought specifically against Communism. This too is a message sent by Solidarity to Europe: that Europe does not tolerate either Communist, or any other, dictatorships or, indeed, any systems of totalitarianism or enslavement. The future of Europe lies in freedom, and that is something we all defend, and today most especially by expressing our respect for, and gratitude towards, the people of Poland and Eastern Europe who fought for a free Europe during the 1980s and 90s.

Bogusław Sonik (PPE-DE). – (PL) Mr President, Solidarity was an extraordinary experiment involving a community that developed on the basis of common values and confidence in freedom.

In August 1980 Polish workers demanded freedom of the press, freedom of religious belief and above all freedom to set up free trade unions and an end to persecution for reasons of conviction. Millions of Poles said 'no' to Communism, and this was the beginning of the end of the Communist dictatorship. We called on the nations of Eastern Europe to engage in the struggle for civil liberties, which involved building a civil society. We did so with determination and strong in the belief that freedom can be won in spite of all overtly political restrictions. Millions of individuals committed themselves in solidarity to the life of their own country, a country that was free for 16 months until 13 December, when General Jaruzelski's Communist dictatorship struck against this movement with a *coup d'état*. It was impossible to stifle or break our spirit, however, and we continued to live as free people. Communism was mortally wounded at the Gdansk shipyard in August 1980, and received its *coup de grâce* nine years later in 1989.

We were helped in our struggle by other European nations. France, Germany, Italy and the United Kingdom all supported us. This gave us courage and a belief in our own strength, and I should like to take this opportunity to express my gratitude to those who stood by us at that time. It was thanks to you that we survived, strong in the knowledge that Europe was thinking of us and that we had not been forgotten.

To what extent can the ideals of solidarity move hearts and consciences today? Nowadays, reflecting about Solidarity means reflecting about the nature of Europe. Europe is more than an economy and a market. It also stands for the values that make the European Community great. Europe is a family of nations built on a Christian heritage. Solidarity was founded on Christian principles and it strove to reawaken the best of human values in people. I refer to taking responsibility for each other, and being prepared to help those in need. The Solidarity ethic could contribute to the creation of a contemporary vision of Europe that would awaken the interest of the world. Reflecting about Solidarity nowadays also means reflecting about how to counter national egoism amongst the 25 Member States of the Union. I am confident that this can be achieved.

I believe in a European Union imbued with solidarity, a Union that is capable of being competitive, but which is simultaneously capable of demonstrating solidarity with the small and the weak. I believe in a Union that will hold high the banner of Solidarity and freedom, and be an inspiration to those who lack them.

(Applause)

Tunne Kelam (PPE-DE). – Mr President, 25 years ago Polish workers and intellectuals succeeded in creating a democratic civic alternative to the rigid communist structures. Solidarność started the process of East European nations becoming genuinely free from totalitarian enslavement. The other lung of the same European homeland, to quote Pope John Paul II, started to breathe and to bring oxygen and self-respect to tens of millions of Eastern Europeans.

Poland is a symbol for Europe. It was the first victim of the alliance of Hitler and Stalin, who together launched the Second World War. The Polish nation experienced the worst of both of these dictatorships. It is not by chance perhaps that the victory of the Gdansk workers opened the way for the reunification of Europe.

I think the most significant achievement of Solidarność was its ability to unite all sectors of society. It was not possible without a moral revival, without the spiritual dimension of which a Polish pope became the embodiment, reminder and inspiration. The important message of Solidarność's victory remains how to find both strength and balance in the passionate quest for justice and the eternal spiritual values of Europe.

Listening to this message would probably help us to overcome the crisis of European identity, of which there was talk today, because *Solidarność* has become part of our European identity. We have an opportunity to decide on celebrating 31 August as a day of freedom and solidarity, but another date of European significance needs to be remembered. On 23 August, the date on which the Nazi-Soviet Pact was signed in 1939, we should commemorate the victims of both communism and Nazism. Only then will the famous slogan, 'Never again', also apply to the victims of communism.

(Applause)

President. I have received four motions for resolutions⁽¹⁾, tabled pursuant to Rule 103(2) of the Rules of Procedure.

The debate is closed.

The vote will take place on Wednesday at 12 noon.

Written statement (Rule 142)

Filip Andrzej Kaczmarek (PPE-DE). – *(PL)* Solidarity is not exclusively part of Poland's heritage. Solidarity, together with its values and ethos, should become part of the heritage of the whole of Europe and indeed of the whole of the world. That is precisely why it is important for Solidarity to become a permanent feature of our European consciousness. As stated in our resolutions, 25 years ago the workers of Gdańsk opened a new chapter in the European struggle for bread and freedom. It was the workers of Poznań, where I come from, who actually launched the struggle 49 years ago. On 28 June 1956 several dozen of them died at the hands of Communists. They died because they demanded bread and freedom. Fortunately neither their deaths, nor the deaths of the workers who died in December 1970, were in vain.

Solidarity has global significance because it was a peaceful movement but also a victorious one. Solidarity's story inspires optimism and confidence, as it proved that even a Communist totalitarian regime could be brought down without the use of force. It would be wonderful if Solidarity's methods and values became an effective way in which all people living under oppressive regimes could fight for freedom, dignity and human rights. Solidarity demonstrated that it makes sense to hope for a better life, and that perseverance and belief in one's principles will bear fruit. I am convinced that the European Union of 25 Member States would not exist today if Lech Wałęsa and his companions had not acted as they did 25 years ago.

14. 1. Taking up and pursuit of the business of credit institutions, 2. Capital adequacy of investment firms and credit institutions

President. The next item is the debate on the report (A6-0257/2005) by Mr Radwan, on behalf of the Committee on Economic and Monetary Affairs, on the proposal for a directive of the European Parliament and of the Council relating to the taking up and pursuit of the business of credit institutions (COM(2004)0486 C6-0141/2004 2004/0155(COD)), and also on the proposal for a directive of the European Parliament and of the Council relating to the capital adequacy of investment firms and credit institutions (COM(2004)0486 C6-0144/2004 2004/0159(COD)).

Charlie McCreevy, Member of the Commission. Mr President, I would like to start by thanking Alexander Radwan and the Economic and Monetary Affairs Committee for the excellent work done on this dossier. Let me stress that the work on the Capital Requirements Directive has been a very good example of efficient cooperation between Parliament, the Council and the Commission. Considering the complexity of the issues involved, I think this has been a real achievement.

A state-of-the-art accepted supervisory framework for both credit institutions and investment firms is important for the financial stability of the European market and in creating a level playing field, not just within the European Union, but across the global financial community compared to those countries also following the Basel II process.

Our proposal has been prepared in close cooperation with Member States and the finance industry and was subject to extensive consultation. It is in line with the Basel II Accord, but takes account of European

⁽¹⁾ See Minutes.

specificities where necessary. Even the latest proposals for the treatment of trading-related activities will be included.

This proposal provides a regulatory framework for financial activities in the EU. It improves the supervisory regime currently in place, which is primarily based on regulatory capital requirements. The new regime will have a solid basis of three pillars. Firstly, more risk-sensitive regulatory capital requirements, which are closer in line with banks' own practices; secondly, an enhanced supervisory review process to ensure a closer fit of these new requirements; and, thirdly, disclosure requirements which improve transparency and market discipline. This proposal represents a move to an altogether more sophisticated and refined approach to supervision and risk management.

By adopting this proposal, the EU will be the first international organization to implement the new Basel II framework. This will be a major step towards better banking supervision and will foster greater effectiveness of the European financial markets.

Let me now turn to the comitology issue. As we all know, this debate is linked to the wider question of the powers of the Council and the European Parliament in the comitology procedures. We need to make sure that the legislative process does not come to a halt. I do not believe that our citizens and the industry would understand that important legislative proposals, such as those on the table today, are taken hostage on account of an issue such as comitology – important as it may be.

We need to find a pragmatic way to ensure a smooth legislative conclusion to the comitology provisions in the Capital Requirements Directive. I welcome the efforts made by the European Parliament and the Council to find agreement on this issue. I think we all agree that adoption in first reading of this directive is in the interest of all three institutions and it is also what the marketplace wants.

Comitology being a general issue, we must look at it in its general context. The Commission submitted a proposal for a modification of the 1999 Comitology Decision in 2002, followed by an amended proposal in 2004. This proposal already took into account important elements requested by the European Parliament, in particular that the European Parliament and the Council should be put on an equal footing as regards their powers in the comitology procedures.

It is in large part thanks to the persistence of Parliament, and of your rapporteur in particular, that the Council will now take up work on revising the Comitology Decision, using the Commission's revised proposal as a basis.

I welcome the initiative taken by the Presidency to set up a 'Friends of the Presidency' group to launch the discussion on the Commission proposal in the Council. This is an important step forward. The European Parliament must confirm urgently whether its support of the Commission proposal still holds and if not, identify clearly what it wants to achieve. The Commission stands ready to cooperate both with Parliament and the Council to arrive at a satisfactory conclusion on this delicate matter as soon as possible.

Let me make only a few more specific points. I understand the European Parliament's interest in creating a much stronger sense of urgency with regard to the question of its powers to supervise the Commission's exercise of its implementing powers. But introducing a sunset clause, coming into force on 1 January 2007, would be too short. There is a serious danger that such a drastic reduction in the duration of the sunset clause would send a wrong and dangerous signal to the marketplace that the adoption of the necessary implementing measures could become highly uncertain.

The Council has indicated that a period of at least two years is acceptable. In the light of the discussions that have taken place, the Commission considers that this is a viable period. The introduction of such a reduced period for implementing powers – much shorter than the normal period of four years – clearly emphasizes the need urgently to find a solid, lasting and balanced solution for the supervision of the Commission's implementing powers by both branches of the legislative authority. All institutions must work together to reach this solution as quickly as possible. In this regard, the Commission notes that in the first half of 2007, the first sunset clauses under the so-called Lamfalussy process will start suspending the Commission's implementing powers for two directives - the Conglomerates Directive on 11 February 2007 and the Market Abuse Directive on 12 April 2007.

While the Commission lives by the commitments made by the then President, Romano Prodi, and my predecessor Frits Bolkestein, when the European Parliament approved the Lamfalussy process, the Commission understands that a renewal of its implementing powers for those directives would be problematic in the absence of an overall solution on comitology. This very fact should motivate all institutions to make progress.

Failure to agree would not only spoil the spirit of cooperation between the institutions, it would also be detrimental to the further development of an integrated financial services market, which relies heavily on the availability of executive powers within the context of framework legislation agreed by codecision. I would also add that other policy areas would be affected from a lack of agreement on comitology.

Before concluding, I would like to reiterate my call on both Parliament and the Council to work constructively towards a solution. The Commission from its side will assist wherever it can to ensure that the sense of urgency that is now being given to this matter does not evaporate. The Commission has long recognized the need for a solution to be found and I believe that the conditions are now ripe for this.

I look forward to hearing your comments.

Alexander Radwan (PPE-DE), rapporteur. – (DE) Mr President, ladies and gentlemen, Commissioner, it is for once no mere formality that I start by thanking my colleagues, the shadow rapporteurs and all members of the Committee for having made it possible for us all to work together on this directive in a constructive manner. I would also like to thank the Commission for working with us over recent years – for this draft did not come into being overnight – and enabling us to make progress. I see this as being, perhaps, a good example of how we can work together on making laws in the future.

This evening, I would like, at the outset, to point out a fly in the ointment. I agree with the Chairman of our Committee that we are engaged in making laws that will have far-reaching effects on Europe's financial sector and small and medium-sized businesses, and, speaking on behalf of our President, I would remind you, Mr President, and the Bureau too, that this House possesses full legislative powers in this area. Perhaps you could look through the agendas for this week and find another subject, another position where we adopt acts under the codecision procedure, unless you really do think that everything we discuss this week is of high priority. I refer here also to the Doorn report, which also has to do with Parliament's full legislative powers.

In dealing with this directive, Parliament has always emphasised that it is important to us that certain areas be made Basel-compatible. Basel is an international agreement. We have always seen the small business sector as important. It was always important to us that there should, in this regulatory framework, be special arrangements made for small banks, in order that they should not be squeezed out of the competition; take for example the partial application, or the demand in the report that banks opting in future for the Standardised Approach, should not be discriminated against by the national supervisory bodies. Another example I would give is that of the granularity agreed on in Basel and present in the Commission proposal, but which is absent from Parliament's resolution and must not be re-inserted through the back door. I would point out that this needs also to be transposed by the national parliaments and incorporated into supervisory practice.

There are a number of new things in this directive that will change financial supervision in Europe, for example the Lead Supervisor System, under which one supervisor can overrule another when approving internal ratings, and which puts us on the way to a European market. Another example, and one on which there was a great deal of consensus in this House, was the disclosure of ratings, which is of particular importance to small and medium-sized businesses, and I am grateful to the Council for eventually accepting Parliament's proposed compromise on this. There was lengthy discussion of intergroup exposures. I maintained from the very outset that banks' internal loans should receive equal treatment based on the risks involved, for this document is about risk rather than competition. It is because different structures already exist in Europe that we should not prescribe structures for this, for we cannot say that one is better than another. We must, though, weigh up their merits. Here, too, we have come up with a compromise, and so we have achieved a good result as regards the substance. Comitology is a weak point and will remain one. I want to emphasise that the Committee on Economic and Monetary Affairs has always given the Lamfalussy procedure's comitology its backing, believing this to be right and important in terms of quick legislation that meets the needs of the market, but we had always considered the former Lamfalussy agreement in the light of a future constitution, by providing for a callback mechanism. Today, we need no new debate on the Constitution, but if, in future, we come to draft more directives using Lamfalussy comitology, we will need to conclude a new agreement on the subject to secure Parliament's rights by providing that, where we delegate them, we can also 'call them back', by which I mean better scrutiny, more options for definitions and also the general withdrawal of the delegated power if things start to go wrong.

As I will not be able to take the floor when we discuss the Doorn report, let me briefly say that there is one area that is excluded from its resolution. The Committee on Economic and Monetary Affairs will, though, in future, be responsible for the International Accounting Standards. As I see it, though, even if this is not what we decide tomorrow, this agreement should also include the international convention on accounting standards. It is not acceptable that, in the future, international bodies should define standards and that these

should be implemented without scrutiny by this House. Let me just remind the House that we had a visit some time ago from some people from the Board of the IAS, who informed us that they were working on standards for SMEs. We will not – and I say this not least for the Commission's benefit – accept these standards without the necessary scrutiny. I hope we are on the right track here, and, to the Presidency, I would say that I hope that it will take on board the compromises we have put forward today. I am optimistic, not only as regards the date for the sunset clause, but also as regards the recitals, about our chances of achieving a good compromise this week and that we will succeed in our aim of getting this adopted at first reading. What I hear from many Member States is that they are doing these things already, and I believe we are on the right track towards achieving this. It is down to the Council.

Harald Ettl (PSE), *draftsman of the opinion of the Committee on Legal Affairs*. – (DE) Mr President, ladies and gentlemen, the Committee on Legal Affairs welcomes the compromise that the rapporteur has hammered out. The author of the position expresses her support for most of the objectives and the need for the updating of the provisions to take account of the considerable progress that has been made in the techniques of risk assessment and financial services management, while also proposing amendments that might help to simplify the system of equity capital requirements. A number of amendments have to do with national discretion, which is to be removed for the sake of greater regulatory harmonisation in the internal market. I might add that many of these deletions have been recommended to the national supervisory bodies.

The draftsman of the opinion also takes the view that it was very definitely the right thing to do to take Article 47(2) of the EC Treaty as the basis for this proposal. As a directive is the instrument best suited to achieving the desired objectives, the principle of subsidiarity is complied with, as is the principle of proportionality, since the directive goes no further than doing that which is absolutely necessary.

I would like to add a number of comments on comitology from the point of view not only of the Legal Affairs Committee, but also of the Committee on Economic and Monetary Affairs, and will be commenting on them later on. As financial markets and banks are liable to undergo rapid change, with new products and combinations of products constantly having to be developed, the law on banking and banking supervision must also be capable of being further developed. Basel II must not be allowed to degenerate into a framework from which one chooses the financial instruments one fancies, but must instead never lose sight of the need to protect creditors, investors and consumers. The dialogue between legislators, supervisors and banks, both at national and European level, referred to in the Lamfalussy procedure can also help to keep supervision appropriate to the function concerned. I will enlarge on this point later on.

José Manuel García-Margallo y Marfil, *on behalf of the PPE-DE Group*. – (ES) Mr President, Commissioner, welcome to our Chamber. My role in this debate consists exclusively of explaining what has happened in this Parliament during comitology and expressing my full support for the position of the rapporteur, my colleague Mr Radwan.

The problems in relation to comitology began some years ago now, when the Commission presented Parliament with the financial services action plan, which proposed the rapid implementation of forty-something measures in the field of financial services.

We were told at that point that the ordinary legislative procedure was too slow to keep up to date with the speed of the financial markets. I spoke here to say that, in the vast majority of cases, Parliament was not responsible for this delay, but rather the Council.

The next step was what we know as the Lamfalussy report, after the person in charge of drawing it up, who, with a view to providing a solution, to adapting the speed of the procedure to the speed of the markets, proposed splitting the legislation into two levels. First level: general principles, basic guidelines. Second level: concrete legal rules. Level one, codecision. Level two, complete exclusion of Parliament. We were asked to surrender the prerogatives that should be the privileges, the basic rules, of any European Parliament.

It is quite understandable that the European Parliament should express its suspicion. We simply wanted to be in the same position as the Council. In the event that boundaries were overstepped, in the event that the attorney did not keep to the limits of their mandate, we wanted a call-back.

It was not possible at that time, because the Treaties did not allow it, and we were waiting for the Constitution. We have reached a transitional situation — and I would stress transitional — and I would therefore call for the sunset clause that Mr Radwan has mentioned. Until then it will be necessary to reach an agreement that harmonises the two objectives: speed in the legislative procedure and respect for Parliament's powers, powers which, as is the case for any Parliament, have been hard won over time. I would like finally to explain our

suspicion by recalling a Spanish politician renowned for his skill and ability in fiddling the rules, who said, 'you make the law, but leave it to me to make the regulation'. That is the danger we are worried about.

IN THE CHAIR: MR DOS SANTOS

Vice-President

Harald Ettl, *on behalf of the PSE Group.* – (DE) Mr President, let me start by saying 'thank you' to the rapporteur for the willingness to cooperate that he has demonstrated, which enabled Social Democrats' main concerns to be accommodated. We believe that banking supervision must be internationally agreed and of the same kind throughout the EU, and that, in particular the banks' equity capital required by law must be more rigorously adjusted to take account of commercial risks. It is only in this way that the savers can be put in a more secure position and their savings safeguarded against the event of their bank failing.

Modern banks both manage private households' assets and keep their accounts, while also being their advisers and agents on the financial markets. The economic efficiency of the finance they provide and of the capital they invest is dependent on their remaining competitive. The finance they provide plays an important part in the further development of the EU through its infrastructure, housebuilding, municipalities, energy industry and, not least, its small and medium-sized business. Basel II includes objective points of reference for assessing the risks involved in providing this finance, along with the banks' associated equity capital costs and the interest charged to debtors.

This picture is completed by the adoption of my amendments on easier retail credit for SMEs and the liability of regional and local authorities in the computation of the risk element. Basel II should not, then, result in finance becoming harder to come by or more expensive. The banks also bear an economic responsibility, and Basel II must not be misused as an excuse to the detriment of debtors or at their expense.

Basel II is also intended to create a level playing field for competition between the big banking groups and the savings banks and credit unions that operate on a regional basis, and it was for that reason that I pressed for the greatest possible objectivity in the treatment of what are termed inter-bank loans. I would like, not least, to highlight what is now the dual responsibility of the national supervisory agencies as regards both the monitoring of the banks' more precise risk assessment methods and supporting banks that operate in more than one country when the supervisory authorities in both countries cooperate with one another.

Last but not least, I would like to revisit the subject of comitology. The rules on information and transparency that Parliament is demanding for Basel II are actually taken for granted in modern legislation, and that should also be reflected in the right of recall. What we want from the Council is a guarantee that, in two years' time at the latest, there will be a solid agreement enabling Parliament to continue to exercise its democratic rights and responsibilities.

Wolf Klinz, *on behalf of the ALDE Group.* – (DE) Mr President, ladies and gentlemen, the object of this draft directive is the implementation of Basel II in the European Union, thereby establishing a basis on which the financial markets may be made more stable. Banking supervision can be made more efficient and greater weight attached to the risk element involved. The directive will also impose minimum standards for high-risk businesses.

In the Committee on Economic and Monetary Affairs, we have discussed Basel II in depth and worked our way through some 900 amendments, along with a whole array of compromise amendments that the rapporteur, Mr Radwan, drafted together with Mr Ettl and myself. I would like at this point to express my gratitude for the high degree of trust in all this and for the constructive cooperation that we enjoyed. In the ensuing troika discussions, the Council accepted many of Parliament's amendments, and we managed to extract several concessions and compromises from it, with the effect that the technical substance of Basel II can be regarded as balanced. Speaking as a Liberal, I am particularly glad that we have managed to come up with rules that are capable of ensuring fair competitive conditions between the various groups in the banking sector.

This is a package that the Liberals and Democrats can strongly endorse. It does, however include two amendments on Islamic loans and mortgages, and one on energy companies, to which we cannot give our backing, for Basel II was not intended to be used as a means of putting in place special safeguards for certain sectors of industry or creating special conditions for them. Despite that, we will, as a group, be voting in favour of the whole package.

It was our group that introduced the amendments relating to the trading book. We see it as a very good thing that the good and fast work done by the Commission has now made it possible for these to be adopted in the course of the voting on Basel II, thus ensuring consistent implementation in this area.

Discussion of Basel II has of course touched on the subject of comitology, something about which all speakers have already had something to say. The importance and usefulness of the comitology procedure is not a matter of dispute for any of us; it is a means whereby the rules implementing basic acts may be speedily enacted, but it is a procedure that must not be allowed to undermine Parliament's prerogatives, for the enhancement of which the Constitutional Treaty makes provision. Uncertain though the future of that Treaty may be, Parliament's concerns still matter and are still relevant. As was only to be expected, the troika negotiations on comitology proved to be particularly problematic. Weeks of pressure on our part prompted the Council to create a working party called 'Friends of the Presidency', which Commissioner McCreevy mentioned, thereby acknowledging for the first time the need for a new inter-institutional agreement and for action to be taken. We cannot, though, be satisfied with mere promises. What we want is a definite date by which there will be a new inter-institutional agreement to reinforce our rights

To the Council, we propose 1 January 2008 as the date for the sunset clause, and now await its response, which we hope will turn out to be favourable.

John Whittaker, *on behalf of the IND/DEM Group*. – Mr President, capital requirements are regarded as useful in preventing bank failure because they make shareholders bear more of the cost of failure. The international Basel II proposals, which this directive implements, are designed to achieve a better match between capital and risk than the simple 8% capital asset ratio of Basel I. However, no amount of bank capital, short of 100% of risk assets, can safeguard against failure. The minimum amounts of capital specified in any regulatory scheme are arbitrary.

As Mr Radwan stressed, other problems are the extent to which risk-spreading amongst individual banks of a banking group should imply a reduction in regulatory capital, and the difficulty of defining the division of responsibility across national supervisors. There are no objective answers to those vexed questions. For that reason I question the competence of this Parliament in this field. It is ridiculous that we should be involved in the minutiae of this directive given how complex and yet how important it is. But this is how Parliament works, with all of us Members, however experienced or inexperienced in the arcane arts of banking regulation, expected to make hundreds of reasoned judgments on questions, many of which cannot be answered in any objective way.

The rapporteur recommends that, owing to doubt, this directive should be reviewed in the future. The banking industry does not need that. Banks spend their time dealing with risk and uncertainty. Adding further uncertainty over future regulation will not help them to plan or look after our interests as customers and shareholders.

The bottom line is that there is no right amount of regulatory capital. If we kept that in mind when legislating, we would come up with rules that are a great deal simpler, and the Members of this Parliament would be spared from the farcical exercise of voting on hundreds of amendments.

Eoin Ryan, *on behalf of the UEN Group*. – Mr President, I should like to thank the rapporteur, Mr Radwan, for his timely report.

The financial services sector has become very sophisticated at risk management and so the regulatory framework has to respond to the times. I am very satisfied with the report on the table today. It acknowledges the fact that covered bonds are a global capital markets product and are no longer either a European or domestic product. I believe that any alternative to that would handicap the development of the sector, which has significant commercial potential.

According to a study conducted by JP Morgan, Basel II could increase the number of high-yield bonds – and especially covered bonds – being issued. That would be advantageous from an Irish perspective because Irish covered bond issues have the highest credit rating. Therefore it is important that Basel II upholds current market practice in the covered bond area.

Banks have a long history of lending money and we sometimes take it for granted that they are fully prepared for the traditional risks such as credit and market risks. However, nowadays banks are facing increasingly unpredictable operational risks, which are difficult to manage. Under Basel II it would become essential that risks analytics are timely assigned to financial services operations. It would be interesting to know what the

expenditure of financial services institutions will be on analytics in the EU after the introduction of Basel II. Therefore I welcome the proposed review of this regulation after four years.

At the same time, however, it would be unwise to underestimate the importance of risk management in the traditional areas of credit and market risks. In today's economic climate there is a growing need for detailed analysis of the effects of recession and other financial shocks on national economies and the EU. Under the standards set by Basel II the banking sector will have to invest in the development of IT systems capable of modelling in-depth credit risk analysis. The way in which financial services are conducted has changed and will continue to change. However successful risk management cannot be solely based on a compulsory reply to regulations. It requires a sound understanding of what is good for business and the standard of best practice.

Hans-Peter Martin (NI). – (DE) Mr President, for many small and medium-sized businesses, Basel II is a matter of life and death. They worry a great deal about it; there has been a great deal of discussion about it. I believe that they should have complete confidence in the rapporteur. Even though his report has accomplished many things, there is one aspect I would like to mention in the short speaking time available to me, and that is that whether there really will be fair competition among sources of credit, and then perhaps also among those who apply for it, will be dependent on what is agreed in this House. It is fortunate that we are only at first reading stage. I do think, though, that Amendment 140, which is an attempt to introduce more transparency by calling on the credit institutions to provide the SMEs and other firms that have applied for loans with written clarification of how they arrived at their rating decisions, will be essential if the market is not to be even more distorted. We will then have to wait and see what comes out at the other end – the right degree of transparency or excessive regulation. It would be nice if we could lay down a timeframe for this, at least at second reading. I would certainly be in favour of a sunset clause, about which everything has in any case already been said, and I hope that Mr Radwan's report gets through in such a shape as to maintain the balance he is seeking.

John Purvis (PPE-DE). – Mr President, I too should like to compliment Mr Radwan on the extremely able way in which he has steered this complex directive to this advanced stage.

We all hope that the Council of Ministers will now be able to take the steps needed to make a first reading agreement possible. Surely the Presidency can make a supreme effort and undertake to reach a conclusion on the comitology issue to a mutually agreeable timescale. So much has been agreed on the complex, technical issues that it would surely be a shame – in fact, an absurd embarrassment – not to close the remaining gap. It is surely reasonable for Parliament to aspire to a role in the legislative process which is equivalent to that of the other branch of the legislature – the Council. Our constituents expect that. Indeed most of them assume that is already the case. All that we ask is for the Council to assess that aspiration with dispatch.

The industry needs timely legal certainty and will not readily forgive either of us – Parliament or the Council – if in the face of all common sense we allow this important directive to fail for what might appear to the outside world to be interinstitutional niceties.

I now turn to international considerations. Almost every European banking, insurance and asset management business will be affected by this new regime and will have to shoulder the costs of adjusting their systems. In America, on the other hand, only the largest international banks will have to comply. The competitive benefits will probably induce at least some of their medium-sized competitors to adopt Basel II too. However, even the smaller European financial institutions will have to comply and bear quite substantial financial costs in so doing, while their American competitors, such as asset management firms, will not have to. How will the Commission ensure a level playing field for our financial institutions of all shapes and sizes in the global marketplace?

Pervenche Berès (PSE). – (FR) Mr President, Commissioner, ladies and gentlemen, we have before us an agreement at first reading on a text that could scarcely be more complex, in the context of which 304 amendments will be easily adopted. That is, if Parliament can work intelligently when it has to.

That being said, what is at stake in the text, as everyone can see, is absolutely huge. The text strikes a balance between an approach sensitive to risk and one that is sensitive to real challenges in terms of competition, whether within or outside the Europe Union.

I will make three remarks. The first is that, as regards the content of this text, any aspects enabling us to assess and take better account of the risks taken by the banking sector – and, more generally, by the financial institutions sector – are steps in the right direction, insofar as they are backed up by reasonable consolidation and, above all, with the implementation of effective supervision mechanisms. That is the entire debate we

have had on the size of the banks, the internal group consolidations and risk evaluation. I believe that, behind the way in which this matter is handled, the issue of knowing how to implement a lead supervisor at European level remains altogether crucial, and we will have to return to it over the next few years.

I have one word to say on the subject of SMEs: I dare to hope that the solution proposed is a step in the right direction and that it will not, on the contrary, lead to a shortage of credit for SMEs. The debate is open, but I personally have my doubts on this matter.

The second point I wish to make, which my fellow Member, Mr Purvis, spoke of just now, concerns international relations. I know, Commissioner, that you attach great importance to them and, quite frankly, since we have been following this matter, I have been struck by the imbalance that exists in the way the integration and appropriation of the Basel II Agreements are perceived. We know what role the Americans have played in defining, and conducting negotiations on, Basel II, and today we are witnessing a large question mark hanging over the schedule for, and the scope of, this agreement on the other side of the Atlantic. Behind all of that, a challenge in terms of competition for our economies exists that we cannot overlook, and we are counting on your vigilance in order to prevent this from leading to a situation that results in the European Union being discriminated against.

My final point concerns the issue of comitology, which all my fellow Members have spoken about. Firstly, the Commissioner told us: 'Let us not take these agreements hostage because the markets would not understand'. Yet as you know, the markets do as they please. They will say to us today: 'It is imperative that you adopt this text. If you do not, it will be a disaster', and then tomorrow, when they disagree with the way in which you have implemented Level I of the agreement, they will come to see us and they will then be quite happy that a Parliament exists where people can re-examine the way in which the comitology measures have been adequately or inadequately implemented. Let us not listen too hard, therefore, to what the markets have to say and let us do our job as legislator. My final point will be to express my delight that the UK Presidency has implemented a Friends of the Presidency Group. I believe that that is a good way of finding an agreement. I simply regret the fact that the Council is not here to participate in this important discussion in the debate between the institutions.

Nils Lundgren (IND/DEM). – (SV) Mr President, the Capital Requirements Directive updates a recurrent conflict of aims in EU cooperation, a conflict of aims that we all have reason, as a matter of principle, to analyse and debate before we adopt a position.

On the one hand, there are often good reasons for introducing common rules at EU level if the internal market is to operate efficiently. Differing rules between one Member State and another in crucial areas entail high costs and, thus, less prosperity. That also applies to the financial market.

On the other hand, there are strong reasons for not forcing the Member States to adopt common rules that then become part of our *acquis communautaire* and thus prevent individual countries from taking the lead and developing systems of rules. A large part of our economies' dynamic is based upon the institutional competition we have between countries when it comes to developing efficient and growth-promoting institutions. Often, expressions such as best practice and benchmarking are used, reflecting knowledge of this important process.

Unfortunately, this Chamber devotes little or no attention to institutional competition. Where Basel II is concerned, we are, however, talking about an extremely global market involving an extremely well-informed group of actors who can take action at a moment's notice. In this market, there is little scope for special positions at EU level. When it comes to Basel II, individual countries should operate independently within the framework of this cooperation between central banks. There is really no reason for mixing the EU and this Parliament up in that process. We are not designed for that purpose.

Allow me finally to agree with other speakers about how unfortunate it is that Parliament is trying to use this report as part of the constant institutional power struggle between the EU's institutions. The June List does not wish to help strengthen this Parliament's power.

Ieke van den Burg (PSE). – (NL) Mr President, I understand that I can also use Mr Goebbels' speaking time. As a number of Members have already had something to say about the content of this dossier, I do not propose to say too much about it; I would, though, like to say something about the procedure, but not before getting something off my chest.

To outsiders, this is an impenetrable technical dossier with no fewer than 800 amendments or thereabouts; a document at least 10 cm thick. You would be forgiven for wondering what Brussels is up to. Where is the indignation, where are the critical articles in the press? Then again, this is not about the protection of workers against skin cancer through exposure to too much sunlight – a subject about which everyone has an opinion and which, in the previous part-session, came in for denunciation from every quarter .

No, this time round, it is about the protection of invested capital. Is this, then, in some way, an entirely different and nobler goal? Is this, then, something in which Europe is allowed to be closely involved? No selective indignation this time round, then. Fortunately, that is also true for me: I have nothing against this dossier, but let us, in future, not apply different standards when it comes to protecting workers.

I would now like to turn to the report. I am pleased and also proud that we have managed to prepare this complex dossier, including the added rules for the trading book, so quickly and efficiently in our Committee on Economic and Monetary Affairs, something on which all those involved deserve many congratulations. This determination is something which the United States, in particular, is following with a measure of astonishment and jealousy. That is what we need in order to make Europe competitive and attract investments for growth and employment; that is what matters in the Lisbon Strategy.

The way in which we are going about this, though, with this plethora of amendments and technical appendices, is not an approach that appeals to me, nor do I believe that we will thereby achieve better regulation. We have in the financial markets regulations just developed a more intelligent working method referred to as the Lamfalussy procedure. According to this procedure, framework legislation is adopted by the EU institutions whilst technical details are delegated to the different committees in the comitology and to the European groups of supervisors who, in turn, delegate in very close dialogue and consultation with market operators and other stakeholders.

Not only is this necessary in order to lessen the burden on employers, but also enable a much more flexible and adequate response to the developments in these dynamic markets. I am a forthright advocate of this approach and believe that we can use it to find effective solutions for better regulations in other areas too.

Paradoxically, we have not yet applied the Lamfalussy method to this capital adequacy directive, but are now laying down everything, including the appendices and mathematical formulas, at the level of legislators as a group. Instead, we would prefer, after the directive has entered into effect, to tie the possibility of injecting this dynamism and flexibility into the directive to conditions and to a deadline.

I would like to make it clear that that is not, I repeat not, because we are opposed to the method, but because a fundamental condition is still missing from the Lamfalussy procedure, and by that I mean Parliament's call-back right. I think that that should be spelled out once more, which is what we intended to do in this directive in order to crank up the pressure so as to obtain this formal call-back right. We do not care how this is done. The problem was around back in 1999, before the conventions were introduced to prepare treaty changes, and there now has to be a structural solution to the problem. The ball is in the Council's court, and we hope that the ECOFIN ministers will make it clear to their General Affairs and Foreign Affairs counterparts that a solution must be found, come what may. I think that that should be the key message coming out of this discussion.

Astrid Lulling (PPE-DE). – (FR) Mr President, I willingly join others in thanking the rapporteur, who has finally been able to demonstrate a sufficient ability to listen in order to reach an agreement which, while not to everyone's satisfaction, is to the satisfaction of a large number of us. The highly technical nature of this directive could not disguise its fundamental character; the implementation of the Basel II Agreements at Community level is absolutely crucial for the banking industry in Europe.

Alongside other fellow Members, I have fought to oppose a logic of extreme harmonisation in the field of mortgage lending, and I am delighted to have won my case. The mortgage lending market, which is a German concept, is booming, particularly since the euro was introduced. With a sum of around EUR 1 600 billion, it is the largest sector of private lending. The fact is that maintaining the provisions that were initially envisaged would have meant bringing this activity - which involves the main financial centres of the European Union: London, Dublin, Paris and Luxembourg - to an abrupt end.

Covered bonds are one of the rare European products that Americans envy us; let us not turn them into an instrument doomed to obsolescence by applying overly restrictive criteria preventing the banks from using them for the purpose for which they are intended.

As mortgage bonds feature among the most secure financial instruments and benefit from the highest bond ratings, no one would have understood if we had headed towards a state of inflexibility and not allowed any leeway with regard to national regulation. The definition of mortgage bonds and the collateralisation threshold have, therefore, finally been put together in such a way as to be compatible with the existing items of legislation. That decision was necessary, even though I regret the fact that, in terms of lost given defaults, the directive goes far beyond what is required, with rates well above the losses that are, in fact, absorbed by the credit institutions.

I will conclude by making two remarks. Firstly, I note once again that the consolidation and harmonisation approach leads to a dead end. Let us not confuse the need for a common framework with egalitarianism. Secondly, the dialogue with the financial stakeholders can be conducted in complete transparency and to everyone's satisfaction.

Gunnar Hökmark (PPE-DE). – (SV) Mr President, I wish firstly to thank Mr Radwan and also congratulate him on the major, complicated and important piece of work he has done.

If there is any area in which we see the importance of European cooperation, it is in this area in which we are creating a large financial market. To my Swedish fellow Member who spoke previously, I should like to say that, if we did not have European cooperation, we should not have the opportunity to exercise democratic and parliamentary control over the regulations designed here. We now have stability, efficiency and predictability in the common financial markets. The directive will also entail more flexible risk assessment which – and this is important to remember – is basically good for European consumers and businesses. What is important, as has been mentioned previously in this Chamber, is that it also entails identical ground rules in the global market and in relation to the American market. It is also important, however, that it means identical ground rules in another sense, whereby we shall see new, developing financial institutions in the dynamic financial markets. In the same way as we have seen a convergence between banks and insurance companies in recent decades, we shall see new products and new structures.

It is important, then, that this directive should not in practice hamper dynamic development in the market but enable new forms of business to develop and compete on equal conditions. It will be an important task for the Commission, as for the debate here in Parliament, to follow up developments in precisely this sense. I am grateful that we have been able to obtain transitional rules that give the national authorities the opportunity to affirm this development but, once the directive is properly in place and its rules applicable, it will be one of Parliament's and the Commission's tasks to ensure that there is an openness to change that positively accepts the variability of the financial markets. Otherwise, we shall become less competitive in Europe. That is why this is an important task.

Andreas Schwab (PPE-DE). – (DE) Mr President, Commissioner, ladies and gentlemen, for small and medium-sized enterprises in Europe, Basel II has become a byword for the way in which it becomes more difficult to get credit the more problematic the situation one is in. Had Basel II been accepted in its original form, that would of course be an extraordinarily bad sign for Europe's present economic state, and so I want to express warm thanks to the rapporteur for our group, Mr Radwan, for the extraordinarily difficult job he has done in this regard. I see this directive, in the form in which it is presented in his report for the Economic and Monetary Affairs Committee, as providing us with an excellent means of dispelling the fears of small and medium-sized businesses.

The second point I want to pick up is the same as that addressed by Mrs Berès. It does not often happen that I agree with her, but on this occasion and in this matter I do. It is astonishing that the American banking sector, from which this directive was originally derived, is now delaying its application to the smaller American banks. Great believer in the trans-Atlantic relationship though I am, I do think we need to take care that economic harmonisation in Europe does not take us down different roads from those taken on the other side of the Atlantic. We will be the strongest economic area in the world only if we make changes at the same pace as they do.

Let me conclude by expressing my agreement with what Mr Radwan had to say about comitology. The right message to send to the many members of the European public who complain that it is not clear who decides what in Europe, is that it is here in the European Parliament that decisions of a political nature are taken, and that is why the sunset clause, which is to be in force for two years, enjoys my support. In 2007, there will be three more directives that have gone through the Lamfalussy procedure: the directive on responsibilities in relation to prospectuses, the Market Abuse Directive and the one on financial conglomerates. All three will be there, and all three, or so I believe, need to bring clarity and stability to the financial markets. This is where

the European Parliament can play its part, and so I welcome this directive in the form in which Mr Radwan has presented it.

Jean-Paul Gauzès (PPE-DE). – (FR) Mr President, Commissioner, ladies and gentlemen, I would like first of all to congratulate Mr Radwan on the quality of his report in a field that is very technical, but crucial for banking. The draft directive implements or updates the general security principles of the banking system and, in particular, as regards the solvency of credit institutions.

Two specific aspects will warrant more in-depth consideration in the future: the division of risks, in order sensibly to control the proportion of regulatory own funds validated by a single signature, and the harmonisation of rules relating to the internal control systems in order to take account of the circumstances of cross-border banking groups. In this respect, I would have liked – and I had tabled amendments to this end – more consideration to have been given to the European dimension where cross-border internal group lending and supervision on a consolidated basis were concerned. I acknowledge, however, that the draft directive, as amended by Parliament, strikes the greatest balance we could realistically envisage at present between the responsibilities of the regulatory authorities in the home country and of those in the host country with regard to banking groups carrying out cross-border activities.

In the unfortunate absence of the Constitution, the proposals made by the Council Presidency seem to me pragmatically to preserve the legitimate rights of Parliament. For their part, the banks have, over several years, harnessed human, financial and technical resources in order to keep to the deadline. The statutory deadline must therefore be retained, whatever questions may be asked by the United States. It is important that the directive enter into force on the date scheduled. That is why I hope that Parliament adopts the draft submitted to it and that an agreement is reached at first reading.

Paul Rübzig (PPE-DE). – (DE) Mr President, ladies and gentlemen, I want to start by telling the Commission that this is where the work begins. Mr Radwan may well have produced a splendid dossier, but what matters is that Commissioner Verheugen should give his attention to the question of how best to introduce this directive in Europe, how to prevent insolvencies and encourage company formations. Commissioner Kovács' homework is, in my view, to give some thought to how, in future, businesses may write off more minor items – the rates in America, for example, are substantially higher – and to how they are to handle the carrying forward and back of losses. This is where the Commission should, with competition in mind, intervene creatively, for this Basel II project is, after all, meant to be about rationalisation and reform; it is meant to save costs rather than to bring a whole new wedge of them into play, and for that reason, here too, I recommend benchmarking and best practice.

Charlie McCreevy, Member of the Commission. Mr President, I thank the Members for their very constructive comments regarding this very important piece of legislation and, as I said at the outset, I congratulate Mr Radwan and the shadow rapporteurs for their work and the deep, intensive and very technical work done by the committee on this very complex subject.

I agree with those speakers who stressed the importance of this particular directive. What will be good for the financial institutions will be good for economic growth, employment, the economy and for increased financial stability. Sometimes members of the public look at matters relating to banks and financial institutions with rather a jaundiced eye and see them as charging excessive interest and making huge profits at their expense. However, if it were not for banks and credit institutions, there would be no great economic success. Therefore it is in everybody's interests – including the various actors and stakeholders – that we have a properly regulated financial sector and that risk is properly assessed. It is also important for depositors. This is the flipside of lending, since, if no one placed money in banks, there would be no money to lend. For the very same reasons, it is also important for shareholders and investors. It is also important for the employees of the financial institutions. Therefore, what will be good for the banking sector will be good for us all.

A recent study estimated that banks would have reduced capital requirements of about EUR 80 to 120 billion as a result of the proposed directive. It is also said that this directive will reduce the capital requirements for loans to SMEs by more than 50%. This Parliament has tabled amendments to our proposals that improve the rules for retail and SME lending still further. Some speakers referred to the question of Islamic mortgages. We need rules to ensure that such loans do not fall between the cracks and escape regulation altogether.

Mr Ryan and Mrs Lulling raised questions about mortgage bonds or asset-covered bonds. I note that the further flexibility introduced by Parliament's amendments will reduce regulatory constraints for so-called covered bonds still further and this is a good result for the markets.

Some other Members – in particular Mrs Berès and Mr Purvis – raised the question of a level playing field for Europe and the United States. Firstly, I would like to point out that the small and medium-sized American banks have asked for the benefits of Basle II also to be extended to them and I understand that the United States is on the verge of making such proposals within the next month.

Secondly, as regards this level playing field, all the big American banks which are in direct competition with European globally-operating banks will be covered by the Basle framework.

I take on board, however, what Mr Purvis and Mrs Berès said, not only in this particular regard, but also in other areas relating to the United States. I know that Mrs Berès has taken a particularly keen interest in this matter and it is something that I bear in mind.

Just about every speaker referred to the general question of comitology. Mr Radwan can take particular pleasure and pride in having brought this issue to the forefront of the debate and in having extended it into other areas as well.

As regards comitology, I note with satisfaction that the rapporteur is putting forward a helpful and constructive proposal here and I hope that, not only with this directive but in other areas as well, we can bring the matter to a successful conclusion, with the cooperation of the various actors.

I am also pleased to inform you that the Commission can fully support the compromise which has been reached on these amendments. The package which is now before the plenary is a fair compromise, taking into account the discussions between the Council and Parliament, and it will also enjoy the strong support of the banking industry. Furthermore, the solutions proposed are well-balanced and respect the Commission's initial intentions for this legislation.

President. The debate is closed.

The vote will take place on Wednesday at 12 noon.

15. Statutory audit of annual accounts and consolidated accounts

President. The next item is the report by Mr Doorn, on behalf of the Committee on Legal Affairs, on the proposal for a Directive of the European Parliament and of the Council on statutory audit of annual accounts and consolidated accounts and amending Council Directives 78/660/EEC and 83/349/EEC [COM(2004)0177 C6-0005/2004 2004/0065(COD)] (A6-0224/2005).

Charlie McCreevy, Member of the Commission. Mr President, I would like to thank Bert Doorn, and the Legal Affairs Committee, for the excellent work done on this dossier. Efficient cooperation between the institutions should make it possible to adopt this proposal in a single reading.

Statutory audit is a very important subject for Europe. Recent scandals highlighted the need to reply to new challenges. In order to modernise statutory audit, the revised directive will clarify the duties of statutory auditors, their independence and their ethics. It will also require the application of international standards on auditing and will set the criteria for robust public oversight of the audit profession. We must have proper auditors in the EU. This benefits everyone: the companies themselves, investors and savers, both large and small. Economic confidence will grow.

Let me just say a few words on the question of limiting auditor liability. This question has arisen during debates on this directive, although it was not in the Commission's original proposal. Auditors are wary of taking on new audits because they are afraid of unlimited liability. I can see the arguments in favour of acting at EU level, as there could potentially be an impact on the internal market. I intend to work actively to see what can be done in this regard. As a first step, I intend to launch a study in the near future.

The proposed amendments take account of the discussions in the Council, and also enjoy strong support from the audit industry. The solutions proposed by your rapporteur are, furthermore, well balanced and respect the Commission's initial intentions with this legislation. So we strongly support the outcome.

As was the case with the previous report that we discussed, comitology is once again the only outstanding issue. The situation is very similar to what was said in the context of Mr Radwan's report on the capital requirements directive just a few moments ago. I refer to the statements I made in that context so I do not need to repeat myself.

Implementing powers are very important for the eighth company law directive. Many technical issues and adaptations require the availability of comitology powers. This was also confirmed by the Council when it expressed its support for the overall compromise package of amendments. The Committee of Permanent Representatives considered that a sunset clause under which the implementing powers would be suspended could harm the effective implementation of this directive. It therefore asked Parliament to consider the implications of such a sunset clause carefully.

The Commission shares the concerns expressed by the Council. Yet it also recognises Parliament's view that its role in supervising the exercise of delegated authority must be brought in line with its standing in the codecision procedure. Pending an overall solution for comitology, the Commission understands that Parliament would wish to limit the delegated authority in time. For the Commission it is essential that this period be long enough to ensure proper implementation of the directive. I understand that your rapporteur would propose a sunset clause of two years after the entry into force of the directive, but 1 April 2008 at the latest. This would not, however, apply to Article 26, on international auditing standards. The Commission can agree with this. This solution would correspond with the solution found in Mr Radwan's report on the proposed capital requirements directive. The Commission also calls on the Council to show flexibility, but above all to consider the revision of the 1999 comitology decision as a priority.

Bert Doorn (PPE-DE), rapporteur. – (NL) Mr President, Commissioner, ladies and gentlemen, as rapporteur for the 8th directive, I can inform you that we have put together an interesting package in the negotiations with the Council and the Commission. For example, we managed to create more room for national solutions in audit committees, which are supervisory committees within enterprises. We spelled out once more that corporate governance is a matter to be negotiated at Member State level and that it is unacceptable for sweeping solutions in this area to be imposed from the European level.

We managed to make accountancy rotation the rule and the rotation of accountancy offices an exception. We also managed to restrict the administrative burden on the small and medium-sized enterprise in some areas and the Commission has undertaken to present a report on liability before the end of 2006. Commissioner McCreevy said a moment ago that he 'intends to launch a study in the near future', but we agreed that a report will be on the table before the end of 2006, and I also hope to have his word that that will be done; we would like to exchange views on this matter in this House too.

Liability is a problem on account of the huge differences between the Member States, but we will need to look for solutions here. All in all, it is a vital piece of legislation which, in my view, has become somewhat more pragmatic in the past six months and also more practical in its application, which is, after all, what this is all about.

There is another big obstacle to negotiate, namely comitology, as you, Commissioner, already pointed out. In that respect, we decided in favour of consistency with the Radwan report, as I believe it is the same interests that are at stake.

Further to a remark made by one Member a moment ago – 'I do not want to take part in the power games between the institutions' – I would like to repeat that I do not think this is about power games, but simply a modern way of legislating. We must draft framework legislation and delegate the details to the Commission and the experts, but that can only be done provided that Parliament has the call-back right. That is what matters most of all.

I remember that just before the Dutch referendum on the Constitution, which was, as you know, unsuccessful, there was a large article in one of the Dutch newspapers with the headline 'Officials in Brussels have the power'. In actual fact, it referred to the executive committees where legislation of all kinds drafted in this House is implemented behind closed doors. That is a typical example that adds to the citizens' growing dislike for Brussels, where all kinds of things are done behind closed doors.

I think, therefore, that if we discuss this comitology – and I am pleased that the Council has announced that it intends to develop initiatives – that much will need to be done in order to improve matters on this score. In that respect, I endorse the clause setting 1 April 2008 as the 'sunset', as also stipulated in the Radwan report. I would like to add, though, that with regard to Article 26, which concerns the adoption of the international accountancy standards, we should make an exception, because these involve, in terms of this sunset clause, international agreements. Needless to say, if and when a new regulation on comitology is introduced, the call-back right will also need to apply to accountancy standards of this kind.

On a final note, I would like to thank my fellow members of the committee for the very constructive collaboration. I think that our negotiations over the past six months have been very useful. I should also like to thank the Commission and the Council for the constructive attitude, and we can be very satisfied with the results achieved.

Andreas Schwab, *on behalf of the PPE-DE Group.* – (DE) Mr President, Commissioner, first of all, let me thank Mr Doorn for the excellent work he has done with the assistance of many committees. I see this report as representing a good compromise on this difficult issue. It is evident not least from the number of Members present in the House that this is a highly technical piece of legislation, but I believe it is one that will do a great deal for Europe's competitiveness, both internal and external. This is a sensitive area, and one that calls for watertight legislation.

There must, of course, be compromises; one that Mr Doorn mentioned has to do with rotation. It is, in essence, right that external rotation should go; the Member States have an alternative to it. Some of them can retain the external rotation that they had before. My basic instinct is to say that the Member States should not be allowed to require external rotation, as I do not believe that it encourages competition.

As my speaking time is limited, I would like to concentrate on Commissioner McCreevy's proposal for a study into the likely effects of limited liability on the auditing firms' internal market. The introduction of limited liability would give Europe a definite advantage as a business location, and so I am glad that Commissioner McCreevy has agreed to this study, which needs to be completed soon, that is to say, by the end of 2006.

A whole array of solutions is available to those Member States that specify a limit on liability; there is, for example, proportional liability, upper limits or a combination of the two. What this House wants from the Commission is for the Member States to be able to take their own decisions on liability, and for us in Europe to end up with rules that are harmonious rather than harmonised.

So, as Mr Doorn has said everything that needs to be said about comitology and I agree with him, I will thank you for your attention and express the hope that the directive gets through.

Antonio Masip Hidalgo, *on behalf of the PSE Group.* – (ES) Mr President, I believe that the proposal on auditing is a good example of cooperation amongst the different groups in the European Parliament and between Parliament and the other institutions: the Council and the Commission.

The rapporteur has worked hard to involve us in the drawing up of the text and in his meetings with the Council and the Commission, so that this proposal may contribute to the homogenisation of European legislation in such an important field as auditing, which has caused so much concern amongst the public following the Enron and Parmalat scandals. In any event, it will be a minimal framework, for the time being maintaining the competence of the States in areas where they have greater capacity, experience and proximity for the purposes of carrying out inspections.

Of the most controversial points in the European Commission's proposal, I would like to place the emphasis on the rotation of firms, auditors and partners, with a view to reducing the possibility of conflicts of interest between the auditors and the audited.

After much effort we have managed to open the way to the rotation of firms, and not just of partners, by allowing each State to adopt the rotation of auditing firms, that is to say, external rotation, as an alternative.

Amendments have been accepted in the field of independence. I hope that they are shown to be useful in the future, since they guarantee the confidence that the markets require.

The proposal maintains the same responsibility for auditors as for other professionals. I believe that equality of treatment and the security of citizens and clients should be guaranteed in this field. Nevertheless, I will confess that I have doubts about the capacity of the new legislation to stimulate an increase in the number of large auditing companies, thereby preventing the problems relating to the oligopoly characterising the sector, to which the Commissioner has referred.

The Enron case put an end to Arthur Andersen and only four of the so-called big five were left. A further scandal leading to a loss of confidence in another large auditing firm could be fatal, not just for the company affected, but also for the stability of the system. From the outset, therefore, I have argued that it should not all be left to the auditing firms to control themselves and that we should support control by public authorities, since not only is the viability of a company at stake, but also the health of the financial system.

I would like once again to congratulate Mr Doorn.

Wolf Klinz, on behalf of the ALDE Group. – (DE) Mr President, ladies and gentlemen, I hope that the Auditors Directive will help to restore the confidence in year-end results and the operation of the markets that has been shattered by various scandals over various years. It might well give investors greater security – the security they once enjoyed – and make European businesses more competitive. If one compares the main points from the opinion I drafted for the Committee on Economic and Monetary Affairs and the final version that Mr Doorn, the rapporteur, presented us with after the troika negotiations, one sees that they overlap to a great degree, for example as regards rotation, the costs incurred by small and medium-sized businesses, and liability. I welcome the proposal that the Commission should produce a study on the liability issue by the end of 2006, and I agree with what Mr Schwab had to say about this.

I would have liked to hear a more positive message in relation to two other important matters, those being the establishment of an audit committee and the provision of additional non-audit services. The Committee on Economic and Monetary Affairs gave an enthusiastic welcome to the requirement that audit committees be set up and endorsed the Commission's thinking. Taken as a whole, Mr Doorn's report is a step in the right direction, and I am grateful to him for the work he has done as rapporteur. The vote we are about to hold is crucial to the successful completion of the fast-track procedure, and so the markets will soon get the signal they have been eagerly awaiting.

I am also glad that Mr Doorn, in his report, addresses the issue of comitology, although I would expect the date for the sunset clause to be 1 January rather than 1 April 2008.

It strikes me, though, that it will be difficult to accept the proposed approach to implementing International Standards on Auditing, known as IAS or ISA. Here, too, Parliament must hold fast to its right of callback. Although Mrs Wallis, my group's shadow rapporteur on the lead Committee, recommends that we approve this report, I myself will be abstaining from voting by reason of the reservations I have already adduced.

Giuseppe Gargani (PPE-DE). – (IT) Mr President, ladies and gentlemen, the aim of my speech is above all to emphasise, without rhetoric or clichés, the important work that Mr Doorn has done; moreover, as I said in committee and will repeat here, the work he has done is, in my opinion, intelligent, balanced and far-sighted.

I believe that the directive is really important, because the problem of market security exists, as the scandals that have come to light have highlighted even more. For some time there has been a need for a directive like the one that we are putting forward, which is proving to be a success at first reading and establishes the balance that we have reached in Parliament.

There are new guarantees for savers, on whom, as with consumers, we must focus our main attention, since the financial relationship between banks, issues and savers remains a fundamental factor in maintaining a country's social stability.

I also thank the rapporteur for the intelligent solution put forward for the rotation of auditing firms. My country is very much in favour of that solution and very pleased with it – I speak from my own experience, of course, but I believe other countries will have come to the same conclusion. That is another point on which we must acknowledge the balance achieved by Mr Doorn and his colleagues. The agreement on enforcement measures gives a measure of just how important Parliament can and must be in finding that tricky operational balance that the directive requires.

To conclude, I agree with all the positive assessments that have been made; I am very pleased to state in formal terms that the report has been worthwhile, and the rapporteur and I put it to this House.

Arlene McCarthy (PSE). – Mr President, when we first discussed the issue of corporate governance following the high-level group's report, it was in the context of Enron and the WorldCom scandals. Experts from the EU accounting industry said that 'it could never happen in Europe', but then we had Parmalat, which had an audit committee – as did Enron – made up of eminent independent professors. The problem was that they did not show any independence of mind in challenging culpable business partners and the executive board.

Prescriptive audit committees were never the answer under this proposal, which is more about changing audit culture and practice. Thanks to the pragmatism of our rapporteur, Bert Doorn, and good cooperation with the Commission and Presidency, we now have a flexible EU instrument that will raise the quality and consistency of audits across Europe while also respecting the good domestic company law provisions already in place.

A principles-based threats and safeguards approach will lead to a much more effective and robust EU regime. This will prove much better than the Sarbanes-Oxley rules-based system which may make it easier to lock someone up but does not improve the ethics, independence and public supervision of auditing structures.

It was sensible to remove the prescriptive obligation for mandatory audit committees and replace it with a proposal to assign those functions to a body that meets audit standards and objectives and can implement the requirements in a transparent way. I also welcome compromises around the issue of audit partner rotation and the issue of non-audit work.

However, we have to deal with the issue of comitology. The Commission and successive Presidencies, including the United Kingdom Presidency, have stepped up their efforts to achieve better regulation by improving the quality of EU laws and transposition and implementation. Parliament has to be involved in this better regulation agenda and must have the right as co-legislator to ensure that the expert laws voted through this House can be scrutinised and monitored.

It also has a role in transposition and implementation. I welcome the initiative by the Presidency and the offers to take forward the reform of the 1999 comitology procedures to ensure we can play a role in the better regulation and regulatory process, and I look forward to amendments to be put forward by Parliament being accepted in this area so that we can genuinely can play our role in the cooperation process.

Paul Rübzig (PPE-DE). – (DE) Mr President, ladies and gentlemen, in view of this matter's relevance to the competitiveness of European industry, the Committee on Industry, Research and Energy has devoted a great deal of attention to it. It is important particularly to those companies quoted on stock exchanges that ownership rights should be given the highest priority when the auditors are appointed. It is here, in particular, that national sensitivities come into play.

There is also, of course, the question of costs to be considered. These can be enormous, particularly for small and medium-sized businesses that seek a stock exchange quotation, take the necessary steps and endeavour to be as transparent as they are required to be, and so I urge that limited liability be discussed with the insurers, so that the auditors can act with the necessary responsibility.

Andrzej Jan Szejna (PSE). – (PL) Mr President, a series of recent scandals has dented the confidence of consumers and investors. I could mention events concerning Enron or Parmalat, for example. The magnitude of these scandals was alarming, and they involved various kinds of fraud. The European Commission's initiative constitutes a welcome response to the situation.

The Commission's draft on statutory audits is the result of many years of preparation and incorporates recommendations made in 2000 and 2002. This directive is to replace the 1984 eighth directive concerning statutory auditors, which only contains the principles of accreditation of auditors, but does not refer to the audit procedure, supervision or external quality control. The new draft directive defines the duties of statutory auditors clearly and lays down certain ethical principles. The aim is to ensure the professionalism and independence of statutory auditors, which implies their honesty, professional competence, trustworthiness, professional secrecy and overall responsibility.

The Commission's proposal on the principle of rotation of firms and partners is yet another contentious issue to be added to the list of those that have given rise to strong opinions. In general, the principle of rotation deserves support, as it ensures independence and encourages an objective assessment. The negative aspects of rotation are additional costs, loss of know-how, and the consequent risk of errors. Audit firms should be changed at least every seven years, and the break between contracts should last at least two years. Every effort should be made to ensure healthy competition, reduce the risk of fraud and provide high quality services.

The procedures presented in the report seem to represent a balanced and sensible response to the need to guarantee both the quality of audits and the independence of auditors.

In conclusion, I should like to emphasise that we should be aiming to restore confidence to the market, and also to strengthen shareholders' rights, so as to make investments safer and European businesses more competitive.

Charlie McCreevy, Member of the Commission. Mr President, I would like to thank the honourable Members for their contributions and for their great work in getting this very important Directive dealt with.

At the outset I probably should have declared that in my past life I was an auditor and I still pay an annual subscription to the Irish Institute of Chartered Accountants, even though, as I have said to many people, I would not like to be too reliant on any set of accounts I would now prepare for anybody. I suppose I should have said that at the outset.

Mr Doorn and others raised the question of audit reliability and personally I take a great interest in this particular area. I have urged my services to treat this issue with great urgency. The study will be commissioned shortly so that we should be ready to put forward our findings before the end of 2006. That is our intention and hopefully it will be possible to adhere to that timetable with some ease.

The question was also raised about audit committees. Audit committees are often necessary to help auditors keep their backs straight against possible pressure from management. The European Parliament and the Council support the view that as much leeway as possible should be left to the Member States of the EU to invent their own system for audit committees of listed companies as long as they perform all the functions listed in our Directive. We have been flexible here to accommodate these concerns as far as possible.

Perhaps, as Mrs McCarthy said, you can have to best rules-based system in the world, or at least think you have the best rules-based system in the world, but it will never prevent a scandal or fraud if more than two people collude in trying to ensure that some fraudulent activity takes place; no matter whether or not we have a rules-based system – and remember, they had a rules-based system in the United States for some time and it did not prevent any of the scandals on that side of the Atlantic, and nor of course will an absolutely principles-based system either. No auditing procedures in the world and no internal control mechanisms put in place will be able to 100% guarantee that fraud or financial wrongdoing will never take place. However, it should, after the shortest possible period of time, allow people to find out exactly what is going on. It is very important for business and for everybody that people have confidence in the auditing profession, confidence in the independence of auditors, in the type of standards that they adhere to and in the ethics of the profession.

I am afraid that I would have to accept, as an erstwhile member of that profession, that the scandals of recent years have undermined the public's confidence in the auditing and accounting profession. I think that goes without saying and it is the job of the profession to make sure that confidence is restored and that the various changes that have been made, both within the profession and now by the European institutions, as well as what hopefully the Members States will do, will give people greater cause to believe that the standards of the auditing profession are as high as we can make them.

Again as I have said, the question of comitology was raised as it was in the previous debate, and I repeat that the proposal to suspend it after two years, except for Article 26, is acceptable to the Commission in this particular Directive.

I thank the Members for their detailed contributions.

President. The debate is closed.

The vote will take place on Wednesday at 12 noon.

16. Protocol to the EEC-Comoros Agreement on tuna fishing

President. The next item is the debate on the report by Mrs Fraga Estévez, on behalf of the Committee on Fisheries, on the proposal for a Council regulation on the conclusion of the protocol setting out the tuna fishing opportunities and financial contribution provided for in the Agreement between the European Economic Community and the Islamic Federal Republic of the Comoros on fishing off the Comoros for the period from 1 January 2005 to 31 December 2010 [COM(2005)0187 C6-0154/2005 2005/0092(CNS)] (A6-0260/2005).

Joe Borg, Member of the Commission. Mr President, before outlining the Commission's position on this dossier, let me first thank the Committee on Fisheries and especially the rapporteur, Mrs Fraga Estévez, for her excellent work carried out within the very tight deadlines.

I am happy to be able to present to you the draft proposal for the conclusion of the Protocol setting out the tuna fishing opportunities and financial contribution under the EEC-Comoros Agreement.

As the honourable Members know, the Community has a longstanding relation with the Comoros in the fisheries area. The first fisheries agreement with the country dates back to 1988. Although it is the smallest tuna agreement, it is of importance due to the strategic location of this fishery in the Indian Ocean as well as for the fishing possibilities obtained.

The new Protocol, which was initialled on 24 November 2004, covers a 6-year period from 1 January 2005 to 31 December 2010. The protocol grants fishing opportunities for 40 tuna seiners and 17 surface longliners and has a financial contribution of EUR 390 000 per year. The agreement is one that is of mutual benefit to both parties and contains a number of new elements including the following. Firstly, an exclusivity clause, which prohibits the existence of private licences or other private arrangements outside the scope of the Agreement. Secondly, a VMS requirement to reinforce checks on vessels operating in Comorian waters. Thirdly, the social clause applicable to local seamen signed on by Community vessels. Fourthly, rules on taking on board observers and, fifthly, adjustment of the share-out of the cost of the Agreement between the Community and shipowners from a ratio of EUR 75/25 per tonne to EUR 65/35 per tonne, which is already applied in other tuna agreements in the Pacific. This increase of the shipowners' share of the cost will gradually be applied to all tuna agreements in the Community as was called for in the reform of the common fisheries policy.

I believe that these new elements introduced in dialogue with the Comoros authorities and according to the principles set out in the new Fisheries Partnership Agreements will ensure that the Comoros Agreement contributes to responsible and sustainable fisheries in the Comoros.

This work includes the establishment of annual and multi-annual objectives, the distribution of the part of the financial compensation – 60%, the aims to be attained and criteria and procedures in order to allow for an evaluation of the yearly results obtained in accordance with Article 7 of the Protocol.

Let me now turn to the amendments. On Amendment 1, the Commission is of the opinion that this is not necessary, given that the procedure for the adoption of the new Framework Agreement – the Fisheries Partnership Agreement – will soon be launched.

On Amendments 2, 3 and 5, the Commission is entirely in agreement with their spirit. However, the Commission already complies with the transmission of this kind of information in line with both the current inter-institutional arrangements and in particular with the Framework Agreement between the Commission and the European Parliament. Therefore, the Commission considers that these amendments are not necessary.

On Amendment 4, may I recall the basic Community provisions concerning the mandate of the Commission to negotiate on behalf of the Community. The Council has authorised the Commission to negotiate fisheries agreements and arrangements between the Community and the Comoros. Against this background, the periodic renewal does not require a new mandate each time.

Amendment 6 cannot be accepted by the Commission. The Commission has established a constant dialogue with the industry within the framework of a special sectoral group. This group meets on a regular basis and discusses upcoming negotiations and any other technical issues. In addition, experts from Member States are invited to be present during the negotiations of a fisheries agreement or protocol.

Carmen Fraga Estévez (PPE-DE), rapporteur. – (ES) Mr President, I am sure that this House, like the Committee on Fisheries, will support the signing of this Fisheries Agreement between the European Union and the Comoros, which follows on from previous protocols and which will enable 57 Community vessels to fish until 2010.

This agreement also represents a further step in the new model of association agreements intended to promote even greater cooperation and greater involvement in the development of the third country's fisheries sector. Nevertheless, while we support the principles behind this model, we must insist that it is far from clear.

Firstly, it is the first one to reach Parliament in which, unilaterally and without any request from the third country, the Commission has decided to raise the sum paid by shipowners per tonne fished from EUR 25 to 35, that is to say by 40%, and without having consulted them. The Commission defends itself by saying that the rise was anticipated in the conclusions of the 2004 Council of Ministers, but what we all deduced from those conclusions was that there would be a gradual increase in these payments, when in reality there has been a rather brutal rise by decree.

This Parliament, like the sector, finds itself faced with a *fait accompli* policy, carried out by the Commission's negotiators quite independently, and without giving us the opportunity to examine those decisions more than fleetingly, and the protocol reaches our committee – increasingly late by the way – signed and sealed.

Our Institution does not believe that this situation of obscurantism should continue. I therefore propose in my report that shipowners now be allowed to attend joint committees so that they can at least be informed in real time of what is being prepared for them.

As far as Parliament is concerned, I would like to take this opportunity to ask once again – and this time I am addressing the Council, which is not present – for a member of the Committee on Fisheries to be present in the negotiations as an observer. We genuinely do not understand why it objects, since an observer cannot interfere in the decision-making, but if we were to be present, we would be better informed, which cannot do any harm, unless the negotiators have something to hide.

Equally serious, from a budgetary point of view this time, is the fact that, contrary to the Council's conclusions, some of these agreements, such as the one we are dealing with today, are not respecting the obligatory differentiation between what is paid in return for fishing opportunities and what is paid as development aid.

From the point of view of budgetary transparency, this situation is unacceptable. Furthermore, the Commission is clearly aware of it and has admitted to the Committee on Fisheries that it is failing to comply with this obligation. However, it is not giving the slightest indication of what has led it to do so, at least in this case.

Finally, Mr President, for the sake of the necessary simplification and following an admirable period of patience on the part of this Parliament, the time has come to demand that the Commission present its model for regional agreements and, in particular, the tuna type of agreement.

As we know, the tuna fleet is requesting fishing licences from each country of the area so that it can follow schools of tuna that cross the different fishing grounds. This currently obliges it to take on a significant number of seamen from each of the countries, which turns each vessel into a miniature United Nations, sometimes causing insurmountable problems with languages, customs, traditions and also space, not to mention cost.

This is a totally absurd situation, as is the uncertainty over some of the more practical aspects, such as the actual definition of a tide or, for example, the mechanics of electronic transmissions. It may be understandable that negotiators do not take account of these details, but if we put ourselves in the shoes of a skipper for a moment, we will realise that, at the end of the day, his main concerns are administrative and personnel issues rather than the fishing itself.

Mr President, while calling, naturally, for the approval of this agreement, which is essential to the European supply of tuna and to the fisheries sector of the Comoros, I would like account to be taken of the comments I have made here.

Helga Trüpel (Verts/ALE), *draftsman of the opinion of the Committee on Budgets.* – (DE) Mr President, Commissioner Borg, I would just like to start by re-emphasising that fisheries policy, which is of course so important in the European Union, is a classic example of the need to reconcile economic interests and the needs of the environment. The European Union has set itself the goal of protecting fish stocks and helping them to recover, while at the same time avoiding overfishing and promoting the economic interests of the fish industry. If that is to be achieved, though, transparency is of the very essence, and it is with that in mind that the Committee on Budgets has tabled the two amendments to which I want to devote this speech.

This agreement is due to expire in 2010, and the crucial issue in relation to it is whether, as it is a new one, there really will be an ex-post evaluation and whether that evaluation will then be forwarded to this House in good time before new arrangements are made and a new Agreement negotiated. This House is insistent that it be properly and punctually notified when the data of this ex-post evaluation are available, and so what I would like from you, Commissioner Borg, is a quite unambiguous undertaking that this House will indeed be so informed and will receive the data from any such ex-post evaluation within the proper deadlines.

By the same token, we are fed up with the situation in which proposals for agreements reach this House months after fishing has already commenced. I also expect from you a clear statement as to whether you will change this practice and start notifying and informing this House in good time.

Dorette Corbey, *on behalf of the PSE Group.* – (NL) Mr President, I would like to thank both rapporteurs, whose report I have read with much interest. Tuna is a much-loved, healthy fish, packed with the Omega 3

fish oil that is so important. What is important is for the tuna species to survive fisheries so that future fishermen will be able to catch tuna and future consumers will be able to enjoy it.

The content of the fisheries agreements is of vital importance to European fisheries, the developing countries and particularly also to the fish. Although, as a new member on the Committee on Fisheries, I missed the debates on the Comoros, I would nevertheless like to make two points.

The first one pertains to fair fish and real partnerships. The agreement follows an arrangement that was very profitable for the European Union. For every euro that was invested, the European Union earned EUR 5.7 back. Unfortunately, the same could not be said about the Comoros, a poverty-stricken country. I am therefore a little surprised at Mrs Fraga's disapproval of the fishermen's and the EU's contributions increasing. It was a very profitable arrangement, after all. Only by striking real partnerships, rather than by unilateral financial benefit, can development cooperation, fisheries and scientific research become more cohesive.

I am right behind the Committee on Development when it says that it would like to spend fishery funds on local fishermen. I would like to see more detailed specifications about local people being employed on the boats.

Secondly, with regard to sustainable fish, consumers must be given the opportunity of buying sustainable fish, sustainable tuna, certified by MSE or a similar body. Sustainable fish is, above all else, fish that is not being over-fished. For that purpose, we require certain data, and close monitoring and inspection must also be in place. Article 7 of the Protocol stipulates that the EU should help ensure the future sustainability of tuna fishing.

I have a few questions. Can the Commissioner assure me that 'in future' means as soon as possible? What action will you be taking in order to ensure in the short term that Indo-Pacific tuna is also sustainable tuna? What capacities must the Government of the Comoros develop in order to be able to guarantee sustainable tuna fishing, and what support is the European Union offering in this respect?

Sustainable fish is also fish without the bycatch of threatened fish species. Sharks, turtles and dolphins run the risk of being circled and caught. Bigeye tuna and yellowfin tuna are threatened species that are caught in the same nets. Are you aware, Commissioner, of the quantities of bigeye tuna and yellowfin tuna that are to be found in the Comoros region? When will the results of the studies which the European Union has commissioned be published and what level of support is the European Union giving to the Indian Ocean Tuna Commission's Working Party on Bycatch?

Carl Schlyter, *on behalf of the Verts/ALE Group.* – (SV) Mr President, the Comoros is a long way from here, and what we are doing there is happening secretly. It does not reach the debate here at home. If, however, the TV pictures from Comoros were to reach our living rooms, Parliament would never approve this agreement. We buy up the fishing rights from the government, but those from whom we are really taking the fish, that is to say the fishermen in the villages, have no influence and seldom receive adequate compensation. Neither national parliaments nor the European Parliament has any influence worth mentioning, but is presented with a *fait accompli*. Only ten months after the agreement has begun are we given a chance to express our opinion. This Parliament has demanded change on many occasions. It is time to take back democratic control over these agreements, which have more to do with old-fashioned colonialism than with modern trade and democracy. I therefore welcome the proposal that more information be obtained. I would thank the Commission for the increased co-funding from those who make use of the agreement, so that there is less of a burden on our taxpayers, but I regret the fact that the agreement is being extended to include several tonnes per year. I believe that the partner country's small-scale fishing communities must be given the right of veto over the agreements. My group will vote against this agreement, which favours EU fishermen at the expense of poorer colleagues in the South.

Hélène Goudin, *on behalf of the IND/DEM Group.* – (SV) Mr President, the EU's fisheries agreements with third countries have been exposed to extensive criticism by more than one organisation working on development issues, including Sweden's Committee for International Development Cooperation (Sida). The agreements have certainly been reformed, but criticism of the present partnership agreements is fully justified.

The Comoros has a strategic position and, according to the rapporteur, a fisheries agreement with this island republic would therefore supplement the EU's present agreements with third countries. It is, in other words, the EU's narrow interests that are to be protected, rather than what might be thought of as the interests of the indigent Comoran fishermen. The EU exploits its assumption of power in order to secure short-term economic interests. The tuna fish agreement with the Comoros is not especially extensive, but the issue of

fisheries agreements is important on principle. It would be only right for the costs of the fisheries agreements to be imposed in full on those parties who choose to make use of them. Why should European taxpayers pay for fisheries agreements that favour the fleets of just a few EU countries? The rapporteur believes that shipowners pay too much for these agreements. The June List believes that this should not be an issue for the EU and that the agreements should not be paid for at all using EU resources.

The UK Presidency and the Commission have stated that development issues in Africa are a policy area to be given priority. There is, however, limited will seriously to reform the EU's counterproductive agricultural, trade and fisheries policy. The ambition seems to be to increase aid without doing anything about the structural problems that make it difficult for the developing countries to escape from poverty.

Manuel Medina Ortega (PSE). – (ES) Mr President, previous speakers have not even bothered to visit the countries with which we sign fisheries agreements; I have done so: I have been in the Comoros, I have lived amongst its people, I have seen how they live and I have seen the importance of this Agreement to the economic development of these islands. I therefore believe that we should not be talking nonsense before knowing what we are talking about.

I entirely agree with the rapporteur on this issue. I believe that this is an important Agreement for us and for the population of the Comoros and I therefore approve of its wording.

The Agreement helps to maintain the stability of the sector here and contributes to the development of those countries. We have moved on from the first exclusively commercial agreements to agreements by means of which we are helping those countries to develop.

The current structure of the agreements assists the development of these countries. We could probably do more if the fishermen and the shipowners were to participate more. The Committee on Fisheries' proposals in this regard are reasonable and we fully support them; they would help us to avoid bureaucratic procedures.

We also need a general policy with regard to the whole of this area of the Indian Ocean, in which, although our presence in terms of seiners is significant, the general presence of the European Union is very small compared to the fishing of these resources by Asian countries such as Taiwan, Japan or the Republic of Korea, who are exploiting those resources at the expense of the population.

The European Union's volume of fishing is very moderate and I naturally agree with the rapporteur's complaint that there is a kind of discrimination, by virtue of which, in the agreements with the south, it is the fishermen who have to pay, while in the case of the agreements with the north, this increase in payments that they now want to impose on us is not happening. In any event, the Agreement is important for us and for the countries of this area and I would naturally like this approach to be taken with regard to other aspects.

There could perhaps be reasons for opposing it in view of the considerations I have expressed, but I believe that the European Union is obliged to continue developing this type of relationship. These countries, and the Comoros in particular, desperately require our presence. The Comoros are three small remote islands in the Indian Ocean, they are not really in any great strategic position, they are in the Mozambique Channel, their citizens suffer from every possible disease – dengue fever, malaria, yellow fever and others – and the great problem facing these islands is precisely the absence of the elements required for development.

I believe that the Fisheries Agreement is something that can and must help, provided that we involve our seamen and fishermen much more in the economic development of these islands, for their own benefit and also for the benefit of the European Union.

Joe Borg, Member of the Commission. Mr President, I would like to start by thanking all the speakers for their remarks. I would like to comment on a number of points, beginning with the one raised by Mrs Fraga concerning licence fees. The rebalancing of costs is not something which is new. If one looks at the evolution of this since the mid-1980s, one finds that until the mid-1990s the share ratio was 80:20. Then, from the mid 1990s up to the present day, the share ratio changed to 75:25.

We are introducing a new sharing of costs of 65:35. I can say that the Commission's decision to increase the tuna fee paid by shipowners is justified in several respects, including the need to increase the financial responsibility of EC shipowners and guarantee a fair contribution for the coastal state. As indicated in the Council's conclusions of July 2004, this contribution must be fair, balanced and non-discriminatory.

The 35:65 share is already applied in all the tuna agreements concluded in the Pacific, including Kiribati and the Solomon Islands and the Federated States of Micronesia, and the Member States concerned did not object to this.

By the time of the renewal of the EC-Seychelles Protocol last September the Commission had already announced to the Council's external group that it intended to adopt the 35:65 ratio. During negotiations, the Seychelles asked the Commission to delay this change in order to avoid distortion of competition with the Tanzania Agreement, which is soon to enter into force and under the initial phase of which the applicable ratio will still be 25:75. The EC/Seychelles agreement therefore maintained the 25:75 ratio, but a formula was agreed under which the transition to the 35:65 ratio will take effect in the near future.

Harmonisation of the 35:65 ratio in other fisheries agreements will be introduced in 2006. The same 35:65 ratio will be introduced in the other fisheries agreements in the area, those with Mauritius and Madagascar, which will be negotiated in 2006.

In addition, the Commission intends to hold a meeting with the tuna sector by the end of 2005, to discuss all relevant issues.

I also underline and repeat that there is constant dialogue with the sector, within the framework of the special sectoral group, and I will see to it that this dialogue is further intensified. I will also see what can be done to minimise as far as possible the delays in making payments to third parties.

On the point raised by Mrs Corbey, may I point out that all agreements are undertaken further to an assessment of the health of fish stocks. Let me cite the recent Morocco agreement, where the Commission showed how seriously it takes its obligations by first undertaking a scientific assessment, in accordance with the new policy for the fisheries partnership agreements. The agreement was then targeted on what one may term 'the excess stock'. In other words, the fish that can be caught sustainably, beyond what local fishermen can themselves catch. So the agreement only covers that excess stock of fish within the limits of sustainability. This policy is being adopted and applied to all fishery partnership agreements.

I thank Mr Schlyter for his support with regard to the rebalancing of the costs. I also thank Mr Medina Ortega for his support with regard to the new partnership agreement on fisheries and I will see to it that everything is done to limit unnecessary red tape. I would also like to thank him for the insights stemming from his direct experience of fisheries in the Comoros and the Indian Ocean.

In reply to Mrs Goudin, this agreement envisages a development segment under which the Union not only benefits from fishing rights but is obliged to assist in the fisheries sector of the Comoros. This is a new element of the partnership agreements which is being introduced to all agreements with third countries.

President. The debate is closed.

The vote will take place tomorrow at 12 noon.

17. Agenda for next sitting: see Minutes

18. Closure of sitting

(The sitting was closed at 9.50 p.m.)